Questionnaire

1. ORGANIZATION, ADMINISTRATION, AND GENERAL INFORMATION
   1. Provide an executive summary of your organization’s Institutional Master Trust/Custody business unit.
   2. Describe what differentiates your organization from other custodian banks. What is the value your organization provides to clients?
   3. Does your organization focus on servicing any particular client types? If so, describe specific strengths and services/products your organization has for meeting the needs of the following client types: Corporate Defined Benefit Plans, Public Funds, Taft-Hartley Plans, Endowments/Foundations, Hospitals, and Defined Contribution Plans.
   4. Include an organization chart of the Institutional Master Trust/Custody business unit, as well as an organization chart showing the position of the unit within the Firm’s overall management structure. Describe the Firm’s overall management structure, and how the Institutional Master Trust/Custody business unit fits within it.
   5. Complete the following matrix for total Institutional Master Trust/Custody assets and clients by type and asset size for year-end 2020. Describe what client types are included in the category labeled “Other.” Note: In the section labeled “Total Investment Manager Clients,” we are trying to determine how many investment managers employ the bank’s services for custody of their commingled fund/mutual fund/limited partnership investment vehicles.
   6. Matrix 1

|  |  |  |  |
| --- | --- | --- | --- |
|  | # of Clients | # of Plans | Assets Under Custody |
| TOTAL Corporate Defined Benefit Plans |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Taft-Hartley Plans |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Public Funds |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Endowment/Foundation Clients |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Investment Manager Clients |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Hospital Clients |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Other Clients (Please describe) |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |
| TOTAL Clients |  |  |  |
| Under $50 Million |  |  |  |
| $50-$250 Million |  |  |  |
| $250-$500 Million |  |  |  |
| $500-$1,000 Million |  |  |  |
| $1-$5 Billion |  |  |  |
| Over $5 Billion |  |  |  |

* 1. Matrix 2

|  |  |  |
| --- | --- | --- |
|  | Median Client Size | Largest Client Size |
| Corporate Defined Benefit Plans |  |  |
| Taft-Hartley Plans |  |  |
| Public Funds |  |  |
| Endowment/Foundation Clients |  |  |
| Investment Manager Clients |  |  |
| Hospital Clients |  |  |
| Other Clients (Please describe) |  |  |
| Total Clients |  |  |

* 1. What percentage of client portfolios are:
  2. Hedge Funds
  3. Private Equity Investments
  4. Real Estate
  5. Global Asset Allocation
  6. Other non-traditional investments
  7. How many new Institutional Master Trust/Custody clients and assets have been added/lost in each of the past 5 years? Complete the matrix below. Also, for clients lost, provide reasons for termination.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Number Added | Dollar Amt Added | Number Lost | Dollar Amt Lost | Reasons for Termination |
| 2017 |  |  |  |  |  |
| 2018 |  |  |  |  |  |
| 2019 |  |  |  |  |  |
| 2020 |  |  |  |  |  |
| 2021 |  |  |  |  |  |

* 1. Complete the following matrix for your organization’s Institutional Master TrustCcustody business unit.

|  |  |  |  |
| --- | --- | --- | --- |
|  | # of People | Location | Description (Include whether integrated with or segregated from other units) |
| Relationship Management |  |  |  |
| Operations/Management |  |  |  |
| IT/Systems Support |  |  |  |
| Information Security |  |  |  |
| Audit & Compliance |  |  |  |
| Risk Management |  |  |  |
| Legal |  |  |  |
| Other |  |  |  |

