

REQUEST FOR INFORMATION

GLOBAL SECURITIES LENDING SERVICES

Introduction, Purpose, Scope, Mandate(s), Description, Restrictions and Timeline.

The Maryland State Retirement Agency (the “Agency”) is distributing this Request for Information (“RFI”) on behalf of the Board of Trustees (“the Board”) for the Maryland State Retirement and Pension System (the “System”) to firms wishing to act as the System’s agent in lending securities of the System to third parties and managing collateral provided by those third parties.

It is the Agency’s intention to choose one or more firms from this process to provide securities lending services with respect to the System’s total portfolio of publicly traded securities holdings. The Agency may (i) choose one or more firms to provide only one type of services described in this RFI, (ii) choose one or more firms to provide multiple types of services described in this RFI, or (iii) determine not to choose any firms to provide services described in this RFI. For example, the Agency may choose one firm to act as its agent in global lending of the System’s publicly traded securities to third parties and another firm to act as its investment manager with regard to the cash collateral provided by those third parties. A firm’s responses to the Questionnaire should clearly indicate whether a firm proposes to provide all, or only some, of the services described in this RFI. All firms responding to this RFI should complete the Questionnaire as appropriate with respect to the services the firm is proposing to provide. The Agency intends to contract with one or more firms to provide the services specified in this solicitation for a 5-year period beginning on or about February 1, 2018, with the option for two (2) successive one (1) year renewal periods.

The Board manages a diversified investment portfolio valued at approximately \$49 billion as of June 30, 2017 for the exclusive benefit of participants of the System. Please see **Attachment A** for a summary of the System’s public markets asset allocation as of June 30, 2017.

Further information regarding the System is set forth in the System’s Comprehensive Annual Financial Report, a copy of which is available on the Agency’s website, <http://www.sra.state.md.us/Agency/Downloads/CAFR/Default.aspx>.

Timeline and Submission Details

Date	Action
07/28/2017	RFI is issued.
08/11/2017 (4:00 P.M.)	Due date for questions relating to the RFI. All questions relating to the RFI must be submitted via e-mail to investSecLending@sra.state.md.us
08/31/2017	Answers to questions will be posted to the Agency’s website www.sra.state.md.us
09/22/2017 (4:00 P.M.)	Responses to RFI must be submitted in hard copy (address below) and electronic copy to investSecLending@sra.state.md.us

The Agency's Investment Division Staff will review submissions and contact those firms, if any, from which it desires additional information (e.g., interviews and presentations).

If your firm wishes to respond to this RFI, then please return five (5) hard copies and one electronic copy of the firm's response to the attached Questionnaire (including the attached Bid/Proposal Affidavit) by 4:00 pm EST, September 22, 2017 to the address written below. Firms that respond to the RFI by submitting a proposal to provide one or more of the requested services are referenced in this RFI as "Offerors". Please note that only one copy of the fee information should be sent in a separately marked envelope marked "Global Securities Lending Services."

Offerors shall be bound by the information and representations contained in any RFI response submitted. Said responses are deemed to be binding offers on the part of the Offerors.

Submission of a response to this RFI evidences the Offeror's acceptance of the terms and conditions contained within the RFI.

Offerors must agree that this RFI and the Offerors' responses will be incorporated by reference to any resulting agreement to the services.

All Offerors must agree and the contract shall provide that the System's share of the global securities lending revenue split is the same or higher than the revenue split the Offeror gives to other clients of similar sized portfolios, funds and accounts. In the event the Offeror agrees to give any other client a more generous revenue split, the Offeror will increase the System's share of the split to the same extent. It is Offeror's responsibility to notify the System of the existence of any revenue splits, which are higher (in favor of a Client) than the split agreed upon. The System shall reserve the right to ask for periodic revenue split review reports. The System shall be entitled to retroactive revenue split in the event the Offeror fails to promptly notify the System of any more favorable revenue split agreements.

The Offerors are prohibited from subcontracting any of the services stipulated in the RFI.

The Offerors must provide online access to the Agency's Investment Division Staff to access daily investment activity, balances, and transactions including the capability to download such information.

The Offerors will provide monthly performance for any service contracted under this RFI on a gross and net of fee basis.

The Offerors should have substantial proven experience in global securities lending services.

Dimitri Grechenko, CFA
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On the submission's cover page please provide the Offeror's name, primary contact person's name, phone and fax numbers, email address and mailing address. Please also indicate the services for which you are responding based on your responses to the Questionnaire or otherwise.

Responding Offerors should give specific attention to the clear identification of those portions of its submission that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the System under the Access to Public Records Act, Title 10, Subtitle 6, of the State Government Article of the Annotated Code of Maryland. A blanket statement declaring that the entire response is confidential is not sufficient.

All questions relating to the RFI should be submitted via e-mail to investSecLending@sra.state.md.us. Offerors should not contact the System's CIO, Staff, Board of Trustees, service providers or other Agency personnel to gain additional information regarding this RFI. Attempting to do so may result in the Offeror's disqualification.

Please note that the System will not be liable for any costs incurred with responding to this RFI. Also, the Agency reserves the right to evaluate submissions in its discretion. The Agency may decide to cancel the RFI at any time and reissue this or a similar request at a later date.

As part of the Questionnaire review process, the Agency has requested copies of the Offeror's standard form of contract and any other underlying agreements necessary to implement the proposed services. Notwithstanding this request, the Contractor will be expected to sign the System's Global Securities Lending Services Contract substantially in the form attached hereto as **Attachment C**, with appropriate revisions to reflect the Contractor's responsibilities for investment management of cash collateral, if applicable.

Minority Business Enterprises (MBEs) are encouraged to respond to this RFI. Offerors who consider themselves to be minority contractors are encouraged to obtain certification from the Maryland Department of Transportation. A minimum certified Minority Business Enterprise subcontract participation goal has not been established for this RFI, but certified MBE subcontract participation may be considered in evaluating proposals under certain circumstances. Offerors are encouraged to utilize MBEs for any subcontracting opportunities that may arise. The Agency also encourages Offerors to include socially and economically disadvantaged individuals on the team responding to this solicitation, if applicable.

POTENTIAL SCOPE OF SERVICES AND OBJECTIVES

1. Global securities lending services of all publicly traded securities held in the System's portfolio. (See portfolio size and description in **Attachment A**.) The System's objective is to maximize System's global securities lending income subject to minimum, if any risk, associated with lending securities.
2. Management (i.e., investment) of cash collateral received through the System's global securities lending activities described above. The System's objective is to maximize

System's return on collateral subject to minimum, if any, risk associated with collateral investment.

MINIMUM REQUIREMENTS

Any Offeror proposing to provide global securities lending services must have the following minimum qualifications:

1. At least \$100 billion in global securities lending lendable base for each of the last five years ending June 30, 2017;
 2. A minimum of 10 years of experience in providing global securities lending services; and
 3. A commitment to perform global securities lending services with a fiduciary standard of care.
1. Any Offeror proposing to provide cash collateral management must have the capability of providing a separate account for the investment of cash collateral under guidelines [substantially similar to those] attached to this RFI as **Attachment B**.

QUESTIONNAIRE

A. Organizational Background

1. Provide the following information with respect to the Offeror's firm:
 - a. A brief history of the firm, including its year of organization, the ownership structure of the firm, including any parent, affiliated companies or joint venture, the percentage owned by current employees; and a list of all owners of at least 5% of the firm including individuals and other entities.
 - b. The location of the firm's headquarters and any branch offices. What is the number of staff in each office? What is the primary function in each office? Describe any significant developments in the firm that have occurred since January 1, 2007 (changes in ownership, personnel reorganization, etc.).
2. How is the firm expected to grow its securities lending business over the next five years?
3. Describe any anticipated changes in the firm's basic ownership structure or any other significant changes in the organization.
4. How many years has the firm been providing securities lending services?
5. Does the firm provide other services related to securities lending services? Please list each type of service, its inception date, and a brief description of the service.
6. Provide a breakdown of the firm's revenues by source of business activity over the last five years. Please be specific as to securities lending services and related services.
7. Is the firm, its parent or an affiliate a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If not, what is its fiduciary classification (as the term is defined by the Employee Retirement Income Security Act of 1974)?
8. Since January 1, 2007, has the firm, or any officer or principal been involved in any business litigation, regulatory or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty? If so, provide a description, explanation, and indicate the current status.
9. Describe the fiduciary or professional liability insurance the firm carries. List the insurance carriers supplying the coverage, and supply certificates evidencing the coverage.
10. In an appendix, please provide a copy of the firm's most recent audited financial statement and SSAE 16, if applicable. If these are not available, please provide an explanation.
11. In an appendix, please provide a copy of the firm's Code of Ethics. Do the firm and its employees comply with the Code of Ethics and Standards of a professional association? If so, which professional association?
12. How are conflicts of interest managed, disclosed or prevented if the firm or its affiliates provides consulting or software services to investment managers, commingled funds or private equity funds?

13. How do you maintain the confidentiality of and protect user data from unauthorized use and disclosure?
14. List all investment management firms, commingled funds or private equity funds from which the firm or any affiliate has received any compensation during the last five years.
15. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. List the insurance carriers supplying the coverage, and supply certificates evidencing the coverage.
16. What is the firm's competitive advantage in providing securities lending services to the System?
 - a. List and describe competitive advantages.
 - b. Provide brief narratives describing securities lending services assignments highlighting the firm's competitive advantage with three (3) prior or existing clients.
17. Provide a list of custodians you currently have a working relationship with.

