

**REQUEST FOR PROPOSALS FOR
GLOBAL CUSTODY SERVICES
FOR THE BOARD OF TRUSTEES FOR THE
MARYLAND STATE RETIREMENT AND PENSION SYSTEM**

PROPOSAL DUE DATE: SEPTEMBER 29, 2017

Issued: September 5, 2017

KEY INFORMATION SUMMARY SHEET

**Maryland State Retirement Agency
Request for Proposals For
Global Custody Services
for the Board of Trustees for the
Maryland State Retirement and Pension System**

Procurement Officer: Toni Voglino
Tel.: 410-625-7563
Fax: 410-468-1701
Email: investcustodyrfp@sra.state.md.us

Submit Proposals to: Maryland State Retirement and Pension System
Attn: Toni Voglino, Senior Compliance Officer
120 E. Baltimore St., 12th Floor
Baltimore, MD 21202
Email: investcustodyrfp@sra.state.md.us

Solicitation Issue Date: September 05, 2017

Deadline for Receipt of Questions: September 12, 2017 by 2:00 p.m. Local Time

Proposal Due Date and Time: September 29, 2017 by 2:00 p.m. Local Time

Oral Presentations:* by October 17, 2017

Tentative Contract Award: December 15, 2017

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

** May be asked to present to the Investment Committee of the Board of Trustees.*

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SECTION I: SOLICITATION INFORMATION AND INSTRUCTIONS

1.1. Introduction

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

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

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

One custodian will be selected as a result of this RFP. Pursuant to § 21-123(f) of the State Personnel and Pensions Article of the Annotated Code of Maryland (SPP), the Board will appoint and contract with one firm to provide global custody services for both domestic and international assets managed by the Board as specified in this solicitation. The base term of this Contract for services will be for a five (5) year term. At the sole option of the Agency, this Contract may be extended for one or more additional terms not to exceed four (4) years in the aggregate.

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

1.2. Abbreviations and Definitions

Agency - refers to the Maryland State Retirement Agency.

Board refers to the Board of Trustees for the System.

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

BAFO - refers to “best and final offer” made in response to the Agency’s request therefor.

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

Contract - refers to the Contract to be entered into by the Agency and the successful Offeror pursuant to this RFP.

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

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

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

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

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

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

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

Procurement Officer - refers collectively to the Procurement Officer designated herein.

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

RFP - refers to this Request for Proposals.

Staff - refers to the staff members of the Agency.

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

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

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

1.3. Exempt From Procurement Regulations

With few exceptions, this RFP and any Contract entered into as a result hereof are not subject to the provisions of Division II of the State Finance and Procurement Article (Procurement Article). Nonetheless, the requirements of the Procurement Article and Code of Maryland Regulations (COMAR), Title 21, State Procurement Regulations (as amended), will be applied to this RFP to the extent practicable and consistent with obtaining the best global custody services for the SRPS, all as determined in the Procurement Officer's sole discretion. The appeal procedures contained in the Procurement Article and in the State Procurement Regulations will not apply to this procurement. The Agency will conduct this solicitation in accordance with the policy and procedure for the procurement of custodial banking services set forth in the Board's Investment Policy Manual (the "IPM"). The IPM is available online at <http://www.sra.state.md.us>.

1.4 Form of Contract

The Agency has attached as Appendix C its standard form of contract that it expects an Offeror selected for award to sign. Any exceptions to this RFP, including the form of contract, must be clearly identified in the transmittal letter of the Offeror's technical proposal. The volume and severity of exceptions to the contract terms, including the terms of the RFP, will be considered in the evaluation process, and may be grounds for finding an Offeror not reasonably susceptible for award.

1.5. Procurement Officer

Procurement Officer: Toni Voglino
Tel.: 410-625-7563
Fax: 410-468-1701
Email: investcustodyrfp@sra.state.md.us

Submit Proposals to: Maryland State Retirement System
Attn: Toni Voglino, Senior Compliance Officer
120 E. Baltimore St., 12th Floor
Baltimore, MD 21202
Email: investcustodyrfp@sra.state.md.us

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

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

Firms that currently do business with the Agency or the System may contact persons other than the Procurement Officer, but their contact must be limited to business unrelated to this

RFP. In addition, no firm should discuss this RFP with any employee of the Agency's custodian, outside managers, or any other advisor providing services to the Agency or the System.

1.5. **Contract Officer(s)**

The Contract Officers monitor the daily activities of the Contract and provides technical guidance to the Contractor. The State Contract Officers are Patricia A. Wild, Managing Director, and Robert M. Burd, Deputy Chief Investment Officer.

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

1.6. **Use of eMaryland Marketplace**

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

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

1.7. **Schedule of Events**

<u>Event</u>	<u>Date</u>
Solicitation Issue Date	September 5, 2017
Deadline for Receipt of Questions	September 12, 2017 by 2:00 p.m. Local Time
Proposal Due Date	September 29, 2017 by 2:00 p.m. Local Time
Oral Presentations *	by October 17, 2017
Tentative Date of Contract Award	December 15, 2017

** May be asked to present to the Investment Committee of the Board of Trustees.*

1.8. **Questions and Inquiries**

All Offerors should direct their questions to the Procurement Officer identified in Section 1.4 above. **Questions must be submitted in writing by mail, facsimile, or preferably, by e-mail, to the Procurement Officer at the Issuing Office no later than 2:00 p.m. local time on September 12, 2017.** Oral questions will not be permitted. If the questions or inquiries

pertain to a specific section of the RFP, Offerors must reference the relevant page and section number(s). In case of questions not received in a timely manner, the Procurement Officer shall, based on the availability of time to research and communicate an answer, decide whether an answer can be given before the Proposal due date. Answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all vendors who are known to have received a copy of this RFP.

1.9. Pre-Proposal Conference

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

1.10. Proposals Submission Requirements and Deadline

To be considered for award, Offerors must submit to the Procurement Officer a package containing one (1) unbound written original, and five (5) printed copies (total of 6) of the Technical Proposal and the Price Proposal, each in separate envelopes. All submissions shall include the RFP Title and number and the Offeror's name and address. **PROPOSALS MUST BE RECEIVED BY THE PROCUREMENT OFFICER AT THE ISSUING OFFICE NO LATER THAN 2:00 PM LOCAL TIME ON September 29, 2017.**

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

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

1.11. Duration of Offer

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

1.12. Order of Precedence

The contents of this Solicitation and the Proposals (Technical and Financial) of the successful Offeror will be included by reference in any resulting Contract. In the event of a conflict

between the provisions of the Contract to be entered into by the Agency and the successful Offeror, as a result of this RFP, the RFP or Proposal, the following order of precedence shall determine the prevailing provision:

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

1.13. Revisions to the RFP

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

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

1.14. Cancellations; Discussions

The Agency may cancel this RFP, or may reject any or all Proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State.

1.15. Oral Presentations

In support of their proposals, Offerors may be required to make oral presentations to an Evaluation Committee organized by the Agency, the Board, or both, not more than one (1) week after the Agency has requested an Offeror to do so. Representations made by an Offeror during the oral presentation and deemed relevant to an Offeror's Proposal must be reduced to writing and will become part of the Offeror's Proposal and are binding if an Award is made to the Offeror. Oral presentations may be held at an Agency location or at the Offeror's location with an accompanying site walk-through.

1.16. Incurred Expenses

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

1.17. Economy Preparation

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

1.18. Multiple or Alternative Proposals

Alternative Technical Proposals will not be accepted.

1.19. Access to Public Records Act Notice

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

This information is to be placed after the Title Page and before the Table of Contents in the Offeror's Technical Proposal, and if applicable, also in its Price Proposal. A blanket statement declaring that the entire Proposal is confidential is not sufficient and will not be honored. Upon request for this information from a third party, the Agency will make an independent determination whether the information is disclosable.

1.20. Offeror Responsibilities

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

1.21. Proposal Affidavit

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

1.22. Contract Affidavit

All Offerors are advised that if an Award results from this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Appendix D of this RFP.

1.23. Conflict of Interest Affidavit and Disclosure

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

1.24. Representations

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

1.25. Minority Business Enterprise Notice

Minority Business Enterprises (MBEs) are encouraged to respond to this RFP. 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.

A current directory of certified MBEs is available through the Maryland State Department of Transportation (MDOT), Office of Minority Business Enterprise, 7201 Corporate Center Drive, Hanover, Maryland 21076. The phone numbers are (410) 865-1269, 1-800-544-6056, or TTY (410) 865-1342. The directory is also available on the MDOT website at <http://mbe.mdot.state.md.us/directory/>. The most current and up-to-date information on MBEs is available via this website.

1.27. No Guarantee of Work

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

1.28. Contract Term

The Contract for these services shall begin on or about December 15, 2017, and shall continue in effect until December 15, 2022. The Contract will provide that, at the sole option of the Agency, the Contract may be extended for one or more additional terms not to exceed four (4) years in the aggregate.

1.29. Ownership of Material

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

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SECTION II: OFFEROR'S MINIMUM QUALIFICATIONS

2.1. General

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

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

- 2.1.1. The selected Offeror must comply with generally accepted accounting principles as well as governmental accounting practices concerning treatment of accruals.
- 2.1.2. Neither the key members of the service team nor the selected Offeror may have, or could potentially have, a material conflict of interest, in fact or in appearance, with the Agency or the System.
- 2.1.3. As of December 31, 2016 the Offeror must provide global custody or trust services for at least \$300 billion in global custody assets. The \$300 billion must include domestic and international equity and fixed income assets.
- 2.1.4. As of December 31, 2016, the Offeror must be providing domestic custodial services for at least ten (10) U.S. based pension clients. At least five (5) of the clients must be public pension clients, each of which has U.S. marketable security trust assets greater than \$20 billion assets under management.
- 2.1.5. The Offeror must have provided global custodial services for a minimum of five (5) years for at least five (5) U.S.-based clients, each with international marketable security trust assets having a market value in excess of \$20 billion.
- 2.1.6. The Offeror must have an automated accounting system that provides the Agency access to both U.S. and international securities accounts within a uniform framework of accounting treatment, reporting and performance measurement.
- 2.1.7. The Offeror must be a U.S. domiciled trust company and a member of the Federal Reserve, or a U.S. subsidiary of a foreign bank subject to the jurisdiction of U.S. courts.
- 2.1.8. The Offeror must be (a) a financial institution, as defined in Section 6-201(e) of the Procurement Article, and (b) eligible to do business in the State of Maryland.
- 2.1.9. The Offeror must be a member of, and have the ability to clear transactions or cash through, all major book entry or electronic securities depositories, such as the DTC/ID system, and the Federal Reserve System.

2.1.10. The Offeror must have access to vault facilities for the safekeeping and physical delivery of all securities not eligible for the depositories described in 2.1.9 above.

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SECTION III: SCOPE OF WORK

3.1. Introduction

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

As of June 30, 2017, the SRPS and MTA assets combined were valued at \$49.1 billion and were allocated as follows:

<u>ASSET CLASS</u>	<u>Market Value (\$millions)</u>
GROWTH EQUITY	24,067.2
U.S. EQUITY	8,180.8
INTERNATIONAL EQUITY	6,592.5
EMERGING EQUITY	4,248.8
PRIVATE EQUITY	5,045.1
RATE SENSITIVE	10,303.9
LONG-TERM GOVERNMENT BONDS	4,829.3
SECURITIZED & CORPORATE BONDS	3,219.6
INFLATION-LINKED BONDS	2,255.0
CREDIT	4,682.6
HIGH YIELD BONDS & BANK LOANS	3,224.2
EMERGING MARKETS DEBT	1,458.4
REAL ASSETS	5,931.4
REAL ESTATE	3,939.4
COMMODITIES	1,082.0
NATURAL RESOURCES & INFRASTRUCTURE	910.0
ABSOLUTE RETURN	3,527.8
CASH AND CASH EQUITIZATION	584.9
TOTAL FUND	49,097.8

The PHBT (OPEB) assets as of June 30, 2017 were valued at \$306.7 million. These assets are currently held in commingled funds.