* 1. How often will the client relationship officer meet with the client?
  2. Describe your approach to client service. Include a discussion of the procedures relative to client interaction. Does each client have a primary contact to whom all inquiries are directed? What coverage is provided if those responsible for an account are unavailable?
  3. What would be the most distinct element of your client servicing approach that MCPS would benefit from and consider exceptional relative to others in the industry?
  4. How will you oversee quality control and client satisfaction for MCPS? How does your organization ensure expert response in a timely manner?
  5. Do you have programs in place designed to retain key personnel? If so, describe.
  6. Does the client relationship officer maintain a “procedures manual” for each client? What is the typical content of such a manual?
  7. Please provide tangible examples of how you work with clients to develop best in class service and best practice initiatives for clients.
  8. What is your procedure for handling complaints about accuracy of reports and analysis?
  9. Please describe the contractual commitment you are willing to make to MCPS with respect to accuracy of transactions, reports, and procedures.
  10. What turnover have you experienced in total client service/accounting/operations staff during each of the past three years? Of this turnover, what percentage were client relationship officers? (Provide number and percent turnover)
  11. On average, how many accounts are assigned to each of the primary client relationship officers?
  12. Do the primary client relationship officers have direct operational staff reporting relations? If not, list and describe the functional groups which support the client relationship officers in providing the service to the client. How long has the current form of organization been in place?
  13. Please provide details on the proposed team for the MCPS opportunity. Specifically, please provide details on the names and titles of the proposed team along with their respective years of custodial experience and years with the Firm. In addition, please indicate where each of these resources would be located and whether their locations are the headquarters for custodial services.
  14. Does the proposed team have experience providing custodial services to other Maryland public retirement systems?
  15. Explain, based on your organization’s structure, how the client relationship officer either answers client questions immediately, or how they refer to other relevant experts and how long that process takes. Who ensures follow up with the client relationship officer internally? How does your organization ensure that other experts respond to the client relationship officer in a timely manner?
  16. What is the Institutional Master Trust/Custody unit’s plan for growth in staff and clients?
  17. How much money was spent on product development for Institutional Master Trust/Custody during each of the past three years? What is the targeted amount for this year?
  18. How many people are assigned to product research and development? What percentage of the systems support/IT staff referenced in Section 1, Question 8 do they represent? To whom do they report?
  19. What is the Institutional Master Trust/Custody unit’s plan for product development?
  20. Describe your organization’s commitment to service quality and customer service. Does your organization have a total quality management program? If yes, please describe. Do you survey your clients? If yes, how often? Please provide the most recent results.
  21. What are the major business units of your organization? What percent of total annual revenues and profits does each represent? If the Institutional Master Trust/Custody unit is part of another unit, specify what percent of total annual revenues and profits the Institutional Master Trust/Master Custody division represents. Show this information for the past five years using the format below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Name of Business Unit | For year ended 12/31/2016 | For year ended 12/31/2017 | For year ended 12/31/2018 | For year ended 12/31/2019 | For year ended 12/31/2020 |
| Major Business Unit 1 |  |  |  |  |  |  |
| Major Business Unit 2 |  |  |  |  |  |  |
| Major Business Unit 3 |  |  |  |  |  |  |
| Institutional Master Trust/Master Custody Division (if not already listed above) |  |  |  |  |  |  |

* 1. Discuss the financial stability of your Firm, including the organization’s total assets and capital ratio. Provide information from your most recent S&P and Moody’s ratings reports, as well as a copy of your latest annual report.
  2. Identify and describe any litigation or investigation by a regulatory authority that your organization or officers have been involved in over the last three years that relates to Institutional Master Trust/Custody services. Provide details even if the litigation does not affect the Firm’s ability to service the account. Please describe the outcome of any investigation or litigation.
  3. List all insurance coverage relevant to Institutional Master Trust/Custody functions. Indicate the type and the amount.
  4. What responsibility does your organization accept for providing solutions to unusual situations? Provide a specific example of a situation in which your organization has provided a unique solution to a client (multiple if you can provide solutions for different client types). If a solution would require additional portfolio accounts and changes to reporting, would you request an increase in fees?
  5. Describe any ongoing educational sessions, user conferences, publications, or other means you have for keeping clients fully educated and for providing a forum for new ideas and needs. Do investment managers provide funding for any of these services? If yes, please specify.
  6. How do you monitor legislative and/or regulatory changes affecting Master Trust/Custody administration? How are these changes communicated to clients?
  7. Define your organization’s fiduciary responsibility. Specifically, what is the scope, depth and limitation of such fiduciary conduct relative to all services required by this RFP?
  8. What other auxiliary services are offered through your organization? (e.g., transition management, securities lending, and commission recapture)
  9. Describe your firm’s capability as it pertains to public banking service? How many public clients are using both public banking service and Master Custody/Trust service?
  10. Please provide a list of clients that have converted to your organization in the past 12 months, including the dates of conversion.
  11. Please list clients that have departed your organization in the past 12 months, including dates of departure.
  12. Please list 5 references for clients with similar structure and size to MCPS and that utilize the services being requested in this RFP. Please provide the number of years in which these references have been clients. Please provide references that are serviced by the same proposed relationship team, if possible.

