

Date:

**REQUEST FOR PROPOSALS (RFP) FOR  
GLOBAL CUSTODIAL SERVICES  
RFP NO. 001**

The Government of Kiribati (“GOK”) invites Proposals from Offerors interested in providing custody services for the **Revenue Equalization Reserve Fund** (“RERF”) as outlined in this document. Proposals must be received by GOK at the address specified **on or before Monday, 5 June 2017, no later than 5:00pm AEST.**

The Solicitation Documents hereunder include:

Annex A	Instructions to Offerors
Annex B	Statement of Work
Annex C	Mandatory Requirements
Annex D	Requirements Matrix
Annex E	Price Schedule
Annex F	Proposed Contract Matrix
Annex G	Certificate of Offeror’s Eligibility and Authority to Sign Proposal
Annex H	Resume Format
Annex I	Non-Disclosure Agreement
Annex J	Notice of Intent to Bid

Interested Offerors may obtain further information by contacting:

Mark Brennan  
Consultant, World Bank  
[mbrennan1@worldbank.org](mailto:mbrennan1@worldbank.org)  
+61 418 608 748

Sincerely,

Tukabu Tauati  
Secretary  
Ministry of Finance & Economic Development  
Government of Kiribati

**ANNEX A**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
**RFP NO. 001**

**INSTRUCTIONS TO OFFERORS**

**1.0 INTRODUCTION**

- 1.1 The Government of Kiribati (“GOK”) invites qualified firms to submit **technical** and **financial** proposals to provide global custodial services for the Sovereign with externally and internally managed equity and fixed income securities denominated in USD and non-USD currencies, and along with the respective asset class benchmarks.
- 1.2 A description of the Services required is described in the Statement of Work (Annex B).
- 1.3 The cost of preparing a proposal, translation of any documents, and/or attendance at any pre-proposal conference, clarification meetings or oral presentations shall be borne by the Offerors, regardless of the conduct or outcome of the solicitation process. The term “Offeror” refer to that company that submits a proposal pursuant to this RFP. Proposals must offer services for the total requirement; proposals offering only part of the services may be rejected.
- 1.4 Offerors may submit requests for clarification to this RFP in writing by sending an email to the address identified in Section 1.8 below. Any clarification questions must be received no later than the date and time stipulated in Section 2.0, Proposed Schedule. Reasonable efforts will be made to respond to any questions received within 12 calendar days of the proposal due date, but a response to Offerors is not guaranteed. Responses will be provided via email to all Offerors who were issued with the RFP documents within three working days of receipt of the Offeror’s questions.
- 1.5 The GOK may, whether at its own initiative, or in response to a clarification submitted by Offeror, modify the solicitation documents by addendum. The GOK may also, at its sole discretion, extend the deadline for submission of proposals or cancel the RFP in part or in whole.
- 1.6 Interested Offerors are advised to submit the Notice of Intent to Bid no later than the date and time stipulated in Section 2.0, Proposed Schedule. A proposal may be withdrawn or modified by the Offeror after submission, provided that a written notice of withdrawal or modification is received by the GOK prior to the deadline prescribed for submission of proposals as indicated in Section 2.0, Proposed Schedule.
- 1.7 All proposals shall remain valid and open for acceptance for a period of 180 calendar days after the date specified for receipt of proposals.
- 1.8 Effective with the release of this solicitation, **all communications must be addressed only to the following contact:**

Mr. Tukabu Tauati  
Secretary  
Ministry of Finance and Economic Development  
Government of Kiribati  
Tarawa, Kiribati.

All communications in electronic form are to be directed to:

Tukabu Tauati  
[Secretary@mfep.gov.ki](mailto:Secretary@mfep.gov.ki)

With copy to:  
James Webb  
[dnepo@mfep.gov.ki](mailto:dnepo@mfep.gov.ki)

Mark Brennan  
[mbrennan1@worldbank.org](mailto:mbrennan1@worldbank.org)

All communications in hard copy form are to be directed to:  
Mark Brennan  
Consultant, World Bank  
Unit 208, 23 – 25 Gipps St  
Collingwood 3065 Victoria  
Australia

**Offerors must not communicate with any other GOK staff member, unless directed in writing by the Secretary of Finance (Tukabu Tauati), regarding this RFP.**

## **2.0 PROPOSED SCHEDULE**

2.1 The following schedule reflects the expected completion dates, but may be modified by the GOK at its sole discretion:

- ◆ Issue Request for Proposal..... Wednesday, 12 April 2017
- ◆ Final Date for Requests for Clarification ..... Friday, 12 May 2017
- ◆ Pre-Submission Conference Call..... Friday, 19 May 2017
- ◆ Receipt of Notice of Intent to Bid..... Friday, 26 May 2017
- ◆ Proposal Due Date ..... Monday, 5 June 2017, at 5:00 PM AEST)
- ◆ Proposal Evaluation Commencement ..... Monday, 12 June 2017
- ◆ Oral Presentation Meetings (Optional)..... Mid July 2017
- ◆ Site Visits and Reference Checks (Optional) ..... End of July 2017
- ◆ Commencement of Contract Discussion..... August 2017

## **3.0 SUBMISSION OF PROPOSAL**

3.1 Technical and Financial Proposals must be submitted simultaneously, but in separate sealed envelopes by the date and time stipulated in Section 2.0, Proposed Schedule. Both inner envelopes shall indicate the name and address of the Offeror. The first inner envelope shall contain the Offerors technical proposal with copies duly marked “original” and “copy.” The second inner envelope shall include the financial proposal duly identified as such. If the envelopes are not sealed and marked as instructed, the GOK will assume no responsibility for the misplacement or premature opening of the

proposals submitted.

- i. Technical Proposals must be submitted in **one (1)** original, clearly marked as such, with **six (6)** additional copies and an electronic copy on a CD or flash drive in MS Word for Windows 2007 or higher format or in Portable Document Format (“PDF”). Technical Proposals (both original and copies) must be sealed in a specially marked envelope/package labeled “**GLOBAL CUSTODIAL SERVICES, RFP NO. 001– TECHNICAL PROPOSALS.**”
- ii. Financial Proposals must be submitted in **one (1)** original only on the form prescribed in Annex E and an electronic copy on a CD or flash drive in MS Excel for Windows 2007 or higher format or in PDF. Financial Proposals must be sealed separately in a specially marked envelope labeled “**GLOBAL CUSTODIAL SERVICES, RFP NO. 001- FINANCIAL PROPOSAL – DO NOT OPEN.**”
- iii. All proposals in hard copy form shall be addressed as follows for delivery via courier:

Mark Brennan  
Consultant, World Bank  
Unit 208, 23 – 25 Gipps St  
Collingwood 3065 Victoria  
Australia

- 3.2 Proposals must be received by the date and time stipulated in Section 2.0, Proposed Schedule. Offerors are responsible for ensuring that the GOK has received their proposal by the due date and time. Offerors should note that deliveries by courier services such as DHL, Federal Express, etc., are required to go through the GOK mail center and may delay receipt of the proposal by approximately **one (1)** business day. It is therefore suggested that Offerors allow time for this likely delay. Proposals received after the due date and time shall be rejected.
- 3.3 The “Certificate of Offeror’s Eligibility and Authority to Sign Proposal” attached hereto as **Annex G** must be executed by a representative of the Offeror who is duly authorized to execute contracts and bind the Offeror. Signature on the Certificate represents that the Offeror has read this RFP, understood it and agrees to be bound by its terms and conditions. All contact information required in Annex G must be provided. The Offeror’s proposal with any subsequent mutually agreed modifications and counter-proposals, if applicable, shall become an integral part of any resulting contract.
- 3.4 The “Non-Disclosure Agreement” (NDA) attached hereto as **Annex I** must be executed by a representative of Offeror, who is duly authorized to execute contracts and bind the Offeror. Signature on the Agreement represents that the Offeror understands it and agrees to be bound by its terms and conditions. Execution of the NDA will be required for receipt of and participation in of the RFP.

#### **4.0 MANDATORY/NON-NEGOTIABLE CRITERIA**

- 4.1 The purpose of the Mandatory Criteria is to assure that, in the initial phase of the RFP procurement process, only those Offerors with sufficient experience, financial strength and stability, demonstrable technical knowledge, evident ability to satisfy the RERF’s requirements and superior client references for supplying the services envisioned in this RFP will qualify for further consideration. The GOK reserves the right to verify any information contained in Offeror’s response or to request additional information after the proposal is received. Incomplete or inadequate response, lack of

response or misrepresentation in responding to any questions will render the Offeror's proposal non-responsive.

- 4.2 Offerors will receive a Pass/Fail rating in the Mandatory Criteria section. In order to be considered for Phase I, Offerors must meet all the mandatory criteria described in **Annex C**.
- 4.3 The Proposed Contracts Matrix, Annex F, contains Non-Negotiable and Mandatory items related to terms and conditions for Offeror's review and acceptance, which the GOK will expect the Global Custodian agreement proposed by the Offeror to address within its provision. The GOK shall not entertain proposed changes to the Non-Negotiable items.

## **5.0 EVALUATION OF TECHNICAL AND FINANCIAL PROPOSAL**

The evaluation of this RFP will follow Best Value Tender (Quality and Cost Base Selection).

### **5.1 PHASE I – Technical Proposal, Oral Presentations, and Reference Checks (Weight 70%)**

- 5.1.1 Only Offerors meeting the mandatory criteria will advance to the technical evaluation phase in which a maximum possible 100 points may be determined. An Evaluation Commission appointed by the GOK will carry out the technical evaluation applying the evaluation criteria and point's ratings as listed below. In order to advance beyond Phase I of the detailed evaluation process to Phase II (Financial Evaluation), a proposal must have achieved a minimum cumulative average score of 70 points.

#### **Technical Evaluation Criteria**

<b><u>Technical Evaluation Criteria</u></b>		<b><u>Points</u></b>
1)	Organization Specific Information and Reference Checks	10
2)	Core Custody Services	25
3)	Value Added Services	35
4)	Ancillary Custody Services	5
5)	Technical Capabilities	15
6)	Relationship Management & Legal	<u>10</u>
<b>Total Technical Score</b>		<b><u>100</u></b>

### **5.1.2 Oral Presentation Meetings (Optional)**

In addition to clarifications requested in writing, all Offerors meeting the mandatory criteria may be required to clarify or validate information provided in their technical proposal in a meeting to test the Offeror's understanding of the work that will be performed under the Statement of Work. The GOK reserves the right to incorporate elements from clarifications in the final agreement. The meeting **shall not** involve any discussions regarding Financial Proposals.

### **5.1.3 Oral Presentation Meetings Ground Rules**

- The Offeror harmonization/clarification meetings will be held in **Sydney, Australia**.
- The meetings will begin approximately five weeks after receipt of proposals. The GOK will determine the date and time for each Offeror's meeting. The GOK will notify Offerors of the scheduled date, time, and location, as well as the agenda for their meeting within four weeks of the receipt of proposals. At its sole discretion, the GOK reserves the right to reschedule

any Offeror's meeting. All Offerors must confirm their availability if meeting invites are communicated.