3.1.1. Additional Information

For additional information, please refer to the Agency's website at: www.sra.state.md.us. The following exhibits to the RFP, which contain additional information about the operations of the Agency, are available online at <http://www.sra.maryland.gov>:

- A. Managers and Values (as of 06/30/2017)
- B. Account Schematic
- C. Performance Structure
- D. Transaction Summary (1 year)
- E. Market Value by Country
- F. Private Fund Schematic
- G. Derivatives
- H. Fed Wires
- I. Private Fund Operating Module
- J. Bank Loans
- K. Third Party Lending Volume
- L. FX Activity
- M. PE Reporting
- N. RE Reporting
- O. Additional Information

3.2. General Scope of Work

The scope of work is to provide global master custody services relating to the investments and assets separately managed by the Board of Trustees, including without limitation to the assets of the SRPS, the PHBT Fund, the MTA Plans, and any other trust funds assigned to be administered by the Board of Trustees (collectively, the "System"). The Contractor will be the System's book of record.

3.3. Services to be Provided

The Global Custody Contractor must perform the services in this Section for the Agency and the System.

3.3.1. Accounting and Auditing

The Contractor shall:

- 3.3.1.1. Make available trade date multi-currency accounting for all securities and full accrual accounting for all assets.
- 3.3.1.2. Make available accounting services for all investments in the System's portfolio including, but not limited to the following:
- a) All income and security transactions (cash and non-cash); domestic and international equity, fixed-income securities, commingled trusts, private market funds, securities-lending income, and foreign tax reclaim receivables;
 - b) Capital changes, including mergers, acquisitions, tenders, stock splits, warrants, and spin-offs;
 - c) Options, futures, swaps, and any other derivative instruments;
 - d) Leveraged buy-outs, venture capital, real estate, hedge funds, special purpose vehicles and various other private equity and debt investments; and,
 - e) Forward exchange contracts.
- 3.3.1.3. Unless otherwise directed by the Agency, book all investments at cost and report them with updated market values. Gains and losses on securities sold shall be recognized on an average cost basis.
- 3.3.1.4. Provide a daily comprehensive pricing system ensuring the accuracy of the prices received from various external sources (e.g. external investment managers or third party pricing vendors), by employing procedures to verify the primary price (reserving the Agency the right to mandate the primary source) to a secondary pricing source, compare prior period's prices to the current period's prices and investigate both changes outside established tolerances, as well as changes from the prior month that appear unreasonable in relation to current market trends.
- 3.3.1.5. Provide annual accounting on a fiscal year basis, July 1 through June 30.
- 3.3.1.6. Provide daily pricing of portfolios for the purpose of computing daily net asset values for various portfolios.
- 3.3.1.7. Provide commingled accounting on at least a monthly basis.
- 3.3.1.8. Perform a monthly reconciliation between the Contractor and the System's public investment managers and provide a summary report by the 17th business day that reflects any net asset value differences. The summary report should identify the difference in both dollars and basis points (BP) with a detailed explanation of any differences that exceeds 10 BPs.

- 3.3.1.9. Provide necessary data required for the Agency to comply with Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).
- 3.3.1.10. Provide daily verification with Staff of net cash flows by account as requested.
- 3.3.1.11. Provide quarterly accounting, reporting and performance for private market assets including cash flow reporting, funding status, vintage year, etc.

3.3.2. Trade Settlement and Custody

The Contractor shall:

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

consultants and investment managers, and any other third party approved by the Agency.

- 3.3.2.7. Provide for settlement on a delivery versus payment basis and accept free delivery.
- 3.3.2.8. Settlement of all domestic and foreign trades including, but not limited to equity, fixed income, alternative investments, and derivative instruments. The Contractor shall provide a comprehensive system for selecting agents and sub-custodians and evaluating and monitoring their internal control structures, performance, and financial condition (including compliance with SEC Regulation 17-f for custody of assets). The Contractor will provide the Agency a list of the agents and sub-custodians it utilizes and will provide prompt notice to the Agency of any changes in such list.
- 3.3.2.9. Provide the Agency timely notification of all corporate actions and activities including but not limited to tender offer, called bonds, and bankruptcies.
- 3.3.2.10. Service and support systems necessary for the timely exercise of corporate actions and proxy voting by the Agency as directed.
- 3.3.2.11. Provide a robust performance measurement system fully integrated and compatible with the core custody and accounting systems.
- 3.3.2.12. Facilitate the processing of foreign exchange (“FX”) transactions at the direction of the client and its investment managers. Provide 24-hour access to foreign exchange markets; full transparency to FX transactions executed by the custodian including but not limited to the execution date, price, and time-stamped; offers full online access to exchange information; provide notification when fee rates change (markup/mark down) and can facilitate the use of third-party currency trading.
- 3.3.2.13. File all foreign tax reclaim forms, monitor foreign tax liability and tax reclaim collections, including monthly reconciliations of tax reclaims from prior custodian except for those countries you have specified in your response that you do not provide services.
- 3.3.2.14. Provide all required country opening documents to the Agency for completion and submit completed documents for all countries except for those countries specified in your proposal that you do not provide services.

- 3.3.2.15. Make available to Investment Managers any failed settlements as soon as possible via an on-line system.

3.3.3. Cash Management

The Contractor shall:

- 3.3.3.1. Provide an automated daily sweep of net cash flows, by account, to Contractor short-term investment fund (STIF) or external money market funds, as directed by the System.
- 3.3.3.2. Provide daily cash flow activity spreadsheet via email to Staff by 10:00 a.m. EST.
- 3.3.3.3. Provide overnight investment management services for the funds received after the occurrence of the daily sweep.
- 3.3.3.4. Provide an on-line cash flow approval system for cash draw-downs involving Private Market Funds.

3.3.4. Reporting Requirements

The Contractor shall:

- 3.3.4.1. Complete monthly reconciled accounting statements on a mutually agreed staggered schedule to be completed no later than the eighth (8th) business day of the month (for the prior month's reporting cycle). Deliver hard copy month end reports by the tenth (10th) business day of the month. Reconcile the Public Fixed Income accounts with the Investment Managers prior to the monthly books being closed. The Agency and Contractor may mutually agree in writing to a later completion and/or delivery schedule for transaction reports subject to availability of third party information or substantive changes in the System's portfolio composition or structure.
- 3.3.4.2. Make available an accurate report of all holdings, yearly transactions, and other pertinent investment data, in a format acceptable to the Agency, no later than 15 days after the end of each fiscal year.
- 3.3.4.3. Make available tracking of brokerage commissions paid to specific brokers by account, consolidation of accounts, and manager.
- 3.3.4.4. Provide detailed monthly reports on the holdings and transactions of the system's Derivatives.

- 3.3.4.5. Make available a timely report of securities on loan if the Contractor is not the securities lending agent.
- 3.3.4.6. Provide daily cash flow projections and other cash management reports as requested by the Agency and as modified from time-to-time as circumstances warrant.
- 3.3.4.7. Provide monthly cash flow activity report for Private Market Funds.

3.3.5. Corporate Actions, Class Actions and Proxy Voting

The Contractor shall:

- 3.3.5.1. The Contractor shall, upon the settlement or other resolution of any class action litigation matter in which the System has an interest, timely file documents and take other steps necessary to collect monies due the System from such litigation and protect the System's interests. Contractor shall file documentation relating to class actions including periods under the prior custodian and those which cross over from the prior custodian to the new custodial contract. The foregoing obligations apply to both (1) domestic class actions, and (2) opt-out international class actions of which Contractor receives timely notice. If Contractor receives notice regarding any other type of litigation matter (including international opt-in class actions) that may require action by the Agency and/or System, the Contractor shall forward all available documentation regarding such litigation matters to the Agency promptly to permit timely action by the Agency and/or System.
- 3.3.5.2. The Contractor shall make available transaction records to the Agency and its third party vendors for purposes of monitoring class action claims. The Contractor will also make available recovered amounts and a class action tracking report to the Agency. The Contractor shall make available reports of all class actions, claims filed and settlements received at least monthly through a secure internet based reporting system.
- 3.3.5.3. The Contractor shall make available notifications of corporate actions including bond puts, calls and other scheduled and non-scheduled redemptions to the Agency and/or the System's external investment managers in a timely manner through a secure interactive internet based system.
- 3.3.5.4. The Contractor shall provide proxies and proxy statements for U.S. corporations to the Agency or the System's designee (currently Institutional Shareholder Services) prior to annual and special

meetings within a timeframe sufficient for relevant receipt, analysis and vote determination.

- 3.3.5.5. The Contractor shall provide proxies and proxy statements to the Agency, the System's external managers or designee (currently Institutional Shareholder Services) prior to annual and special meetings for foreign corporations. Such proxies and proxy statements will be provided subject to local market practice, but in a manner consistent with the practice of the Contractor's peers for the relevant market, at minimum.
- 3.3.5.6. The Contractor shall, at the option of the Agency, provide proxy voting capabilities for U.S. and foreign holdings, including proxy voting services, notification of proxy information, translation of foreign proxies, and a monthly report detailing all proxy voting activity.
- 3.3.5.7. The Contractor shall, upon commencement of the Contract and each time additional funds or subaccounts are added, work directly with the Agency's proxy voting agent to provide letters of authorization and all other relevant required information necessary so that accounts can be set up in a timely manner and proxy voting is enabled on time;
- 3.3.5.8. The Contractor agrees to promptly forward all proxy materials (e.g.: proxy solicitations, proxies and other notices) it receives for securities in the System from issuers and paying agents to the System or its designee. Upon receipt of instructions from the System or its designee, the Contractor shall promptly process all voting instructions.
- 3.3.5.9. The Contractor shall provide an automated feed of portfolio holdings between the Contractor's system and the Agency's third party vendors for proxy voting services and class action monitoring, across all funds/subaccounts and in the format required by the service provider(s), and shall otherwise make available transaction records to the Agency and its third party vendors for purposes of monitoring class actions and proxy voting.

3.3.6. Performance Measurement and Analytics

The Contractor shall:

- 3.3.6.1. Provide monthly performance reports in the format required by the Agency detailing the market values, cash flows and returns (net and gross) of each portfolio, including both custodied and non-custodied assets as well as any consolidations deemed necessary by the Agency at gross, net of management fees, and net of all fees using GIPS compliant calculation methodology.

- 3.3.6.2. Provide daily unaudited performance reports detailing the market values, cash flows and returns of each portfolio for all custodied assets as well as any consolidations deemed necessary by the Agency prior to 9 a.m. EST.
- 3.3.6.3. Pass through in the reporting all third-party benchmark return data contracted directly with the Agency.
- 3.3.6.4. Provide monthly audited performance reports for the prior month's reporting cycle by the tenth (10th) business day of the month. Reports should include all benchmarks specified by the Agency.
- 3.3.6.5. Provide monthly audited sector, industry and CUSIP level reports by the tenth (10th) business day of the month.
- 3.3.6.6. On a daily basis transmit raw portfolio performance related data, transactions data, portfolio security-level data, System required benchmark returns to the Agency or directly to third party vendor(s) (currently Barra, Bloomberg, and Factset) as authorized by the Agency.
- 3.3.6.7. Provide reports generated by the Trust Universe Comparison Service (TUCS) or its successor.
- 3.3.6.8. Provide performance analytics and attribution analysis for the System's accounts versus relevant agreed-upon benchmarks in formats acceptable to the Agency.
- 3.3.6.9. Provide monthly performance reports detailing market performance, portfolio performance, and aggregates. These reports are to include current as well as historical data.
- 3.3.6.10. Provide the Agency with all necessary System fund performance and analytical data generated or maintained by the Contractor no later than thirty (30) days after the close of the calendar quarter reported upon or as soon as possible following receipt of the necessary data from all of the System's managers.
- 3.3.6.11. Provide performance consulting as follows:
 - a) As a performance consultant, and based upon its knowledge of client and industry trends, the Contractor shall advise the Agency of the Contractor's latest performance measurement tools and products as they become available;
 - b) Provide detailed holdings information for externally managed commingled funds on a monthly basis on available data; and

- d) Based on accounting data provide derivative performance daily on a standalone basis, as part of a composite portfolio or at a composite portfolio basis with and without the derivatives.