B. Depth and Experience of Personnel

1. Provide an organization chart showing titles, functions, years of industry experience, years with the firm, and location of all personnel in the firm providing the proposed services.
2. Identify the principals of the firm and designate which individuals, including research and systems support personnel, will be committed to the System's account. Include the length of experience with respect to the proposed services, the highest educational degree each has attained, and professional certifications. In an appendix, provide a brief biography of all the individuals listed. Where are these people located? Please discuss their workload with this account and their other responsibilities. How much of their time will be dedicated to this account versus their other responsibilities? Please provide two (2) client references for each principal and designated individual.
3. What qualifications and experience does the firm look for when hiring staff? Please provide information for junior and senior staff members.
4. Explain how the team dedicated to the System account would function, including back up, quality control, research, and support services.
5. What are the procedures for addressing the System's issues when the primary contact(s) or other assigned personnel are traveling or unavailable?
6. Describe the firm's back-up procedures in the event the key personnel assigned to the System should leave the firm. If applicable, give an example of a situation where this procedure has been utilized.
7. What is the turnover of professional staff (senior management and consulting personnel) over the past five years as follows:

Person	Position	Date Left	Reason for leaving	Replaced By

8. What additions have been made to the team over the past five years? Why were these hires made?
9. Describe the firm's compensation arrangements for senior management and the primary contacts, including any incentive and other bonuses and how and for what they are awarded.
10. Does staff participate in equity ownership? If ownership is not available, is there a specific arrangement for sharing in the profits earned by the enterprise? What specific incentives are employed to ensure key professionals do not leave the firm?

C. Client Coverage and References

1. What is the composition of the firm's securities lending services client base? If the firm's client base is heavily weighted toward any particular type of client, please provide an explanation.

For the following:	Corporate		Public Plans		Sovereign Funds		Endowments & Foundations	
	Number of Accounts	Amount in Accounts	Number of Accounts	Amount in Accounts	Number of Accounts	Amount in Accounts	Number of Accounts	Amount in Accounts
2012								
2013								
2014								
2015								

2. Provide a current list of the five (5) largest clients for which you provide securities lending services including name, contact, telephone number, asset values, number of years the client has retained your firm and the product(s) or service(s) the client uses. In addition, include all of this information for your five (5) largest public fund clients. The Agency may contact any of these clients as references. In addition,
 - a. Provide specific examples highlighting main projects and training of investment staff
 - b. List the individuals that supported the training.
3. Please provide a list of clients gained or lost during the past five (5) years including the client's name, date of hiring/termination, size of the fund and reason for hiring/termination.

4. Comment on the firm’s stability in client base over the past five years. How have the number of clients and number of consultants changed for securities lending services. Please fill in the following chart.

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016
Number of Clients					
Client to Staff Ratio					

D. Fees & Income Split

Please respond to the following fee questions and send only one copy in a separately envelope marked “Global Securities Lending Services”. **Please note the fee responses should not be submitted electronically.** Please inform us if a government rate is offered, and whether the fees are negotiable. Please inform us if any additional fees are anticipated outside of the services offered. Please provide a supplemental fee schedule for services and activities that extend beyond the Scope of Service(s) and Objectives of this RFI.

1. Please provide your proposed global securities lending income split, specify the nature / scope of indemnification that is included, along with all fees and expenses:
 - a. The System ___% Offeror ___%
2. Explain your method for calculating a client's income (splitting methodology). Are there other fees of any type, such as implementation fees, that we should know about?
3. Is the split also applicable to negative income if it occurs? What is your policy?
4. Please provide your fee schedule for cash collateral management if applicable.
5. Will you commit to the fee structure and indemnification(s) included in your offer for the life of the contract?
6. Will you cover any third party global securities lending related fees charged by our custodian?

E. Revenue/Income

1. Provide securities lending estimates for the System’s portfolio. Include your assumptions on spread and percentages on loan for each asset class included in your estimate. Please refer to **Attachment B** for collateral pool guidelines to use in deriving your estimates, if needed.
2. Are you offering a guaranteed minimum annual global securities lending revenue? Please provide terms and conditions of the guarantee and its level.

F. Performance Measurement

1. Describe how you measure and benchmark performance of your firm’s securities lending services.
2. How does your organization measure the intrinsic value of any securities that are loaned out?

G. Indemnification

1. What are the terms and limitations of indemnification available to your clients?
2. Is your organization able to provide collateral investment risk indemnification?
3. Describe the various types of insurance coverage, policies’ expiration and indemnifications provided to protect clients of service(s) proposed, including:
 - a. Risk coverage
 - b. Carriers (including carriers’ rating by A.M. Best).

- c. Levels
 - d. Limits
 - e. Deductibles
 - f. Dishonesty coverage
4. Do you anticipate that the cost of indemnification will rise? If so, how will your firm ultimately cope with rising indemnification cost? How will it impact the System?

H. Collateral

1. Does your firm have in-house execution capabilities relative to liquidating collateral and purchasing replacement securities, e.g., capital markets division / broker-dealer? In an insolvency scenario, how would your firm conduct such sales and purchases in a stressed environment?
2. What types of collateral are you willing to accept? What are the percentage breakdowns of the collateral types you hold on average? What are the minimum levels of collateral you require by security type?
3. Describe the marking to market process, including initial collateralization percentage and loan maintenance, by each of the security types (domestic and international equities and fixed income).
4. Is the mark to market process done on a loan by loan basis or in aggregate?
5. Is non-cash collateral covered under your borrower indemnification, regardless of SIPC and Orderly Liquidation Authority (OLA - Dodd Frank Act) pronouncements?

I. Risk Management

1. In 2008 and 2009, investors saw unprecedented turmoil in the global securities lending industry. How did your firm deal with these problems including, but not limited to:
 - a. Lehman Brothers bankruptcy;
 - b. Actual collateral deficiencies; and
 - c. Depressed market values in fixed income securities?
2. In your response include:
 - a. How your firm handled communications with customers,
 - b. How your firm dealt with accounting issues,
 - c. How your firm changed its investment strategy with cash collateral, and
 - d. How your firm handled customers leaving your global securities lending program.
3. What are the firm's current policies and procedures in dealing with actual collateral deficiencies, and depressed market values in fixed income securities?
4. Describe your process for approving and monitoring the borrowers who participate in your securities lending program both domestic and foreign.
5. Provide a list of your current borrowers / counterparties. Identify the top ten and the percentage these borrowers represent of the total program.
6. Does the borrower / counterparty list include your firm/bank, affiliates, subsidiaries, and/or other entities or business units managed or controlled by your firm or parent? If so, please identify.
7. How much of the securities lending business can be attributed to your firm's affiliates, subsidiaries, and/or other entities or business units managed or controlled by your firm or firm parent? Please provide general statistics (e.g. % of total securities lending revenue attributable to affiliates).

8. Does your organization have an internal limit on how much of a client's portfolio of lendable assets can be lent on any given day? If so, please describe your policy.
9. Does your organization have an internal limit on how much of a client's portfolio of lendable assets can be lent to any given borrower? If so, please describe your policy.
10. Can a client limit lending on any specific security such as: 33 1/3 rule, maintain at least 100 shares, maximum of 25%, tradable lots per position, and/or client specific parameters per security? Please explain.
11. Can a client limit lending at a specific security level based on Intrinsic Value such as at least X bps of pure demand spread without reinvest, only on negative rebate levels, and/or earnings based on overnight reinvest only? Please explain.
12. Describe your allocation or queuing process and relevant entitlement methodology.
13. Does your organization have any capacity limitations? Disclose how many clients or aggregate asset size your organization can effectively handle and discuss why.
14. Discuss ongoing regulatory change and the impact on your business model, clients, and program? Has it been necessary to restructure or change aspects of your securities lending business?
15. Can you accommodate a separate securities lending collateral account?
16. What was the daily average dollar volume of securities loans outstanding for the last 12 months? Specify in US\$ millions.
17. How long after month end are you able to deliver audited monthly statements? What is your success rate in meeting this target?
18. Identify the internal and external entities that audit, regulate, and/or review your securities lending services. Briefly discuss the frequency and scope of audits performed during the last five years.
19. 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.
20. Aside from the traditional fees earned from being the securities lending agent (split), does your organization (or its other business units) benefit either directly or indirectly from loans of securities or investment of cash collateral made by your agency securities lending program, e.g., does your dealer clearing, prime services, or enhanced custody business benefit? Discuss conflicts of interest relative to a fiduciary role.
21. Does the agency securities lending program report into prime services, the broker dealer or other units that engage in proprietary activities? Is the agency securities lending team (including client servicing, sales and support teams) organizationally separate and distinct (reporting lines) from proprietary businesses of your firm? Discuss the reporting structure, confidentiality of client data and conflicts of interest.
22. Provide copies of your latest internal control opinion issued by an independent auditor.
23. Provide detailed statistics of securities lending borrower defaults over the last 10 years.
24. Describe the process how your firm deals with borrower defaults and makes whole its asset owners.
25. Provide a detailed step-by-step process description of making whole asset owners under your borrower default indemnification policy.

BID/PROPOSAL AFFIDAVIT

A. AUTHORITY

I hereby affirm that I, _____ (name of affiant) am the _____(title) and duly authorized representative of _____(name of business entity) and that I possess the legal authority to make this affidavit on behalf of the business for which I am acting.

B. CERTIFICATION REGARDING COMMERCIAL NONDISCRIMINATION

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

B. CERTIFICATION REGARDING MINORITY BUSINESS ENTERPRISES

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

- (1) Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority Proposal;
- (2) Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the Proposal;
- (3) Fail to use the certified minority business enterprise in the performance of the contract; or
- (4) Pay the certified minority business enterprise solely for the use of its name in the Proposal.