- One or more of the personnel whom the Offeror will employ to manage or supervise contract performance must participate in the clarification meeting. The proposed Senior Account Manager or similar assigned under the Offeror's proposal submission must be present and must, at a minimum, answer questions directed to him/her during the question and answer session. Offerors may not use consultants to participate in the Offeror Clarification Meetings. The Offeror should be prepared to answer detailed technical questions from the GOK.
- During the meeting, interaction between the Evaluation Commission and the Offeror will be limited. A GOK representative will chair the meeting and ensure compliance with the ground rules. The GOK will not inform Offerors of their strengths, deficiencies or weaknesses during the presentation and the GOK will not engage in bargaining during the presentations. The meeting does not constitute discussions or negotiation with Offerors.
- Meetings are expected to be no longer than 2 hours. The time will be used to answer questions from the evaluation team and other observers. Offerors must be prepared to demonstrate reporting capabilities and other functionalities described in their written proposals. The GOK may provide upon request, a projector and a PC with access to the internet.
- The GOK reserves the right to make video or audio recordings of the Offeror clarification meetings for its own internal use; these will not be released or made public except where required by law.

## 5.2 PHASE II – Financial Proposal (Weight 30%)

In order to advance to Phase II (Financial Evaluation), a proposal must have achieved a minimum cumulative average score of 70 points in Phase I.

### **Financial Evaluation**

Financial proposals will be evaluated following completion of the technical evaluation. The Offeror with the lowest evaluated cost will be awarded 100 points. Financial proposals from other Offerors will receive pro-rated points based on the relationship of the Offeror's prices to that of the lowest evaluated cost.

Formula for computing points:

$$\text{Points} = (A/B) \text{ Financial Points}$$

Example: Offeror A's price is the lowest at \$10.00. Offeror A receives 100 points

Offeror B's price is \$20.00. Offeror B receives  $(\$10.00/\$20.00) \times 100 \text{ points} = 50 \text{ points}$

## 5.3 **Combined Technical and Financial Proposals**

The Proposals will be ranked according to their combined technical (St) and financial (Sf) scores using the weights (T = 0.7, the weight given to the Technical Proposal; P = 0.3, the weight given to the Financial Proposal; T + P = 1):  $\text{Score} = St \times T + Sf \times P$ .

#### 5.4 PHASE III–Due Diligence (Verification) Site Visit (Optional)

The GOK reserves the right to conduct a due diligence visit to a client identified by the Offeror with the highest combined technical and financial score (the selected Offeror), prior to award of contract, to determine whether the Offeror has the experience, capability and resources to carry out the contract effectively. If the selected Offeror is successful in the Due Diligence Phase, they will be invited for negotiation of a global custodial agreement with the GOK; such negotiation may require input and approval from the GOK Cabinet.

##### 5.4.1 **Site Visit**

The site visit may take place approximately two weeks after the conclusion of Phase II. The selected Offeror that has advanced to Phase III will be informed of the scheduled date and time, as well as the detailed agenda for the site visit.

5.4.2 The selected Offeror advancing to this phase of the RFP has provided under the Mandatory Criteria at least three references that are current clients. Each of these clients must be similar in nature having assets greater than AUD 750 million, and less than AUD 2.5 billion under custody by the Offeror during the last three years or longer. These client contact's must have given their consent to be contacted by the GOK for both reference checks under Phase I and a site visit under Phase III. Only one of the Offeror's references may be visited.

5.4.3 The site visit will verify the following:

- Experience and Past Performance on similar contracts;
- Knowledge and Experience of working with Sovereign Wealth Funds; and,
- Capabilities with respect to vendor's personnel.

Other related criteria:

- Quality of Service Delivery;
- Client Satisfaction; and,
- Compliance with Service Level Agreement (SLA).

#### 6.0 PREPARATION OF PROPOSAL

6.1 Offerors are expected to examine all terms and instructions included in the solicitation documents.

Failure to provide all requested information will be at Offeror's own risk and may result in rejection of Offeror's proposal.

6.2 Offeror's proposal must be organized to follow the format of this RFP. Each Offeror must respond to every stated request or requirement and indicate that Offeror understands and confirms acceptance of the GOK's stated requirements. The Offeror should identify any substantive assumption made in preparing its proposal. The deferral of a response to a question or issue to the contract negotiation stage is not acceptable. Any requirement in the SOW not specifically addressed in the Offeror's proposal will be deemed as accepted by the Offeror and any failure to provide required details may affect the evaluation of that offer.

6.3 Where the Offeror is presented with a requirement or asked to use a specific approach, the Offeror must not only state its acceptance, but also describe, where appropriate, how it intends to comply. Failure to provide an answer to an item will be considered an acceptance of the item. Where a descriptive response is requested, failure to provide the same will be viewed as non-responsive.

6.4 The Statement of Work, Annex B, provides a general overview of the current and potential operations. If the Offeror wishes to propose alternatives or equivalents, the Offeror must demonstrate

that any such proposed change is equivalent or superior to the RERF's established Requirements. Acceptance of such changes is at the sole discretion of the GOK.

6.5 Offeror's proposal shall include all of the following labeled Appendices:

Appendix A	Certificate of Offeror's Eligibility and Authority to Sign Proposal
Appendix B	Completed Mandatory Requirements Matrix
Appendix C	Completed Requirements Matrix
Appendix D	Completed Price Schedule
Appendix E	Proposed Global Custodial Agreement and Service Level Agreement
Appendix F	Audited Financial Statement for the last 2 fiscal years

## **7.0 AWARD**

- 7.1 Award will be made to the responsible and responsive Offeror with the highest evaluated proposal following negotiation of an acceptable global custodial agreement. Negotiations shall not affect or modify the updated Statement of Work, including clarifications, or the Offeror's Financial Proposal. If negotiations fail to result in an acceptable global custodial agreement, the GOK shall terminate the negotiations with the highest evaluated Offeror and invite the next highest evaluated Offeror for negotiations. The award will be in effect only after acceptance by the selected Offeror of the terms and conditions and the updated Statement of Work, which includes the clarifications. **The Agreement will reflect the name of the Offeror whose financials were provided in response to this RFP.** Upon completion of negotiations, the GOK shall promptly notify all Offerors who participated in the selection process, on its intention to award the global custodial agreement to the successful Offeror.
- 7.2 The selected Offeror is expected to commence providing services after contract signature at a date mutually agreed between the parties, including the Trustee.
- 7.3 The award will be for a contract with an original term of five (5) years, and, at the sole discretion of the GOK, may be renewed in accordance to the GOK's related tender proceedings.



**ANNEX B**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
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**STATEMENT OF WORK (SOW)**

**1.0 Statement of Need**

The Government of Kiribati (“GOK”) invites qualified firms to submit **technical** and **financial** proposals to provide global custodial and administrative services for the Sovereign with externally and internally managed equity and fixed income securities denominated in USD and non-USD currencies, and along with the respective asset class benchmarks.

**2.0 Overview**

Established in 1956 from the proceeds of phosphate mining, the RERF was designed to maintain the intergenerational equity for the citizens of Kiribati. Mining reserves were exhausted in 1979 and the Fund has invested in international financial markets since inception to a current portfolio size of AUD926 million. While the GOK, through appointed investment managers, maintains responsibility for managing the RERF on behalf of the people of Kiribati, significant public interest is held in the performance of the Fund due to the size of the Fund compared to the total economy with the value being approximately four times higher than GDP.

Growth in the RERF has been curbed in recent years due to performance during the global financial crisis together with volatility in government revenues requiring some capital withdrawals. In light of these issues, a review was undertaken to better align the structure of the Fund to updated objectives. An overview of the updated objectives is outlined in the Overview of Assets section below.

A recent government budget analysis exercise has identified tempering forecast revenues over the coming 4 years in fishing license revenues, one of the main government income sources. Based on these budget assumptions, it is intended that investment income will be re-invested into the Fund when budget-financing requirements are met from other revenue sources.

**3.0 Overview of Assets**

The review conducted on the RERF initiated a re-assessment of the investment objectives in response to the recent performance of the Fund and the strengthening budget in the short to medium term forecast period. The specific investment objectives outcomes are:

- Budget support: Income generated from the RERF will be used to supplement the Government budget as required
- Budget stabilization: The RERF is to operate as a stabilization mechanism to the Government budget where unforeseen variability occurs in budget revenues
- Maintain value in real terms: Ensure the Fund is sufficiently invested to maintain its value in real terms after taking into account inflationary impacts

- Maintain a risk appropriate profile: Implementation of an investment approach is to be conducted in a manner that avoids excessive risk.

## 2. Investment Policy Framework

With the updated investment objectives, a policy framework has been designed to better align the investment approach with these objectives. The policy framework is summarized by:

Policy	Framework
Risk Tolerance	The Fund's tolerance to risk is regarded as medium
Strategic Asset Allocation	50% fixed income / 50% equities
Portfolio Rebalancing	Portfolio rebalancing is required annually or where asset holdings are greater than +/-5% of current Strategic Asset Allocation
Investment Horizon	10+ years
Investment Style	Passive investment approach
Implementation	Investments to be undertaken via appointed investment managers only
Benchmarks	<ul style="list-style-type: none"> <li>- International Equities: MSCI World Index</li> <li>- Australian Fixed Income: Bloomberg Barclays Australian Aggregate Treasury Index</li> </ul>
Tracking Error Tolerance	Average annual tracking error of 0.20% over a 3 year period
Currency Composition	Investments are to be unhedged with the currency composition to align with allocations held under benchmarks listed above
Investment Manager Performance Monitoring	<ul style="list-style-type: none"> <li>- Annual return, risk and service assessments to be undertaken on the performance of the appointed managers</li> <li>- Re-tender of manager appointments every 5 years</li> </ul>

## 3. Investment Beliefs

A set of investment beliefs was also formulated to provide a basis for consistent decision-making in the RERF's ongoing investment activities. These are:

- Appropriate asset allocation is a significant determinant in investment performance
- A long-term investment horizon improves the likelihood of meeting investment objectives
- A close relationship exists between the risk and return of investments
- While sources of risk and return can change, diversification of investments is a key tool in managing investment risk
- Management of investment activities for the RERF are best suited to a passive investment style that are transparent and readily understood
- Investment markets are broadly efficient over the long-term but can demonstrate periods where prices may misalign to fundamental value. However, over a long-term horizon such fluctuations are expected to neutralize
- Sound investment governance practices leads to better investment outcomes.

## 4.0 Custody of Assets

Assets under management are approximately AUD 926MM. The Australian Dollar is the functional and reporting currency for the RERF. A snapshot of the sizes of holdings in

respective asset class as of February 28, 2017 is shown on the table below. Currently the Fund invests only in AUD.

<u>Asset Class</u>	<u>Size in AUD Equivalent (MM)</u>
Fixed Income Assets	\$432
Money Market Instruments	\$58
Equity	<u>\$436</u>
Total	\$926

The currency composition of the above asset classes:

<u>Currency</u>	<u>AUD</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>JPY</u>
Composition	100%	0%	0%	0%	0%

The estimated annual transaction volumes are shown in the table below.