3.3.7. Compliance Monitoring and Reporting

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

or group of portfolios specified by the Agency. Reports shall display the status of each test; a pass, an alert or a warning, the reason for the alert, and the detailed data of the alert. Reports shall be based on post-trade date, pre-settlement date holdings previously reported to custodian bank.

- 3.3.7.5. The Contractor shall provide an on-line compliance monitoring and reporting application, providing the Agency with on-line access to alert and warning notifications, alert histories, rule matrixes, resolution documentation, and a set of core compliance reports. The application should have the capability to filter and download the data to PDF or Excel.
- 3.3.7.6. The application shall incorporate compliance fail management capabilities. Those will include the ability to assign severities, breaches and approvals for each alert. Staff or assigned custodian bank employees shall be able to view the test breaches, assign breaches to individuals for follow-up, and record commentary or research results on-line.
- 3.3.7.7. The Contractor shall have the ability to identify and resolve repeat compliance alerts that continue to occur each month, and to stop the alerts from reappearing in reports each month after the Agency has deemed the transaction or holding acceptable.

3.3.8. Technology/Systems Requirements

The Contractor shall:

- 3.3.8.1. Provide on-line access to an information delivery platform for purposes of downloading reports and extracted data for analysis using software products such as Excel, as well as “inquiry only” access by various internal and external users as authorized by the Agency pursuant to an Agency-approved written statement.
- 3.3.8.2. Interface where technically feasible with the System’s current and future internal and external investment managers and with those managers which may be added by the System from time-to-time authorized by the Agency pursuant to an Agency-approved written statement. The Contractor shall discontinue exchanging data related to the System with any such manager if directed to do so by the Agency. The Contractor shall annually provide to the Agency a report of entities approved by the Agency for data exchange.
- 3.3.8.3. Provide a monthly file (acceptable to the Agency) of all transactions in all System accounts to the System’s general investment consultant

(currently Meketa Investment Group) for the purpose of receiving audited positions and transaction data by the third (3rd) business day after the books are closed for all accounts under custody with the Contractor. The Agency and Contractor may mutually agree, in writing, to a later delivery schedule for transaction reports subject to availability of third-party information or substantive changes in the System portfolio composition or structure.

- 3.3.8.4. Provide on-line, real time access to data held in the Contractor's records by authorized Staff. Complete histories of investment activity of all System holdings shall be maintained throughout the term of the custodial relationship. After forty-eight (48) months on-line accessibility by Staff, the Contractor may archive data at the Contractor's option, subject however to restoration for on-line availability should such a need arise.
- 3.3.8.5. Provide industry standard reports requested by the Agency.
- 3.3.8.6. Provide training to Staff at the Agency's Baltimore offices during the initial conversion process, as new Staff is added, and any time substantial changes have been made to the information-delivery program.
- 3.3.8.7. Provide adequate protection against unauthorized access to System records under the Contractor's control. Contractor shall require written instructions from the Agency prior to granting access to any third-party vendors and shall review such access with the Agency annually. Contractor represents that its securities measures are designed and consistent with best industry practices, to (i) monitor the Contractor's internal system against unsecure access and abuse; (ii) enable the Contractor to immediately terminate any unauthorized access; and (iii) enable the Contractor to identify the entity making unauthorized access.
- 3.3.8.8. Safeguard records against potential loss or destruction by fire, theft, vandalism, storm, earthquake, terrorism or any other hazard, by retaining backup data in a secure location so that records can be recreated which are current at least to the prior month-end and the end of the day preceding the occurrence of such event.
- 3.3.8.9. Provide an established and proven plan for business continuation in emergency situations. The Contractor shall recreate records and resume operations necessary for the daily investment activities of the Agency and the System, including but not limited to, trade settlement, money movement and cash sweep, and portfolio holding data essential to portfolio management, defined corporate recovery time objective of

any occurrence of any major disaster or other cause which destroys records and/or interrupts normal operation of the Contractor's systems. The Contractor shall periodically test its business continuation plan and operating procedures.

- 3.3.8.10. Provide access to an on-line information delivery platform utilizing personal computers at the Agency with the capability of providing the following information on a daily basis:
- a) Underlying exposure to asset holdings in commingled funds;
 - b) current and historical performance;
 - c) current and historical prices and exchange rates;
 - d) composite portfolios;
 - e) current and historical transactions;
 - f) current and historical holdings in any aggregation;
 - g) performance aggregate data and (custom) benchmarks;
 - h) performance and analytic databases;
 - i) customized reports as required; and
 - j) *ad hoc* holdings and performance reports.
- 3.3.8.11. Retain computer records of all reconciled investment transactions and month-end positions on electronically readable storage media indefinitely. The Contractor shall assure that records maintained on electronically readable storage media are checked for viability on an annual basis and migrated, if necessary, to more current technology in order to maintain accessibility during the entire retention period. Upon contract termination, the Contractor shall translate all information in a format mutually agreed on, for retention by the Agency and the System.
- 3.3.8.12. Provide all reconciled month-end accounting reports in a format acceptable to the Agency (currently CD-ROM and hard copy).
- 3.3.8.13. Provide access to System data on the Contractor's on line system via a secured internet access.
- 3.3.8.14. Provide business critical reports by alternate means (e.g. facsimile transmission or e-mail) upon request, or store business critical reports for future transmission when normal business processes have been restored.
- 3.3.8.15. Provide the means to connect to the Contractor via an alternate route to be used in the event that the Internet or other connection normally used is not functional.

- 3.3.8.16. At the Agency's request, facilitate third party security lending services with a system set-up to facilitate the transmission of data between the custodian and the lending agent.

3.3.9. Transition at Commencement

The Contractor shall:

- 3.3.9.1. Should this RFP result in the selection of a new custodian bank, the new Contractor shall provide a detailed implementation schedule.
- 3.3.9.2. Reconcile custody positions to the prior custodian's records, research all reconciling items, and correct all position discrepancies.
- 3.3.9.3. Ensure that all interfaces, including, but not limited to, those to the Agency, the System's outside investment managers, the System's pricing services, and others are ready and adequately tested prior to conversion.
- 3.3.9.4. The asset conversion process, including the reconciliation of custody positions, values, outstanding foreign tax claims, receivables, and liabilities, and the proper identification of reconciling items must be completed prior to the start of parallel processing.
- 3.3.9.5. The Offeror must be able to backload the System's historic performance data into the Offeror's performance measurement and analytics system.
- 3.3.9.6. Contractor shall accept and maintain ten (10) years of holdings and transaction data from the prior custodian for the purpose of filing proof of claims on behalf of the Agency for periods prior to the date of the Contract.
- 3.3.9.7. Provide monthly reporting of all tax reclaim and class action payments received in relation to a prior custodian.
- 3.3.9.8. Develop custom reports currently being utilized by the Agency.
- 3.3.9.9. Load and make available ten (10) years of historic data in a searchable format.

3.3.10. Transition at Termination

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

- 3.3.10.1. During transition provide to the Agency and the successor custodian all information about the Contractor's system that may reasonably be needed by or useful to the successor to prepare for and effect the transition. Such information might include data formats, data element definition, update frequencies, etc. The Contractor shall not be expected to provide proprietary information about its internal systems.
- 3.3.10.2. Make available to the successor a copy of all System data in a mutually agreed form and format for test purposes.
- 3.3.10.3. On the effective date of the conversion from the Contractor to the successor custodian, make available in electronic form a complete final copy of all current System files to the successor including all historic performance data. To complete close-out of transactions in process, suitable and mutually agreed arrangements shall be made between the Contractor, the Agency, and the successor for processing of such transactions received subsequent to the effective date of conversion.
- 3.3.10.4. Make a continued effort to collect and forward tax reclaims and class actions due the System and coordinate with the successor custodian on outstanding claims.
- 3.3.10.5. Provide the necessary personnel to execute a smooth transition.
- 3.3.10.6. On the day of the conversion from the prior custodian's system to the Contractor's system, the Contractor shall oversee the transfer of securities and cash from a prior custodian and over subsequent days ensure that all securities are received and accounted for properly.
- 3.3.10.7. Provide onsite staff for the length of the conversion process to train staff, customize reporting, and resolve other issues.

3.3.11 Audits

The Contractor shall:

- 3.3.11.1. Provide annual financial statements audited by an independent certified public accounting firm in accordance with generally accepted accounting principles. An unqualified opinion must have been issued by the auditor in connection with the most recent audit.
- 3.3.11.2. Make available any records for inspection, review or audit by authorized representatives of the State of Maryland, including, but not limited to, records related to the services provided during the length of the Contract. Afford necessary staff and the Agency's internal and

external auditors continued access to and cooperation of the Contractor's corporate audit staff.

3.3.12. Personnel, Meetings, Client Conference, Notices

The Contractor shall:

- 3.3.12.1. Make appropriate personnel available to meet with Staff on site, at dates and times determined by the Agency, at least quarterly, or more frequently if required by the Agency, to discuss services related to the System's needs.
- 3.3.12.2. Provide direct access to appropriate technical staff for assistance with computer system problems.
- 3.3.12.3. Implement a relationship management protocol which assures the appropriate escalation of issues and special projects within the context of the System relationship.
- 3.3.12.4. Invite the appropriate System Board and Staff members to participate in the Contractor's group client conferences and all other educational activities provided by the Contractor and normally offered to the Contractor's clients.

3.3.13. Tax

- 3.3.13.1. The Contractor shall provide an actively managed international tax reclaim service which includes the filing of all foreign tax reclaim forms, monitoring of foreign tax liabilities, aggressively processed collections to the extent provided by the most recent tax treaties except for those countries you have specified in your response that you do not provide services. Provide support for tax audits which require holdings and or transaction data in relation to foreign taxes paid and/or claimed. (i.e German Tax Audit).

3.4. **Ad Hoc Reporting and Desired Services for Future Consideration**

The Global Custody Contractor may be asked to provide the following services at a later date. These services have been included on separate pricing schedules in the Price Proposal as A-1 and A-2. These services are not to be included as part of the pricing in Appendix A.

- 3.4.1. Collateral Management
- 3.4.2. Ad Hoc Custom Reports;

- 3.4.3. Data Feeds that exceed current practice(daily, monthly or quarterly)
- 3.4.4. Monthly Plan Accounting;
- 3.4.5. Daily Unitization and Accounting;
- 3.4.6. Daily Audited_Performance; and
- 3.4.7. Support for Internal Trading
 - a. Middle Office Service including
 - 1. Post – trade processing: trade confirmation, position & cash reconciliations
 - 2. IBOR Position keeping
 - 3. Data warehouse/repository, business intelligence and reporting tolls

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SECTION IV. PROPOSAL PROPOSAL QUESTIONNAIRE

In its proposal, each Offeror must provide clear responses to all questions in this Section. For any question asking for confirmation, please state “confirmed” or, if unable to affirmatively confirm, note any exceptions.

4.1 QUALIFICATIONS

4.1.1. Organization

- 4.1.1.1. Provide a brief history of the Offeror, including its year of organization and the history of the Offeror’s involvement in the global custody business. Also list other services provided by the Offeror or related entities (asset management, investment management servicing, wealth management, custody, etc.).
- 4.1.1.2. Is the Offeror, its parent or an affiliate a registered investment advisor with the SEC under the Investment Advisers Act of 1940?
- 4.1.1.3. Describe the financial condition of the Offeror. What are the Offeror’s total assets and capital base?
- 4.1.1.4. Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers supplying the coverage.
- 4.1.1.5. Describe the various types of insurance coverage and indemnifications provided to protect custody clients, including:
 - a) Risks covered
 - b) Carriers
 - c) Levels
 - d) Limits
 - e) Deductibles
- 4.1.1.6. Confirm that you have and summarize the Offeror’s Code of Ethics.
- 4.1.1.7. Does the Offeror utilize subcontractors or other types of vendors in the performance, delivery and provision of services and products requested hereunder? If so, please describe the services being utilized.

