

Ohio Treasurer of State
Domestic Custody Services Request for Proposal
Respondent Questions and Treasurer’s Office Answers
December 4, 2015

Respondent Question		Treasurer’s Office Answer
<i>1 – General Information</i>		
1	Would TOS consider allowing for the hard copy response to be submitted after the soft copy documents as a result of receiving the actual RFP/RFI documents on Monday November 16, 2015.	The RFP submission is due December 18, 2015 by 3:00 p.m. ET.
2	Regarding Section 1.6, Response Organization and Format. Where should we attach supplemental information such as sample reporting or other details that are important to our answers? Should we add them as Attachments after item VII. In the Technical Response?	Include supplemental information as attachments in the section for which it applies.
3	Can the Treasurer confirm that references are only required at the time of the oral presentations and not within the written RFP response itself?	References will be requested of each respondent finalist at the time of notification.
4	After reviewing the Business Requirements in Section 2, we had a question in 2.1. Can you please provide more information? Offers a feasible and competitively differentiated commercial arrangement.	Respondent should provide any information that they believe favorably differentiates them from competitors.
5	Please define “Non-Depository or Ineligible Trades”.	“Non-Depository or Ineligible Trades” includes trades not settled through a depository.
6	“To what extent are you willing to support reasonable Beneficial Owner deviations in SWIFT formatting? If deviations are required, are you able to partner with the Beneficial Owner to come up with SWIFT messaging deviation solutions mutually acceptable to your organization and the Beneficial Owner? Please provide a detailed response, even if you are unwilling or cannot accommodate, as to why you are unable to support Beneficial Owner SWIFT message deviations.” Can you provide an example of this type of deviation/customization?	SWIFT formatting is at the discretion of each Beneficial Owner.

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2 - Beneficial Owner Specific		
1	The Ohio Tuition Trust Authority domestic position summary shows no transaction activity at all, please provide transaction data if any.	Transaction activity is minimal.
2	The Ohio State Highway Patrol Retirement System did not provide transparency into the ancillary services they are seeking (the excel tab is blank as of now). Can the State Treasurer please provide information on the ancillary services this entity currently receives/make be seeking? Also, the Domestic Custody Data looks to be incomplete. Please provide a breakdown of the Portfolio including market values of separate and commingled assets, number of positions (number currently provided looks to be the number of shares), and details of which assets are internally or externally managed within this plan.	The revised Beneficial Owner profile will be sent to all persons who requested the RFP via email.
3	Could you provide copies of the most recent audits (CAFR) for Southern Ohio Agricultural and Community Development Foundation?	Please see the Auditor of State's website at http://www.auditor.state.oh.us/auditsearch/Reports/2015/Southern_Ohio_Agricultural_and_Community_Development_Foundation_15_Highland.pdf

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3 - Domestic Custody Organization		
1	Regarding Section 4.1, Question 14. Can you please discuss how this question is different from question 12 in section 4.1?	Respondents are to provide the number of clients/market value per segment listed in Question 12. The questions may be answered together provided all the information required by both is provided in one table.
2	Regarding Section 4.1, Questions 14 & 15. Did you intend for the "# of Accounts" in question 15 to be "c. # of Accounts" in question 14?	Question 15 should be: Provide details on initiatives undertaken in the past year that specifically demonstrate your commitment to the provision of Domestic Custody and core accounting.

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4 - Core Accounting		
1	Regarding Section 4.12, Core Accounting. It is implied in this section that accounting services outside of standard custody reporting are required. Can you elaborate about whether this core accounting requirement is for a particular subset of account types? Can you discuss your perception of basic accounting services vs. core accounting vs. recordkeeping?	There are basic accounting services that all custodians must supply in conjunction with the custody of assets, the settlement of trades and the collection of income. These services include timely and accurate pricing of all asset types held including derivatives; providing daily reporting that includes all current assets and income on a trade date/contractual basis; and providing monthly audited statements for all assets including assets not held at a depository (i.e., private equity, real estate, hedge funds, etc.).

Respondent Question		Treasurer's Office Answer
5 - Alternative Investments, Derivatives, and Non-depository Assets		
1	What is the current end-to-end operating model for the private equity & real estate assets, including cash processing for capital calls/distributions, valuations, and reporting, between Ohio and 3rd parties (fund managers, custodian, consultants, administrators)?	The operating model may be different for each Beneficial Owner, and will be established between the Beneficial Owner, Treasurer's Office and the Domestic Custodian. Please include services included in your product offering.
2	What is the frequency of private equity & real estate new commitments, and do you anticipate growth in this asset class or re-investment of existing assets?	The frequency of new commitments and potential growth in this asset class is not known at this time.
3	Who (Ohio, custodian, consultants, administrators) intends to initiate capital calls/distribution for private equity & real estate transactions via an online module?	The initiating entity for each transaction is dependent on the process in place with each Beneficial Owner. Please note that regardless of the initiating entity, multiple levels of approval may be required across the entities.
4	What is the frequency of private equity & real estate valuation updates to portfolio-wide accounting (daily, monthly) when applicable?	The frequency of the valuation updates will be determined by the Beneficial Owner. Please include services included in your product offering.
5	What is the roll-forward methodology to derive valuations inter-quarter or between private equity & real estate manager provided valuations?	The pricing methodology for the alternative investments will be defined by the Beneficial Owner, Treasurer's Office and the Domestic Custodian. Please include services included in your product offering.
6	The RFP states Performance and/or Accounting in/out of scope by plan entity – specific to private equity & real estate assets, can you	Performance analytics would be an ancillary service at the discretion of each Beneficial Owner.