<u>Type</u>	<u># Transactions / Year:</u>
Buys/Sells	<u>AUD</u> 75

Instruments that may be traded in this portfolio include, but not limited to:

- AUD Government Bonds
- Multilateral Bonds
- Agency Bonds
- Mortgage-Backed Securities (MBS)
- Certificate of Deposits
- Time Deposits
- Equities & Fund Instruments
- Covered Bonds
- Eurobonds
- Collateralized Mortgage Obligations (CMOs)
- Commercial Papers
- Foreign Exchange (FX)
- Supranational Bonds
- Corporate Bonds
- Asset-Backed Securities (ABS)
- Repo/Resale
- Bankers' Acceptance
- Derivatives (OTC and Exchange-Traded)

The RERF's current allocation to global equities is facilitated via a passive index pooled vehicle. Custody management for this vehicle is retained within the fund. Offerors need to have capability to report on passive index pooled vehicles as specified in the Performance Measurement and Analytics section below

## 5.0 General Scope of Service

### Services to be Provided

The Offeror will provide, at a minimum, the services listed below for the RERF and the System.

## **Accounting and Auditing**

The Offeror shall:

1. Provide trade date multi-currency accounting for all securities and full accrual accounting for all assets;
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; and,
  - e) Forward exchange contracts.
3. Unless otherwise directed by the GOK, 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;
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 GOK 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;
5. Provide annual accounting on a fiscal year basis, 31 December
6. Provide daily real-time fund accounting and pricing of portfolios for the purpose of computing daily net asset values for various portfolios;
7. Provide commingled accounting on at least a monthly basis;
8. Perform a monthly reconciliation between the Offeror and the System's public investment managers and provide a summary report by the 10th 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 20 BPs;
9. Provide technical expertise and assistance to the RERFs investment personnel including, but not limited to:
  - a) Assistance in identifying ways in which the Offeror'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. Australian Eastern Standard Time (AEST) on normal operating business days.
10. Provide daily verification with Staff of net cash flows by account as requested;
11. Provide monthly plan accounting; and
12. Provide daily/weekly/quarterly accounting, reporting and performance for private market assets including cash flow reporting, funding status, vintage year, etc.

## **Trade Settlement and Custody**

The Offeror shall:

1. Act 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 Offeror;
2. Settle and safe-keep the System's securities (physically or electronically) in a location and manner satisfactory to the RERF, with adequate controls and an adequate disaster preparedness plan;
3. Provide on-line services with domestic depositories (e.g., DTC/PTC, Fed Book Entry System) and basic international depositories (Euroclear, Cedel);
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;
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 pro-active basis of delinquent reclaims, and offer "relief or exact at source" withholdings in all permissible countries;
6. Provide an automated exchange of daily investment data with the RERF. Specifically, the Offeror shall make available securities transaction clearing and settlement information to the RERF on-line. This includes all necessary notification and coordination efforts with the RERF's investment operations and accounting staff as well as, consultants and investment managers, and any other third party approved by the GOK;
7. Provide for settlement on a delivery versus payment basis. Free delivery settlement must receive prior written approval by the GOK unless it complies with established policies and procedures for the security and market in question;
8. Settlement of all domestic and foreign trades including but not limited to equity, fixed income, alternative investments, and derivative instruments. The Offeror 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 Offeror of its responsibilities or liabilities under the Contract. The Offeror 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 Offeror 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 Offeror had performed the services itself. The Offeror will provide the GOK a list of the agents and sub-custodians it utilizes and will provide prompt notice to the GOK of any changes in such list;
9. Provide the RERF timely notification of all corporate actions and activities including but not limited to tender offer, called bonds, and bankruptcies;
10. Service and support systems necessary for the timely exercise of corporate actions and proxy voting by the RERF as directed;
11. Provide a robust performance measurement system fully integrated and compatible with the core custody and accounting systems;
12. Provide foreign exchange services with traders that can execute transactions in the inter-bank 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;
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;
14. File all country opening documents except for those countries you have specified in your response that you do not provide services.
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;

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. Offeror 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 RERF for periods prior to the date of the Contract;
17. With respect to international class actions and their settlements, review the class actions and file claims for settlement proceeds to the extent the Offeror is able to do so. If unable to file a claim for settlement proceeds due to legal requirements, the Offeror shall forward all available documentation regarding the class action sufficiently in advance of the filing date to the RERF; and
18. The Offeror shall provide transaction records to the RERF and its third party vendors for purposes of monitoring class action claims. The Offeror will also provide recovered amounts and a class action tracking report to the RERF.

### **Holding Securities**

1. The Offeror 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 Offeror, its agents or sub-custodians, in a clearing Bank 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 Offeror 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 Offeror's inventory records as well as regular reconciliations of accounting records and inventory records.
2. The securities held by the Offeror shall not be subject to any right, charge, security, interest, lien or claim of any kind in favor of the Offeror, 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.

### **Delivery of Securities**

The Offeror shall release and deliver, or direct its agents or its sub-custodians to release securities of the System held by the Offeror, its agents or its sub-custodians or in a Securities System account of the Offeror, its agents or its sub-custodians only upon receipt of Authorized Instructions, as defined in Annex B, Section 5 of this RFP, which may be standing instructions, in the following cases:

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;
2. Upon the receipt of payment in connection with any repurchase agreement related to such securities;
3. To the depository agent in connection with tender or other similar offers for securities;
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 Offeror, its agents or its sub-custodians;
5. To the issuer thereof, or its agent, for transfer into the name of the Offeror or of any nominee of the Offeror 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;

6. To brokers, clearing Banks or other clearing agents for examination in accordance with "street delivery" custom;
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 Offeror, its agents or its sub-custodians;
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 Offeror, its agents or its sub-custodians;
9. For delivery as security in connection with any borrowings by the System requiring a pledge of assets by the System;
10. In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
11. In connection with securities lending by the System; and
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.

#### **Contractual Settlement Services (Purchases and Sales)**

1. The Offeror shall, in accordance with the terms set out in Annex B, Section 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.
2. The services described above (the "Contractual Settlement Services") shall be provided for such instruments and in such markets as the Offeror may advise from time to time. The Offeror 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 GOK, 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. 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 Offeror shall promptly re-credit such amount at the time that the Investment Manager or the RERF notifies the Offeror by Authorized Instruction that such transaction has been canceled.
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 Offeror having received Authorized Instructions with respect to, or reasonable notice of, the transaction, as applicable; and the Offeror 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.
5. The Offeror shall have the right to reverse any provisional credit or debit given in connection with the Contractual Settlement Services at any time when the Offeror 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 Offeror has not been provided Authorized Instructions with respect thereto, as applicable.
6. In the event that the Offeror is unable to debit the System's account, and the System fails to pay any amount due to the Offeror at the time such amount becomes payable in accordance with the Contract,

(i) the Offeror may charge the System for costs and expenses associated with providing the provisional credit.

### **Registration of Securities**

1. Subject to Annex B, Section 5, securities held by the Offeror, 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 GOK or in the Offeror's nominee name or the nominee names of the Offeror's agents or sub-custodians (whichever is applicable). The Offeror agrees to register assets promptly upon receipt unless expressly instructed to hold assets back from re-registration.
2. In the U.S., all DTC eligible assets shall be registered in DTC's nominee name, 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 Offeror's nominee name, nominee of a foreign depository, the Offeror's sub-custodian's nominee name or in the name of the GOK depending on local market practice.
3. The Offeror, 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.

### **Income Settlement and Income Crediting**

1. Subject to below and the following exceptions, the Offeror 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 Offeror'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 Offeror 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 settlement.
  - e) Corporate action distributions.
2. Any settlement, income, dividend, or maturity redemption credit is provisional until payment is made in whole to the Offeror. With timely notification to the RERF, the Offeror 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 Offeror 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 Offeror short-term investment fund.



In markets where the Offeror 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 Offeror shall promptly re-credit such amount at the time that the RERF notifies the Offeror that such transaction has been cancelled.

3. The Offeror 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 Offeror'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.

### **GOK Accounts**

1. The Offeror, its agents or its sub-custodians may open and maintain a separate GOK account or accounts in the name of the Offeror 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 Offeror, 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 Offeror, 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 Offeror, its agents or its sub-custodians only in that capacity.

### **Collection of Income**

1. Except as otherwise provided in the section on Collection of Income, the Offeror, 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.
2. The Offeror 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 Offeror's then-current payable date income schedule. Any credit to the System in advance of receipt may be reversed if and when the Offeror determines that payment will not occur in due course and the System may be charged at the Offeror's applicable rate for time credited.
3. Income on securities loaned under a securities lending program managed by a securities lending agent that is unaffiliated with the Offeror shall be credited by the Offeror 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.
4. If the Offeror 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 Offeror or its affiliate.

### **Cash Management**

The Offeror shall:

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

4. Provide daily cash flow projections and other cash management reports as requested by the RERF and as modified from time-to-time as circumstances warrant;
5. Provide overnight investment management services for the funds received after the occurrence of the daily sweep; and,
6. Provide a clear schedule of charges for overdraft problems and other cash management fees (i.e. EURO negative interest).

### **Payment of System Moneys**

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

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;
2. In connection with conversion, exchange or surrender of securities of the System as set forth in the section on Delivery of Securities. hereof;
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;
4. To the trustee, including the Offeror, 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;
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 Offeror, its agents or its sub-custodians;
6. In connection with trading in options and futures contracts, including delivery as original margin and variation margin;
7. In connection with securities borrowing by the System; and
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.

### **Communications Relating to System Securities**

The Offeror shall transmit promptly to the RERF or an investment manager (as further described in the section on Investment Managers) written information (including, without limitation, pendency of calls and maturities of securities and expirations of rights in connection therewith) received by the Offeror 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 Offeror shall transmit promptly to the System or Investment Manager written information received by the Offeror 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 Offeror 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.

### **Authorized Instructions**

The term "Authorized Instructions" shall mean authenticated instructions, notices, directions,

certifications or requests received by the Offeror from the RERF 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 Offeror from an Investment Manager who has been appointed and who has not been terminated; provided that the Offeror shall not act upon any instruction from an Investment Manager that is inconsistent with an Instruction provided by the RERF to the Offeror. 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 Offeror and the RERF. Unless delivered over a recorded telephone line, oral instructions delivered to the Offeror shall promptly thereafter be confirmed in writing by a duly authorized officer of the RERF 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 Offeror 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 RERF.

### **Actions Permitted without Express Authority**

The Offeror may, at its discretion, without express authority from the RERF:

1. Make payments to itself or others for expenses, provided that all such payments shall be accounted for to the RERF and/or the investment managers;
2. Surrender securities in temporary form for securities in definitive form;
3. Endorse for collection checks, drafts, and other negotiable instruments; and
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.

### **Reporting Requirements**

The Offeror shall:

1. Complete monthly reconciled accounting statements on a mutually agreed staggered schedule to be completed no later than the eighth (10h) business day of the month (for the prior month's reporting cycle). Reconcile the accounts prior to the monthly books being closed. The RERF and Offeror 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;
2. Provide an accurate report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to the RERF, no later than 15 days after the end of each fiscal year;
3. Provide tracking of brokerage commissions paid to specific brokers by account, consolidation of accounts, and manager;
4. Provide detailed monthly reports on the holdings and transactions of the system's Derivatives;
5. Provide a timely report of securities on loan if the Offeror is not the securities lending agent; and
6. Provide such other reports as may be requested by the RERF at no additional charge.