4.4.1.2 Risk Management

- 4.1.2.1. Describe how your risk management department is structured, its main objectives and any enterprise risk management programs, tools or policies you have in place.
- 4.1.2.2. Identify and describe the major risk factors that you manage in a custody relationship. Describe how you manage these risks.
- 4.1.2.3. Describe how you manage the sub-custodians, technology, counterparty and regulatory risk.
- 4.1.2.4. Provide a copy of your most recent Statement on Standards for Attestation Engagements (SSAE) No. 16 – Reporting on Controls at a Service Organization report. List and describe the nature of all errors and/or weaknesses that were discovered as a result of the review. What steps have been taken to correct the errors or otherwise strengthen the internal controls of your system?

4.2 **CAPABILITIES**

4.2.1. Administration and Client Service

- 4.2.1.1. Describe your client relations process, including the following:
 - a) Formal and informal oral and written communications;
 - b) Inquiry and problem resolution processes;
 - c) Information on available services and service delivery issues; and
 - d) Training in the use of the services and systems
- 4.2.1.2. Describe your efforts to attract and maintain qualified administrators and client service officers.
- 4.2.1.3. Describe your efforts directed toward continuous assessment and improvement of the client service organization and the quality of service to its clients.

4.2.2. Investment Manager Liaison

Describe your process for interfacing with the investment managers serving your global custody clients?

4.2.3. Settlement, Securities Processing and Custody

- 4.2.3.1. Identify any country for which you do not provide tax reclaim services.
- 4.2.3.2. Identify any country for which you do not offer country opening document services.
- 4.2.3.3. Confirm and/or summarize your insurance coverage levels and your insurance policies for all of your global custody activities and the activities of any sub-custodians.
- 4.2.3.4. Discuss your policy and procedures for assuring that each client's assets are properly held in safekeeping and positions are accurately maintained in your accounting records. Include information on segregation of assets and distinctions between physical and book entry positions.
- 4.2.3.5. Discuss your procedures for settling purchases and sales. Start with the trade entry by an investment manager, and include in your discussion actual settlement date processing and contractual settlement date.
- 4.2.3.6. Describe your system for registration and custody of assets, including depository used, level of interface and procedures for depository- ineligible securities.
- 4.2.3.7. Briefly describe the Contractor's policy and procedures on failed trades for both domestic and foreign securities and the steps that will be taken to minimize trade failures.
- 4.2.3.8. Discuss and explain how your custody and accounting systems are integrated. Describe for us how the accounts are reconciled daily and monthly to ensure accurate reporting.
- 4.2.3.9. Describe special procedures you employ for processing, valuing and reporting both domestic and international derivative products, i.e., futures and options.

4.2.4. Accounting, Auditing and Reporting

- 4.2.4.1. What is your policy for posting trade and income related cash and foreign currencies to client accounts for each accounting basis listed below? Include information on fail float and overdraft facilities.

- a) Trade Date Accrual Accounting
 - b) Cash Basis Actual Settlement Date Accounting
 - c) Cash Basis Contractual Settlement Date Accounting
- 4.2.4.2. What are your domestic income collection and income crediting policies regarding crediting of interest/dividends and principal on payable date? Specifically address principal payments associated with mortgage and asset backed instruments.
- a) Are income payments credited in same day funds? Specify any exceptions.
 - b) What are your international income collection and income crediting policies, by country?
 - c) Can you provide standing instructions to convert income to U.S. dollars or another currency?
- 4.2.4.3. How do you price securities that are not available from your pricing services, such as private placements? Describe your process of pricing derivative (including OTC) securities and non-traditional fixed income securities (Bank Loans).
- 4.2.4.4. Describe your tax lot accounting and reporting procedures including all purchase cost options (LIFO, FIFO, etc.) for US and non-US securities.
- 4.2.4.5. What current accounting, holding, and transaction data is available on-line and for how long? What historical data is available on-line or through other electronic media?
- 4.2.4.6. List the primary and supplementary sources of daily prices for all asset classes including the FX rate used to determine the USD cost basis on non-domestic security transactions. Please specify those asset classes which cannot be priced on a daily basis and their pricing frequency.
- 4.2.4.7. Describe your capability for using more than one primary pricing source within a given asset class (i.e. corporate bonds, mortgage securities, thinly traded stocks, private equity, emerging market stocks and bonds, etc.).
- 4.2.4.8. List the primary and supplementary sources of daily prices for all asset classes including the FX rate used to determine the USD cost basis on non-domestic security transactions. Please specify those asset classes which cannot be priced on a daily basis and their pricing frequency.
- 4.2.4.9. Describe your capability for using more than one primary pricing source within a given asset class (i.e. corporate bonds, mortgage

securities, thinly traded stocks, private equity, emerging market stocks and bonds, etc.).

- 4.2.4.10. What procedures are in place to ensure accurate pricing? What procedures do you have in effect to flag and investigate unusual or significant pricing changes from the previous day or month? Describe your procedures for reconciling prices with investment managers.
- 4.2.4.11. Do you maintain a record of the original face amount purchased with regard to pass-through investments, such as GNMMAs, FHLMMCs and FNMMAs?
- a) List the various inventory values (market vs. book/cost) that you compute and carry, describe the computation of each, and identify where each is reported?
 - b) Describe your procedures and available options for calculating base currency cost for non-US\$ denominated securities.
 - c) Describe your procedures for computing and reporting realized and unrealized gains and losses in total, from currency, and from the market for US\$ denominated and/or non-US\$ denominated securities.
 - d) For any "effective date posting" describe the controls in place to maintain integrity of data for prior periods for which the books are closed.
- 4.2.4.12. Please confirm that your accounting system allows clients to generate transaction reports that exclude cancels and rebooks or other revision entries.
- 4.2.4.13. List and provide samples of the standard reports (audited and un-audited) provided by your system:
- a) For multi-currency reporting, does the report identify: the country, the industry, and security levels? Do you have the capacity to report in both the local currency and translate to the reporting currency?
 - b) Describe your process for providing customized reports to our specifications, both at the onset of the relationship and ongoing. Provide turn-around times for customized reporting requests. Is customization available to the end-user through ad hoc query tools?
 - c) Provide samples of the following accounting and regulatory reports.
 - 1. Holdings of Investments at cost and market value;
 - 2. Statement of Changes in Net Assets (Income Statement) at the plan, pool and portfolio levels;

3. Statement of Net Assets (Balance Sheet) at the plan, pool and portfolio levels;
4. Cash Flow Projection Reports;
5. GASB 25, 28, 40, 53, 67 & 72; and
6. Federal Reserve SHC.

4.2.5. Systems and Technology

- 4.2.5.1. Describe your technology support organization and how it is subdivided (Network, Operations, Applications Development, IT Security, Support, Sales Support, etc.). Include in your description responsibilities, reporting lines and staffing. Please specifically include contractors in each unit and identify their specific assigned duties. Identify it on the organizational chart submitted in Section 4.4.1.
- 4.2.5.2. Please discuss scheduled downtime. What are the processes relating to scheduled downtime, for example: client notification, parallel servers, period of time system unavailable per occurrence, etc? How much scheduled downtime has the system experienced in each of the past two years? How much unscheduled downtime has the system experienced in each of the past two years? What were the primary causes and how were the problems corrected?
- 4.2.5.3. Describe your ability to load at least ten (10) years of historic data from a prior custodian and make available to the Agency in a searchable format. If there are any fees to load and maintain this data, please include in the bundled fee in Appendix A. PLEASE DO NOT INCLUDE ANY PRICING INFORMATION IN YOUR RESPONSE TO THIS QUESTION.

4.2.6. Security and Business Continuity

- 4.2.6.1. What are your security procedures to protect client information, especially with respect to unauthorized access to data, methods for authenticating users, and providing different access rights and permissions?
- 4.2.6.2. Summarize your process for real-time file back-up and off-site storage for data and software, including back-up locations.
- 4.2.6.3. Summarize your emergency management/business continuation plan. In your description, please identify alternative operating sites and the maximum time required to resume business operations.
- 4.2.6.4. Do you currently carry cybersecurity insurance? If yes, provide an overview of the coverage.

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

Due Diligence

4.2.7. Additional Information

- 4.2.7.1. Describe the research capabilities and services that your firm or affiliated firms are able to provide to custody clients. Include services such as economic and market overviews and forecasts, research reports, *ad hoc* analyses, access to data sources, analytic tools, and conferences. Please indicate if custody clients receive these services as a part of base custody fees or for a discount (and the extent of the discount). Indicate if there are any limitations or conditions on the access to or use of these services by custody clients.
- 4.2.7.2. List and briefly describe any new custody services/product improvements that have been released in the past two years or will be released within the next year.

4.2.8. Income and Capital Change Processing

- 4.2.8.1. Describe your procedures for establishing entitlements/accruals for dividends, interest, and corporate actions for all asset types.
- 4.2.8.2. Describe the processing of tax on foreign income, including:
- a) Sources of information;
 - b) Procedures for maintaining information on current treaty provisions;
 - c) Responsibilities and processing steps for
 - Filing to establish status for exemptions and reclamation

- Filing reclamation for tax refunds
 - Collecting refunds;
- d) Procedures for accruing, reporting, aging, and posting of reclaimable tax; and
- e) Reporting detail to clients.

4.2.9. Corporate Actions, Class Actions and Proxy Voting

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

4.2.10. Trade and Foreign Exchange Processing

- 4.2.10.1. Describe your process for verifying trade instructions and exception processing. Include the percentage of trades that require corrections or amendments.
- 4.2.10.2. Describe your FX operations and capabilities. Please include in your

discussion the processing of third-party transactions; the physical location of the operations for the traders and execution facilities; the number of people involved; timing requirements and response time; and currencies exchanged.

- 4.2.10.3. Do you perform FX transactions on a principal or agency basis?
- 4.2.10.4. When are FX transactions executed (i.e. throughout the day, at open, at close, etc.) and are orders traded in large blocks or do you typically trade in smaller blocks over a longer period of time?
- 4.2.10.5. Do you net all client activity prior to making a FX transaction? If so, please describe in detail how you net client activity and whether this is net client by client or if you net across various clients when executing. Please differentiate between regulated and unregulated markets, if applicable.
- 4.2.10.6. Does your organization charge a penalty or administrative cost for currencies executed by a third party other than the custodian bank?
- 4.2.10.7. What if any, business risk does the firm assume as part of its exchange services?
- 4.2.10.8. What current transaction information is available on-line? What historical trade information is available on-line or other electronic media?
- 4.2.10.9. Please describe the following:
 - a) Currencies exchanged
 - b) Daily volume per currency for past 12 months
 - c) Percentage of foreign exchange execution represented by current clients of the Business Unit
 - d) Capability to trade FX forwards and futures contracts
 - e) Provide an FX Platform to utilize multiple competitive foreign currency bids. Discuss any foreign exchange platforms that would allow for multiple foreign currency bid/ask quotes on a competitive basis.

4.2.11 Cash Management

- 4.2.11.1. Discuss how the client is compensated for late payment of interest, dividends, maturities, tenders, etc. How is the rate determined?
- 4.2.11.2. Describe your program for providing fail float interest on sale proceeds.

- 4.2.11.3. What are your policies and procedures for investing daily surplus cash balances that are not used by investment managers?
- 4.2.11.4. Please include a description of all available cash management vehicles for qualified retirement plans (i.e., sweep vehicle, STIF, etc.). Include frequency of fund opening/valuation and investment results for the past three calendar years ending December 31, 2015. Describe the investment guidelines and policies (risk analysis, asset allocation, average duration, quality, term structure, diversification, etc.) of your short-term investment funds.
- 4.2.11.5. Have any of your short-term investment funds defaulted during the past three (3) years? If so, please explain the circumstances of the default, recovery of investment, allocation of loss, etc. Did any participants incur a loss? Were any adjustments made to your investment guidelines/policies to avoid a similar problem?
- 4.2.11.6. What is the daily notification deadline for outgoing wire transfers? Also discuss domestic and international / US and non-US currencies.
- 4.2.11.7. What is the daily deadline for receiving incoming wire transfers in order to ensure same-day investment?

