

**Ohio Treasurer of State
Domestic Custody Services Request for Proposal
Respondent Questions and Treasurer's Office Answers
Revised December 11, 2023**

General Questions

Respondent Question	Treasurer's Office Answer
Would the TOS please provide feedback on how it would like to be engaged on features of the Respondent or market developments and changes that may impact the custody and operating agreements?	Respondents should provide specific organizational features, market developments, and other information it desires to communicate within applicable question in their Section 4 Domestic Custody Technical Response. Additionally, Pursuant to the Stage Two - Respondent Finalists RFP evaluation process "Respondent Finalists will be required to present to and participate in discussion(s) with the Treasurer's Office's Legal Department on the Respondent Finalists' proposed Agreement to assess the contractual suitability."
How does TOS define "vendor" and/or "3rd party" with respect to the contract? e.g., a Respondent utilizes Broadridge for proxy, but the Beneficial Owner uses a 3rd party voting agent, does the Respondent need disclose any vendors/agents hired by the Beneficiary?	A vendor or third-party relationship is any supplier relationship maintained by the Respondent performing a core operational function on behalf of the Respondent. In the example referenced by this question, Broadridge would be considered a vendor/third-party.
If any Beneficial Owner accounts are projected to change investment philosophy or trading strategy in any significant way (from current state), will that be made known to respondents?	As a normal course of business, the Beneficial Owners perform periodic rebalancing and investment manager transitions. Respondents are instructed to use the Beneficial Owner information supplied within this RFP when responding to the RFP.
Would the State permit an Appendix with additional exhibits?	Yes.
Would the Treasurer of State accept post marked proof of mailing as meeting the RFP delivery deadline should there be any weather and/or postal service(s) related delays in the responses being received by the Treasurer's office?	No, both the written response and the electronic response must be received by the Treasurer of State's Office by 3:00 p.m. E.S.T. on December 20 th .

Accounting

Respondent Question	Treasurer's Office Answer
For each plan, please provide clarity on fund volumes by type. Please refer to the appendix I below with differences noted between the custody tab and the core accounting tab.	Respondents will be required to provide Core Accounting services for all holdings and custody accounts. Please reference the Global Custody and Account Data tab on the Beneficial Owner Profiles for account data and volumes.

Technical Response Section 4.7 Reconciliation

Respondent Question	Treasurer's Office Answer
Please confirm if monthly investment manager accounting reconciliations are required as part of the core accounting for all plans? Please confirm if the volume of investment manager reconciliations should be the same as the number of separate accounts. Please see the Excel attachment with differences noted between the custody tab and the core accounting tab.	Investment manager reconciliations are a requirement. The number of reconciliations performed should match the number of separately managed accounts. Please reference the Global Custody and Account Data tab on the Beneficial Owner Profiles for account data and volumes.

Technical Response Section 4.2 Domestic Custody Safekeeping

Respondent Question	Treasurer's Office Answer
Question 12 asks about Digital Assets. Is this question referring to Crypto Currency? What other investments, if any, could be included in this asset class? Do any of the Beneficial Owners hold Digital Assets today?	A Digital Asset is generally an asset that is created and stored digitally. A "Crypto Currency", i.e., Bitcoin, is an example of a Digital Asset Class but a Digital Asset would not necessarily be limited to just "Crypto Currencies". Currently, the Beneficial Owners do not hold Digital Assets.

Domestic Custody Technical Response Section 4.11 Alternative Investment Operations

Respondent Question	Treasurer's Office Answer
Please confirm the Bank / Term Loan position count.	BWC: 5 Holdings OP&F: N/A OPERS: 14 Holdings STRS: 20 Holdings SERS: N/A

Can you provide an estimate of current asset size of your loans?	<p>BWC: \$3M</p> <p>OP&F: N/A</p> <p>OPERS: \$43M</p> <p>STRS: \$10.5M</p> <p>SERS: N/A</p>
Can you confirm bank loan types (e.g., syndicated, bilateral) as well as the number of bank loan facilities?	<p>BWC: 5 issuers, syndicated.</p> <p>OP&F: N/A</p> <p>OPERS: 14 total unique bank loan contracts, syndicated. OPERS does not track bank loans at a facility level.</p> <p>STRS: 20 bank loan investments consisting of both syndicated and bilateral loans.</p> <p>SERS: N/A</p>
Please describe the current end-to-end operating, accounting, cash management and reporting workflow for the private equity, real estate and infrastructure, close-ended funds and direct investments.	<p>General high level operating workflow includes, but is not limited to:</p> <ol style="list-style-type: none"> 1) The Beneficial Owner contractually engages in an Alternative Asset investment. 2) The Beneficial Owner directs the capital contribution, via the Treasurer's Office, to the Custodian. 3) Custodian sends the funds and books the Alternative Investment in their records. 4) Alternative Investment statements are received by the Custodian on a recurring basis, i.e., quarterly, and are used to update their records. 5) Custodian tracks and ensures all Alternative Asset statements are received and investigates/resolves when not. 6) Custodian reconciles their books and records to the Beneficial Owner's books and records and jointly resolves exceptions.
What are the total number of private equity, real estate and infrastructure, close-ended funds and	Respondents should refer to the information contained within the Beneficial Owner Profiles on the Domestic Custody Data tab,