### **Corporate Actions, Class Actions and Proxy Voting**

The Offeror shall:

1. Provide notification of corporate actions including bond puts, calls and other scheduled and non-scheduled redemptions to the RERF 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 RERF 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 RERF, 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 Offeror's peers for the relevant market, at minimum;
  - e) Provide an automated feed of portfolio holdings between the Offeror'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 RERF, 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, Offeror shall work directly with the RERF'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 Offeror 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 Offeror shall promptly process all voting instructions.

## **Performance Measurement and Analytics**

The Offeror shall:

1. Provide monthly performance reports in the format required by the RERF 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 RERF at gross, net of management fees, and net of all fees using GIPS compliant calculation methodology;
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 RERF prior to 9 a.m. E.S.T. ;
3. Pass through in the reporting all third-party benchmark return data contracted directly with the RERF;
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 RERF;
5. Provide monthly audited sector, industry and CUSIP level reports by the tenth (10th) business day of the month;
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 RERF or directly to third party vendor(s) as authorized by the RERF pursuant to an RERF-approved written statement;
7. Load and store all historical performance data provided by the incumbent custodian(s) into the performance measurement and analytics system;
8. Provide performance analytics and attribution analysis for the System's accounts versus relevant agreed-upon benchmarks in formats acceptable to the RERF;

9. Provide monthly performance reports detailing market performance, portfolio performance, and any level of detail or any aggregate deemed necessary by the RERF. These reports are to include current as well as historical data;
10. Provide a quarterly “Investment Performance Analysis” across all System funds in a format to be agreed upon between the Offeror and the RERF. This report will be due thirty (30) days after the close of the calendar quarter reported upon and will be delivered to the RERF in hard copy and/or electronically;
11. Provide Staff with all necessary System fund performance and analytical data generated or maintained by the Offeror 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;
12. Provide performance consulting as follows:
  - a) Quarterly, the Offeror’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 (30) 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 Offeror shall advise the System of the Offeror’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.

### **Compliance Monitoring and Reporting**

1. The Offeror shall provide the RERF 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.
2. The Offeror shall provide investment compliance reporting based on tests, derived from the System’s investment management guidelines and in consultation with Staff.
3. The Offeror’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 RERF, 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 RERF;
  - 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 RERF 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.
4. Compliance reports shall include a summary for each System portfolio or group of portfolios specified by the RERF. 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.

5. The Offeror shall provide an on-line compliance monitoring and reporting application, providing the RERF 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.
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 RERF 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.
7. The Offeror shall assist in the identification of and filing of global compliance reporting and filing requirements.
8. The Offeror 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 RERF has deemed the transaction or holding acceptable.

### **Technology/Systems Requirements**

The Offeror shall:

1. Interface with the RERF'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 RERF pursuant to an RERF-approved written statement;
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 RERF pursuant to an RERF-approved written statement. The Offeror shall discontinue exchanging data related to the System with any such manager if directed to do so by the RERF. The Offeror shall annually provide to the RERF a report of entities approved by the RERF for data exchange;
3. Provide on-line, real time access to data held in the Offeror'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 Offeror may archive data at the Offeror's option, subject however to restoration for on-line availability should such a need arise;
4. Provide all reports requested by the RERF. In addition, ad hoc query and reporting functions shall be available, and the Offeror shall, provide additional custom reports (complying with industry-standard report formats developed in the future) as requested by the RERF, at no additional charge;
5. Provide periodic on-site training to Staff at the RERF's offices during the initial conversion process, as new Staff is added, and any time substantial changes have been made to the information-delivery program;
6. Provide adequate protection against unauthorized access to System records under the Offeror's control. Offeror shall require written instructions from the RERF prior to granting access to any third-party vendors and shall review such access with the RERF annually. Offeror represents that its securities measures are designed, consistent with best industry practices, to (i) ensure that the RERF's LAN cannot be accessed without the RERF's express authorization; (ii) monitor the Offeror's internal system against unsecure access and abuse; (iii) enable the Offeror to immediately terminate any unauthorized access; and (iv) enable the Offeror to identify the entity making unauthorized access. The Offeror shall make no changes to its security measures that would increase the risk of unauthorized access;
7. 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;
8. Provide an established and proven plan for business continuation in emergency situations. The Offeror shall recreate records and resume operations necessary for the daily investment activities of the RERF 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 Offeror's systems. The Offeror shall periodically test its business continuation plan and operating procedures. Every twelve months, the Offeror shall provide assurances that testing confirmed their abilities to operate as indicated in the Offeror's business continuation plan;
  9. Provide access to management information and accounting systems utilizing personal computers at the RERF 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.
  10. Retain computer records of all reconciled investment transactions and month-end positions on electronically readable storage media indefinitely. The Offeror 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 Offeror shall translate the information to a flat file, or other format mutually determined, for retention by the RERF and the System;
  11. Provide all reconciled month-end accounting reports in a format acceptable to the RERF (currently CD-ROM);
  12. Provide access to System data on the Offeror's systems from the RERF'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 RERF's primary office internet connection is not functional, or the RERF has experienced a circumstance that requires relocation to the backup site;
  13. 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;
  14. Provide the means to connect to the Offeror'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 RERF's offsite backup location; and
  15. At the RERF'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.

## **Transition**

The Offeror shall:

- 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 to the new Offeror's system of record: a)

- Present to the RERF a detailed plan for, as well as schedule of, the transition from the current custodian, to the Offeror;
- b) The plan and schedule must include the timing of each phase of the transition as well as the proposed involvement of the Offeror'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 RERF, 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 within 120 days of contract signing.
1. Upon termination of the Contract, cooperate fully with the successor custodian to facilitate the transition from the Offeror's system to the successor's system. The Offeror shall:
    - a) During transition, provide to the RERF and the successor custodian all information about the Offeror'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 Offeror 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 Offeror 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 Offeror, the RERF, 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.
  2. On the day of the conversion from the prior custodian's system to the Offeror's system, the Offeror 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. Provide onsite staff for the length of the conversion process to train Staff, customize reporting and resolve other issues.

## **Audits**

The Offeror shall:

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;
2. Make available for inspection, review or audit by authorized representatives of the RERF, including, but not limited to, the RERF's internal and external auditors, at all reasonable times. Afford necessary Staff and the RERF's internal and external auditors continued access to and cooperation of the Offeror's corporate audit staff and make available information from the corporate internal audits such as audit reports and the working papers of the Offeror's internal audit division that pertain directly to the services utilized by the RERF and the System; and
3. Name the Offeror's clients as intended users of the annual Offeror'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 RERF



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 Offeror, 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 Offeror does not provide the SSAE 16 report as required pursuant to this paragraph.

### **Personnel, Meetings, Client Conference, Notices**

The Offeror shall:

1. Make appropriate personnel available to meet with Staff on site, at dates and times determined by the RERF, at least quarterly, or more frequently if required by the RERF, to discuss services related to the System's needs;
2. Provide direct access to appropriate computer system technical staff for assistance with computer system problems;
3. Implement a relationship management protocol which assures the appropriate escalation of issues and special projects within the context of the System relationship; and
4. Invite the appropriate Staff members to participate in the Offeror's group client conferences and all other educational activities provided by the Offeror and normally offered to the Offeror's clients.
5. The Offeror shall give the RERF prior written notice of:
  - a) any changes in the key service personnel assigned by the Offeror to provide services under the Contract;
  - b) any substantive changes in the manner in which the Offeror 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 Offeror's disaster recovery plan as set forth in the Technical Proposal.
6. In the event of any of the changes referenced above, the RERF shall have the right to enter into discussions with the Offeror to determine the effect of the change on the services to be provided by the Offeror pursuant to the Contract and whether it is in the best interest of the RERF to continue the Contract in light of the change.

### **Tax**

1. No Obligation to Pay Tax. Except as otherwise provided herein, the Offeror shall not be responsible or liable for the payment of taxes, assessments or other governmental charges now or hereafter imposed on the RERF by the tax law of any state or political subdivision thereof. Pursuant to Authorized Instructions, the Offeror shall timely pay any taxes, stamp duties, or other assessments imposed the RERF by regulatory or tax authorities of jurisdictions due to its investments.
2. Responsibilities of the Offeror. The Offeror 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 Offeror is responsible for notifying the RERF 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. 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)

### **Investment Manager**

1. Appointment and Termination of Appointment. The GOK 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 RERF shall notify the Offeror 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 RERF similarly shall notify the Offeror of the termination or replacement of any Investment Manager.
2. Authority. The Offeror, in performing its duties under the Contract, shall be entitled to rely upon Authorized Instructions from the Investment Manager, with such limitations as the RERF and the Offeror by written agreement provide. In the absence of such limitations, the Offeror shall accept Authorized Instructions from the Investment Manager to the same extent as the Offeror would be entitled to accept such Authorized Instructions from the RERF if no Investment Manager has been appointed.
3. Sub-accounts. The Offeror 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.

#### **Standard of Care**

1. The Offeror 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.
2. The Offeror specifically agrees to perform such duties with respect to the RERF 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.

**ANNEX C**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
**RFP NO. 001**

**MANDATORY CRITERIA**

The Offeror will receive a Pass/Fail rating on this section. In order to be considered for Phase I, the Offeror must meet all the mandatory criteria described below. All questions should be answered on this form or an exact duplicate thereof accompanied by supporting evidence. The GOK reserves the right to verify any information contained in the Offeror's response or to request additional information after the proposal is received. Incomplete or inadequate responses, lack of response or misrepresentation in responding to any questions will disqualify the Offeror.

<b>Mandatory Criteria</b>	<b>Offeror's Response</b>
1.1 The Offeror must at least be rated <b>AA-</b> or above by at least two Credit Rating agencies (Fitch, Moody's and S&P) for the last twelve month period.	Confirm Acceptance  Yes____/No____  Provide evidence.
1.2 <u>Immunities</u> . Please confirm that you are prepared to agree that the Sovereign preserves any and all privileges and immunities that may be available to the Sovereign under the international and/or national laws.	Confirm Acceptance  Yes____/No____
1.3 The Offeror must agree to all the non-negotiable items in the Contract Matrix (Annex F).	Confirm Acceptance  Yes____/No____
1.4 The Offeror must have agree to sign the Non-Disclosure Agreement (NDA) in Annex I.	Confirm Acceptance  Yes____/No____
1.5 The Offeror must demonstrate a track record of providing core and value added global custodial services for Sovereign Wealth Fund clients or their equivalent for the past three years.	Confirm Acceptance  Yes____/No____  Name: Title: Company: Phone: Email: Amount of assets under custody as of 12/31/2016.