1. PERFORMANCE MEASUREMENT, ANALYTICS, AND COMPLIANCE
   1. Of the clients summarized in Section 1, Question 5, how many utilize your organization for performance measurement services? What is the breakdown between client types referenced in Section 1, Question 5?

|  |  |
| --- | --- |
|  | # of Clients by Type |
| Corporate Defined Benefit Plans |  |
| Taft-Hartley Plans |  |
| Public Funds |  |
| Endowments/Foundations |  |
| Investment Managers |  |
| Hospital |  |
| Other (Please describe) |  |
| TOTAL # of Clients above |  |

* 1. How many portfolios (individual and aggregates) are represented in the above totals and what is the approximate value of these assets?
  2. How many people work in the performance measurement group?
  3. Describe your domestic and international performance measurement system. Is global performance evaluation provided before and after currency adjustments (realized and unrealized)?
  4. Describe the methodology used to calculate performance.
  5. Can you provide daily, monthly, quarterly and annual performance calculations, gross and net of fees? How soon after month-end is performance data available online? Does the client have the ability to create custom reports?
  6. Can you produce custom benchmarks?
  7. Are risk analytics, or any other services, part of the general performance measurement services, or would this be considered an additional service, with an additional fee?
  8. Describe the systems and procedures for the processing, valuing and reporting of alternative investments including, real estate, private equity, venture capital, and other non-traditional assets.
  9. Do you provide guideline compliance monitoring services online?
  10. Yes or No.
  11. What percentage of your clients utilize these services? What systems are in place to ensure accuracy and timely communication of any violations?
  12. Does the custodian help to set up compliance rules? Does the custodian provide any training on the compliance system?
  13. What type of investment guidelines can be monitored (e.g., prohibited securities, maximum security weighting, maximum cash)?
  14. Do you provide guideline monitoring for commingled funds?
  15. Can you provide guideline monitoring for portfolio characteristics (e.g., average duration and average quality for fixed income portfolios)?
  16. How flexible is the product for customization? Are there limitations on the level of customization?
  17. Describe any elements of your performance measurement and analytic services that you believe to be unique.
  18. How would your services complement the current performance measurement services provided through the consultant? Are you aware of any areas of redundancy that could be eliminated?
  19. List all indices and universes available for comparison, their source, and the manner and timing in which you receive them.
  20. NEPC has entered into an agreement with Insignis, Inc. to electronically collect account data on our clients’ investment programs. NEPC requests that custodians participate in the Insignis program by providing daily and monthly electronic feeds of our client portfolio holdings and transaction information to Insignis. The feeds consist of existing data fields from your accounting system delivered in a format that has been agreed upon and tested by your technology group and Insignis. A comprehensive confidentiality agreement exists with both NEPC and Insignis to ensure the ongoing privacy and security of our portfolio information.
  21. Do you participate in the Insignis program?
  22. If not, are you willing to participate in the Insignis program?