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

C. AFFIRMATION REGARDING BRIBERY CONVICTIONS

I FURTHER AFFIRM THAT:

Neither I, nor to the best of my knowledge, information, and belief, the above business (as is defined in Section 16-101(b) of the State Finance and Procurement Article of the Annotated Code of Maryland), or

any of its officers, directors, partners, controlling stockholders, or any of its employees directly involved in the business's contracting activities including obtaining or performing contracts with public bodies has been convicted of, or has had probation before judgment imposed pursuant to Criminal Procedure Article, § 6-220, Annotated Code of Maryland, or has pleaded nolo contendere to a charge of, bribery, attempted bribery, or conspiracy to bribe in violation of Maryland law, or of the law of any other state or federal law, except as follows (indicate the reasons why the affirmation cannot be given and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of person(s) involved, and their current positions and responsibilities with the business):

D. AFFIRMATION REGARDING OTHER CONVICTIONS

I FURTHER AFFIRM THAT:

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

- (1) Been convicted under state or federal statute of:
 - (a) A criminal offense incident to obtaining, attempting to obtain, or performing a public or private contract; or
 - (b) Fraud, embezzlement, theft, forgery, falsification or destruction of records or receiving stolen property;
- (2) Been convicted of any criminal violation of a state or federal antitrust statute;
- (3) Been convicted under the provisions of Title 18 of the United States Code for violation of the Racketeer Influenced and Corrupt Organization Act, 18 U.S.C. § 1961 et seq., or the Mail Fraud Act, 18 U.S.C. § 1341 et seq., for acts in connection with the submission of Proposals for a public or private contract;
- (4) Been convicted of a violation of the State Minority Business Enterprise Law, § 14-308 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (5) Been convicted of a violation of § 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland;
- (6) Been convicted of conspiracy to commit any act or omission that would constitute grounds for conviction or liability under any law or statute described in subsections (1)—(5) above;
- (7) Been found civilly liable under a state or federal antitrust statute for acts or omissions in connection with the submission of Proposals for a public or private contract;
- (8) Been found in a final adjudicated decision to have violated the Commercial Nondiscrimination Policy under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland with regard to a public or private contract;

(9) Been convicted of a violation of one or more of the following provisions of the Internal Revenue Code:

- (a) §7201, Attempt to Evade or Defeat Tax;
- (b) §7203, Willful Failure to File Return, Supply Information, or Pay Tax,
- (c) §7205, Fraudulent Withholding Exemption Certificate or Failure to Supply Information,
- (d) §7206, Fraud and False Statements, or
- (e) §7207, Fraudulent Returns, Statements, or Other Documents;

(10) Been convicted of a violation of 18 U.S.C. §286, Conspiracy to Defraud the Government with Respect to Claims, 18 U.S.C. §287, False, Fictitious, or Fraudulent Claims, or 18 U.S.C. §371, Conspiracy to Defraud the United States;

(11) Been convicted of a violation of the Tax-General Article, Title 13, Subtitle 7 or Subtitle 10, Annotated Code of Maryland;

(12) Been found to have willfully or knowingly violated State Prevailing Wage Laws as provided in the State Finance and Procurement Article, Title 17, Subtitle 2, Annotated Code of Maryland, if:

- (a) A court:
 - (i) Made the finding; and
 - (ii) Decision became final; or
- (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review;

(13) Been found to have willfully or knowingly violated State Living Wage Laws as provided in the State Finance and Procurement Article, Title 18, Annotated Code of Maryland, if:

- (a) A court:
 - (i) Made the finding; and
 - (ii) Decision became final; or
- (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review;

(14) Been found to have willfully or knowingly violated the Labor and Employment Article, Title 3, Subtitles 3, 4, or 5, or Title 5, Annotated Code of Maryland, if:

- (a) A court:
 - (i) Made the finding; and
 - (ii) Decision became final; or
- (b) The finding was:
 - (i) Made in a contested case under the Maryland Administrative Procedure Act; and
 - (ii) Not overturned on judicial review; or

(15) Admitted in writing or under oath, during the course of an official investigation or other proceedings, acts or omissions that would constitute grounds for conviction or liability under any law or statute described in §§ B and C and subsections D(1)—(14) above, except as follows (indicate reasons why the affirmations cannot be given, and list any conviction, plea, or imposition of probation before judgment with the date, court, official or administrative body, the sentence or disposition, the name(s) of the person(s) involved and their current positions and responsibilities with the business, and the status of any debarment):

E. AFFIRMATION REGARDING DEBARMENT

I FURTHER AFFIRM THAT:

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

F. AFFIRMATION REGARDING DEBARMENT OF RELATED ENTITIES

I FURTHER AFFIRM THAT:

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

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

G. SUBCONTRACT AFFIRMATION

I FURTHER AFFIRM THAT:

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

H. AFFIRMATION REGARDING COLLUSION

I FURTHER AFFIRM THAT:

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

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

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

I. CERTIFICATION OF TAX PAYMENT

I FURTHER AFFIRM THAT:

Except as validly contested, the business has paid, or has arranged for payment of, all taxes due the State of Maryland and has filed all required returns and reports with the Comptroller of the Treasury, State Department of Assessments and Taxation, and Department of Labor, Licensing, and Regulation, as applicable, and will have paid all withholding taxes due the State of Maryland prior to final settlement.

J. CONTINGENT FEES

I FURTHER AFFIRM THAT:

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

K. ACKNOWLEDGEMENT

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

[remainder of page intentionally blank]

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

Date: _____

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

_____ (signature of Authorized Representative and Affiant)

SUBMIT THIS AFFIDAVIT WITH PROPOSAL

ATTACHMENT A

PUBLIC MARKETS	BENCHMARKS	%MV*
Total Public Equity		37%
U.S. Equity	RUSSELL 3000	15%
Int'l Developed Markets Equity	MSCI WORLD (EX US)	13%
Int'l Emerging Markets Equity	MSCI EM	9%
RATE SENSITIVE		22%
Long-Term Government Bonds	BARCLAYS US GOVERNMENT LONG BARCLAYS US INVESTMENT GRADE	10%
Securitized & Corporate Bonds	CORPORATE BARCLAYS US SECURITIZED	7%
Inflation-Linked Bonds	BARCLAYS TIPS	4%
CREDIT		9%
High Yield Bonds & Bank Loans	BARCLAYS US HIGH YIELD S&P Leveraged Loans	7%
Emerging Markets Debt	JPM GBI-EM Global Diversified JPM EMBI Global Diversified JPM CEMBI Broad	3%

**Data as of June 30 2016. Includes commingled vehicles*

ATTACHMENT B

CASH COLLATERAL GUIDELINES

Effective as of _____

Purpose

The MSRA CUSTOM ACCOUNT (also known as the “Cash Collateral Account”) shall be available to the Board of Trustees of Trustees for the Maryland State Retirement and Pension System (a “Lender”) who participates in the Securities Lending Program offered by Securities Lending Firm (“Agent”). Lender in the Cash Collateral Account receive cash as Collateral for loans of their securities to approved borrowers. The purpose of the Cash Collateral Account is to identify eligible Collateral and, in the case of cash collateral, the opportunity for a market rate of return consistent with preservation of principal within the allowed investment latitude and thereby seek to generate positive program spreads.

Capitalized terms used in this [Attachment B] and not defined shall have the meanings given to them in the [Agreement].

Collateralization Levels

Initial Collateral levels will not be less than one hundred two percent (102%) of the Market Value of the Borrowed Securities, or not less than one hundred five percent (105%) if the Borrowed Securities and the Collateral are denominated in different currencies. Marking to market is performed every business day subject to de minimis rules of change in value, and the borrower is required to deliver additional Collateral when necessary so that the total Collateral held by Agent for all loans to the Borrower of all Participating Lender will at least equal the Market Value of all the Borrowed Securities of all Participating Lender loaned to the Borrower.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. All requirements listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent’s appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral being held on deposit at the tri-party custodian. Eligible collateral held on deposit must fit the criteria set forth within Sections I (Objectives) and II (Eligible Investments) of these guidelines.

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Cash Collateral Investment Policy and Guidelines

I. Objectives:

The key objectives of the management of cash collateral supporting securities loans are:

- 1. Preservation of Capital.** Safety of principal is the foremost objective of the cash collateral investment program.
- 2. Liquidity.** The Cash Collateral Account is to maintain sufficient liquidity for and be consistent with the maturity profile of the Lender(s)'s liabilities to their members and the costs of administration.
- 3. Return on Investment.** Consistent with the objectives noted above, optimize the spread between the collateral earnings and the rebate paid to the borrower of securities.

II. Eligible Investments:

The Agent is authorized to invest U.S. dollar cash collateral supporting securities loans, as summarized and restricted below:

- A. Obligations issued or guaranteed by the United States Government, including Treasury Bills, Notes and Bonds, or U.S. Government agencies or instrumentalities including:
 1. Federal National Mortgage Association;
 2. Federal Home Loan Bank;
 3. Federal Farm Credit Bank;
 4. Federal Home Loan Mortgage Corporation;
 5. Government National Mortgage Corporation; and
 6. Not more than twenty-five percent (25%) of the cash collateral available for investment shall be invested in any one issuer.
- B. Negotiable certificates of deposit.
 1. Issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank.
 2. Rating must be "A-1", "P-1", or the equivalent by a Nationally Recognized Statistical Ratings Organization (NRSRO). If rated by more than one NRSRO, all ratings must be in this equivalent ratings category.
 3. Purchases shall not exceed fifteen percent (15%) of the cash collateral available for investment.
 4. Not more than three percent (3%) of the cash collateral available for investment

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shall be invested in any one financial institution as specified in this paragraph.