Mandatory Criteria	Offeror's Response
<p>1.6 Prior criterion must be satisfied by providing names, titles and contact information of at least three current Sovereign Wealth Fund clients or their equivalent as described above, that have used the Offeror's Global Custody services for the last three years or longer.</p> <p>These client contacts must have given their consent to be contacted by the GOK for a reference check.</p> <p>The Offeror is advised to provide more than the minimum number of client references, in case some decline or are not available to respond within three business days of being contacted. This criterion requires at least three responses affirming the track record of the Offeror.</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p> <p>Reference #1:</p> <p>Reference #2:</p> <p>Reference #3:</p>
<p>1.7 The Offeror must submit a complete set of audited financial statements for the previous two fiscal years that demonstrates the Offeror's financial capabilities and strength to successfully provide global custodial services in accordance with this RFP.</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p>
<p>1.8 The Offeror must submit two of the most recent SOC 1 and SOC 2, or equivalent, covering internal control procedures related to custodial services.</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p>
<p>1.9 GOK will only sign an agreement with the selected Offeror as the single point of accountability for the full custodial services.</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p>
<p>1.10 The Offeror must agree to participate in Offeror Clarification Meetings if required by the GOK</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p>
<p>1.11 The Offeror must agree to submit their proposed global custodial agreement and any other applicable documents, and address the items in Annex F.</p>	<p>Confirm Acceptance</p> <p>Yes____/No____</p>

**ANNEX D**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
**RFP NO. 001**

**REQUIREMENTS MATRIX**

Offeror's proposal must be organized to follow the format of this RFP. Each Offeror must respond to every stated request or requirement and indicate that Offeror confirms acceptance of and understands the RERF's stated requirements. The Offeror should identify any substantive assumption made in preparing its proposal. The deferral of a response to a question or issue to the contract negotiation stage is not acceptable. Any item not specifically addressed in the Offeror's proposal will be deemed as accepted by the Offeror. The terms "Offeror" refer to those companies that submit a proposal pursuant to this RFP.

Where the Offeror is presented with a requirement or asked to use a specific approach, the Offeror must not only state its acceptance, but also describe, where appropriate, how it intends to comply. Failure to provide an answer to an item will be considered an acceptance of the item. Where a descriptive response is requested, failure to provide the same will be viewed as non-responsive. Where a statement of non-compliance is provided, the Offeror must indicate its reasons and explain its proposed alternative, if applicable, and the advantages and disadvantages to the RERF of such proposal.

**Organization Overview – Questionnaire**

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

**1. Organization**

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.).
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.
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. 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?
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?
6. 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.
7. 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.
8. 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
9. 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?
  10. 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.

## **2. Legal Disclosure Requirements**

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.
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.
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. 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.
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.).

## **3. Client Coverage and References**

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.

- a) Client Type
  - b) Number
  - c) Percentage of Assets
  - d) Number of Employees
  - e) Public Pension Funds
  - f) Corporate Pension Funds
  - g) Taft-Hartley Funds
  - h) Endowments & Foundations
  - i) Insurance Companies
  - j) Mutual Funds
  - k) Other (Specify)
  - l) TOTAL
1. Provide a current list of the 5 largest tax exempt 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.
  2. Provide the total of all assets held in custody at December 31, 2016.
  3. What were your organization's long term and short-term credit ratings at 12/31/2016 12/31/2015, 12/31/2014, 12/31/2013 and 12/31/2012? 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. For each public fund account lost between, January 1, 2011 and December 31, 2016 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 GOK reserves the right to contact any of these clients as references.
5. Provide a contact name and phone number of any new client relationships gained in the last three years. The GOK reserves the right to contact any of these clients as references.
6. 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 Annex C, contained above.
7. Depth and Experience of Personnel
8. Describe the structure of your global custody account administration, (i.e. account team, client account executives, support by administrative units, etc.). Describe how the RERF would be served within this structure.
9. Provide resumes and an organizational chart of key individuals who would be assigned to the RERF 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.
10. 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.
11. 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 RERF's account and what are the total assets under administration for these individuals?

#### **4. Risk Management**

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.
2. Identify and describe the major risk factors that you manage in a custody relationship. Describe how you manage these risks.
3. Identify the external entities that audit, regulate and/or review your custody services.
4. Describe how you manage the sub-custodians, technology, counter-party and regulatory risk.
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?
6. Describe the system of proofs and controls that assure accuracy of the processing and reporting of the Business Unit.
7. List the policy and procedures manuals in use by the Business Unit and provide one copy of each with your Proposal.
8. Briefly, describe your practice of updating documented policies and procedures.
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

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.

## **5. Additional Information**

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.

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.

## **Services to be Provided – Questionnaire**

### **6. Administration and Client Service**

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
2. Describe any educational events or client conferences you sponsor for your custody clients with a schedule of any events planned.
3. Describe your efforts to attract, maintain, and retain qualified administrators and client service officers. Additionally, describe your efforts to maintain stability amongst administrators and service officers on behalf of the client.
4. Describe your efforts directed toward continuous assessment and improvement of the client service organization and the quality of service to its clients.

### **7. Investment Manager Liaison**

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.
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 investment managers located outside the principal location.
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. Describe your systems and procedures for securing and providing clients with proxy information for both U.S and foreign corporations.



5. How are valuation differences resolved between the external investment managers and the global custody department?

## **8. Settlement, Securities Processing and Custody**

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.
2. Briefly describe the method and frequency of reconciling the custodian's positions with its depositories and sub custodians.
3. Identify any country for which you do not provide tax reclaim services.
4. Identify any country for which you do not offer country opening document services.
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.
6. List the depositories, agents, and sub-custodian bank used for all asset classes.
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.
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.
9. What is your process for settling cash or same day trades?
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?
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?
12. Describe your system for registration and custody of assets, including depository used, level of interface and procedures for depository-ineligible securities.
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.
14. Describe special procedures you employ for processing, valuing and reporting both domestic and international derivative products, i.e., futures and options.
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.
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.
17. Discuss your procedures for daily proof of trade settlements reported by your depositories, agents, and sub-custodians.

## **9. Accounting, Auditing and Reporting**

1. Describe your investment accounting and general ledger (including trust and plan accounting) capability provided to custody clients (include system name and year developed).
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.
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. Provide a diagram of the systems listed in the proceeding question 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
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
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.
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.
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
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?
1. Describe your cash-based and accrual-based accounting procedures for your multi-currency accounting system.
2. 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.
3. 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. Describe your process for validating prices and your policy for handling price challenges.
5. 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.
6. 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.
7. Do you maintain a record of the original face amount purchased with regard to pass-through investments, such as GNMA's, FHLMC's and FNMA's?

8. 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?
9. 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.
10. 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?
11. Describe your procedures and available options for calculating base currency cost for non-US\$ denominated securities.
12. 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.
13. For any "effective date posting" describe the controls in place to maintain integrity of data for prior periods for which the books are closed.
14. What levels of authorization are required for:
  - a) Processing reversals?
  - b) Effective date posting?
  - c) "File maintenance" changes directly to elements of the database?
15. Describe the process and frequency of reconciliations performed with depositories, agents, and sub-custodian bank.
16. Identify and describe any other reconciliation performed.
17. 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.
18. 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?
19. Please confirm that your accounting system allows clients to generate transaction reports that exclude cancels and rebooks or other revision entries. Note any exceptions.
20. 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.
21. Describe your process of restating incorrect accounting statements and publishing new reports.
22. 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.
    - Holdings of Investments at cost and market value
    - Statement of Changes in Net Assets (Income Statement) at the plan, pool and portfolio levels
    - Statement of Net Assets (Balance Sheet) at the plan, pool and portfolio levels
    - Cash Flow Projection Reports
23. Describe the capabilities of your on-line reporting system.

24. Describe the circumstances that would lead you to restate a client's monthly books. Describe processes relating to such restatements.
25. 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.
26. 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.
27. Confirm that you offer daily accounting. Note any exceptions.
28. Describe your experience in unitizing DB plan investment accounts.
29. Describe your capability to provide accounting for leveraged buy-outs, venture capital, real estate, and various other private market investments.
30. Describe your capability to provide commingled fund accounting.
31. 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.
32. Describe your capabilities to provide clients with the ability to customize reports.
33. Discuss the timeliness of delivery of statements and reports by hard copy and on-line.
34. 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.
35. 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.
36. Please describe the plan accounting that you offer and the timing of the availability.
37. 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.
38. 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.

## **10. Income and Capital Change Processing**

1. Describe the process of accounting/collecting for tax claims from a prior custodial relationship.
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.).
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. Describe your procedures for establishing entitlements/accruals for dividends, interest, and corporate actions for all asset types.

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.
6. Describe your procedures for payable date credit. Identify any exclusion in your response.
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; and, Collecting refunds
  - d) Procedures for accruing, reporting, aging, and posting of reclaimable tax
  - e) ) Reporting detail to clients
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
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?
10. How do you prove accuracy and timeliness of receipts of income and capital changes reported by your depositories, agents, and sub-custodians?
11. Discuss your procedures for posting capital changes to client accounts.

## **11. Corporate Actions, Class Actions and Proxy Voting**

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.
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.
3. Describe your on-line capabilities for processing corporate actions. Does this include a client interface?
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?
5. Describe the process for recalling shares on loan for the purpose of proxy voting.
6. Confirm that you have the capability to transfer holding information on a daily, weekly or monthly basis to the RERF's proxy voting agent and the class action monitoring agent? Note any exceptions.

## **12. Sub-Custodian Network Management**

1. Provide a list of all sub-custodians and the markets for which each is responsible.
2. Describe your network coverage and capabilities. What is their market share? How long has each one been affiliated with you?
3. Discuss your process for managing the sub-custodian network in terms of selection, oversight, problem resolution and termination.

4. Describe the process and frequency of reconciliations performed with your sub-custodian banks.
5. How many new sub-custodians and markets were added in the last two years? Please identify them.
6. How often do you review the performance of sub-custodians and visit their offices?

### **13. Trade and Foreign Exchange Processing**

1. Discuss your procedures for processing trade instructions, including foreign exchange transactions, source of pricing and time of repatriation.
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.
3. Describe your capability for providing custom links for communicating trade instructions electronically.
4. Identify the methods of communicating and processing trades from managers. Provide statistics on the volume of trades processed daily, weekly, and monthly.
5. Describe your process for verifying trade instructions and exception processing. Include the percentage of trades that require corrections or amendments.
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.
7. Do you perform FX transactions on a principal or agency basis?
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?
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?
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.
11. How does your firm demonstrate the competitiveness of its foreign exchange? Describe the level of transparency provided to clients on all transactions.
12. Does your organization have the ability to provide the fraction of a second as part of your time-stamp?
13. Do clients have the ability to request FX executions at certain times and negotiate pricing?
14. Does your organization charge a penalty or administrative cost for currencies executed by a third party other than the RERF's custodian bank?
15. What percentage of your custody and trust clients utilized the firm for FX transactions versus a third party during 2016?
16. What if any, business risk does the firm assume as part of its exchange services?
17. Are security trades treated differently than repatriation of dividends, corporate actions, and other periodic receipts?
18. Describe your standing instructions process and program options.
19. Describe your compensation resulting from an exchange.
20. Is there a standard fixed spread?
21. Does the spread vary by currency type?
22. Can a client negotiate the spread based on volume?
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.
24. What level of discretion does the custodian allow the plan or investment manager in election of foreign exchange brokerage services?
25. Is your organization willing to disclose both explicit and implicit costs of FX Trades? Provide details.