4.2.12. Performance Measurement and Analytics

- 4.2.12.1. What is the typical staff to client ratio? What is the average number of years of professional performance measurement and analytics experience? How many will be assigned to the System's account?
- 4.2.12.2. Describe how the performance reports are reconciled with accounting statements for the same period. How is it audited? Indicate whether the system is internal or if you use an outside vendor's service. If you use outside vendors, please list them.
- 4.2.12.3. What internal procedures and controls exist to assure that the following information and data are reported correctly, accurately, and that transactions are authorized.
- a) Trade settlement receipts and disbursements
 - b) Interest and dividend receipts
 - c) Income accruals and reversals
 - d) Collateral/margin movements
- 4.2.12.4. What procedures exist to verify the accuracy of rates of return? Describe your procedure to verify returns with investment managers? What percentage of the returns that you calculate is verified with

investment managers?

- 4.2.12.5. Confirm that the performance reports can be customized to meet the client's needs? Please provide an example of customization.
- 4.2.12.6. Describe in detail the basic performance measurement and analytics services and reports currently available to institutional custody clients. How many clients use these services and reports?
- 4.2.12.7. Explain how your performance system handles derivative securities such as futures and options, forward contracts, warrants and rights, convertibles with currency features, venture capital, limited partnerships, and real estate for US and non-US investments where applicable.
- 4.2.12.8. List all indices and universes/families available for comparisons, their source, and manner and timing in which you receive them.
- 4.2.12.9. Please discuss your performance measurement capabilities in the private equity and real estate areas. What systems do you use to calculate internal rate of returns for private equity portfolios?
- 4.2.12.10. Do you provide universe comparison services based on an internal universe, an outside vendor (such as Wilshire/TUCS), or both? Others?
- 4.2.12.11. Which of the following statistics can your firm calculate on a monthly basis: standard deviation, tracking error, information ratio, Sharpe ratio, alpha, beta, t-squared, Treynor ratio and Jensen alpha?

4.2.13. Online System

- 4.2.13.1. Briefly describe your online system (design, inquiry features, reporting capabilities, flexibility).
- 4.2.13.2. What is the lag time between trade execution, availability of online transaction data to the client and the posting of the transactions to your accounting system?
 - a) Online delivery of accounting reports (yes/no)
 - b) Downloadable to Excel (yes/no)
 - c) Commingled fund "look through" to underlying holdings (yes/no)
 - d) Ad hoc report generator (yes/no)
- 4.2.13.3. Is a demo site available that the Agency can access?

- 4.2.13.4. Please provide a copy of your form authorization for third-party access to the System's data for investment managers, vendors, etc. Note that any form is provided for informational purposes only and must be approved by the Agency prior to use.
- 4.2.13.5. Describe your ability to provide daily unitization. Are there any limits to the number of investment pools or holder groups? Please describe the level of report customization available.

4.2.14 Compliance Monitoring and Reporting

- 4.2.14.1. Do you offer an automated system to monitor a client's investment manager compliance with investment guidelines? If so, please describe it, and indicate if it offers the following:
- a) Portfolio holding tests: tests performed on the portfolio data by manager and for the portfolio as a whole (i.e., test the maximum total domestic equity as a percent of total assets);
 - b) External data tests: tests that require data available from external database sources (i.e., credit ratings of fixed income instruments);
 - c) Derivatives tests: tests that measure the exposure to derivative instruments;
 - d) Risk management tests: tests that measure the risks associated with individual portfolios as well as the total fund (i.e., value-at-risk analysis); and
 - e) Commingled fund investments: discuss whether the compliance monitoring system can incorporate information relating to commingled fund investments, to the extent that a "look-through" capability is available.
- 4.2.14.2. Is this compliance monitoring system a feature of your online system? If so, does it track changes made to the rule matrix by user, date and change? Does it have an audit trail for breaches and resolution of the breaches that occur? Does it provide reporting for historical time periods requested? Can you download information to PDF or Excel?
- 4.2.14.3. Is the compliance testing performed on all asset classes, daily, and on a post-trade, pre-settlement basis?
- 4.2.14.4. Please describe your rule programming process. Do you have a centrally managed compliance rule writing team or is it done by compliance staff assigned to each client relationship?
- 4.2.14.5. Comment on your ability to monitor an investment manager's trades for extreme positions that could indicate unauthorized or rogue

trading. Can these trades be identified before settlement?

- 4.2.14.6. Do you offer compliance reporting on a service bureau basis?
- 4.2.14.7. Please describe the different levels of compliance monitoring services available (i.e. basic, intermediate, advanced) to your clients.
- 4.2.14.8. How do you work with new clients to adapt your system to their unique requirements for investment guideline compliance testing?
- 4.2.14.9. How long does it usually take to implement compliance testing for a new client of similar size and scope to the System? How long does it usually take to implement investment guideline compliance testing for one new portfolio manager account?
- 4.2.14.10. Please provide an example of what a monthly summary compliance exception report would look like.
- 4.2.14.11. How many business days is monthly compliance reporting available after the last day of the month?
- 4.2.14.12. Can your compliance service conduct off-line manual tests if your on-line system is unable to conduct the test? Please provide examples of manual tests that are performed outside of the compliance monitoring system for other clients.
- 4.2.14.13. Please indicate which types of tests your system can do on-line versus manual.
- 4.2.14.14. What type of support, both initial and on-going, do you provide in relation to investment guideline compliance monitoring?
- 4.2.14.15. What are your escalation procedures and timing of such escalation when an issue with compliance monitoring arises?
- 4.2.14.16. Do you have the ability to identify new regulations in global markets? Can you conduct federal, SEC, global market compliance rule testing and foreign investment disclosure monitoring and assist in reporting to the relevant agencies, both foreign and domestic?

4.2.15. Securities Lending – Third Party

- 4.2.15.1. Please describe your capabilities in supporting a third-party lending program in general – such as STP capabilities, links with major lenders, etc. Which third-party lenders are you electronically linked to?

- 4.2.15.2. How do you account for events (i.e. income, sale, corporate actions) involving securities that are out on loan?
- 4.2.15.3. Do you have a dedicated team responsible for third party lending support?
- 4.2.15.4. Are you willing to provide contractual settlement for securities/portfolios being loaned by a third party agent or borrowed by a principal borrower? For Domestic securities? For International securities?
- 4.2.15.5. How do you ensure third party lending agents receive timely notification of corporate actions? How much time do you allow third party lenders to return securities from being on loan from time of notification?
- 4.2.15.6. Please list and provide samples of reports related to third party securities lending activities.
- 4.2.15.7. Please list your current third party lending relationships.

4.2.16 Derivative Servicing

- 4.2.16.1. Describe in detail the derivative services included in your proposal (e.g., collateral management, valuations, reconciliation, servicing, guideline monitoring, trade capture, etc.).
- 4.2.16.2. Do you have different levels of service available for each of the services described above? If so, please explain. Is the processing of derivative instruments such as futures, swaps, and options done within the main accounting system?
- 4.2.16.3. Is there a separate module or system dedicated to handling such securities?
- 4.2.16.4. Describe the structure of the team that supports derivative servicing, including biographies on the key individuals and locations.
- 4.2.16.5. When marking collateral with a dealer, do you rely on the dealer's price or are you using an independent, third-party valuation?
- 4.2.16.6. For reconciliation, do you follow the guidelines set by ISDA on which attributes should be reconciled for each type of derivative? If not, how do you determine which attributes to reconcile?

- 4.2.16.7. Describe the electronic tools you utilize to provide these services. Specify if they are proprietary, off-the-shelf, or a combination.
- 4.2.16.8. Provide a sample derivative reporting package that is provided to clients.
- 4.2.16.9. Do clients have access to information online? If so, describe.

4.2.17. Systems and Technology

Systems Development

- 4.2.17.1. Provide a brief summary of the systems supporting the global custody service, including:
- a) Custody systems (securities movement and control, trust accounting, global custody, multicurrency accounting, derivative accounting)
 - b) Corporate Actions systems
 - c) Securities lending systems
 - d) Performance measurement systems (domestic and international)
 - e) Compliance Systems
 - f) Any recent or planned system developments
- 4.2.17.2. How integrated are the systems supporting the global custody service? Specifically, do you use the same platforms for your accounting, performance and compliance systems?
- 4.2.17.3. What are your IT plans for the next three years? Provide a development timeline and release schedule for each of your major systems supporting global custody operations, with specific focus on the on-line accounting, performance and compliance systems with which Staff would interact.
- 4.2.17.4. How do you work with clients in systems development? How are clients' requests prioritized for implementation?
- 4.2.17.5. Please describe what hardware/software requirements you would prefer the Agency use to connect to your systems? Please provide details on what software is required on client servers or workstations, and please also describe any required physical or virtual dedicated connections required between you and your clients.
- 4.2.17.6. Identify your system architecture's strengths and how it gives you a competitive advantage.

4.2.18. Transition and Conversion

- 4.2.18.1. What group will serve as the Transition Team in planning and implementing the Agency custody account? Identify the individuals and the roles each will serve in the transition. Also, describe their experience and how they are related to the Business Unit. Identify it on the organizational chart submitted in Section 4.4.1.
- 4.2.18.2. Describe your transition planning process. Provide a sample of documentation and a calendar for a transition assuming a contract start date of 1/1/2018 with parallel processing commencing on March 1, 2018 through April 30, 2018. How might the transition of the Agency account differ from the normal transition?
- 4.2.18.3. What planning and training would be necessary for the Agency staff; the Agency's outside investment managers; the Agency's current master custodian, and your depositories, agents, and sub-custodians?
- 4.2.18.4. What resources are required of the client during the transition period?
- 4.2.18.5. What is the disposition of transactions, claims, and accruals pending during the transition/conversion period?
- 4.2.18.6. Provide a detailed description of your last comparable conversion judging similarity by relative plan size and complexity. Include details of specific problems that occurred and the solutions implemented, timeline, etc.

4.2.19. Implementation

- 4.2.19.1. What is the role of the Transition Team during implementation?
- 4.2.19.2. How would you prepare your accounting and performance measurement databases and systems for processing the System's investments? Discuss the following:
 - a) What information would you load into your system in advance?
 - b) How could you receive that data?
 - c) For what period would you conduct parallel processing in order to develop history, test procedures, and establish entitlements/accruals?
 - d) How far in advance would you begin processing of trades to prepare for live processing of settlements by the conversion date?
 - e) What is your policy for treatment of accruals, which would have

been earned before the conversion date?

- 4.2.19.3. How do you conduct the transfer of securities and cash from a prior custodian to control the risk of loss of assets and assure that all are received and accounted for properly?
- 4.2.19.4. What reconciliations do you perform to verify that all asset positions, including accruals, are accurately transferred into the accounting and performance measurement systems?

4.20. Ad Hoc Reporting and Desired Services for Future Consideration

Additional Information

- 4.2.20.1. Describe the research capabilities and services that your firm or affiliated firms are able to provide to custody clients. Include services such as economic and market overviews and forecasts, research reports, *ad hoc* analyses, access to data sources, analytic tools, and conferences. Please indicate if custody clients receive these services as a part of base custody fees or for a discount (and the extent of the discount). Indicate if there are any limitations or conditions on the access to or use of these services by custody clients.
- 4.2.20.2. List and briefly describe any new custody services/product improvements that have been released in the past two years or will be released within the next year.
- 4.2.20.3. Please describe your collateral management services that you offer including process and options available.
- 4.2.20.4. Describe your capabilities and process for developing custom Ad Hoc reports. Please detail in Appendix A-2 the fees charged if applicable.
- 4.2.20.5. Data feeds to third party vendors. Please describe your process for providing data feeds to third party vendors on a daily, monthly or quarterly basis. Please provide any related fees in Appendix A-2 if applicable.
- 4.2.20.6. Describe your process including timing of availability and provide sample reports of your plan accounting platform. Please explain how many plans you can accommodate and if you price based on the number of plans. Pricing should be provided in Appendix A-2.
- 4.2.20.7. Explain your capabilities for providing daily unitization and daily accounting. Please include in your explanation what funds can be

updated daily and what funds cannot. Pricing for this service should be provided in Appendix A-2.