5. Maximum maturity of one hundred eighty (180) days.
- C. Bankers' acceptances.
1. Eligible for purchase by the Federal Reserve System.
 2. Rating must be "A-1", "P-1", or the equivalent by a NRSRO. If rated by more than one NRSRO, all ratings must be in this equivalent ratings category.
 3. Maximum maturity of two hundred seventy (270) days.
 4. Purchases shall not exceed fifteen percent (15%) of the cash collateral available for investment.
 5. Not more than three percent (3%) of the cash collateral available for investment shall be invested in any one commercial bank.
- D. Commercial paper.
1. Rating must be "A-1", "P-1", or the equivalent by a NRSRO. If rated by more than one NRSRO, all ratings must be in this equivalent ratings category.
 2. Maximum maturity of one hundred eighty (180) days for direct investments and two hundred seventy (270) days for repurchase agreement collateral.
 3. Purchases shall not exceed fifteen percent (15%) of the cash collateral available for investment.
 4. Not more than three percent (3%) of the cash collateral available for investment shall be invested in the commercial paper of any one issuing corporation.
- E. Obligations of state and local governments.
1. Must possess the highest short-term rating from at least one nationally recognized rating agency.
 2. Purchases shall not exceed fifteen percent (15%) of the cash collateral available for investment.
 3. Not more than three percent (3%) of the cash collateral available for investment shall be invested in the obligations of any one issuing government.
 4. Maximum maturity, as measured to the shorter of final maturity or put date, of three hundred sixty-five (365) days.
- F. Repurchase agreements.
1. With counterparties that have a minimum short-term debt rating of 'A-1' or equivalent by both Moody's Investor Service and Standard & Poor's, or their parent rating in the event that the counterparty is not directly rated, and are either
 - i. diversified securities broker-dealers who are members of the Financial Industry Regulatory Authority (FINRA) having \$5 billion in assets and \$350 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; or

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- ii. a bank, savings bank or savings and loan association having \$5 billion in assets and \$500 million in capital and regulated by the Superintendent of Financial Institutions, or through an institution regulated by the Comptroller of the Currency, Federal Deposit Insurance Corporation, or Board of Governors of the Federal Reserve System;
 2. Subject to a minimum of one hundred two percent (102%) collateralization with daily updated valuation and having underlying collateral consisting of those items and those rating and collateral maturity restrictions as specified in paragraphs A through E of this Section;
 3. Pursuant to a signed Master Repurchase Agreement with counterparties that governs each transaction requiring that:
 - i. the securities are held free and clear of any lien and by an independent third party custodian or Lender's custodian acting solely as agent for each Lender and is a Federal Reserve Bank, or a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million; and
 - ii. a perfected first security interest under the Uniform Commercial Code in such securities is created for the benefit of Lender;
 4. Maximum maturity of ninety seven (97) days;
 5. Purchases shall not exceed seventy-five percent (75%) of the cash collateral available for investment;
 6. Not more than ten percent (10%) of the cash collateral available for investment shall be invested with any one counterparty;
 7. Repurchase agreements with collateral as specified in paragraphs B through E of this Section, shall be limited to five percent (5%) of the cash collateral available for investment for each collateral type; and
 8. May be conducted on a tri-party basis.
- G. For purposes of late day cash sweep, units of "STIF". The fund is governed by the Fund Declaration/ Investment Guidelines established by Northern Trust Investments, N.A. as trustee.
- H. The interest rate on variable rate or floating rate securities must reference one of the following indices: LIBOR, Fed Funds, Treasury Bills, or Commercial Paper. The interest rate must also reset no less frequently than quarterly. Variable rate municipal obligations may reset off the SIFMA index.

III. Ineligible Investments:

The Agent is not authorized to invest in the following:

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1. Obligations issued by or guaranteed by the lending agent or any related party, except for STIF;
2. 144A Securities (17 CFR §230.144A); and
3. Any structured investment vehicles (SIVs).

IV. Portfolio Maturity:

The dollar-weighted average maturity of cash collateral investments shall not exceed ninety (90) days. The average maturity of variable rate instruments will be calculated to the next interest rate reset date. The Cash Collateral Account's minimum overnight (next business day) liquidity level shall not be less than twenty percent (20%).

V. Eligible Investments Constraints

Eligible Investments*	MV%	
	Min	Max
A	70	100
B	-	5
C	-	5
D	-	5
E	-	5
F	-	5
G	-	5
H	-	5

**See guidelines for details on each lettered eligible investment category*

VI. Compliance

Agent shall follow these guidelines explicitly. If at any time the Cash Collateral Account after time of purchase falls outside these guidelines (e.g., a credit rating downgrade), Agent shall notify Lender in writing as soon as reasonably possible. Agent shall also notify the Lender's Chief Investment Officer or designee by telephone who shall determine if immediate action is necessary to bring the Cash Collateral Account into compliance.

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Operation of the Cash Collateral Account

I. Income

Income earned from the investment of cash Collateral shall be distributed to Lender on a monthly basis. Income shall be net of (i) expenses, including but not limited to, transaction accounting and reporting expenses, auditing fees, brokerage fees and other commissions, and any miscellaneous expenses, (ii) any applicable withholding of tax, (iii) loan rebate fees paid or accrued to the borrowers, and (iv) any adjustments to provide for regular returns.

If total rebates payable exceed total revenues with respect to any loan or loans of a Lender, the net shortfall shall be allocated between such Lender and the Agent in the same proportions as positive securities lending revenues. Any amounts thereby payable by a Lender shall be the personal obligation of that Lender and shall be due and payable upon each Lender's receipt of Agent's invoice for such amounts. Agent may withhold (and each Lender is deemed to grant to Agent a lien upon) future loan revenues, and any other property of the Lender then or thereafter in the possession of Agent, to secure the payment of such obligation. Notwithstanding the foregoing, however, all other Collateral losses shall not be shared between the Lender and the Agent to any extent but shall be allocated as provided in the Agreement or these guidelines.

Incidental expenses, (e.g., negative float due to payment advances) incurred in the administration of the Cash Collateral Account are recovered against incidental receipts, (e.g., positive float from pending balances) similarly arising and any remaining balance is added to the lending revenues for the benefit of all participating Lender. Net realized short-term capital gains or losses (if any) will be distributed at least annually.

II. Net Asset Value

The Cash Collateral Account will value investments at acquisition cost as adjusted for amortization of premium or accretion of discount in order to maintain a net asset value of One Dollar (\$1.00) per unit.

The Cash Collateral Account intends to maintain a constant net asset value within minimum tolerances established by Agent's senior management.

III. Trading Policy

Although the Cash Collateral Account will generally not engage in short-term trading, the fund may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is advisable. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Lender of the Cash Collateral Account.

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(IV. Effecting Changes

Agent shall effect any change to the Cash Collateral Account guidelines, as promptly as possible after Agent's receipt of a properly executed Amendment to the Cash Collateral Account guidelines, giving due regard to operational requirements.

ATTACHMENT C

GLOBAL SECURITIES LENDING SERVICES CONTRACT

[See attached]

Global Securities Lending Services

GLOBAL SECURITIES LENDING SERVICES CONTRACT

This Global Securities Lending Services Contract (the “Contract”) is made as of the _____ day of _____, 2018, by and between the MARYLAND STATE RETIREMENT AGENCY (the “Agency”) FOR THE USE OF THE BOARD OF TRUSTEES FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM (collectively, the “System”), and [_____] (the “Contractor”).

WITNESSETH:

In consideration of the mutual covenants and promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the System and the Contractor agree as follows.

1. Definitions.

In this Contract, the following words have the meanings indicated:

- 1.1 “Agency” means the Maryland State Retirement Agency.
- 1.2 “Board” means the Board of Trustees for the Maryland State Retirement and Pension System.
- 1.3 “Contract” means this contract for global securities lending services.
- 1.4 “Contract Manager” means the Chief Investment Officer of the Agency, his or her designee, or a successor designated by the System.
- 1.5 “Contractor” means [_____] whose principal business address is [_____].
- 1.6 “Proposal” means the Contractor’s response to the RFI.
- 1.7 “RFI” means the Request for Information for Global Securities Lending Services for the Maryland State Retirement Agency, dated [_____], 2017.
- 1.8 “State” means the State of Maryland.
- 1.9 “System” means the Maryland State Retirement and Pension System.

2. Scope of Services.

The Agency hereby appoints the Contractor as the System’s agent for global securities lending, and the Contractor agrees to provide global securities lending services to the System as set forth in **Exhibit A** and otherwise herein. Unless otherwise directed, all communications with and deliverables shall be directed through the Contract Manager.

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3. Term; Termination.

3.1. Term. Unless sooner terminated in accordance with the provisions of this Contract:

(a) the initial term of this Contract shall be the five (5) year period beginning [_____] and ending [_____]; and

(b) Further, this Contract may be extended for two (2) periods of one (1) year each at the sole discretion of the System. If the first option period is exercised, then the contract will end on [_____]. If the second option is exercised, then the contract will end on [_____].

3.2. Termination. This Contract may be terminated at any time by the System upon written notice to the Contractor of such termination. Any termination of this Contract shall be without payment of any penalty by the System. Upon termination of this Contract, all finished or unfinished work provided by the Contractor shall, at the System's option, become the System's property. The System shall pay the Contractor fair and equitable compensation for satisfactory performance prior to receipt of notice of termination, subject to reduction in accordance with Sections 4.3 and 4.4 of this Contract. Upon termination of this Contract, the Contractor shall cooperate with the System with respect to the transfer of documents and information to the System or its designee. From and after the effective date of termination of this Contract, the Contractor shall not be entitled to compensation for further services hereunder. Upon termination, the Contractor shall forthwith deliver to the Contract Manager all documents belonging to, or relating to, the Agency and this Contract then in custody of the Contractor, and otherwise cooperate with the Agency with respect to the transition and winding down of services.

4. **Fees and Payment**. The Contractor shall be entitled to compensation for its services provided, and expenses incurred, in connection with this Contract as follows:

4.1 In consideration of the satisfactory performance of the work set forth in this Contract, the Contractor shall be compensated in accordance with the Fee Schedule set forth in **Exhibit G**.

4.2 The Contractor shall submit monthly statements to the System that the compensation due for the preceding month's services under this Contract. Statements shall be submitted to the Contract Manager. To the extent applicable, such statements shall reflect the System's status as a governmental pension plan within the meaning of Section 414(d) of the Internal Revenue Code, it is tax-exempt.

4.3 In addition to any other available remedies if, in the opinion of the Contract Manager, the Contractor fails to perform in a satisfactory and timely manner, the Contract Manager may refuse or limit approval of any compensation to the Contractor, and may cause payments to the Contractor to be reduced or withheld until such time as the Contractor meets performance standards as established by the System pursuant to this Contract.

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4.4 The System may deduct from and set off against any amounts due and payable to the Contractor any back-charges, penalties, or damages sustained by the System, by virtue of any breach of the Contract by the Contractor. Nothing herein shall be construed to relieve the Contractor of liability for additional costs resulting from a failure to satisfactorily perform the services.