1. INVESTMENT MANAGER RELATIONS (Investment Reconciliation Process)
   1. What information delivery system do you offer investment managers? How is this system different from the information delivery system used by clients? If this is a different system, why is it different?
   2. Are managers offered the capability to view their accounts on a real-time basis?
   3. How do investment managers communicate trade instructions to your organization for settlement? What are the instruction deadlines?
   4. How do you monitor investment manager satisfaction?
   5. Describe your organization’s competitive advantage as it relates to servicing manager terminations and hires.
   6. Does your organization have a separate investment manager liaison group that handles the reconciliation process? If so, please describe the structure of the group and how it communicates with the accounting group. If not, please describe how investment manager relationships are handled.
   7. Describe the role your organization plays in the investment manager reconciliation process. What specific procedures are performed on the reconciliations prepared by managers? Are the reconciliations completed pre- or post-report mailing? Do you “formally” reconcile your records with those of the investment managers? Describe the process and frequency of reconciliation. Do you reconcile and research pricing and market value differences with the investment managers? Do you actively work with investment managers to ensure accuracy, or is it the sole responsibility of the investment manager to contact you in the event differences are discovered? How are reconciling items communicated to the client?
   8. Does your organization monitor tolerance levels for pricing discrepancies with investment managers? How are pricing challenges resolved?
   9. Describe your cost allocation method used when corporate actions occur (e.g., spin-off or reorganization). How do you handle discrepancies with investment managers for cost allocation rate?
   10. What is your reconciliation policy and procedure of handling the commission recapture program with investment managers? How do you handle the commission recapture delay with the brokerage firms?
   11. Do you have specific client service accounting staff with the responsibility of reconciling exception items between you and the alternative investment General Partners and/or investment managers? Is the process different when dealing with non-traditional investment managers?
2. ACCOUNTING AND REPORTING
   1. Discuss the level of automation of your Institutional Master Trust/Custody accounting system.
   2. Describe procedures for ensuring that all interest and dividends for clients are paid.
   3. Describe your ability to implement, establish and maintain a fixed income portfolio based on amortized cost. Describe the amortization methods available to the fund, frequency of processing, conversion experience, and the current value of fixed income being maintained by your Firm using this methodology. Does this reporting comply with FASB 91, EIFT 89-4, and other relevant generally accepted accounting standards?
   4. Describe your accounting procedures with regard to mortgage pass-through (i.e., GNMA, FNMA) and mortgage derivative (i.e., inverse floater) securities. How do you price these securities? What is your source and how do you account for pay down information? When do you credit principal and interest payments for each type of security?
   5. Describe your experience with alternative investments. Can your accounting system track total commitment levels to alternative investments, as well as capital calls against commitments and market values? Can your accounting system accommodate partnership accounting for limited partnership accounts fund to fund? Describe any special procedures for the processing, valuing, and reporting of alternative investments including real estate, private equity, venture capital, and other non-traditional assets. Do you have any proprietary software for alternative investment accounting? If so, please provide a brief description.
   6. Can your accounting system track hurdle rates and assist in validating investment manager fees by having breakpoints and the associated basis point fees?
   7. Are clients with multiple funds given different corporate IDs for their various investments, or do you alternatively identify their fund simply by the name of the investment?
   8. Provide a schedule of all accounting reports and include samples. How often are such reports produced?
   9. Is reporting provided on a trade-date, accrual basis? Do asset valuation and transaction statements reflect pending transactions? Is accrued interest included in asset valuations? What, if any, transactions are not accrued?
   10. How soon after accounting periods are fully audited reports available? How many days are the statements left open to record late receipt of trades completed and not settled? Do you offer a fee rebate in the event of late reports? How soon after fiscal year end are annual reports available? Can you accommodate a non-calendar year fiscal year end date? Can you provide interim valuations and reports to meet a one-time or ongoing special client need? Is there an additional charge? Do you currently do this for existing clients?
   11. To what degree are the deadlines described previously met by stale-pricing the investments, and what percentage of investment managers do not provide current market values to meet these deadlines? (A breakdown by investment type would be helpful, e.g., traditional asset classes, hedge funds, private equity, real estate, global asset allocation, etc.)
   12. When reporting stale values, do you identify the date of the reported value on your reports so clients can determine how stale the value is?
   13. What steps are taken to ensure the accuracy of client reports? Who is responsible for ensuring accuracy? Does an account officer sign and certify the reports? What controls are built into the process? What is the turnaround time for correcting errors?
   14. Do you have the ability to perform unitized accounting? How does it work? Is the unitized accounting fully automated into your accounting system?
   15. Do you have the ability to provide all accounting data and reports on CD-ROM or USB drive? How long is this data retained? Is this data also available electronically via the bank’s website or otherwise?
   16. Can you carry the book value of securities at original cost, amortized cost or average cost? How do you compute realized gains and losses?
   17. Do you have an accounting system for the commission recapture program? Can you provide payment detail at the security level?
   18. Is fund accounting handled by your Firm or is it subcontracted out to another company?