direct investments? What are the total commitments?	specifically, U.S. Private Equity/LPs/Real Estate/Other Alternative Assets. As Total Commitments are not provided, Respondents should clearly articulate any assumptions made with respect to their proposal.
Is cash processing pertaining to capital calls/distributions in scope?	Yes.
On average, how many new private equity, real estate or hedge funds are added (or plan to be added) to the portfolio on an annual basis?	There is an estimated 100+ Alternative Investments added per year across all of the Beneficial Owners.
Would the cash accounts be maintained via Custodian/Administrator?	Typically, the Alternative Investment inbound/outbound funds processed by the custodian in the custody account that holds the Alternative Asset to capture all capital and income flows.
Do you require: <ul style="list-style-type: none"> - Capital event transaction management? (Will that include moving cash?) - Valuation roll-forwards (pricing), if so, is monthly or daily required? - Fund Level Performance? (IRR, multiple) - Underlying Portfolio Company Reporting? - Access to Burgiss Universe Analytics? - Online Document Management? 	<p>Beneficial Owners contract separately for ancillary services which may be offered by a Respondent in addition to its standard global custody services. A Beneficial Owner, at its option, may elect to review Respondent's ancillary products. For that reason, the RFP requests information related to available ancillary services.</p> <p>By reviewing the Beneficial Owners Profiles - Ancillary Service tab Respondents are able to identify which ancillary services, by Beneficial Owner, to provide corresponding fee proposals. Absent a Beneficial Owner ancillary service product request, Respondents are instructed to respond to the Ancillary Service RFP questions describing their product offering. Beneficial Owners, at their sole discretion, may choose to engage with the Respondent to explore your product offering in more detail, including providing detailed volumes and pertinent Beneficial Owner data at that time.</p>
What functions pertaining to portfolio administration (LP investments) are performed by your current providers? Is this performed by your custodian or outside provider?	<p>General high level operating workflow includes, but is not limited to:</p> <ol style="list-style-type: none"> 1) The Beneficial Owner contractually engages in an Alternative Asset investment.

	<ol style="list-style-type: none"> 2) The Beneficial Owner directs the capital contribution, via the Treasurer's Office, to the Custodian. 3) Custodian sends the funds and books the Alternative Investment in their records. 4) Alternative Investment statements are received by the Custodian on a recurring basis, i.e., monthly or quarterly, and are used to update their records. 5) Custodian tracks and ensures all Alternative Asset statements are received and investigates/resolves when not. 6) Custodian reconciles their books and records to the Beneficial Owner's books and records and jointly resolves exceptions.
What functions pertaining to portfolio administration (LP investments) are performed in-house?	This varies by each Beneficial Owner. Please provide your capabilities around this asset class.
What is the average vintage year for your alternative investments?	Please refer to the Beneficial Owner Profiles. Respondents should clearly articulate any assumptions made with respect to their proposal.
In what format do you maintain information pertaining to your private equity investments (excel, paper, automated system, etc.)?	There are a variety of ways the Beneficial Owners hold private equity investment information including, but not limited to: excel, paper, automated system, custodian, third party provider. Respondents should describe what their Alternative Investment product capabilities include in their RFP response.

Cash Balances, Management, and Movement

Respondent Question	Treasurer's Office Answer
Do the plans have off balance sheet cash investment arrangements? If so, please describe?	No. With respect to an off-balance sheet cash investment arrangement, accounting for certain assets or liabilities is done in a way that prevents them from appearing on the Beneficial Owners books and records.
For cash movements, what is your method of instruction? SWIFT, Fax, etc.	Cash movements are usually directed by SWIFT, Fax, or email.

Repurchase Agreements

Respondent Question	Treasurer's Office Answer
Do the plans have any repo programs in place today?	Yes. The Beneficial Owners, and their investment managers, invest in bi-lateral and tri-party repurchase agreements.