4.5 Compensation of the Contractor by the System is not evidence that services were rendered as required under this Contract.

5. Representations, Warranties, Covenants, Acknowledgments and Agreements of the Contractor.

[5.1. Qualification of Contractor. The Contractor warrants that it is registered as an investment advisor with the SEC under the Investment Advisors Act of 1940 and that it is registered or exempt from registration under Title 11 of the Corporation and Associations Article of the Annotated Code of Maryland. The Contractor shall obtain, at its expense, all licenses, permits, insurance, and governmental approvals, if any, necessary to the performance of its obligations under this Contract.] [*Note: Final contract to reflect Contractor's qualification and status.*]

5.2. Standard of Care. The Contractor acknowledges that it has been designated to serve as a fiduciary of the System pursuant to Section 21-204(b)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland ("SPP") with respect to the services it will provide under this Contract, and is subject to the standards of care set forth in SPP § 21-203 with respect to the System and in regard to the services that it will provide under this Contract in respect to the Account. The Contractor further acknowledges that it is an "investment manager" (as that term is defined in Section 3(38) of the Employees Retirement Income Security Act of 1974, as amended to date ("ERISA"), assuming ERISA applied to the System), and agrees to be subject to the fiduciary standards applicable thereto with respect to the System and in regard to the services that it will provide under this Contract in respect to the Account. The Contractor accepts its appointment as such fiduciary, and specifically agrees to perform its duties with respect to the System with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. The Contractor agrees to discharge its duties with respect to the System (a) solely in the interest of the beneficiaries and participants of the System and (b) otherwise in accordance with the terms of this Contract. The Contractor understands and acknowledges its potential liability for any breach of its aforesaid fiduciary duties, which liability includes, without limitation, payment of damages, restoration of any profits made through the use of the System's assets, and other equitable or remedial relief.

5.3. Other Representations, Warranties and Covenants of the Contractor. The Contractor hereby represents, warrants and covenants to the System as follows:

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

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

5.3.3 The Contractor will comply with all requirements which any federal, state, local, foreign or international law or regulation may impose with respect to the subject matter of or transactions contemplated by this Contract (“Legal Requirements”) and will promptly cooperate with and furnish information to the System regarding such Legal Requirements.

5.3.4 The Contractor shall refrain from transactions in which it may have a conflicting material interest (direct or indirect) without prior written consent from the System.

5.3.5 All services which the Contractor provides hereunder shall meet the requirements and standards set forth in the Contract (including any Exhibits and attachments). At the Contract Manager’s request, the Contractor shall promptly correct any errors or omissions in the provision of such services.

5.3.6 No gratuities in the form of gifts, entertainment or otherwise, have been or will be offered or given to any officer, fiduciary or employee of the Agency or the System or the State of Maryland with a view toward securing any favorable treatment concerning the performance and/or continuation of this Contract. If the System finds that the Contractor has offered or given such gratuities, the System may terminate this Contract at any time upon written notice. Except for the compensation provided for in this Contract, the Contractor agrees that neither it nor any of its employees or agents shall receive any remuneration or take any action to receive any remuneration, of any type, nature or description whatsoever in connection with the investment of the assets of the Maryland State Retirement and Pension System. This Contract shall not restrict the Contractor from pursuing any other engagement so long as such engagement does not prevent the Contractor from adequately and timely performing the services provided for in, and contemplated by, this Contract.

5.3.7 The Contractor shall not engage, directly or indirectly, in any financial or other transaction with any trustee, staff member, or employee of the Agency or the System, which would violate standards in the Maryland Public Ethics Law, Annotated Code of Maryland, State Government Article Section 15-501 et seq. and any successor statute thereto.

5.3.8 The Contractor shall promptly, and in any case within five (5) calendar days, notify the System in writing if: (1) there is any material change in the management personnel of the Contractor or the professional personnel actively involved in rendering services hereunder; (2) any material change in ownership or control of the Contractor, or (3) any other material change in the business organization of the Contractor, including, but not limited to, the filing for bankruptcy relief.

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5.3.9 The Contractor shall annually provide the System with copies of its audited financial statements, including its balance sheet, income statement and statement of cash flow, within fifteen (15) days after such financial statements become available.

5.3.10 To the extent permitted by applicable law, the Contractor shall promptly advise the System in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding in the twenty-four (24) preceding months relating to or affecting the Contractor's ability to perform its duties under this Contract or involving any investment professional employed by the Contractor, which is commenced by any of the following: the U.S. Securities and Exchange Commission; the New York Stock Exchange; the American Stock Exchange; the Financial Industry Regulatory Authority (FINRA); the Financial Services Authority (FSA); any Attorney General or any regulatory agency of any state of the United States; any U.S. Government department or agency, or any governmental agency regulating securities of any country in which the Contractor is doing business. Except as otherwise required by law, the System shall maintain the confidentiality of all such information until the investigating entity makes the information public.

5.3.11 The Contractor shall annually file with the System a compliance certificate, executed by a responsible officer of the Contractor's firm, substantially in the form attached hereto as **Exhibit C-2**, within thirty (30) days after each June 30. As part of its annual compliance review, the Contractor acknowledges and agrees that it will complete the System's Annual Compliance Questionnaire (a form of which is attached hereto as **Exhibit C-2**, and as amended from time to time, the "Questionnaire"), and provide the System with written responses to the Questionnaire as appropriate.

5.3.12 The personnel and agents of the Contractor responsible for discharging the Contractor's duties and obligations under this Contract are and will be individuals experienced in the performance of the various functions contemplated by this Contract. None of such individuals has been convicted of any felony, found liable in a civil or administrative proceeding, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, violations of any federal or state securities law or the FINRA Code of Conduct, or bankruptcy law violations. The Contractor shall immediately notify the System if this representation and warranty is no longer accurate.

5.3.13 The Contractor does not and shall not knowingly employ in any capacity: (1) any employee of the State of Maryland or a unit thereof, or a fiduciary of the System, who (x) could influence the award of this Contract or any competing assignment, or (y) does or will have any direct or indirect financial interest in this Contract, or (z) performs duties relating to or affecting the subject matter of this Contract ("Interested Person"), or (2) any spouse or economic dependent of any Interested Person

5.3.14 Neither any representation, warranty, covenant or acknowledgment contained in this Contract nor any written statement, certificate, or document furnished or to be furnished to the System by or on behalf of the Contractor pursuant to this Contract contains or will

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contain any misstatement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

5.4. All of the representations, warranties, covenants, acknowledgments and agreements set forth in the Contractor's Contract Affidavit, a copy of which is attached hereto as **Exhibit D**, are incorporated by reference herein and made a part hereof.

5.5. All of the representations, warranties, covenants, acknowledgments and agreements set forth in the Contractor's Conflict of Interest Affidavit and Disclosure, a copy of which is attached hereto as **Exhibit C-1**, remain true and complete as of the date of this Contract, are incorporated by reference herein and made a part hereof.

5.6 The Contractor shall comply, and shall cause its subcontractors and agents to comply, with the provisions of **Exhibit F** of this Contract as a condition of the Agency authorizing any such person to have remote access to the Agency's data on systems maintained by the Agency's custodian.

5.7. The Contractor:

5.7.1 acknowledges that it (A) has received copies of (i) the System's Investment Policy Manual (the "Manual"), and (ii) Annotated Code of Md., State Personnel and Pensions Art., Sections 21-116, 21-122 and 21-123; and

5.7.2 agrees that, in providing services hereunder, it will comply with all of the guidelines and restrictions set forth in the documents referenced in Section 5.6.1 above, as amended from time to time.

5.8. Reliance by the System. The Contractor acknowledges and understands that the continuing truth and accuracy of the representations, warranties, covenants, acknowledgements and agreements by the Contractor referenced in this Contract shall be relied upon by the System during the term of this Contract. The Contractor shall notify the System in the event that any of the representations, warranties, covenants, acknowledgements and agreements shall cease to be true and correct during the term of the Contract by delivering written notice to the System no later than three (3) business days after the representation, warranty, covenant, acknowledgement or agreement ceases to be true and correct. Upon receipt of notice, or if the Contractor fails to comply with its representations, warranties, covenants, acknowledgements or agreements hereunder, the System shall have the following options: (i) grant the Contractor a reasonable period of time within which to take such actions as may be necessary to perform or otherwise cure the violation of such representation, warranty, covenant, acknowledgement or agreement; (ii) resort to any other rights and remedies available to the System under applicable law; or (iii) terminate the Contractor in accordance with Section 3.2 of this Contract.

6. Insurance Requirements. The Contractor shall obtain and maintain in full force and effect insurance of the types and amounts specified in this Section 6. The Contractor shall provide prompt written notification should such coverage be canceled or modified and in any event shall maintain insurance, which meets the following minimum standards:

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6.1 Commercial General Liability Insurance with limits sufficient to cover losses resulting from, or arising out of, Contractor action or inaction in the performance of the Contract by the Contractor, its agents, servants, employees, or subcontractors, but no less than a Combined Single Limit for Bodily Injury, Property Damage, and Personal and Advertising Injury Liability of [_____] Million Dollars (\$[_,000,000]) per occurrence and [_____] Million Dollars (\$[_,000,000]) aggregate.

6.2 Directors and Officers liability insurance coverage of at least [_____] Million Dollars (\$[_,000,000]);

6.3 Errors and Omissions/Professional Liability insurance coverage of at least [_____] Million Dollars (\$[_,000,000]);

6.4 The Contractor warrants that it carries adequate workers' compensation and other insurance as required by State and federal law, and shall maintain such insurance at levels acceptable to the System in full force and effect during the term of this Contract. The Contractor agrees to furnish satisfactory evidence of this insurance coverage to the System upon request.