   19. How long is your data retention period? How long is data available online vs. archived?
   20. Please discuss your ability to provide information on portfolio holdings for proxy voting to outside investment managers or outside vendors. If you can provide proxy voting services internally, please discuss your capabilities and the associated costs.
   21. What reporting is provided to assist in satisfying GASB Statement No.40, Deposits and Investment Risk Disclosures, requirements? Please provide examples.
   22. What reporting is provided to assist in satisfying GASB Statement No. 28, Accounting and Financial Reporting for Securities Lending Transactions, requirements? Please provide examples.
   23. What reporting is provided to assist in satisfying GASB Statement No. 53, Derivative Instruments, requirements? Please provide examples.
   24. Are clients able to view accounting and reporting information online? When was your online access fully implemented? What types of reports can be generated? Are there trainings for clients on how to use these online systems?
   25. Does the client have the ability to create custom reports? Is access available 24 hours a day?
   26. Is data available real-time (access trade information as it changes throughout the day) or batch processed (data is updated each night)?
   27. How long is data available on the system?
   28. Do you offer a help desk for online services? Is there any special hardware or software required to use your online service?
   29. Please provide us with a description of your company’s daily valuation service process. Include your NAV calculation methodology.
   30. Can you provide daily reconciliation of investment activity, corporate actions, and valuations?
   31. Explain your procedures to determine whether the daily calculated NAVs are reasonable.
   32. What do you do in the event you discover an error in the daily NAV calculation? What are your materiality guidelines?
   33. How are errors beyond acceptable tolerances corrected and will you indemnify for such errors?
   34. What is the process for identifying and resolving share/market value differences between the investment manager, record keeper and you?
   35. Can you accrue for fees and expenses in the NAV?
   36. Please describe how you calculate NAVs for mutual funds and collective trusts. Can you receive prices directly from the investment manager or mutual fund? What is your time deadline?
   37. Please describe your experience with calculating NAVs. How many portfolios do you calculate a daily NAV for? Do you have experience with calculating a daily NAV for fund-of-fund structures?
   38. Describe how daily NAVs are fed to the recordkeeper. Why should we have confidence in your daily NAV and your ability to deliver it to the recordkeeper on time?
   39. Some investment managers utilize third party administrators to produce market values for reporting purposes. Does your accounting system keep track of their names to ease in identifying market values upon receipt?
   40. Some hedge fund of fund investment managers, for example, may have hundreds of underlying investments, each potentially creating their own K-1 reporting. Does your system have a way to assist in consolidating these reports?
   41. Does your system have a general ledger interface managed by the bank? How much monthly input is required from the client?
   42. Describe your process, with respect to class actions, of how you inform clients, how you charge for reporting these items, and how you coordinate with overlapping periods with prior custodians.
   43. Can you value and report options and futures instruments? If yes, how do you value these instruments? What capabilities and limitations in this area do you have?
   44. Discuss your procedures for tracking and reporting failed trades.
   45. How do you determine exchange rates for your reports?
   46. Will you act as fiduciary on foreign exchange transactions?
   47. Describe your systems, controls, and procedures for providing best execution on foreign exchange transactions. What reports or audit trails are available for monitoring each trade’s execution time, method, and other information necessary for the purpose of monitoring exchange rates used for best execution?
   48. Describe your capabilities for filing all foreign tax reclaim forms, monitoring foreign tax liability, and tax reclaim collection, including monthly reconciliations of tax reclaims from a prior custodian. Are there any additional fees associated with these services?
   49. What are the fees associated with foreign exchange transitions?
3. SECURITY MOVEMENT AND CONTROL
   1. Describe your depository memberships (e.g., DTC, FRB) and the services you use at these depositories. Describe your system for registration and custody of assets.
   2. Discuss the level of automation of your security transaction processing system.
   3. How and where are physical settlements transacted?
   4. What, if any, securities have been misplaced or lost in the last three years? If any, please describe the circumstances.
   5. Are the custody and settlement groups solely dedicated to the Master Trust/Custody Department? What is the reporting relationship?
   6. How and when are corporate actions processed?
   7. How is purchase fail float credited to the Trust?
   8. What percentage of fails did you experience in the last three years for sales and purchases?
   9. Fail float:
   10. How are accounts compensated?
   11. How do failed transactions affect cash balances?
   12. How frequently are managers advised of fails?
   13. Provide fail experience as a percent of trades
   14. Explain your procedures or policy for:
   15. Income collection
   16. Timely settlement of purchases and sales
   17. When dividend and interest become available for reinvestment
   18. Are you able to transmit proxy information to third party agents for clients?
   19. Please answer the following questions regarding pricing:
   20. What are your sources for pricing securities? Please provide a full schedule of all primary and supplemental pricing sources by asset class.
   21. What procedures are in place to investigate unusual or significant pricing changes from the previous pricing period?
   22. How do you price securities that are not listed on pricing services, such as private placements? Bank Loans?
   23. What is the frequency of your pricing updates?
   24. Do you utilize “matrix pricing” for fixed income instruments?
   25. Describe your procedures and control points for identifying “abnormal” prices. What tolerance levels are used for the various security types?
   26. Are clients allowed to specify alternative pricing sources? Explain.
   27. Describe how difficult securities (e.g., infrequently traded bonds, derivatives) are priced.
   28. Indicate your pricing sources for the following types of securities:

• Listed stocks

• Over-the-counter stocks

• International stocks

• Convertibles

• Corporate bonds

• Treasury bonds

• Agency bonds

• Mortgage pass-throughs and derivatives

• Asset-backed securities

• Commercial paper

• Non-U.S. bonds

• Bank Loans

• Real Estate

• Venture Capital

• Private Placements

• Futures

• Options

* 1. Do you have a brokerage division? If so, please describe in detail any expertise in transition trades and crossing capabilities.

1. TECHNOLOGY
   1. How will your organization provide dedicated support and comprehensive data access to MCPS (e.g., via your organization’s web portal or proprietary database or partner/affiliate’s portal)?
   2. How long has the current system/software been in place?
   3. What major enhancements are planned at this time?
   4. What are your annual budgets for the last three years for systems enhancements/upgrades?
   5. Is data available real-time (access information as it changes throughout the day) or batch processed (data is updated each night)?
   6. How do you handle reporting or software programming needs specific to one client? Include a discussion of any cost implications. What is the approximate time frame within which client-specific needs are met?
   7. Can nonstandard reports be created by users with your online system? Does your system have a user-friendly report writer?
   8. What client training do you provide for utilizing your online system?
   9. What system security measures do you have in place? How is online access authentication and authorization provided?
   10. Has your organization experienced any data breach or loss of personal, financial or other data considered private or confidential in the past three (3) years? If so, provide details and what steps were taken to address the issue both in the short term related to the specific breach/loss and also in the longer term to prevent such a breach/loss from happening again?
   11. Are there any added features to integrate accounting system/reports to Oracle Enterprise Resource Planning (ERP) cloud financial system (MCPS’s financial management system)?
   12. Please describe what contractual commitments you are willing to make to MCPS with respect to data breaches.
2. SYSTEM CAPABILITIES ANDDISASTER RECOVERY
   1. What is the configuration and age of the existing hardware used for Master Trust/Custody processing?
   2. Does the Master Trust/Custody unit have limitations on access to this equipment? How is access controlled?
   3. Please answer each of the following questions about your disaster recovery plan:
   4. Are there back-up capabilities for your systems in case of malfunction or disaster?
   5. How many hours before data can be retrieved?
   6. Is there a business continuity plan? Describe in detail.
   7. How often do you test the plan?
   8. When was the last test?
   9. Have they been used during the past three years?
   10. What was the longest duration of any such outage and what was the cause?
   11. What has been put in place to prevent this occurrence again?
   12. Do you have hot-site back up for systems? Do you have a backup location for personnel as well? Where are back-up sites located?
   13. Does an outside auditor or consultant review the disaster recovery plan? If so, who?
   14. Was the existing Master Trust/Custody software developed internally or externally? How is it supported? If developed and supported externally, who is the vendor?
   15. Describe recent modifications of significance to the core accounting system, and to the security movement and control system. When were they implemented?
   16. What enhancements of significance are you currently planning to make, and when do you expect to implement them?
   17. Describe the system's security procedures.
   18. What down-time have you experienced in the last year? What are the normal hours of availability?
   19. Do you have one multi-currency system for domestic and global accounting?
   20. Please discuss your plan/participant accounting system capabilities. Specifically, does your organization have the ability to track the participation of multiple plans or participants in one pool of assets? Please provide detail on how you would propose handling such a situation.
3. CASH MANAGEMENT
   1. What short-term investment vehicles are available for tax-exempt client use? Who manages these funds? Provide the guidelines, objectives, and management fees for each fund option.
   2. Provide fact sheets that include performance history and expense ratios for each fund listed in question 8.1.
   3. Do you charge a sweep fee? Describe all fees that are associated with cash management.
   4. Describe the daily procedure for investing client cash. To what degree is the process automated?
   5. When is STIF interest credited to the customer? Do you credit interest on due date without exception? If not, explain.
   6. When are funds withdrawn for purchases? Credited for sales?
   7. When do you invest funds received for interest, dividends and sales? When do you debit purchases?
   8. Do you "make good" on any missed dividends?
   9. How are instructions for wires and book transfer transactions communicated to you? Are there time restrictions?
   10. How many of your clients currently utilize separate short-term cash managers to manage their cash balances?
   11. Describe your cash forecasting ability to assist a separate short-term/cash manager in monitoring cash balances.