26. Is interest paid on un-invested balances in foreign country accounts? Explain.
27. Describe your trade execution monitoring system.
28. What current transaction information is available on-line? What historical trade information is available on-line or other electronic media?
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

#### **14. Cash Management**

1. Identify the cash interest rates paid by country for major and emerging markets. How are these rates determined?
2. Discuss any interest that may be charged for overdrawing a local currency account or other DDA. How is the rate determined?
3. Discuss how the client is compensated for late payment of interest, dividends, maturities, tenders, etc. How is the rate determined?
4. Describe your program for providing fail float interest on sale proceeds.
5. Discuss your cash forecasting process. Is it available through your on-line information system?
6. Describe your cash management policies and procedures regarding the purchase and sale of securities and receipt of income.
7. What are your policies and procedures for investing daily surplus cash balances that are not used by investment managers?
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, 2016. Describe the investment guidelines and policies (risk analysis, asset allocation, average duration, quality, term structure, diversification, etc.) of your short-term investment funds.
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?
10. Who manages the short term investment funds?
11. What is the daily notification deadline for outgoing wire transfers? Also discuss domestic & international / US and non-US currencies.
12. What is the daily deadline for receiving incoming wire transfers in order to ensure same-day investment?
13. Describe how you work with clients who manage some or all cash themselves.

#### **15. Performance Measurement and Analytics**

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?

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 1 above.
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. 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.
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?
6. Are you willing and/or able to backload data?
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
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?
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?
10. Describe your process for restating incorrect accounting and performance reports.
11. Does your system have the capability to report returns both gross and net of investment management fees?
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.
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?
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.
15. Describe the resources available to support the RERF in analyzing the data.
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.
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.
18. List all indices and universes/families available for comparisons, their source, and manner and timing in which you receive them.
19. Confirm that your firm provides holdings based and / or returns based attribution; note the time frames and any exceptions.



20. Confirm that your firm provides attribution analyses on fixed income portfolios. Note any exceptions.
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?
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?
23. What additional performance measurement and analytical databases would be made available to the System?
24. Confirm that clients access performance measurement and analytics through your online system. Note any exceptions for planned release date for this capability.
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.
26. For international portfolios, please explain what type of security, FX, and country level return information you provide. Please provide a sample report.
27. Confirm that, with respect to commingled funds, there are look-throughs available for all of the System's existing managers. Note any exceptions.
28. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both? Others?
29. Describe the performance attribution service(s) you offer including their respective methodology.
30. Identify and describe the services or products you offer to clients to help measure risks, such as VAR (Value at Risk) measurement.
31. Which of the following statistics can your firm calculate on a monthly basis: standard deviation, tracking error, information ratio, Sharpe ratio, alpha, beta?
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 fixed income portfolio
  - b) an international fixed income portfolio, and
  - c) a consolidation of all portfolios.
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.
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.
35. What plans do you have for enhancing your performance systems? Please provide a release schedule for enhancements.
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.
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.

## **16. Compliance Monitoring and Reporting**

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.
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?
  3. Is the compliance testing performed on all asset classes, daily, and on a post-trade, pre-settlement basis?
  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?
  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?
  6. Do you offer compliance reporting on a service bureau basis?
  7. Please describe the different levels of compliance monitoring services available (i.e. basic, intermediate, advanced) to your clients.
  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?
  9. Please provide an example of what a monthly summary compliance exception report would look like.
  10. How many business days is monthly compliance reporting available after the last day of the month?
  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.
  12. Please indicate which types of tests your system can do on-line versus manual.
  13. What type of support, both initial and on-going, do you provide in relation to investment guideline compliance monitoring?
  14. What are your escalation procedures and timing of such escalation when an issue with compliance monitoring arises?
  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?

## **17. Other**

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.
2. Please describe any Trade Reporting Tools that you offer.
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. Please describe any additional services that you offer to assist with internal trading.

## **18. Securities Lending – Third Party**

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?
2. Please list your current third party lending relationships.
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. Which third-party lenders have you had difficulty working with? Please provide a detailed explanation of the circumstances.
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.
6. How do you account for events (i.e. income, sale, corporate actions) involving securities that are out on loan?
7. Do you have a dedicated team responsible for third party lending support?
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?
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?
10. Please list and provide samples of reports related to third party securities lending activities.

## **19. Derivative Servicing**

1. Describe in detail the derivative services included in your proposal (e.g., collateral management, valuations, reconciliation, servicing, guideline monitoring, trade capture, etc.).
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?
3. Is there a separate module or system dedicated to handling such securities?
4. Describe the structure of the team that supports derivative servicing, including biographies on the key individuals and locations.
5. When marking collateral with a dealer, do you rely on the dealer's price or are you using an independent, third-party valuation?
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?
7. Describe the electronic tools you utilize to provide these services. Specify if they are proprietary, off-the-shelf, or a combination.
8. Provide a sample derivative reporting package that is provided to clients.
9. Do clients have access to information online? If so, describe.
10. If you are unable to process on a trade date basis, please explain.

## **Systems and Technology – Questionnaire**

### **20. Organization**

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.

2. Describe your process for prioritizing projects and allocating resources.
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. 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?

## **21. Systems Development**

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
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?
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. How do you work with clients in systems development? How are clients' requests prioritized for implementation?
5. Please describe what hardware/software requirements you would prefer the RERF 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.
6. Identify your system architecture's strengths and how it gives you a competitive advantage.

## **22. Security and Business Continuity**

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 GOK enter into a contract with the Offeror, the GOK may choose to pursue further information to consist of due-diligence reviews of additional detail on the Offeror's protection regime.
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.
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. Do you currently carry cybersecurity insurance? If yes, provide an overview of the coverage.
5. Does the Offeror conduct periodic risk assessments to identify cybersecurity threats, vulnerabilities and potential business consequences?

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.
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.
8. Confirm that you offer the ability to monitor the access to System information including both staff and third party vendors. Note any exceptions.

### **23. Products**

1. Identify and describe the range of products or services available to clients.
2. Describe what role the Internet plays in your overall development of the custody business.
3. Describe what role is played by mobile computing platforms and applications (smart phones, tablet computers, other devices).
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.
5. What sets your products apart from your competitors?
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?

### **24. Online System**

1. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).
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?
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. Is a demo site available that the RERF can access?
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 GOK prior to use.

### **25. Client Customization and Development**

1. Describe your systems development capability for client specific requirements.
2. How do you set priorities and assign resources for client customization? What role does the Business Unit Manager play in setting the priorities?
3. Describe the services and resources available to assist clients resolve a range of technology issues.

## **Transition and Conversion – Questionnaire**

### **26. Planning**

1. What group will serve as the Transition Team in planning and implementing the RERF 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.
2. Describe your transition planning process. Provide a sample of documentation and a calendar for a normal transition. How might the transition of the RERF account differ from the normal transition?
3. What planning and training would be necessary for the RERF staff; the RERF's outside investment managers; the RERF's current master custodian, and your depositories, agents, and sub-custodians?
4. Provide a detailed description of your last comparable conversion. Include the details of specific problems that occurred and the solutions implemented.
5. What resources are required of the client during the transition period?
6. What is the disposition of transactions, claims, and accruals pending during the transition/conversion period?
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.

### **27. Implementation**

1. What lead-time is required for a normal transition and how long is required to complete a normal transition? How might the RERF's transition be different?
2. What is the role of the Transition Team during implementation?
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. 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?
5. What reconciliations do you perform to verify that all asset positions, including accruals, are accurately transferred into the accounting and performance measurement systems?

**ANNEX E**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
**RFP NO. 001**

**PRICE SCHEDULE**

- (a) This Price Schedule Form must be completed in its entirety.
- (b) The entire Price Proposal must be placed in a separate envelope pre-addressed and marked GLOBAL CUSTODIAL SERVICE - FINANCIAL PROPOSAL– **DO NOT OPEN**.
- (c) The Financial Proposal envelope is herewith submitted in accordance with the instructions given in the Request for Proposal.
- (d) The completed Price Schedule Form constitutes the Offeror's Financial Proposal and fully responds to RFP (RFP NO. 001). I commit my Offeror to be bound by this Financial Proposal for carrying out the range of services as specified in the solicitation package.

In compliance with this RFP the undersigned, propose to furnish all labor, materials and equipment in order to provide goods and services as stipulated in the RFP. This shall be done at the price set in this Schedule and in accordance with the Contract terms in this RFP.

<i>(Signature)</i>	<i>(Name)</i>
<i>(Name of Offeror)</i>	
<i>(Address)</i>	<i>(Date)</i>
<i>(Telephone No.)</i>	<i>(Fax No.)</i>

## ANNEX E PRICE SCHEDULE

Please indicate the prices of the services to be charged in USD for the managed accounts in the following table. Please quote a fixed price for three (3) years.

SN	Service	Annual Price*		
		Year 1	Year 2	Year 3
1.	<u>Core Custodial Services:</u> <ul style="list-style-type: none"> <li>• Safekeeping</li> <li>• Trade Instruction and Settlement</li> <li>• Corporate Actions and Income Collection.</li> </ul>			
2.	<u>Value Added Custodial Services:</u> <ul style="list-style-type: none"> <li>• Accounting, Auditing, Control, and Reporting</li> <li>• Performance Measurement &amp; Risk Analytics</li> <li>• Compliance Monitoring and Reporting</li> </ul>			
3.	Add items for other fee services associated with above (please specify).			
4.	Add items for other fees for services associated with this custodial arrangement.			
5.	Provide an estimate of profit and sharing plan under the securities lending program constrained to the asset classes and based on the assumptions of the portfolio size as indicated in the Statement of Work.			
6.	<b>Total Price (<math>\Sigma</math>(items 1-4) – item 5)</b>			

**Assumptions (please specify here assumptions made in table above):**

•

**Notes:**

- 1) Price - Please indicate the assumptions used to arrive at the quoted price above. The resulting price quotation shall be quoted annually. For evaluation purposes, annual price over a three years period will be used.
- 2) For the purpose of item 5, please refer to the volumes as indicated at Annex B.
- 3) For the purposes of evaluation of the financial proposal, the evaluated financial cost will be calculated using the total price formula for the sum of years 1-3 as indicated in item 6.
- 4) Offerors financial proposal must address the following area in their pricing response.
  - a. If you have a tiered fee structure, show all tiers.
- 5) Item 5 is an optional service that may be exercised at the sole discretion of the Sovereign in the future.



**ANNEX F**  
**REQUEST FOR PROPOSALS (RFP) FOR**  
**GLOBAL CUSTODIAL SERVICES**  
**RFP NO. 001**

**CONTRACT FORM**

The GOK expects the Offeror to submit its proposed global custodial agreement and Service Level Agreement (SLA) along with its technical proposal for review and acceptability by the GOK. It is expected that the proposed global custodial agreement of the selected Offeror will be subject to discussion and negotiation prior to the contract award and execution. It is expected that the signatories and parties executing the resulting global custody service agreement will be the Offeror and the GOK.

With respect to discussions and items below, each item is considered mandatory to address in the proposed Global Custodian agreement; however, some of the items have been deemed as non-negotiable.