Ancillary Services Section 5.0 Performance Measurement

Respondent Question	Treasurer's Office Answer
Please confirm how many performance composites are required for SERS Domestic?	<p>Beneficial Owners contract separately for ancillary services which may be offered by a Respondent in addition to its standard global custody services. A Beneficial Owner, at its option, may elect to review Respondent's ancillary products. For that reason, the RFP requests information related to available ancillary services.</p> <p>By reviewing the Beneficial Owners Profiles - Ancillary Service tab Respondents are able to identify which ancillary services, by Beneficial Owner, to provide corresponding fee proposals. Absent a Beneficial Owner ancillary service product request, Respondents are instructed to respond to the Ancillary Service RFP questions describing their product offering. Beneficial Owners, at their sole discretion, may choose to engage with the Respondent to explore your product offering in more detail, including providing detailed volumes and pertinent Beneficial Owner data at that time.</p>

Ancillary Services Section 5.1 Proxy Services

Respondent Question	Treasurer's Office Answer
Is the Treasurer's Office currently using Blackrock's Voting Choice, referenced in the Proxy Service sections? What other proxy programs is the Treasurer's Office using today?	The Beneficial Owners utilize a variety of Proxy providers including, but not limited to, Glass Lewis, ISS, etc. Respondents should fully describe their ability to interface with Beneficial Owners and their providers to support Proxy processing.

Ancillary Services Section 5.4 Short-Term Cash Investing

Respondent Question	Treasurer's Office Answer
Are there any unique features of your cash management solutions we should be aware of, e.g., in-house managed dedicated STIF?	Yes. As described below, some Beneficial Owners utilize a self-managed STIF vehicle.
Under Custodial Ancillary Services, many of the plans invest into STIF with the majority of the investments in Money Market Funds (MMFs). Do you plan to invest into MMFs through your custodian investment platform?	Yes.
Do you plan to invest into MMFs actively via an investment portal/ Passively via a sweep or both?	Both.
With respect to OPERS STIF and STAR Ohio STIF, to what degree and manner does your current custodian support these activities?	For Beneficial Owners with a self-managed/dedicated sweep vehicle the Custodian(s) provide automated cash sweep functionality, i.e., systemic investment/divestment, rate update and interest accrual to the STIF, etc. as well as hold the underlying STIF investments in segregated portfolios. Current providers do not provide Funding Accounting for the self-directed STIF. STAR Ohio is not scope for this RFP.
For OPERS STIF and STAR Ohio STIF, what are the benchmarks for performance?	Please refer to the Domestic Custody Data tab in Appendix 3 of the Domestic Custody RFP for OPERS. STAR Ohio is not in scope for this RFP.
For potential deposit in scope, would you provide breakdown by currency and location?	For the Domestic Custody RFP, all currency is USD. Please refer to the Beneficial Owner Profiles for cash balance information.
What level of collateralization is required for deposits?	Custodians who participate and report Beneficial Owner USD balances to the Ohio Pooled Collateral System (OPCS) collateralize at 102%. Custodians who do not participate in OPCS would be required to collateralize at 105%.
Out of the total average \$3.4bn of U.S. Cash/Other Assets across all plans, how much is overnight deposit?	The STIF/Cash Demographic values represent swept/invested cash in overnight STIF vehicles.

Ancillary Services Section 5.6 Securities Lending

Respondent Question	Treasurer's Office Answer
Please provide a detailed holding file for all assets.	Beneficial Owners contract separately for ancillary services which may be offered by a Respondent in addition to its standard global

Respondent Question	Treasurer's Office Answer
	<p>custody services. A Beneficial Owner, at its option, may elect to review Respondent's ancillary products. For that reason, the RFP requests information related to available ancillary services.</p> <p>By reviewing the Beneficial Owners Profiles - Ancillary Service tab Respondents are able to identify which ancillary services, by Beneficial Owner, to provide corresponding fee proposals. Absent a Beneficial Owner ancillary service product request, Respondents are instructed to respond to the Ancillary Service RFP questions describing their product offering. Beneficial Owners, at their sole discretion, may choose to engage with the Respondent to explore your product offering in more detail, including providing detailed volumes and pertinent Beneficial Owner data at that time.</p>
Please provide securities lending program parameters (non-cash and cash collateral, lendable assets, restrictions).	Please see the first response in this section.
Please provide your cash collateral investment guidelines/policy.	Please see the first response in this section.
What is your current fee split?	Please see the first response in this section.
Do you pay a cash collateral investment management fee?	Please see the first response in this section.

Ancillary Services Section 5.8 Derivatives and Collateral Management

Respondent Question	Treasurer's Office Answer
How do you manage initial margin and variation margin today?	<p>Beneficial Owners contract separately for ancillary services which may be offered by a Respondent in addition to its standard global custody services. A Beneficial Owner, at its option, may elect to review Respondent's ancillary products. For that reason, the RFP requests information related to available ancillary services.</p> <p>By reviewing the Beneficial Owners Profiles - Ancillary Service tab Respondents are able to identify which ancillary services, by Beneficial Owner, to provide corresponding fee proposals. Absent a Beneficial Owner</p>