   12. At what rate will the bank reimburse the client for the overnight use of client funds if the bank erroneously debits an account overnight?
   13. Do you notify your clients of bank overdrafts? Does your organization charge fees for bank overdrafts? Do you determine the cause of the problem before charging the account?
   14. In what currencies are short-term investments available?
   15. Will investment managers be required to maintain cash balances at each sub-custodian location?
   16. Which currencies pay interest on account balances? Is there a charge that is netted against these earnings?
   17. List any countries where your standard cash management policies are currently not enforced and explain.
4. CONVERSION
   1. Describe your approach to the implementation and conversion process. Include an estimated conversion calendar, including actions required on the part of the Fund and the Master Custodian and the timeframe to complete each task.
   2. Do you have a conversion manual? If so, provide a copy.
   3. What dedicated resources (personnel, equipment, training of personnel, consultants, etc.), procedures and controls will you provide or recommend in the conversion period to ensure that the conversion is completed successfully in both a timely and accurate manner?
   4. How much time does a transition usually take?
   5. What is the relationship between the transition team and the permanent account administration staff?
   6. How do you handle transactions and claims that are in process during the transition/conversion period?
   7. How do you handle the performance measurement files during the transition/conversion period?
   8. Are you able and willing to backload historical data? Is there an additional fee?
   9. Give a detailed description of any specific problems that occurred during transitions over the past year and solutions that were instituted.
   10. Provide a summary of the problems that you reasonably expect to occur during a custody service conversion and your approach to resolving these anticipated problems.
   11. What fees or costs might a client face transitioning away from your Firm?
5. GLOBAL CUSTODY
   1. Does your organization have the ability to custody separately managed, non-U.S. assets? If not, what relationships has your Firm established to meet the needs of clients who wish to utilize separately managed non-U.S. accounts? Is there an additional layer of fees associated with such solutions?
   2. When did the Firm begin providing global custody? Provide a brief history of your global custody operations including the dates of implementation of key elements and enhancements.
   3. What are the total domestic assets under custody and/or administration? What are the total non-US assets under custody and/or administration?
   4. How many clients do you have currently using global custodial services?
   5. Briefly describe your global custody capabilities including those items which currently set you apart from the competition.
   6. How long have you used your current global accounting software? What major enhancements have you made in the last three years? Is it fully integrated with the domestic custody system?
   7. What are the divisions of responsibility among headquarters, the overseas office(s), if any, and the sub-custodians?
   8. For each country in which you provide custody services, list your custodial agent bank and the year that the current relationship was initiated. How many assets are held with each sub-custodian?
   9. What criteria do you use to select your global sub-custodians? How frequently do you review your sub-custodian relationships? How often does your organization assess political and market risk in a foreign country? In the past three years, what sub-custodians have been terminated? Please list and give the reason for termination.
   10. Outside of the U.S., do you use any central depository facilities? Describe your settlement and clearing facilities for depository eligible and physical securities.
   11. How are settlements communicated?
   12. When are funds withdrawn for purchases and credited for sales?
   13. Describe, in detail, your ability to handle foreign exchange transactions including all the alternatives available.
   14. What are your dividend and income collection and crediting policies, by country? How much of the foreign tax receivable is collectable? On a quarterly basis, please provide an aging of the tax receivable and estimates of the collectability.
   15. Describe your tax reclaim policy and procedures. How do you notify clients of any changes in local tax laws? How frequently are reclaims performed?
   16. How does your multi-currency accounting system handle forward foreign exchange contracts? Please describe in detail and include definitions of terms used.
   17. How does your multi-currency accounting system handle options? When a put or call is sold short, please describe the processing method. What is different in the handling of short options carried over a month end compared to closing out in the same month?
   18. How frequently do you reconcile your records with depositories and your sub-custodians – cash, securities, and corporate actions?
   19. Describe the controls you have in place to ensure the integrity of the sub-custodian settlement and custody reporting.
   20. Does your insurance coverage apply to securities held in your sub-custody network?