7. Confidentiality and Publicity.

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

7.2 The Contractor agrees that all reports, studies, analyses, specifications, recommendations and all other materials of whatsoever nature, prepared by the Contractor for use under this Contract or furnished to the Contractor by the System for use under this Contract, are to be considered confidential, and that the Contractor will neither release, publish, circulate nor use any of the foregoing except in the performance of its work under this Contract.

7.3 No press release or other dissemination of information to the media, or response to requests for information from the media, relating to the work performed by the Contractor hereunder or the transactions contemplated hereby, shall be issued by the Contractor without the prior written approval of the System; provided, however, that the Contractor may include the System's name on client lists maintained by the Contractor and made available to third parties.

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The Contractor further undertakes not to release any materials to third parties without the Agency's prior permission.

7.4 The provisions of this Section 7 shall survive the termination of this Contract.

8. File backup; disaster recovery.

The Contractor agrees to regularly perform critical file backups, rotate backup to offsite storage locations on a regular basis and maintain and update its disaster recovery plan. The Contractor agrees to supply the System with a copy of its disaster recovery plan, and inform the System of any material changes to its disaster recovery plan.

9. Loss of Data.

In the event of loss of any State data or records where such loss is due to the intentional act or omission or negligence of the Contractor or any of its subcontractors or agents, the Contractor shall be responsible for recreating such lost data in the manner and on the schedule set by the Contract Monitor. The Contractor shall ensure that all data is backed up and recoverable by the Contractor. Contractor shall use its best efforts to assure that at no time shall any actions undertaken by the Contractor under this Contract (or any failures to act when Contractor has a duty to act) damage or create any vulnerabilities in data bases, systems, platforms, and/or applications with which the Contractor is working hereunder.

10. Patents, Copyrights, Intellectual Property

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

10.2 The Contractor will defend or settle, at its own expense, any claim or suit against the State alleging that any such item furnished by the Contractor infringes any patent, trademark, service mark, copyright, or trade secret. If a third party claims that a product infringes that party's patent, trademark, service mark, trade secret, or copyright, the Contractor will defend the State against that claim at Contractor's expense and will pay all damages, costs, and attorneys' fees that a court finally awards, provided the State: (a) promptly notifies the Contractor in writing of the claim; and (b) allows Contractor to control and cooperates with Contractor in, the defense and any related settlement negotiations. The obligations of this paragraph are in addition to those stated in Section 11.3 below.

10.3 If any products furnished by the Contractor become, or in the Contractor's opinion are likely to become, the subject of a claim of infringement, the Contractor will, at its option and expense: (a) procure for the State the right to continue using the applicable item; (b) replace the product with a non-infringing product substantially complying with the item's specifications; or (c) modify the item so that it becomes non-infringing and performs in a substantially similar manner to the original item.

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10.4 The provisions of this Section 10 shall survive the termination of this Contract.

11. Rights to Records

11.1 The Contractor agrees that all documents and materials including, but not limited to, software, reports, drawings, studies, specifications, estimates, tests, maps, photographs, designs, graphics, mechanical, artwork, computations, and data prepared by the Contractor for purposes of this Contract shall be the sole property of the Agency and shall be available to the Agency at any time. The Agency shall have the right to use the same without restriction and without compensation to the Contractor other than that specifically provided by this Contract.

11.2 The Contractor agrees that at all times during the term of this Contract and thereafter, works created as a deliverable under this Contract, and services performed under this Contract shall be “works made for hire” as that term is interpreted under U.S. copyright law. To the extent that any products created as a deliverable under this Contract are not works made for hire for the Agency, the Contractor hereby relinquishes, transfers, and assigns to the Agency all of its rights, title, and interest (including all intellectual property rights) to all such products created under this Contract, and will cooperate reasonably with the Agency in effectuating and registering any necessary assignments.

11.3 The Contractor shall report to the Contract Manager, promptly and in written detail, each notice or claim of copyright infringement received by the Contractor with respect to all data delivered under this Contract.

11.4 The Contractor shall not affix any restrictive markings upon any data, documentation, or other materials provided to the Agency hereunder and if such markings are affixed, the Agency shall have the right at any time to modify, remove, obliterate, or ignore such warnings.

11.5 Upon termination of this Contract, the Contractor, at its own expense, shall deliver any data, documents, information, equipment, software or other property provided by the System to the place designated by the Contract Manager.

12. Indemnification.

[12.1 Generally. The Contractor agrees to indemnify and hold harmless the System, the Board, and the Agency, and their trustees, officers, employees and agents (any and all of whom is/are referred to as “Indemnified Party”) from and against any and all losses, claims, damages, judgments, liabilities, fines or penalties of any nature whatsoever (any and all of which is/are referred to as “Damages”), to which the Indemnified Party may become subject, insofar as such Damages are caused by or arise directly out of the negligence, willful misconduct, breach of fiduciary duty, bad faith, improper or unethical practice, infringement of intellectual property rights, breach of trust, breach of confidentiality, breach of contract, or violation of any Legal Requirements (as that term is defined in Section 5.3.3 above) on the part of the Contractor or its subcontractors or agents acting in connection with this Contract or other documents or agreements

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governing transactions undertaken for the System. This indemnification shall survive the termination of this Contract.] [Note: *Final contract to reflect negotiated indemnification.*]

12.2 Liability of State.

12.2.1 The State of Maryland, its departments, agencies, officials, officers and employees (the “State”) has no obligation to provide legal counsel or legal defense to the Contractor or its subcontractors in the event that a suit, claim or action of any character is brought by any person or persons not party to the Contract against the Contractor or its subcontractors as a result of or relating to the Contractor’s obligations under this Contract.

12.2.2 The State has no obligation for the payment of any judgments or the settlement of any claims made against the Contractor or its subcontractors as a result of or relating to the Contractor’s obligations under the Contract.

12.3 Notice of and Cooperation in Litigation. The Contractor shall immediately give notice to the Contract Manager of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or relating to the Contractor’s obligations under this Contract, and shall cooperate, assist and consult with the State in the defense or investigation of any claim, suit, or action made or filed against the State as a result of or relating to the Contractor's obligations under this Contract.

12.4 The provisions of this Section 12 shall survive the termination of this Contract.

13. **Amendments; Subcontracting and Assignment.**

13.1. Entire Contract; Amendments. This Contract, consisting of this contract and the following Exhibits:

<u>Exhibit</u>	<u>Description</u>
A	Scope of Services
B	Proposal
C-1	Conflict of Interest Affidavit and Disclosure
C-2	Annual Compliance Questionnaire and Certificate
D	Contract Affidavit
E	Mandatory Terms and Conditions
F	Remote Access Terms
G	Fee Schedule

constitutes the entire agreement between the parties and all other communications prior to its execution, whether written or oral, with reference to the subject matter of the Contract are superseded by this Contract. This Contract may only be changed or modified in writing signed by both parties.

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13.2. Subcontracting and Assignment. The Contractor may not subcontract any portion of the services provided under the Contract without obtaining the prior written approval of the System, nor may the Contractor assign the Contract, or any of its rights or obligations hereunder, without the prior written approval of the System. Any subcontract shall include such language as may be required in various clauses contained within this Contract, exhibits, attachments. The Contract shall not be assigned until app approvals, documents, and affidavits are completed and properly registered. Notwithstanding any subcontract or assignment permitted hereunder, the Contractor shall always remain liable to the System for the Contractor's obligations hereunder and for all actions of any subcontractor or assignee to the same extent as the Contractor is liable for its own actions hereunder. The System shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

14. Conflict of Interest.

The Contractor will provide Services to the System and must do so impartially and without any conflicts of interest. The Contractor's first priority in performing the duties of the Contract shall be the protection of the System's interests. The Contractor will be required to complete a Conflict of Interest Affidavit. A copy of the Conflict of Interest Affidavit/Disclosure is included as **Exhibit C-1** of this Contract and is incorporated herein by this reference. The Contractor shall provide periodic updates to the Agency and the Contract Manager, providing information such as that required by the Conflict of Interest Affidavit/Disclosure attached as **Exhibit C-1**, certifying whether an actual or potential conflict of interest exists. The Contractor shall notify the System and the Contract Manager whenever the Contractor provides services to, contracts with, or receives any compensation or remuneration from an organization or company that is involved in a matter related to this Contract. If the Contract Manager makes a determination that facts or circumstances exist that give rise to or could in the future give rise to a conflict of interest within the meaning of the Code of Maryland Regulations ("COMAR") 21.05.08.08A, the System may terminate the Contract in accordance with COMAR 21.05.05.08D.

15. Cost and Price Certification.

15.1 By submitting cost or price information, the Contractor certifies to the best of its knowledge that the information submitted is accurate, complete, and current as of the date of its Proposal.

15.2 The price under this Contract and any change order or modification hereunder, including profit or fee, shall be adjusted to exclude any significant price increases occurring because the Contractor furnished cost or price information which, as of the date of its Proposal.

16. Contingent Fee Prohibition.

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

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17. Unilateral Right of the System to Change Duties.

The System, through the Contract Manager, retains the unilateral right to require modification or changes in the duties to be performed by the Contractor so long as the changes are within the general scope of the Contractor's duties to be performed under this Contract and the Contractor receives notice in writing of the changes.

18. Delays and Extensions of Time.

The Contractor agrees to perform the work under this Contract continuously and diligently. No charges or claims for damages shall be made by the Contractor for any delays or hindrances from any cause whatsoever during the progress of any portion of the work specified in this Contract. Time extensions will be granted only for excusable delays that arise from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to acts of God, acts of the public enemy, acts of the System in either its sovereign or contractual capacity, acts of another contractor in the performance of a contract with the System, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, or delays of subcontractors or suppliers arising from unforeseeable causes beyond the control and without the fault or negligence of either the Contractor or the subcontractors or suppliers.

19. Suspension of Work.

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

20. Right to Audit.

20.1 The State reserves the right, at its sole discretion and at any time, to perform an audit of the Contractor's and/or subcontractor's performance under this Contract. An audit is defined as a planned and documented independent activity performed by qualified personnel including but not limited to State and federal auditors, to determine by investigation, examination, or evaluation of objective evidence from data, statements, records, operations and performance practices (financial or otherwise) the Contractor's compliance with the Contract, including but not limited to adequacy and compliance with established procedures and internal controls over the Contract services being performed for the State.