As part of the discussions on the proposed global custodial agreement, the GOK will expect the global custodial agreement to address within its provisions the following items including, but not limited to:

<b>No.</b>	<b>Provision / issue</b>	<b>Proposed minimum standard / proposed discussion</b>
1	Role of Custodian	<ul style="list-style-type: none"><li>• The Global Custodian accepts its position as a fiduciary for the funds and securities of the Sovereign.</li><li>• The Global Custodian acknowledges that the Sovereign acts through multiple investment advisers and other fiduciaries (“agents”).</li></ul>
2	Responsibilities of Custodian	<ul style="list-style-type: none"><li>• Have a dedicated contact person with contract management responsibility for the Sovereign</li><li>• Deliverable requirements in Statement of Work.</li></ul>
3	Standard of Care	<ul style="list-style-type: none"><li>• The Global Custodian shall make reasonable endeavors of a leading professional custodian in the market.</li></ul>
4	Authorized Persons	<ul style="list-style-type: none"><li>• The Global Custodian and its agents, including sub-custodians, shall act solely in accordance with instructions provided by persons authorized by the Sovereign.</li></ul>
5	Sovereign Immunities	<ul style="list-style-type: none"><li>• The Global Custodian shall acknowledge and accept in the custodian agreement that the Sovereign, and all of its assets and properties, wherever located, held, custodied or deposited, shall have the following sovereign immunities:</li><li>• (i) All of Sovereign’s properties and assets shall not be subject to sequestrations, embargoes or any other similar preventive or enforcement measures;</li><li>• (ii) Sovereign shall not be obligated to pay any court expenses in</li></ul>

<i>No.</i>	<i>Provision / issue</i>	<i>Proposed minimum standard / proposed discussion</i>
		<p>any litigation proceeding.</p> <ul style="list-style-type: none"> <li>• (iii) the enforcement of any judgement against the Sovereign can only be effected through the Ministry of Economy and Finance, following certain proceedings set forth in the Judicial Code of the Republic of Panama;</li> <li>• (iv) any lawsuit against the Sovereign relative to a financial agreement, must be notified in person, in the office of the Sovereign.</li> </ul>
6	Taxes	<ul style="list-style-type: none"> <li>• Tax Status of the Sovereign - Tax exempted (i) Dividend and interest income received by the Sovereign as a result of investing in securities issued by non-Panamanian tax payers are not taxed in Panama (ii) Sovereign may be subject to foreign tax laws as may be applicable outside of Panama.</li> <li>• The Global Custodian acknowledges that the Sovereign's assets are not subject to withholding of any kind, and will not withhold assets of the Sovereign in respect of any tax liability.</li> </ul>
7	Dispute Resolution	<ul style="list-style-type: none"> <li>• <b><u>Non-negotiable provision:</u></b> The Global Custodian agrees to binding arbitration of any dispute, and waives any rights to sue the Sovereign in any court.</li> <li>• The Global Custodian and its agents, including sub-custodians, agree that any legal action or proceeding which may arise as a result of the Global Custodian agreement or be related to it must be subject to arbitration before the International Chamber of Commerce ( ICC))</li> </ul>
8	Applicable Governing Law	<ul style="list-style-type: none"> <li>• The Global Custodian agreement shall be governed and constructed according to the laws of the State of New York, United States of America.</li> </ul>
9	The Sovereign's Indemnification of the Global Custodian and Limitation of Liability	<ul style="list-style-type: none"> <li>• Sovereign shall indemnify the Global Custodian solely for direct damages, losses, costs, expenses, liabilities and claims (collectively "Losses") arising out of the Global Custody Agreement directly caused by the Sovereign or its agents, unless and to the extent any such Loss is caused by the gross negligence, willful misconduct or fraud of the Global Custodian, or breach of indemnification obligations. The Sovereign's aggregate liability for any such Losses shall not exceed the aggregate fees paid to the Global Custodian during the year in which such Losses shall have occurred, except to the extent any such Losses result from the Sovereign's, or its agents' breach of indemnification obligations, gross negligence, willful misconduct or fraud, in which case any such cap on the</li> </ul>

<i>No.</i>	<i>Provision / issue</i>	<i>Proposed minimum standard / proposed discussion</i>
		Sovereign's liability shall not apply.
10	The Global Custodian's Indemnification of the Sovereign and Limitation of Liability	<ul style="list-style-type: none"> <li>The Global Custodian shall indemnify the Sovereign and its agents for any and all Losses, as defined above, arising out of the Global Custody Agreement directly caused by the Global Custodian or any sub-custodian, unless and to the extent any such loss is caused by the gross negligence, willful misconduct or fraud of the Sovereign. The Global Custodian's aggregate liability for any such Losses shall not exceed five times the aggregate fees paid to the Global Custodian during the year in which such Losses shall have occurred, except to the extent any such Losses result from the Global Custodian's, or its agents' breach of indemnification obligations, gross negligence, willful misconduct or fraud, in which case any such cap on the Global Custodian's liability shall not apply.</li> </ul>
11	Consequential Damages	<ul style="list-style-type: none"> <li>Neither party shall be liable for any special, indirect or consequential damages, whether or not the likelihood of such loss or damages was known by either party, arising in connection with the Global Custody Agreement.</li> </ul>
12	Corrupt Practices (Restriction)	<ul style="list-style-type: none"> <li>A provision related to procurement integrity needs to be included and one of the aspects that it should cover is corrupt practices restrictions</li> </ul>
13	Anti-money laundering cooperation	<ul style="list-style-type: none"> <li>The Global Custodian will respond promptly to any request for information by the Sovereign.</li> <li>The Global Custodian will cooperate fully with the Sovereign in respect of any anti-money laundering inquiry or investigation.</li> <li><b><u>Non-negotiable provision:</u></b> "Except where prohibited by applicable law, the Global Custodian shall not file any report or information of any kind (including any "suspicious activity" or similar reporting) required to be filed under applicable law without prior written notice to the Sovereign."</li> </ul>
14	Confidentiality	<ul style="list-style-type: none"> <li>The Global Custodian shall, absent the express permission of the Sovereign, keep the Sovereign's information, and the existence of the Global Custody agreement and relationship, confidential.</li> </ul>
15	Termination	<ul style="list-style-type: none"> <li>Termination by Either Party: The Global Custody Agreement may be terminated by mutual agreement between the parties.</li> <li>Termination by the Sovereign: The Sovereign may terminate the Global Custody Agreement upon written notice to the Global Custodian, including: (i) if the Global Custodian materially breaches any provisions of the Global Custody Agreement; (ii) if the Global Custodian becomes or is declared insolvent, ceases to</li> </ul>

<b>No.</b>	<b>Provision / issue</b>	<b>Proposed minimum standard / proposed discussion</b>
		<p>do business as a going concern or is unable to pay its debts as they mature, or upon dissolution of the Global Custodian or (iii) at any time at the Sovereign's sole discretion.</p> <ul style="list-style-type: none"> <li>• Termination by the Global Custodian: The Global Custodian may terminate the Global Custody Agreement upon sixty (60) days' written notice to the Sovereign if the Sovereign materially breaches any provisions of the Global Custody Agreement.</li> <li>• Cooperation: Upon termination of the Global Custody Agreement, the Global Custodian shall cooperate with the Sovereign, and any applicable third parties, including another custodian, in order to perform an orderly transfer of Sovereign's asset to such third parties and to minimize any actual or potential interruption of the custodial services or any other adverse effect.</li> </ul>
16	Post-termination services	<ul style="list-style-type: none"> <li>• The Global Custodian will agree to provide the custody services to the Sovereign for a period of not less than one year following any notice of termination.</li> </ul>
17	Transition/ De-conversion services	<ul style="list-style-type: none"> <li>• Following termination of the Global Custody Agreement, the Global Custodian will cooperate with the Sovereign and with any successor Global Custodian to transfer any funds and securities to such successor Global Custodian without delay.</li> </ul>
18	Assignment	<ul style="list-style-type: none"> <li>• The Global Custodian may not assign the rights and obligations arising from Global Custody Agreement without prior approval of the Sovereign.</li> </ul>
19	Inspection rights / Audit rights for Sovereign	<ul style="list-style-type: none"> <li>• The Global Custodian will respond promptly to any request for information by the Sovereign.</li> <li>• The Global Custodian will make any books and records relating to the Sovereign's accounts available to the Sovereign on request.</li> <li>• The Global Custodian will make its financial reports to its principal regulator available to the Sovereign annually.</li> <li>• At least twice per year, the Global Custodian will permit the Sovereign to (i) inspect the books and records of the Global Custodian relating to the Sovereign's accounts; (ii) visit the offices of the Global Custodian and inspect the same; and, (iii) interview key personnel of the Global Custodian with responsibility for the Global Custody and safekeeping of the Sovereign's accounts, including (iv) senior management,</li> </ul>

<b>No.</b>	<b>Provision / issue</b>	<b>Proposed minimum standard / proposed discussion</b>
		including the CFO or one of his or her direct reports with responsibility for the Sovereign's accounts, (v) account and relationship representatives, (vi) the operations team with responsibility for the Sovereign's account, and (vii) the IT and cybersecurity teams with responsibility for the Sovereign's accounts.
20	Information security	<ul style="list-style-type: none"> <li>The Global Custodian shall at all times meet or exceed the Sovereign's information security standards, which will be provided to the Global Custodian.</li> </ul>
21	Advertising Restrictions (Sovereign's Name/Logo, etc.)	<ul style="list-style-type: none"> <li>The Global Custodian may not use the Sovereign Name or Logo without prior written consent of Sovereign.</li> </ul>
22	Insurance Requirements for Custodian	<ul style="list-style-type: none"> <li>The Global Custodian shall maintain insurance policies with reputable insurance carriers against all risks of a character and in such amounts as are usually insured against by similarly situated companies in the same or similar businesses and as required under applicable law, (ii) each such insurance policy is legal, valid, binding and enforceable in accordance with its terms and, except for policies that have expired under their terms in the ordinary course, is in full force and effect, (iii) the Global Custodian is not in material breach or default (including any such breach or default with respect to the payment of premiums or the giving of notice) under any such policy, and, to the Global Custodian's knowledge, no event has occurred which, with notice or the lapse of time or both, would constitute such a material breach or default, or permit termination or modification, under such policy, and (iv) no notice of cancellation or termination has been received with respect to any such party.</li> </ul>
23	Contractual Documentation	<ul style="list-style-type: none"> <li>Contractual Documentation must contain an order of precedence, which ensures that the following order: The Global Custody Agreement (mutually agreed), the Sovereign's Statement of Work ("SOW"), the Price Schedule, the Offeror's response to the RFP, and the Service Level Agreements.</li> </ul>
24	Force Majeure	<ul style="list-style-type: none"> <li>The force majeure provision should only cover events at the Sovereign or third parties</li> </ul>
25	Service Level Agreements	<ul style="list-style-type: none"> <li>Treatment of Service Level Agreements ("SLAs"). All SLAs shall be mutually agreed between the parties based on the Sovereign's SOW and be binding under the Global Custody Agreement and any such SLAs shall include any and all corresponding penalties associated with the Global Custodian's material breach of the terms and conditions set forth thereto.</li> </ul>
26	Segregation of sovereign assets	<ul style="list-style-type: none"> <li>The Global Custodian shall identify securities on its records in a manner so that it is readily apparent that such securities (i)</li> </ul>