Respondent Question	Treasurer's Office Answer
	ancillary service product request, Respondents are instructed to respond to the Ancillary Service RFP questions describing their product offering. Beneficial Owners, at their sole discretion, may choose to engage with the Respondent to explore your product offering in more detail, including providing detailed volumes and pertinent Beneficial Owner data at that time.
Would you be open to outsourcing collateral management?	Please see the first response in this section.
Are there any inefficiencies or pain points of note?	Please see the first response in this section.
How many VM agreements do you have? Please provide the number of CSAs.	Please see the first response in this section.
What types of instruments do you trade?	Please see the first response in this section.
What are your average collateral balances / exposure?	Please see the first response in this section.
What are the estimated # of movements (cash and securities)?	Please see the first response in this section.
What are the estimated \$ of unique quarterly trades?	Please see the first response in this section.
What type of collateral is posted? (Cash, what type of securities)	Please see the first response in this section.
What is the estimated ITM / OTM collateral? How is this held?	Please see the first response in this section.
Do you require broker recons for any FCM activity?	Please see the first response in this section.
In any Appendix where derivatives are cited, please confirm the split of OTC vs exchange traded positions and the correlated transactions volume.	Please see the first response in this section.
In any Appendix where swaps are cited, please provide an instrument breakdown.	Please see the first response in this section.
In any Appendix where Interest Rate Swap transaction volume is included, please confirm the position volume.	Please see the first response in this section.
Please confirm the expected service level for OTCs. If independent valuation is expected, please confirm which OTC valuation pricing provider(s) you prefer to use.	Please see the first response in this section.
Please confirm if you hold portfolio swaps (CFD's)? If so, please provide volumes.	Please see the first response in this section.

Section 7 – Domestic Custody Fee Proposals

Respondent Question	Treasurer's Office Answer
Based on the fee proposal section indicating "not to include intra-bank transfers", can we assume that the volumes provided in the individual plan exhibits exclude inter-bank transfer volumes?	Yes.

Appendix 1 – 4: Beneficial Owner Profiles

Respondent Question	Treasurer's Office Answer
What are the Non-Depository or Ineligible Trades in the Domestic and Other Transactions tabs?	These transactions are related to Alternative Assets, or assets that are held away. For example, Venture Capital, Real Estate, Commingled funds, Bank Loans, etc.

Appendix 2 – Profile for Ohio Police & Fire Pension Fund

Respondent Question	Treasurer's Office Answer
There are 400 collateral/margin movements assumed for Bridgewater options. What transaction description should we use in the Fee Template to reflect these transactions?	These are recordkeeping transactions that are recorded in the account to reflect the option positions.

Appendix 4 – School Employees Retirement System

Respondent Question	Treasurer's Office Answer
17 accounts listed under U.S. Cash / Other without a designation of Separate or Commingled.	This represents the Short-Term Investment fund balance for each of the seventeen accounts. The accounts are identified as Separate or Commingled under the U.S. Equity, Fixed Income, and the Alternative Assets categories.

Appendix 5 – Ohio Highway Patrol Retirement System

Respondent Question	Treasurer's Office Answer
What are the 13 Manual Transactions categorized as "Fees"? What are the 183 Manual Transactions classified as "Other Transfer to Checking"?	The 13 manual transactions are related to banking fees that are processed. The 183 manual transactions are related to intra-bank transfers. For example, transfer from Custody Account to Demand Deposit Account.

Appendix 6 – State Teachers Retirement System

Respondent Question	Treasurer's Office Answer
10 accounts listed under other without designation of Separate or Commingled? Should these be included in the total fund count and if yes, please provide details of whether these are commingled funds or separately managed accounts.	The 10 accounts listed under other represent the cash held in a money market fund. The same 10 accounts are listed under U.S. Equities that show the individual public equity positions held.

Exhibit B – Business Requirements

Respondent Question	Treasurer's Office Answer
Question 2 requests cash balances in accounts be secured with collateral pledged to TOS. How does the TOS determine eligible balances and does TOS require a custodian to hold pledged collateral?	All uninvested cash balances are required to be collateralized by utilizing the Ohio Pooled Collateral System or the Specific Pledge method. Uninvested cash balances are end of day ledger demand deposits for the Beneficial Owners at the Custodians. Pledged collateral must be held by a qualified Trustee who are determined by the Ohio Department of Commerce.
Question 4 requires operating procedures; The Custodian has been engaged in the drafting and negotiating in prior years and would like to know if TOS will remain engaged to review and where needed negotiate on a regular basis?	Yes.
Where TOS and Respondent agree to use a 3rd party global sub-custodian, will TOS perform any review(s) of the assets under the sub-custodian? If so, does TOS direct Respondent or sub-custodian as to place of settlement/custody?	Generally, custodial accounts that hold only domestic assets will be with the domestic custodian. All dual custody accounts, meaning those accounts consisting of both domestic and international securities, will be in the custody of the global custodian.