20.2 Upon three (3) Business Days' notice, the Contractor and/or any subcontractors shall provide the State reasonable access to their respective records to verify conformance to the terms of the Contract. The System may conduct these audits with any or all of its own internal resources or by securing the services of a third party accounting or audit firm, solely at the System's election. The System may copy, at its own expense, any record related to the services performed and provided under this Contract.

20.3 The right to audit shall include any of the Contractor's subcontractors including but not limited to any subcontractor(s) that provide essential support to the Contract services. The

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Contractor and/or subcontractor(s) shall ensure the System has the right to audit such subcontractor(s).

20.4 The Contractor and/or subcontractors shall cooperate with System and System's designated accountant or auditor and shall provide the necessary assistance for the System or System's designated accountant or auditor to conduct the audit.

20.5 This Section shall survive expiration or termination of the Contract.

21. Record Retention; Inspection of Records.

The Contractor shall (i) retain and maintain all records and documents relating to this Contract for a period of five (5) years from the date of final payment under this Contract or any subcontract hereunder or any applicable statute of limitations, whichever is longer, and (ii) make the records and documents available for inspection and audit by the Legislative Auditor of the State of Maryland, the System's actuary, the System's auditor, and authorized representatives of the System at all reasonable times. All records related in any way to the Contract are to be retained for the entire time provided under this section. If such documentation is maintained on an automated system, appropriate retention, retrieval and back-up policies must be established, implemented and maintained. In the event of any audit, the Contractor shall provide assistance to the State, without additional compensation, to identify, investigate, and reconcile any audit discrepancies and/or variances. This Section 21 shall survive expiration or termination of the Contract.

22. Parent Company Guarantee (If Applicable)

[(Corporate name of Contractor's Parent Company)] hereby guarantees absolutely the full, prompt, and complete performance by the Contractor of all the terms, conditions and obligations contained in this Contract, as from time to time amended, including any and all exhibits that are now or may become incorporated hereunto, and other obligations of every nature and kind that now or may in the future arise out of or in connection with this Contract, including any and all financial commitments, obligations, and liabilities. [(Corporate name of Contractor's Parent Company)] may not transfer this absolute guaranty to any other person or entity without the prior express written approval of the State, which approval the System may grant, withhold, or qualify in its sole and absolute subjective discretion. [(Corporate name of Contractor's Parent Company)] further agrees that if the System brings any claim, action, suit or proceeding against the Contractor, [(Corporate name of Contractor's Parent Company)] may be named as a party, in its capacity as Absolute Guarantor.]

23. Independent Contractors.

The parties hereto are and shall remain independent contractors. Nothing herein shall be deemed to establish a partnership, joint venture or agency relationship between the parties. Neither party shall have the right to obligate or bind the other party in any manner to any third party.

24. Mandatory Contractual Provisions.

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26. Waiver.

No failure or delay on the System's part in exercising any right or remedy hereunder shall operate as a waiver thereof. No waiver by either party of any failure or refusal to comply with an obligation hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. No modification or waiver shall be effective unless it is in writing duly executed by the System.

27. Procurement Regulations.

Although this Contract is exempt from certain provisions of Division II of the State Finance and Procurement Article ("Procurement Article"), the requirements of the Procurement Article and COMAR, Title 21, State Procurement Regulations (as amended), will be applied to this Contract to the extent practicable and consistent with obtaining the best global securities lending service providers for the System, all as determined in the Contract Manager's sole discretion. The appeal procedures contained in the Procurement Article and in the State Procurement Regulations will not apply to this Contract.

28. Maryland Law.

The place of performance of the Contract shall be the State of Maryland. The Contract shall be construed, interpreted, and enforced according to the laws of the State of Maryland.

29. Authority.

Each party to the Contract represents and warrants to the other that it has the full right, power, and authority to execute this Contract and to perform the acts contemplated hereunder and the person signing this Contract on behalf of each party has been properly authorized and empowered to enter into this Contract.

30. Counterparts.

This Contract may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same document.

31. Successors and Assigns.

This Contract shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

32. Entire Contract.

The Contract constitutes the entire agreement of the parties with respect to its subject matter, and supersedes all prior oral and written agreements, proposals and discussions.

33. Survival.

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Any provision of this Contract, which contemplates performance or observance subsequent to any termination or expiration of this Contract shall survive termination or expiration of this Contract and continue in full force and effect.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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In recognition of their acceptance of the terms and conditions of this Contract, the System and the Contractor, acting by and through their duly authorized representatives, hereby execute this Global Securities Lending Services Contract as a sealed instrument as of the day and year first written.

**MARYLAND STATE RETIREMENT AGENCY FOR
THE USE OF THE BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION
SYSTEM**

Name: By: R. Dean Kenderdine
Title: Executive Director and Secretary of the Board

ATTEST: []

Name: By: _____
Title:

Approved as to form and legal
sufficiency for the State of
Maryland this ____ day of
_____, 2018

Assistant Attorney General

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EXHIBIT A

SCOPE OF SERVICES

[Note: To be determined based on Proposal]

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EXHIBIT B

PROPOSAL

[See attached]

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EXHIBIT C-1

CONFLICT OF INTEREST AFFIDAVIT AND DISCLOSURE

A. "Conflict of interest" means that because of other activities or relationships with other persons, a person is unable or potentially unable to render impartial assistance or advice to the State, or the person's objectivity in performing the contract work is or might be otherwise impaired, or a person has an unfair competitive advantage.

B. "Person" has the meaning stated in COMAR 21.01.02.01B(64) and includes a Offeror, Contractor, consultant, or subcontractor or sub-consultant at any tier, and also includes an employee or agent of any of them if the employee or agent has or will have the authority to control or supervise all or a portion of the work for which a Proposal is made.

C. The Offeror warrants that, except as disclosed in §D, below, there are no relevant facts or circumstances now giving rise or which could, in the future, give rise to a conflict of interest.

D. The following facts or circumstances give rise or could in the future give rise to a conflict of interest (explain in detail — attach additional sheets if necessary): _____

E. The Offeror agrees that if an actual or potential conflict of interest arises after the date of this affidavit, the Offeror shall immediately make a full disclosure in writing to the procurement officer of all relevant facts and circumstances. This disclosure shall include a description of actions, which the Offeror has taken and proposes to take to avoid, mitigate, or neutralize the actual or potential conflict of interest. If the contract has been awarded and performance of the contract has begun, the Contractor shall continue performance until notified by the procurement officer of any contrary action to be taken.

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

Date: _____

By: _____
(Authorized Representative and Affiant)

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EXHIBIT C-2

ANNUAL COMPLIANCE QUESTIONNAIRE AND CERTIFICATE

As a duly authorized officer of [] (the "Consultant"), I hereby certify that (a) I am familiar with that certain GLOBAL SECURITIES LENDING SERVICES CONTRACT, dated _____, 2018 (the "Agreement"), between the Maryland State Retirement Agency for the use of the Board of Trustees for the Maryland State Retirement and Pension System and the Consultant, and (b) I have reviewed the System's Annual Compliance Questionnaire (the "Questionnaire"). Except as disclosed in the responses to the Questionnaire and to the best of my knowledge after diligent inquiry, I hereby certify to the System that:

- (a) All of the attached responses to the Questionnaire are true and correct as of the date of this Compliance Certificate;
(b) During the fiscal year ending June 30, 2017, no member of the Board of Trustees, or key staff of the Agency, and no person claiming to represent or have influence with the Board of Trustees has contacted the Consultant with respect to a financial transaction or solicitation which is not solely on behalf of the System's business with the Consultant, except as set forth below;
(c) The Consultant is in compliance with all representations, warranties, covenants, and acknowledgments in the Agreement which apply to the Consultant, including, but not limited to, compliance with the Maryland Public Ethics Law and any indemnity or insurance coverage requirements, except as set forth below; and
(d) The current insurance coverage applicable to the Agreement is as follows: (Please attach insurance certificates or other evidence of insurance.)

Professional Indemnity coverage dedicated to the Agreement: Date of expiration: _____

Per occurrence limit: _____

Annual aggregate: _____

Directors and officers liability: _____ Date of expiration: _____

Fidelity bond or similar coverage: _____ Date of expiration: _____

Other: _____ Date of expiration: _____

Exceptions: (Attach a separate sheet if necessary.)

Dated: _____

By: _____

Name:

Title:

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Annual Compliance Questionnaire

1. Has your firm or any present or former employee(s) of your firm been investigated, fined or censured by any federal, state or industry regulatory body (each, a “regulatory body”)? If so, please provide an explanation.
2. When was your firm last inspected by any regulatory body? Please provide a copy of the inspection reports and your responses to the reports.
3. Is your firm a party to any pending litigation or investigative or other proceeding by a regulatory body? If so, please provide an explanation.
4. Who is responsible for regulatory compliance? Is this a full time position?
5. Have there been any client losses at your firm over the last three years that caused you to compensate the client? If so, please provide an explanation.
6. Are there any potential conflicts of interest between your firm and any fiduciary of the Maryland State Retirement and Pension System or any employee of the Maryland State Retirement Agency? If so, please provide an explanation.
7. Has your firm received compensation of any type from any entities other than clients? If so, please provide an explanation, including (i) information regarding all such entities, (ii) inception date of relationship, and (iii) description of compensation arrangement.
8. Are there any significant matters about your firm that should be brought to our attention, such as organizational changes or ownership of your firm? If so, please provide an explanation.
9. Please provide updated copies of the following documents:
 - Audited financial statements for the firm’s last two fiscal years

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- Corporate governance policy (if available)
- Employee code of ethics policy
- Business disaster recovery plan
- Current SSAE16 (if applicable)

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

- Form ADV Parts 1 and 2 (Note: Consultant also must provide the Agency with copies of the Consultant's ADV if, as and when the ADV is modified)
- Internal Revenue Service Form W-9, W-8BEN or other documentation of classification under FATCA
- Insurance certificates or evidence of insurance per the Agreement

Schedule of Insurance Coverage

(Please attach copies of Insurance Certificates)

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EXHIBIT D

CONTRACT AFFIDAVIT

A. AUTHORITY

I hereby affirm that I, _____ (name of affiant) am the _____ (title) and duly authorized representative of _____ (name of business entity) and that I possess the legal authority to make this affidavit on behalf of the business for which I am acting.