	<p>clarify:</p> <p>a. Does Ohio require fund-level performance analytics (IRR, vintage year, fund family, strategy, etc.) reporting?</p> <p>b. If above performance IRR is required, how is current since-inception historical cash flows maintained?</p> <p>c. Does Ohio require ‘transparency/drilldown’ reporting into underlying holdings of fund investments?</p>	
7	In the instance where there is no portfolio-wide Performance and no portfolio-wide Accounting, please confirm you expect the Custodian to support private equity & real estate capital calls and distributions (cash flows/valuations) cash transactions?	Respondents are expected to process instructions for capital calls and distributions.
8	Does Ohio require online document storage for private equity & real estate fund documentation?	Respondents may note their ability to provide online document storage in response to section 4.14.6.
9	Does Ohio require access to an online benchmark universe / forecasting tool of client-agnostic private equity & real estate asset data?	Performance analytics would be an ancillary service at the discretion of each Beneficial Owner.
10	<p>Our understanding of private equity & real estate across all Ohio entities domestic portfolios – please confirm (?):</p> <p>Domestic: Bureau of Worker’s Comp Category: PE/RE # of Lines: 0 Market Value: \$0</p> <p>Domestic: Police & Fire Category: PE # of Lines: 84 Market Value: \$762,428,960</p> <p>Domestic: Police & Fire Category: RE # of Lines: 55 Market Value: \$1,670,377,903</p> <p>Domestic: PERS Category: PE # of Lines: 131 Market Value: \$8,108,653,658</p> <p>Domestic: PERS Category: RE # of Lines: 57 Market Value: \$7,783,272,109</p>	The revised Beneficial Owner profiles will be sent to all persons who requested the RFP via email. If the Beneficial Owner profile has not been revised, then the original profiles provided are accurate.

	<p>Domestic: SERS Category: PE/Real Assets # of Lines: 93 Market Value: \$2,736,705,911</p> <p>Domestic: State Highway Category: PE # of Lines: 0 Market Value: \$9,212,600</p> <p>Domestic: STRS Category: PE # of Lines: 200 Market Value: \$4,478,156,000</p> <p>Domestic: STRS Category: RE # of Lines: 150 Market Value: \$6,443,484,000</p> <p>Domestic: OTTA Category: PE/RE # of Lines: 0 Market Value: \$0</p> <p>Domestic: SOAC Category: PE/RE # of Lines: 0 Market Value: \$0</p> <p>Domestic: State Treasury Category: PE/RE # of Lines: 0 Market Value: \$0</p> <p>Total # of Lines: 770 Total Market Value: \$31,992,251,141</p>	
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Respondent Question		Treasurer's Office Answer
<i>6 - Performance Measurement</i>		
1	Do you require basic performance (total fund rates of return) or a more detailed level (sector, country, security, etc.)?	Each Beneficial Owner seeking pricing for this ancillary service has provided this information.
2	At what frequency do you require performance reporting (Daily or Monthly)?	Each Beneficial Owner seeking pricing for this ancillary service has provided this information.
3	Please provide the number of composites as well as the number of separate accounts and	This information is not provided.

	commingled accounts broken down by equity, fixed income and other.	
4	Regarding Section 5.0, Question 3. Can you list various types of “what-if” analyses you would like us to discuss?	Respondents should describe your product capabilities to perform “what-if” analyses.
5	Question 4.18, #10 asks the following: Do you offer Board Level reporting? How and through what system/product is this offered? Is this an additional cost? If so, please explain. Can you describe or provide an example of the Board Reporting that Ohio Treasurer or the Plan may require?	Board Level Reporting means high level summary aggregation of the data. Board Level Reporting is specific to each Beneficial Owner.

Respondent Question		Treasurer’s Office Answer
7 - Securities Lending		
1	Will you accept Third Party Securities Lending proposals only?	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
2	Can you make available an excel file with a list of holdings including security identifier, shares, and value of each holding for each beneficial owner?	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
3	In order to provide fee splits please provide the following information by plan: a. Cash collateral/non-cash guidelines b. Current level of indemnification	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
4	In what format would you like the securities lending revenue estimate to be presented?	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
5	Assuming cash collateral is acceptable, what cash collateral guidelines will you follow/ what investment yield should be assumed in the revenue estimate?	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
6	List of program restrictions (i.e. borrowers, percent of assets on loan, etc.)	A securities lending arrangement may be proposed to a Beneficial Owner outside of the RFP.
7	Can you provide approximate volumes by plan for any 3 rd party lending arrangements?	Respondents should provide their pricing quotes based on the information available in the Domestic Custody Services RFP.

Respondent Question		Treasurer’s Office Answer
8 - Domestic Custody Fee Proposals		
1	Regarding Section 7 – Domestic Custody Fee Proposals – of the RFP, how would you suggest we present our fees for item 10 which assumes aggregated awards of “more than one, and up to all nine of the Beneficial Owner	Respondents are expected to complete nine Fee Templates and pricing for the aggregate of all of the portfolios listed.

	Accounts?? Do we use the Fee Template for various assumed combinations?	
2	Regarding Section 7, Appendix 6 – State Teachers Retirement System of Ohio. Is the 15,000 in Depository Eligible Trades a quarterly or annual number?	This is an annual number.