<b>No.</b>	<b>Provision / issue</b>	<b>Proposed minimum standard / proposed discussion</b>
		<p>belong to the Sovereign, (ii) do not belong to the Global Custodian or any other clients of the Global Custodian, and (iii) are segregated on the books and records of the Global Custodian from the Global Custodian's and its other clients' assets.</p> <ul style="list-style-type: none"> <li>• If Global Custodian determines that, given the circumstances, funds or securities of the Sovereign cannot be segregated as noted above, Global Custodian shall immediately notify the sovereign upon making any such determination.</li> </ul>
27	Liens	<ul style="list-style-type: none"> <li>• Absent an extension of credit, the Global Custodian shall not take any lien against any asset of the Sovereign other than customary liens for safe custody and administration (i.e. for the payment of fees).</li> </ul>
28	Standards for sub-custodians	<ul style="list-style-type: none"> <li>• The Global Custodian shall hold securities only in an account at the sub-custodian that holds exclusively assets held by the Global Custodian for the Sovereign, and that has been so identified on the books and records of the sub-custodian.</li> <li>• If Global Custodian determines that, given the circumstances, funds or securities of the Sovereign cannot be segregated as noted above, Global Custodian shall notify the Sovereign upon making any such determination.</li> <li>• Global Custodian shall be liable for all acts or omissions of any sub-custodians and shall exercise reasonable care in the selection, and supervision of, any such sub-custodians.</li> </ul>
29	Extension of credit	<ul style="list-style-type: none"> <li>• The Global Custodian will extend daylight and overdraft protection on customary terms in respect of any transaction not exceeding 1% of the total assets held with the Global Custodian.</li> </ul>
30	Rehypothecation rights of the custodian	<ul style="list-style-type: none"> <li>• The Global Custodian may not rehypothecate fully paid securities of the Sovereign without the express permission of the Sovereign or its agents.</li> <li>• The Global Custodian will pay interest at customary commercial rates to the Sovereign in respect of any securities of the sovereign that it lends to any person.</li> <li>• Absent the express permission of the sovereign or its agent, the Global Custodian will not lend any securities of the sovereign on any terms other than those that permit the immediate recall of loaned securities.</li> </ul>
31	Account reporting	<ul style="list-style-type: none"> <li>• The Global Custodian shall furnish the sovereign with (i) a daily transaction summary and (ii) a monthly account statement</li> </ul>

<b>No.</b>	<b>Provision / issue</b>	<b>Proposed minimum standard / proposed discussion</b>
		showing all transfers to or from the sovereign's accounts, and all balances in such accounts.
32	Payment	<ul style="list-style-type: none"> <li>Invoices shall be provided to Sovereign on a quarterly basis and payment will not be charged and paid against assets under custody, unless directed to do so by the Sovereign.</li> </ul>
33	Rights of the Sovereign regarding Withdrawal and Delivery of Assets	<ul style="list-style-type: none"> <li>At the Sovereign's request, Custodian shall immediately transfer the Sovereign's assets identified by the Sovereign to a third party at any time during the term of the contract solely in accordance with Sovereign's, or its authorized person's, written instructions.</li> </ul>
34	Proxy Voting – Information and voting instructions	<ul style="list-style-type: none"> <li>Proxy voting – the Global Custodian shall take full responsibility for the collection and provision timely</li> <li>The custodian shall also take responsibility for ensuring that all client votes are cast and should agree to report back. The Global Custodian shall commit to notify the client of all proxies, which are reasonably publicly available.</li> </ul>
35	Other Specific Practices of Custodian	<ul style="list-style-type: none"> <li>Use of Sub-Custodians, Responsibility for Cash, Fees and Expenses, Interest on balances/ foreign exchange rates, Contractual settlement date accounting, Contractual income collection, Responsibility for timely, accurate, and complete information on dividends/ corporate actions, Reports, Records retention, etc.</li> </ul>

## ANNEX G

### REQUEST FOR PROPOSALS (RFP) FOR GLOBAL CUSTODIAL SERVICES RFP NO. 001

#### CERTIFICATE OF OFFEROR'S ELIGIBILITY AND AUTHORITY TO SIGN PROPOSAL

Offeror Eligibility Confirmation and Information	Offeror's Response
1. What year was your firm/organization established?	
2. In what province/state/country is your firm/organization established?	
3. Has your firm/organization ever filed or petitioned for bankruptcy? (If YES, explain in detail the reasons why, filing date, and current status.)	Yes ____; No ____
4. Have you ever been terminated for non-performance on a contract? If YES, describe in detail.	Yes ____; No ____
5. Have you ever been suspended or debarred by any government, or other international organization? If YES, provide details, including date of reinstatement, if applicable.	
<p>6. The Sovereign's requires that Offerors and their sub-Offerors observe the highest standard of ethics during the selection and execution of contracts. In this context, any action taken by an Offeror or a sub-Offeror to influence the selection process or contract execution for undue advantage is improper.</p> <p>In pursuance of this requirement, the Sovereign:</p> <p>(a) defines, for the purposes of this provision, the terms set forth below as follows:</p> <ul style="list-style-type: none"> <li>(i) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;</li> <li>(ii) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;</li> <li>(iii) "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;</li> <li>(iv) "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;</li> <li>(v) "obstructive practice" is <ul style="list-style-type: none"> <li>(aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or</li> <li>(bb) acts intended to materially impede the exercise of the Sovereign's inspection and audit rights.</li> </ul> </li> </ul> <p>Confirm that Offeror and its sub-Offerors have not engaged in any corrupt, fraudulent, collusive, coercive or obstructive practices in competing for this solicitation.</p>	<p>Confirm Yes ____; No ____</p>
7. Officials not to benefit: Confirm that no official of the Sovereign's or its Member Governments has received or will be offered by Offeror or its sub-Offerors, any direct or indirect benefit arising from this solicitation or any resulting contracts.	<p>Confirm Yes ____; No ____</p>



Offeror Eligibility Confirmation and Information	Offeror's Response
8. Confirm that Offeror is not engaged in any activity that would put it, if selected for this assignment, in a conflict of interest with the Sovereign.	Confirm Yes ____; No ____
9. Confirm that Offeror and your sub-Offerors have not been associated, or had been involved in any way, directly or indirectly, with the preparation of the design, specifications and / or other documents used as a part of this solicitation.	Confirm Yes ____; No ____
10. The Sovereign restricts companies from bidding on or receiving [Institution Name] contracts if a [Institution Name] staff member or their immediate family are an owner, officer, partner or board member or in which the staff member or their immediate family has a financial interest. Confirm that no [Institution Name] staff member or their immediate family are an owner, officer, partner or board member or have a financial interest in either Offeror or its sub-Offerors.	Confirm Yes ____; No ____

I, \_\_\_\_\_, certify that I am \_\_\_\_\_  
of \_\_\_\_\_; that by signing this Proposal for and on behalf of \_\_\_\_\_  
I am certifying that all information contained herein is accurate and  
truthful and that the signing of this Proposal is within the scope of my powers.

\_\_\_\_\_  
*(Signature)* (Seal)

\_\_\_\_\_  
*(Printed Name and Title)*

\_\_\_\_\_  
*(Date)*

Witness (Attorney/Notary Public)

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
*(Printed Name and Title)*

\_\_\_\_\_  
*(Date)*

Provide the name and contact information for the Primary contact from your company for this solicitation:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address: \_\_\_\_\_  
Telephone Number (Work) \_\_\_\_\_  
(Mobile) \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_

Provide the name and contact information for the Primary Legal contact from your company for this solicitation:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
Telephone Number (Work) \_\_\_\_\_  
(Mobile) \_\_\_\_\_  
Fax Number: \_\_\_\_\_  
Email Address: \_\_\_\_\_

**ANNEX H**

**REQUEST FOR PROPOSALS (RFP) FOR  
GLOBAL CUSTODIAL SERVICES  
RFP NO. 001**

**FORMAT OF RESUME FOR PROPOSED STAFF**

Name of Staff: \_\_\_\_\_

Title: \_\_\_\_\_

Years with Firm: \_\_\_\_\_/Nationality: \_\_\_\_\_

Education/Qualifications: (Summarize college/university and other specialized education of staff member, giving names of schools, dates attended and degrees-professional qualifications obtained.

Employment Record/Experience

(Starting with present position, list in reverse order, every employment held. List all positions held by staff member since graduation, giving dates, names of employing organization, title of position held and location of employment. For experience in last five years, detail the type of activities performed, degree of responsibilities, location of assignments and any other information or professional experience considered pertinent for this assignment.

References

Provide names and addresses for two (2) references.

I, the undersigned, certify to the best of my knowledge and belief, this bio-date is accurate.

\_\_\_\_\_  
Signature of Staff Member or Firm Representative

\_\_\_\_\_  
Date (Day/Month/Year)

## ANNEX I

### REQUEST FOR PROPOSALS (RFP) FOR GLOBAL CUSTODIAL SERVICES RFP NO. 001

#### NON-DISCLOSURE AGREEMENT

This Agreement is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017 between \_\_\_\_\_ and the Government of Kiribati

The Parties will disclose or exchange certain proprietary and confidential information, and they desire that the recipient keep such information confidential, and use it only in connection with the following purpose:

To participate in an RFP process whereby, Offeror will be given access to the relevant [Institution Name] internal “Official Use Only” or “Confidential” documents.

Accordingly, the Parties agree as follows:

1. This Non-Disclosure Agreement shall take effect on the date shown above and shall continue in effect for 3 years from such date.
2. “Information” means all information in whatever form, received in the course of discussions or work undertaken between the Parties.
3. The recipient of Information shall:
  - a. not disclose the Information to any third party;
  - b. keep the Information confidential using the same level of care that the recipient affords its own most confidential information, but in no event less than a reasonable level of care;
  - c. use the Information only in connection with the Purpose;
  - d. confine distribution of the Information within the organization; to those individuals having a need to know the Information in connection with the Purpose; and
  - e. ensure that those individuals are aware of the recipient’s obligations under this Agreement.
4. The Information and all physical copies of it shall at all times remain the property of the disclosing Party.
5. Each Party shall, upon the other Party’s written request at any time, promptly return all copies of the Information to the disclosing Party.

I \_\_\_\_\_, hereby certify that I have no conflict of interest; that I understand the confidentiality/non-disclosure agreement requirements, and that I commit to participating to the fullest extent described in the document entitled RFP (RFP NO. 001).

**NAME / DATE:** \_\_\_\_\_

**OFFEROR’S ORGANIZATION:** \_\_\_\_\_

**ANNEX J**

**REQUEST FOR PROPOSALS (RFP) FOR  
GLOBAL CUSTODIAL SERVICES  
RFP NO. 001**

**NOTICE OF INTENT TO BID**

**DUE ON MARCH 31, 2017**

*(Return to the Government of Kiribati)*

- A. Submission of this form with signature will confirm your intent

\_\_\_\_\_ to bid

\_\_\_\_\_ not to bid

- B. Do you want to be contacted for future Requests for Proposals?

\_\_\_\_ Yes \_\_\_\_ No

- C. If you respond with a “no bid”, please write a brief reason(s) below.

Vendor Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_

Email Address: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_