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

I FURTHER AFFIRM THAT:

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

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

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

Name and Department ID

Number: _____ Address: _____

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

Name and Department ID

Number: _____ Address: _____

C. FINANCIAL DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, the provisions of State Finance and Procurement Article, §13-221, Annotated Code of Maryland, which require that every business that enters into contracts, leases, or other agreements with the State of Maryland or its agencies

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during a calendar year under which the business is to receive in the aggregate \$100,000 or more shall, within 30 days of the time when the aggregate value of the contracts, leases, or other agreements reaches \$100,000, file with the Secretary of State of Maryland certain specified information to include disclosure of beneficial ownership of the business.

D. POLITICAL CONTRIBUTION DISCLOSURE AFFIRMATION

I FURTHER AFFIRM THAT:

I am aware of, and the above business will comply with, Election Law Article, Title 14, Annotated Code of Maryland, which requires that every person that enters into a contract for a procurement with the State, a county, or a municipal corporation, or other political subdivision of the State, during a calendar year in which the person receives a contract with a governmental entity in the amount of \$200,000 or more, shall file with the State Board of Elections statements disclosing: (a) any contributions made during the reporting period to a candidate for elective office in any primary or general election; and (b) the name of each candidate to whom one or more contributions in a cumulative amount of \$500 or more were made during the reporting period. The statement shall be filed with the State Board of Elections: (a) before execution of a contract by the State, a county, a municipal corporation, or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a contract, then twice a year, throughout the contract term, on or before: (i) May 31, to cover the six (6) month period ending April 30; and (ii) November 30, to cover the six (6) month period ending October 31.

E. DRUG AND ALCOHOL FREE WORKPLACE

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

I CERTIFY THAT:

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

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

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

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

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- (c) Prohibit its employees from working under the influence of drugs or alcohol;
- (d) Not hire or assign to work on the contract anyone who the business knows, or in the exercise of due diligence should know, currently abuses drugs or alcohol and is not actively engaged in a bona fide drug or alcohol abuse assistance or rehabilitation program;
- (e) Promptly inform the appropriate law enforcement agency of every drug-related crime that occurs in its workplace if the business has observed the violation or otherwise has reliable information that a violation has occurred;
- (f) Establish drug and alcohol abuse awareness programs to inform its employees about:
 - (i) The dangers of drug and alcohol abuse in the workplace;
 - (ii) The business's policy of maintaining a drug and alcohol free workplace;
 - (iii) Any available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
 - (iv) The penalties that may be imposed upon employees who abuse drugs and alcohol in the workplace;
- (g) Provide all employees engaged in the performance of the contract with a copy of the statement required by §E(2)(b), above;
- (h) Notify its employees in the statement required by §E(2)(b), above, that as a condition of continued employment on the contract, the employee shall:
 - (i) Abide by the terms of the statement; and
 - (ii) Notify the employer of any criminal drug or alcohol abuse conviction for an offense occurring in the workplace not later than 5 days after a conviction;
- (i) Notify the procurement officer within 10 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction;
- (j) Within 30 days after receiving notice under §E(2)(h)(ii), above, or otherwise receiving actual notice of a conviction, impose either of the following sanctions or remedial measures on any employee who is convicted of a drug or alcohol abuse offense occurring in the workplace:
 - (i) Take appropriate personnel action against an employee, up to and including termination; or
 - (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and
- (k) Make a good faith effort to maintain a drug and alcohol free workplace through implementation of §E(2)(a)—(j), above.

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

(4) I acknowledge and agree that:

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

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

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

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain Proposal Affidavit dated _____, 201____, and executed by me for the purpose of obtaining the contract to which this Exhibit is attached remains true and correct in all respects as if made as of the date of this Contract Affidavit and as if fully set forth herein.

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

Date: _____

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

_____ (signature of Authorized Representative and Affiant)

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EXHIBIT E

MANDATORY TERMS AND CONDITIONS

Pursuant to the Annotated Code of Maryland, State Finance and Procurement Art. §11-203(d), the Board of Trustees of the Maryland State Retirement and Pension System is exempt from the applicability of the State's procurement laws for certain expenditures to manage, maintain and enhance the value of the retirement system. Although the procurement of the services to be rendered by [_____] (the "Contractor") pursuant to the attached Global Securities Lending Contract (the "Contract") is, as a general matter, exempt from the procurement laws, under State law the following provisions of Maryland law must be included in any contract.

In view of the foregoing, the parties agree that the following provisions are hereby included in the Contract:

ARTICLE I - NONDISCRIMINATION IN EMPLOYMENT

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, marital status, national origin, ancestry, or physical or mental handicap unrelated in nature and extent so as reasonably to preclude the performance of such employment; (b) to include a provision similar to that contained in subsection (a), above, in any underlying subcontract except a subcontract for standard commercial supplies or raw materials; and (c) to post and to cause subcontractors to post in conspicuous places available to employees and applicants for employment, notices setting forth the substance of this clause.

ARTICLE II - FINANCIAL DISCLOSURE

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

ARTICLE III - POLITICAL CONTRIBUTION DISCLOSURE

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

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the State, a county, a municipal corporation, or other political subdivision of the State, and shall cover the 24 months prior to when a contract was awarded; and (b) if the contribution is made after the execution of a contract, then twice a year, throughout the contract term, on or before: (i) May 31, to cover the six (6) month period ending April 30; and (ii) November 30, to cover the six (6) month period ending October 31.

ARTICLE IV - NON-HIRING OF OFFICIALS AND EMPLOYEES

The Contractor shall comply with the provisions of the Annotated Code of Maryland, State Government Article, Section 15-102, which provides that no official or employee of the State of Maryland, as defined therein, whose duties as such official or employee include matters relating to or affecting the subject matter of this Contract shall, during the pendency and term of this Contract and while serving as an official or employee of the State, become or be an employee of the Contractor or any entity that is subcontractor on this Contract.

ARTICLE V - BRIBERY

Neither the Contractor nor any officer, director or partner of the Contractor nor any employee of the Contractor directly involved in obtaining contracts with the State of Maryland, or any county or other sub-division of the State of Maryland, has been convicted of bribery, attempted bribery or conspiracy to bribe, nor has engaged in conduct, or by any acts or omissions, made admissions in writing or under oath during the course of an official investigation or other proceeding, since July 1, 1977, which would constitute an offense or offenses of bribery, attempted bribery, or conspiracy to bribe under the laws of any state or the federal government except as herein expressly stated:

(If none, so state)

As used herein, the word "convicted" includes an accepted plea of nolo contendere.

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EXHIBIT F

REMOTE ACCESS TERMS

In the event that the Agency authorizes the Contractor, a sub-contractor or agents of such parties (each, an “Authorized Designee”) to have access on a remote basis to proprietary and third party systems as may be offered by State Street Bank and Trust, in its capacity as the Custodian (“State Street”) from time to time (each, a “System”), the Contractor shall comply, and shall cause any other Authorized Designee to comply, with the following terms:

Authorized Designees shall comply with remote access operating standards and procedures and with user identification or other password control requirements and other security procedures as may be issued from time to time by State Street or its third party vendors for use of the System and access to the remote access services. The Contractor shall be responsible for any use and/or misuse of the System and remote access services by a Sub-manager or agent. The Contractor agrees to advise the Agency and State Street immediately in the event that the Contractor learns or has reason to believe that any person given access to the System or remote access services has violated or intends to violate the terms set forth in this **Exhibit F** and the Contractor will cooperate with State Street in seeking injunctive or other equitable relief. An Authorized Designee shall discontinue use of the System and remote access services, if requested, for any security reasons cited by State Street.

Each Authorized Designees agrees to keep the proprietary information confidential and to limit access to employees and Authorized Designees (under a similar duty of confidentiality) who require access to the System for the purposes intended. The foregoing shall not apply to information in the public domain or required by law to be made public.

Each Authorized Designee shall agree to use the remote access services only in connection with the proper purposes of this Agreement. The Contractor will not, and will cause employees and Authorized Designees not to, (i) permit any other third party to use the System or the remote access services, (ii) sell, rent, license or otherwise use the System or the remote access services in the operation of a service bureau or for any purpose other than as expressly authorized under this Agreement, (iii) use the System or the remote access services for any fund, trust or other investment vehicle without the prior written consent of State Street, or (iv) allow or cause any information transmitted from the State Street’s databases, including data from third party sources, available through use of the System or the remote access services, to be published, redistributed or retransmitted for other than use for or on behalf of the Agency.

Each Authorized Designees agree that it will not modify the System in any way, enhance, copy or otherwise create derivative works based upon the System, nor will Authorized Designees reverse engineer, decompile or otherwise attempt to secure the source code for all or any part of the System.

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Each Authorized Designee acknowledges that the disclosure of any proprietary information, or of any information which at law or equity ought to remain confidential, will immediately give rise to continuing irreparable injury to State Street or its third party licensors and vendors inadequately compensable in damages at law and that State Street shall be entitled to obtain immediate injunctive relief against the breach or threatened breach of any of the foregoing undertakings, in addition to any other legal remedies which may be available.

Each Authorized Designee acknowledges and agrees that the Agency may terminate authorization to access the System and remote access services at any time. In the event of termination, each Authorized Designee will return to State Street all copies of documentation and other confidential information in its possession and immediately cease access to the System and remote access services.

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EXHIBIT G

FEE SCHEDULE

[Note: To be determined based on Proposal]