- 4.2.20.8. Please describe your capabilities for providing daily audited performance reports including the timing of availability. Pricing for this service should be detailed in the Appendix A-2.
- 4.2.20.9. Please describe your capabilities for providing middle office services to support internal trading.

4.3. PRIOR EXPERIENCE

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

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

- 4.3.2. Provide the total of all assets held in custody at December 31, 2016.
- 4.3.3. What were your organization’s long term and short term credit ratings at 12/31/2016, 12/31/2015, 12/31/2014, 12/31/2013 and 12/31/2012? Please provide the rating from all services (Standard & Poor’s, Fitch, Moody’s, etc.) which reviewed your organization’s financial standing at each of the above dates.
- 4.3.4. For each public fund account lost between, January 1, 2012 and December 31, 2016, indicate the reason for the termination and provide a contact name and phone number at the entity who is familiar

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

4.3.5. For each new client relationship gained in the last three years, please provide size and scope.

4.3.6. Describe the structure of your global custody account administration, (i.e. account team, client account executives, support by administrative units, etc). Describe how the Agency would be served within this structure.

4.4 PERSONNEL

4.4.1. Provide resumes and an organizational chart of key individuals who would be assigned to the Agency account in the following global custody service areas: global custody executive management, investment accounting, trade settlement, performance measurement and analytics, compliance, client services and/or account administration. Provide information on staff turnover in each of these areas, including number of staff lost and gained by service area.

4.4.2. How many global custody clients does your typical account representative serve? How many do the investment and settlement accountants have? How many accounts are assigned to the account administrator and chief investment accountant who would be assigned to the Agency's account and what are the total assets under administration for these individuals?

4.5 REFERENCES

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

4.6 DISCLOSURES

4.6.1. Legal Disclosure Requirements

4.6.1.1. Since January 1, 2012, has any officer or principal been involved in any litigation or other legal proceedings or any regulatory investigation relating to provision of custody services? If so, provide a description, explanation, and indicate the current status.

- 4.6.1.2. Is the Offeror presently actively considering or subject to any mergers with and/or acquisitions of or by other organizations? If yes, provide specifics and include projected timelines.
- 4.6.1.3. Does the Offeror sell or report any data from its clients, either specifically or in aggregate, to any organizations? If so, disclose these arrangements and information shares, in detail.
- 4.6.1.4. Identify any potential conflicts of interest that exist which would prohibit your firm from providing unbiased services as described in this RFP and your proposal. (“Conflict” may include brokerage relationships, money management activities, fee relationships with investment managers, soft dollars, etc.).

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SECTION V: PROPOSAL FORMAT

5.1 Transmittal Letter

The Offeror must include a brief transmittal letter prepared on the Offeror's business stationery to accompany the original and required copies of the two-volume proposal. The transmittal letter must be signed by an individual authorized to bind the selected Offeror to all statements, including services and prices, contained within the proposals.

5.2 Two-Volume Submission

The selection procedure for this procurement requires that the initial technical evaluation of each proposal be completed before consideration of an Offeror's pricing proposal. Consequently, each proposal must be submitted in two volumes as indicated below.

5.3 Volume I - Technical Proposal

The volume containing the technical proposal shall be labeled "Volume I – Global Custody - Technical." The technical proposal shall contain the transmittal letter (Section 5.1), the completed Bid/Proposal Affidavit (Appendix B).

The Technical Proposal should be prepared in a clear and concise manner and address all requirements and services set forth in this solicitation.

The technical proposal shall provide all required information in the following subsections:

5.3.1. Request for General Information

- 5.3.1.1. Name of Offeror;
- 5.3.1.2. Mailing address of the office from which the proposal is being submitted;
- 5.3.1.3. Name of individual who will represent the Offeror as the primary contact person on matters relating to the proposal; and
- 5.3.1.4. Telephone, email address and facsimile numbers of the individual identified in 5.3.1.3 above.

5.3.2. Offeror's Qualifications

- 5.3.2.1. Each Offeror shall specifically and clearly state in its proposal that it meets each requirement in Section II Offeror's Minimum Qualifications of this RFP.

5.3.2.2. Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – Section 4.1 Qualifications, subsections 4.1.1 through 4.1.2, of this RFP.

5.3.2.2. The Offeror shall include one and only one copy of the Offeror’s most recent audited financial statements with all attachments, including the unqualified audit opinion, in the original volume of its Technical Proposal.

4.3.2.3. The Offeror shall include a brief description of its plan for business continuity and recovery as a result of disaster.

5.3.3. Offeror’s Capabilities

5.3.3.1. Each Offeror shall indicate its compliance with the requirements listed in Section 3.3 Services to be Provided, of this RFP. You may also provide brief supporting statements.

5.3.3.2. Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – Section 4.2 Capabilities, subsections 4.2.1 through 4.2.20, of this RFP.

5.3.4. Prior Experience

Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – 4.3 Prior Experience, subsections 4.3.1 through 4.3.6, of this RFP.

5.3.5. Personnel

Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – 4.4 Personnel for subsections 4.4.1 to 4.4.2.

5.3.6. References

Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – 4.5 References, subsections 4.5.1 of this RFP.

5.5. Economic Benefit to the State of Maryland

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

5.5.1. The Contract dollars to be recycled into Maryland’s economy in support of the Contract, through the use of Maryland subcontractors, suppliers, and joint venture partners. Offerors should be as specific as possible and provide a

breakdown of expenditures in this category. Do not provide actual dollars for each category. Include percent of the total budget requested.

5.5.2. The numbers and types of jobs for Maryland residents resulting from the contract. Indicate job classifications, number of employees in each classification, and the aggregate payroll to which the Contractor has committed at both prime, and if applicable, subcontract levels. Do not provide actual dollars for each category. Include percent of the total budget requested.

5.5.3. Tax revenues to be generated for Maryland and its political subdivisions as a result of this Contract. Indicate the tax category (sales tax, payroll taxes, inventory taxes, and estimated personal income taxes for new employee). Provide a forecast of the total tax revenues resulting from the Contract. Do not provide actual dollars for each category. Include percent of the total budget requested.

5.5.4. Subcontract dollars committed to Maryland Small Business and Minority Business Enterprises. Do not provide actual dollars for each category. Include percent of the total budget requested.

5.5.5. In addition to the factors listed above, the Offeror should explain any other economic benefits to the State of Maryland that would result from the Offeror's proposal

5.6. Disclosures

Each Offeror shall provide responses to the questions in Section IV Proposal Questionnaire – 4.6 Disclosures, subsections 4.6.1 through 4.6.1.4.

5.7. Standard Operating Agreements

If you anticipate requesting that certain operating agreements, procedures or other documents be incorporated into the Contract to implement the services proposed to be provided, submit copies of your standard versions of such documents.

5.8. Volume II – Price Proposal

This volume shall be labeled "Volume II- Global Custody Services - Price," and sealed separately. The volume must consist of a completed and signed Price Proposal Worksheet, included as Appendix A, A-1 and A-2 to this RFP. Appendix A, A-1, and A-2 must be signed by an individual authorized to bind the selected Offeror to all statements and fees contained in the proposal.

If your firm has any additional items for which the Offeror proposes a charge, you must submit this information on a separate sheet.

In addition to the paper form of the Price Proposal Worksheet (Appendix A), the Offeror must include an electronic copy of this file.

Note: The Price Proposals are evaluated following the evaluation of the technical proposals. Therefore, no reference to price may be identified within the technical proposal. See Section V for Evaluation and Selection Procedures.

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SECTION VI. EVALUATION AND SELECTION PROCEDURE

6.1. Qualifying Proposals

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

6.2. Evaluation Committee and Evaluation Criteria

An Evaluation Committee organized by the Agency will evaluate all qualifying proposals (those proposals that are reasonably susceptible to selection for Contract award) received by the submission deadline. The Evaluation Committee will rank the proposals and make a recommendation for award based on (1) technical merit (see Section 6.3 below), as demonstrated in the technical proposal and oral presentations, if any, and (2) price proposal, both as presented in the best and final offer, if any. Technical merit will be given more weight than price in determining the Evaluation Committee's final ranking.

6.3. Technical Evaluation

After the Procurement Officer identifies the qualifying proposals, the Evaluation Committee will conduct an initial evaluation of the technical merit of each qualifying proposal based on the information provided in the proposal in response to Section 5.3 Volume I – Global Custody Services - Technical Proposal above. The Evaluation Committee's final technical evaluation may include information obtained during oral presentations, if any.

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

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

6.4. Evaluation of Costs/Fees

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

6.5. Best and Final Offer

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

6.6. Final Evaluation and Recommendation for Award

Following oral presentations to the Agency, if any, reference checks, and submissions of best and final offers, if any, the Evaluation Committee will perform its final evaluations and will make a recommendation to the Board for award of the Contract to the responsible Offeror or Offerors whose proposal is determined to be the most advantageous to the State based on the results of the final technical and financial evaluations. Prior to Board award of the Contract, Offerors may be required to make oral presentations to the Board, not more than one (1) week after the Agency has requested an Offeror to do so.

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PRICE PROPOSAL INSTRUCTIONS

General

In completing the Price Proposal (Appendix A, A-1 and A-2), Offerors must consider the requirements described in this Solicitation in Section III, Scope of Work.

1. The Price Proposal forms must be separately sealed and labeled as directed in Section 1.10.
2. The contract for these services will be for an initial five (5) year term beginning on or about December 15, 2017, and ending on or about December 15, 2022. At the sole option of the Agency, this Contract may be extended for one or more additional terms not to exceed four (4) years in the aggregate.
3. Payment will be made in U.S. dollars only.

Appendix A

4. Offerors must submit the Price Proposal identified as Appendix A in accordance with the instructions on Price Proposal form.
 - Appendix A has been structured as a bundled price with a sliding scale based on the total number of managers. Manager is defined as a separate account identified with an account or cusip number including but not limited to: publicly traded, private, hedge, commodity, real estate - public and private, sub-managers, index and other commingled funds. As of 06/01/2017 the System had a total of 367 managers.
 - For pricing purposes, the number of managers will be based on the number of managers on the last day of the prior calendar year.
 - Offeror should assume that the total value of the System assets may grow over the term of the Contract.

Appendix A-1

Submit your price for all services described below (items 1-4) by using the format provided below. Fees for the services listed below are not to be included in the bundled pricing described in Appendix A.

Appendix A-2

Submit your price for all services described below (items 1-4) by using the format provided below. Fees for the additional services listed below are not to be include the bundled pricing described in Appendix A.

1. Submit your fees for additional services, Ad Hoc Reporting and Desired Services for Future Consideration, as described on Appendix A-2.
 - A – Provide the annual fee for services listed in Section A as items 1, 2 and 3;
 - B – Provide a bundled price for the services listed in Section B as items 4, 5 and 6.

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**APPENDIX A
PRICE PROPOSAL**

RFP for Global Custody Services for the Board of Trustees for the Maryland State Retirement and Pension System

Firm Name: _____
 Address: _____

Submit your price for all services described in Section 3.3, Required Services to be Provided, as a fixed annual amount, for all services requested including **daily pricing of securities** (per Section 3.3.1.6). Please use the format provided below. **Pricing will not be adjusted in the future for fund growth, so please price accordingly.**

- A. Assumes 250 to 300 managers
- B. Assumes 301 to 350 managers
- C. Assumes 351 to 400 managers (current range)
- D. Assumes 401 to 450 managers
- E. Assumes 451 to 500 managers
- F. Assumes 501 to 550 managers
- G. Assumes 551 to 600 managers

Initial Term of Contract For Proposed Years:

	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>
A.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
B.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
C.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
D.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
E.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
F.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
G.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Optional Extensions for Proposed Years:

	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>
A.	\$ _____	\$ _____	\$ _____	\$ _____
B.	\$ _____	\$ _____	\$ _____	\$ _____
C.	\$ _____	\$ _____	\$ _____	\$ _____
D.	\$ _____	\$ _____	\$ _____	\$ _____
E.	\$ _____	\$ _____	\$ _____	\$ _____
F.	\$ _____	\$ _____	\$ _____	\$ _____
G.	\$ _____	\$ _____	\$ _____	\$ _____

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

Authorized Official: _____

Typed Name: _____

Title: _____

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APPENDIX A-1

PRICE PROPOSAL – SEPARATELY PRICED SERVICES

RFP for Global Custody Services for the Board of Trustees for the Maryland State Retirement and Pension System

Firm Name: _____
Address: _____

Submit your price for all services described below (items 1-4) by using the format provided below. Fees for the services listed below are not to be included in the bundled pricing described in Appendix A.

1. Transition - One time total fee for all expenses related to the transition at commencement, if applicable:

Transition \$ _____

2. Overdraft - Provide a clear schedule of charges for overdraft problems and other cash management fees (i.e. EURO negative interest):

Overdraft \$ _____

3. FX - List all of your current FX service related charges (mark up):

FX Fees \$ _____

4. Security Lending – List all of your third party Security Lending fees:

Third Party Security Lending \$ _____

5. Middle Office Services:
 - i. Post trade processing – trade confirmation, position & cash reconciliation
 - ii. IBOR position keeping
 - iii. Data warehouse/repository, business intelligence and reporting tools
\$ _____

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

Authorized Official: _____

Typed Name: _____

Title: _____

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APPENDIX A-2
PRICE PROPOSAL – AD HOC REPORTING AND DESIRED SERVICES FOR FUTURE CONSIDERATION

RFP for Global Custody Services for the Board of Trustees for the Maryland State Retirement and Pension System

Firm Name: _____

Address: _____

Submit your annual fee for all services described in Section 3.4, Ad Hoc Reporting and Desired Services for Future Consideration, as a fixed annual amount. Please submit each service separately using the format below. Fees for the services listed below are not to be included in the bundled pricing described in Appendix A or Section B of this Appendix A-2.

A. Annual Fee

Submit your annual for each item:

1. Collateral Management: \$ _____
2. Development of custom reports outside industry-standard, if applicable:
\$ _____
3. Data feeds to third party vendors on a daily, monthly or quarterly basis beyond what is currently being provided. Our current feeds are as follows:
 - a. Daily feeds to 4 vendors.
 - b. Monthly feeds to 3 vendors.

\$ _____

B. Bundled Fee

Submit your price using the format below as a fixed annual amount for the services listed in Section B (items 4, 5 and 6). Assume the same level of Managers listed below:

4. Monthly Plan Accounting
 5. Daily Unitization and Accounting
 6. Daily Audited Performance
-
- A. Assumes 250 to 300 managers
 - B. Assumes 301 to 350 managers
 - C. Assumes 351 to 400 managers (current range)
 - D. Assumes 401 to 450 managers
 - E. Assumes 451 to 500 managers
 - F. Assumes 501 to 550 managers
 - G. Assumes 551 to 600 managers

Initial Term of Contract For Proposed Years:

	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>
A.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
B.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
C.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
D.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
E.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
F.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
G.	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

Optional Extensions for Proposed Years:

	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>
A.	\$ _____	\$ _____	\$ _____	\$ _____
B.	\$ _____	\$ _____	\$ _____	\$ _____
C.	\$ _____	\$ _____	\$ _____	\$ _____
D.	\$ _____	\$ _____	\$ _____	\$ _____
E.	\$ _____	\$ _____	\$ _____	\$ _____
F.	\$ _____	\$ _____	\$ _____	\$ _____
G.	\$ _____	\$ _____	\$ _____	\$ _____

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

Authorized Official: _____

Typed Name: _____

Title: _____

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

A. AUTHORITY

I hereby affirm that I, _____ (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:

Fail to request, receive, or otherwise obtain authorization from the certified minority business enterprise to identify the certified minority Proposal;

Fail to notify the certified minority business enterprise before execution of the contract of its inclusion in the Proposal;

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

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. CERTIFICATION REGARDING INVESTMENTS IN IRAN

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

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

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

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

L. ACKNOWLEDGEMENT

I ACKNOWLEDGE THAT this Affidavit is to be furnished to the Contract Manager 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.

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

Date: _____

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

_____ (signature of Authorized Representative and Affiant)

APPENDIX C

FORM OF STANDARD CONTRACT

**CONTRACT FOR
GLOBAL CUSTODY SERVICES FOR THE
BOARD OF TRUSTEES FOR THE MARYLAND
STATE RETIREMENT AND PENSION SYSTEM**

BETWEEN

MARYLAND STATE RETIREMENT AGENCY

AND

[_____]

CONTRACT

THIS CONTRACT (the “Contract”) is made as of the [__] day of [____], 2017, by and between [____], a [____], having its principal place of business at [____] (the “Contractor”), and the MARYLAND STATE RETIREMENT AGENCY (the “MSRA”), an independent state agency governed by the laws of the State of Maryland (the “State”), on behalf of the BOARD OF TRUSTEES FOR THE MARYLAND STATE RETIREMENT AND PENSION SYSTEM (the “Board”) (the MSRA, the Board, and the Maryland State Retirement and Pension System (the “System”) are, collectively, the “Agency”).

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

ARTICLE I - SCOPE OF SERVICES

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

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

- Exhibit [A] The Agency’s Request for Proposals (“RFP”), issued [____];
- Exhibit [B] Contractor’s Technical Proposal, dated [____];
- Exhibit [C] Contractor’s Price Proposal, dated [____][, as amended by the Contractor’s Best and Final Offer, dated [____]]];
- Exhibit [D] Contractor’s operating agreements, policies and other documents to implement the services described herein, dated as of [____], as amended from time to time, which consist of the following: [____]; and
- Exhibit [E] Annual Compliance Questionnaire and Certificate.

- 1.2. If there is any inconsistency between this Contract and the Exhibits, the terms of this Contract shall control. If there is any conflict among the Exhibits, Exhibit A shall control.

- 1.3. The Procurement Officer unilaterally may, at any time, make changes in the work within the general scope of the Contract by written order designated or indicated to be a change order. No other order, statement or conduct of the Procurement Officer or any other person shall be treated as a change or entitle the Contractor to an equitable adjustment under this section. Except as otherwise provided in this Contract, if any change under this section causes an increase or decrease in the Contractor’s cost of, or the time required for, the performance of any part of the work, whether or not changed by the order, an equitable adjustment in the Contract price shall be made and the Contract modified in writing accordingly. The Contractor must

assert in writing its right to an adjustment under this section within thirty (30) days of receipt of written change order and shall include a written statement setting forth the nature and cost of such claim. No claim by the Contractor shall be allowed if asserted after final payment under this Contract. Nothing in this section shall excuse the Contractor from proceeding with the Contract as changed.

ARTICLE II - TERM

- 2.1. Unless sooner terminated in accordance with the provisions of this Contract, the initial term of this Contract shall be for the five-year period beginning [_____], 2017 and [_____], 2022.
- 2.2. At the sole option of the Agency, this Contract may be renewed for one or more additional terms not to exceed four (4) years in the aggregate. The Contractor shall be notified at least thirty (30) days prior to the end of the then-current term whether the Contract will be renewed and what the length of the renewal term (if any) will be.
- 2.3. After the end of the Contract term, should a new contract be awarded to a contractor other than the incumbent, the Contract shall be deemed to be extended, Contractor shall continue to perform Contract services, and Contractor shall continue to receive the compensation specified in the Contract for such services, until such time as the transition to the new contractor is complete. Contractor shall cooperate and the Agency during any transition period to a new contractor and provide all necessary information and data to any subsequent contractor. Contractor shall also transfer all securities, fund and other property held by it hereunder to the account of the successor custodian.
- 2.4. The provisions of Sections 4.1 (Standard of Care), 4.2 (Liability), 4.3 (Indemnification), 4.10 (Maryland Law Prevails), 4.22 (Retention of Records/Audit), 4.25 (Ownership of Documents and Materials), 4.26 (Patents, Copyrights and Trade Secrets) and 4.27 (Confidentiality) of this Contract shall survive termination of this Contract for any reason.

ARTICLE III - CONSIDERATION, PAYMENT AND PERFORMANCE

- 3.1. Contractor shall charge only the fees as set forth in Contractor's Price Proposal as attached hereto as Exhibit [___]. Except as set forth herein, these fees shall not be adjusted during the term of this Contract including any renewal option periods.
- 3.2. Payments to the Contractor may be withheld, without interest or penalty, when in the sole discretion of the Agency, the Contractor's performance of any of the services under this Contract is unsatisfactory, or does not meet generally accepted industry standards. Notice of such withholding of payment and the reasons therefore shall be promptly provided to the Contractor, who shall be afforded an opportunity to cure any performance deficiencies.

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

3.3.1. The Contractor shall send invoices electronically to the Agency at the following address: InvestInvoice@sra.state.md.us.

3.3.2. For further contact regarding invoices, the Contractor shall notify:

Victor Adekoya
Maryland State Retirement and Pension System
120 E. Baltimore Street – 12th Floor
Baltimore, Maryland 21202
(410) 625-5636
vadekoya@sra.state.md.us

3.3.3. Invoices must be submitted either:

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

3.3.4. Except as provided in Section 3.3.3 above, payments to the Contractor pursuant to this Contract will be made no later than 30 days after receipt by the Agency of a proper invoice from the Contractor. Each invoice for services rendered must reflect the Contractor's federal tax identification number, which is [_____], and shall clearly indicate the specific type of service provided. Charges for late payment of invoices are prohibited.

3.3.5 With regard to the monthly accounting reports further described in Section 3.3.4 of the RFP, except for any specific extension of time that the Agency has pre-approved in writing, if the Agency does not receive the completed monthly accounting reports by the time specified in Section 3.3.4 of the RFP, the following shall apply:

- (a) For the first 5 business days the monthly report is late, the Contractor shall be assessed the following amounts:
 - 1 day: \$1,000
 - 2 days: \$3,000;
 - 3 days: \$6,000;
 - 4 days: \$10,000;
 - 5 days: \$15,000.
- (b) If a monthly accounting report is not provided to the Agency by the end of the 5th business day after the time specified in Section 3.3.4 of the

RFP, the Contractor shall be in default of this Agreement and shall be liable to the Agency for the amount of \$5,000 for each additional day the monthly accounting report is late.

- (c) The assessed amounts shall be deducted from the Contractor's custodial fee for any period that the Contractor did not meet the due date (or the pre-approved extension of the due date) for delivery of a monthly accounting report.

ARTICLE IV – GENERAL CONDITIONS

4.1. Standard of Care.

- 4.1.1. The Contractor accepts its appointment as custodian and shall exercise the standard of care, skill, diligence, prudence and good faith under the circumstances prevailing in the professional custodial industry and acting on behalf of a like enterprise with like aims would exercise in the performance of its duties, obligations and responsibilities under this Contract
- 4.1.2. The Contractor acknowledges that, to the extent that it exercises discretionary authority or control over the management and disposition of the assets of the System in regards to the services which it provides under this Contract, it is a fiduciary (as that term is defined in Title 21, Subtitle 2 of the State Personnel and Pensions Article of the Annotated Code of Maryland (“SPP”) and as defined in section 3(21) of the Employees Retirement Income Security Act of 1974, as amended to date (“ERISA”)).

4.2. Liability

For breach of this Contract, negligence, misrepresentation, or any other contract or tort claim, the Contractor shall be liable as follows:

- 4.2.1 For infringement of patents, copyrights, trademarks, service marks, and/or trade secrets, as provided in Section 4.26 of this Contract;
- 4.2.2. Without limitation for damages for bodily injury (including death) and damage to real property and tangible personal property; and
- 4.2.3 For all other claims, damages, losses, costs, expenses, suits, or actions in any way related to this Contract, regardless of the form the Contractor's liability, for third party claims arising under Section 4.3 of this Contract shall be unlimited if the State is not immune from liability for claims arising under Section 4.3.

4.3. Indemnification

- 4.3.1. The Contractor shall hold harmless and indemnify the State and the Agency from and against any and all losses, damages, claims, suits, actions, liabilities, and/or expenses, including, without limitation, attorneys' fees and disbursements of any character that arise from, are in connection with or are attributable to the performance or nonperformance of the Contractor or its subcontractors/sub-custodians under this Contract.
- 4.3.2. Neither the State nor the Agency has an obligation to provide legal counsel or defense to the Contractor or its agents or subcontractors/sub-custodians in the event that a suit, claim, or action of any character is brought by any person not party to this Contract against the Contractor or its agents or subcontractors/sub-custodians as a result of or relating to the Contractor's performance under this Contract.
- 4.3.3. Neither the State nor the Agency has an obligation for the payment of any judgments or the settlement of any claims against the Contractor or its agents or subcontractors as a result of or relating to the Contractor's performance under this Contract.
- 4.3.4. The Contractor shall immediately notify the Agency of any claim or suit made or filed against the Contractor or its agents, subcontractors/sub-custodians regarding any matter resulting from, or relating to, the Contractor's obligations under the Contract, and will cooperate, assist, and consult with the State and the Agency in the defense or investigation of any claim, suit, or action made or filed against the State or the Agency as a result of, or relating to, the Contractor's performance under this Contract.

4.4. Insurance

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

4.5. Contractor Representations.

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

- 4.5.1. No gratuities in the form of gifts, entertainment or otherwise, have been or will be offered or given to any officer, fiduciary or employee of the MSRA, the Board, the System or the State with a view toward securing any favorable treatment concerning the performance or continuation of this Agreement. If the Agency finds that the Contractor has offered or given such gratuities, the Agency may terminate this Contract at any time upon written notice.
- 4.5.2. For purposes of Sections 4.5.2 through 4.5.6 of this Contract, it is assumed that the provisions of Rule 206(4)-3 promulgated under the Investment Advisers Act of 1940 (the "Solicitations Rule") and Rule 206(4)-5 promulgated under the Investment Advisers Act of 1940 (the "Political Contributions Rule") apply to each of the Contractor and any affiliates even if such entity is not expressly required to comply with those rules.
- 4.5.3. Except for the compensation provided for in this Contract, the Contractor agrees that neither it nor any of its employees or agents shall receive any remuneration or take any action to receive any remuneration, of any type, nature or description whatsoever in connection with the investment of the assets of the account or any of the assets of the System or the State for the use of the Board of Trustees and the System. Contractor warrants that no person was paid a cash fee by or on behalf of the Contractor to solicit an investment or advisory business from the Agency in a manner which would result in a violation of Rule 206(4)-3 promulgated under the Advisers Act (the "Solicitations Rule").
- 4.5.4. The Contractor agrees that the Agency will not be charged, allocated, or otherwise required to bear any cost, expense, or other liability, directly or indirectly, for any amount of marketing, placement or solicitation expenses incurred by the Contractor.
- 4.5.5. Contractor warrants that no actions have been taken by the Contractor or its "covered associates" (as that term is defined in Rule 206(4)-5 promulgated under the Advisers Act (the "Political Contributions Rule")) that would violate the provisions of the Political Contributions Rule with respect to activities in Maryland.
- 4.5.6. The Contractor agrees to provide the Agency access, upon written request, to books and records maintained by the Contractor, as required by Rule 204-2 promulgated under the Advisers Act, that pertain to the Contractor's compliance with the Solicitations Rule or the Political Contributions Rule with respect to activities in Maryland or otherwise relating to the Agency.

- 4.5.7. The Contractor warrants that it or any affiliate providing investment advisory services under the Contract is registered or exempt as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and that it is registered or exempt from registration under Title 11 of the Corporation and Associations Article of the Annotated Code of Maryland, and that if that status changes it will notify the Agency in writing within ten (10) days of the change.
- 4.5.8. The Contractor shall not engage, directly or indirectly, in any financial or other transaction with any trustee, staff member, or employee of the Agency or the System which would violate standards in the Maryland Public Ethics Law, Title 5 of the General Provisions Article of the Annotated Code of Maryland, and any successor statute thereto.
- 4.5.9. The Contractor shall annually file with the Agency a compliance certificate, executed by a responsible officer of the Contractor, substantially in the form attached hereto as Exhibit [___], within thirty (30) days after each June 30. As part of its annual compliance review, the Contractor acknowledges and agrees that it will complete the MSRA's Annual Compliance Questionnaire (a form of which is attached hereto as Exhibit [___], and as amended from time to time, the "Questionnaire"), and provide the Agency with written responses to the Questionnaire as appropriate.
- 4.5.10. The Contractor does not and shall not knowingly employ in any capacity: (i) any employee of the State or a unit thereof, or a fiduciary of the System, who (1) could influence the award of this Contract or any competing assignment, or (2) does or will have any direct or indirect financial interest in this Contract, or (3) performs duties relating to or affecting the subject matter of this Contract ("Interested Person"), or (ii) any spouse or economic dependent of any Interested Person.

4.6. Tax Exemption

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

4.7. Subcontracting; Assignment

- 4.7.1. For international accounts only, the Contractor may appoint and remove agents and sub-custodians to carry out the provisions of this Contract as required by applicable laws of the foreign country; provided, however, that such appointment shall not relieve the Contractor of its responsibilities or liabilities under the Contract.

4.7.2. Except to the extent provided in Section 4.7.1 above, the Contractor may not subcontract any portion of the services provided under this Contract without obtaining the prior written approval of the State, nor may the Contractor sell, transfer, or otherwise assign its obligations under this Contract, or any portion thereof, or any of its rights or obligations hereunder, without the prior written approval of the State; provided, however, that the Contractor may subcontract services under or make an assignment of this Contract to an affiliate of the Contractor that is fully capable of performing such services if the Contractor retains full responsibility for the Contract. Any such subcontract or assignment shall be subject to any terms and conditions that the Agency deems necessary to protect the interest of the State. The Agency shall not be responsible for the fulfillment of the Contractor's obligations to subcontractors.

4.8. Non-Hiring of Officials and Employees

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

4.9. Procurement Regulations.

Although the Contract is exempt from certain provisions of Division II of the State Finance and Procurement Article of the Annotated Code of Maryland ("Procurement Article"), the requirements of the Procurement Article and Code of Maryland Regulations ("COMAR"), Title 21, State Procurement Regulations (as amended), will be applied to the Contract to the extent practicable and consistent with obtaining the best global custody services for the Agency, all as determined in the Contract Manager's sole discretion. Title 15, Subtitle 2 of the Procurement Article (Dispute Resolution), and COMAR 21.10 (Administrative and Civil Remedies) will not apply to the Contract.

4.10. Maryland Law Prevails

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

4.11. Amendments

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

4.12. Nondiscrimination in Employment

The Contractor agrees: (a) not to discriminate in any manner against an employee or applicant for employment because of race, color, religion, creed, age, sex, sexual orientation, gender identification, marital status, national origin, ancestry, genetic information, or any otherwise unlawful use of characteristics, or disability of a qualified individual with a disability unrelated in nature and extent so as to reasonably preclude the performance of the employment, or the individual's refusal to submit to a genetic test or make available the results of a genetic test; (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.

4.13. Commercial Nondiscrimination Clause

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

4.13.2. As a condition of entering into this Contract, upon the Maryland Human Relations Commission's request, and only after the filing of a complaint against Contractor under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, as amended from time to time, Contractor agrees to provide within 60 days after the request a complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past 4 years on any of its contracts that were undertaken within the State of Maryland, including the total dollar amount paid by Contractor on each

subcontract or supply contract. Contractor further agrees to cooperate in any investigation conducted by the State pursuant to the State's Commercial Nondiscrimination Policy as set forth under Title 19 of the State Finance and Procurement Article of the Annotated Code of Maryland, and to provide any documents relevant to any investigation that is requested by the State. Contractor understands that violation of this clause is a material breach of this Contract and may result in Contract termination, disqualification by the State from participating in State contracts, and other sanctions.

4.14. Contingent Fee Prohibition

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

4.15. Multi-Year Contracts Contingent upon Appropriations

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

4.16. Termination for Default

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

4.17. Termination for Convenience

This Contract may be terminated by the Agency in accordance with written notice to the Contractor that specifies the effective date of the termination. The Agency will pay all reasonable costs associated with this Contract that the Contractor has incurred up to the date of termination and all reasonable costs associated with termination of the Contract. However, the Contractor shall not be reimbursed for any anticipatory profits that have not been earned up to the date of termination.

4.18. Delays and Extensions of Time

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

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

4.19. Suspension of Work

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

4.21. Political Contribution Disclosure

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

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

4.22. Retention of Records/Audit

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

4.23. Compliance with Laws

The Contractor hereby represents and warrants that:

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

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

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

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

4.24. Liability for Loss of Data

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

4.25. Ownership of Documents and Materials

The Contractor agrees that all documents and materials including, but not limited to, reports, drawings, studies, specifications, estimates, maps, photographs, designs, graphics, mechanical, artwork, and computations prepared by or for it under the terms of this Contract shall at anytime during the performance of the services be made available to the State upon

request by the State and shall become and remain the exclusive property of the State upon termination or completion of the services. The State shall have the right to use same without restriction or limitation and without compensation to the Contractor other than that provided by this Contract. The State shall be the owner for purposes or copyright, patent or trademark registration.

4.26. Patents, Copyrights and Trade Secrets

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

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

4.26.3. If any product(s) furnished by Contractor become, or in Contractor's opinion are likely to become, the subject of a claim of infringement, Contractor will, at its option: (1) procure for the State the right to continue using the applicable item; (2) replace the product with a non-infringing product substantially complying with the item's specifications; or (3) modify the item so it becomes non-infringing and performs in a substantially similar manner to the original item.

4.27. Confidentiality

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

ARTICLE V - NOTICES

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

If to the Agency Procurement Officer:

Toni Voglino
Senior Compliance Officer
120 E. Baltimore Street, 12th Floor
Baltimore, Maryland 21202

If to the Agency Contract Officers:

Robert M. Burd
Deputy Chief Investment Officer
120 E. Baltimore Street, 12th Floor
Baltimore, Maryland 21202

Patricia Wild
Managing Director
120 E. Baltimore Street, 12th Floor
Baltimore, Maryland 21202

If to the Contractor:

[Name and Address]

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

ARTICLE VI - ADMINISTRATION

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

ARTICLE VII - REPRESENTATIONS

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

(Signatures to follow next page)

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

ATTEST:

[CONTRACTOR'S LEGAL NAME]

By: _____

[Signatory]

[Title]

WITNESS:

**MARYLAND STATE RETIREMENT
AGECNY**

By: _____

R. Dean Kenderdine

Executive Director

Approved for form and legal sufficiency:

Assistant Attorney General

EXHIBIT [E]

FORM OF ANNUAL COMPLIANCE QUESTIONNAIRE AND CERTIFICATE

June 30, 20__

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

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

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

Dated: _____

By: _____

Name: _____

Title: _____

Regulatory Oversight

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

Conflicts of Interest

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

Organizational Changes

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

Sub-custodians

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

Other

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

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

Schedule of Insurance Coverage

(Please attach copies of Insurance Certificates)

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

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APPENDIX D
(To be submitted with the Contract)
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 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;

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

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

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

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

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

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

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

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

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

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

- (i) Take appropriate personnel action against an employee, up to and including termination; or
- (ii) Require an employee to satisfactorily participate in a bona fide drug or alcohol abuse assistance or rehabilitation program; and

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

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

(4) I acknowledge and agree that:

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

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

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

F. CERTAIN AFFIRMATIONS VALID

I FURTHER AFFIRM THAT:

To the best of my knowledge, information, and belief, each of the affirmations, certifications, or acknowledgements contained in that certain 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)

APPENDIX E

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)

Submit This Affidavit with Proposal

EXHIBITS AVAILABLE ONLINE

Please see the following Exhibits to the RFP for additional information about the operations of the Agency at <http://www.sra.state.md.us/>:

- A. Managers and Values (as of 06/30/2017)
- B. Account Schematic
- C. Performance Structure
- D. Transaction Summary (1 year)
- E. Market Value by Country
- F. Private Fund Schematic
- G. Derivatives
- H. Fed Wires
- I. Private Fund Operating Module
- J. Bank Loans
- K. Third Party Lending Volume
- L. FX Activity
- M. PE Reporting
- N. RE Reporting
- O. Additional Information

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