   21. Do you publish a country and market practices manual which includes a summary of trading, settlement, income collection, etc. practices for each country in your network?
   22. Is your Firm able to provide a segregated account to clients in all markets you serve?
   23. Are accounting and reporting capabilities available in both local currency and in U.S. Dollars? Please describe. What foreign exchange rate is used to convert to U.S. Dollars? Are the investment managers notified to use the same foreign exchange rate? How do you determine exchange rates for your reports?
   24. What percentage of the Master Trust/Custody business unit’s revenue comes from foreign exchange trading? Please provide dollar amounts, as well as the percentage of revenue for each of the last five years.
   25. Describe how you handle "failed" transactions and how these are reported to the client. Provide statistics by market on the percent of trades settled on time.
   26. Describe your systems, controls and capabilities, to identify, track and manage class action litigation or settlement proposals for securities either currently held or previously owned and eligibility requirements for participation in such actions. Are these reconciled with the investment management firm? Describe any differences from your domestic (U.S.) systems, controls and capabilities. Is there an additional fee associated with this service?
   27. Describe your domestic and international safekeeping network. How many markets are currently covered in your sub-custodian network? Provide the name of each sub-custodian agent and the amount of assets held with that sub-custodian.
6. AUDIT CONTROLS
   1. Who is responsible for monitoring audit recommendations made to management? Describe the process and provide a recent example.
   2. Provide copies of your most recent “C”, annual report, 10-k and 8-k filings, and SAS 70 report.
   3. Provide copies of any internal control opinions issued by your independent auditors specifically related to your custody services within the last three years.
   4. Are you willing to afford staff from the State Treasurer’s Office, the Office of the State Auditor, and contracted CPA firms continued access to the corporate audit reports and the working papers of the custodian’s internal audit division?
   5. List your current credit rating from all credit agencies that rate your organization for the past four fiscal years along with the specific part of your Firm that was rated.
   6. Are trust department records and procedures included in audits by your external auditor? To what degree? What level of certification is provided with annual reports? May client auditors examine bank records pertaining to client accounts?
7. BENEFIT PAYMENT PROCESSING
   1. Describe your organization’s normal operations in support of pension payments. In the description, please follow the receipt of the retirement initiation through the mailing of pension payments. Include details on each department that is involved in the process and how they interface with one another, as well as NEPC clients, throughout the process.
   2. Describe the controls that are in place in support of pension payments. Describe the controls throughout the entire payroll process and provide examples of any reports that are produced and reconciliations that are performed throughout the payroll process.
   3. Is benefit payment processing done internally or through an outside service provider?
   4. What processes do you outsource to third-party vendors (e.g., check printing, check mailing, death audit services, etc.)?
   5. Describe the normal pension payment cycle. Indicate the dates for file maintenance, check preparation and mailing, etc.
   6. Do you offer any online services pertaining to benefit payments? What reports are available? Please provide samples.
   7. Will you send other mailings to participants?
   8. What systems record changes in beneficiary status (e.g., addresses, mortality, check clearing)?
   9. What is your procedure for initiating a stop payment order?
   10. Describe your multiple address capability and indicate whether you will electronically transfer funds to pensioner checking accounts.
   11. Do you offer tax withholding services?
   12. Do you offer ACH, controlled disbursement, and/or wire transfers for disbursement processing?
   13. Can a separate cash management account be linked to accommodate request for payments and subsequent withdrawals? What type of reporting is available to track expenses through such an account? List and describe all associated fees for this type of account.
   14. Which methods are you able to distribute payments? (EFT, check, debit card; list any other methods)
   15. For periodic and lump sum payments, are you able to pay on: First business day? First day of the month? End of the month?
   16. Does your Firm allow cashing of lump sum check payments with amounts greater than $9,999.99 at your financial institution?
   17. Do you allow participants to pick up periodic benefit checks at your facility?
   18. Payroll file maintenance:
   19. Will clients have the ability to maintain the payroll file online?
   20. Will your system accommodate a batch upload process via a file for the purposes of making large-scale changes to the payroll file?
   21. Will you provide a reverse file feedback to clients?
   22. Will your Firm be responsible for quarterly and/or annual tax reporting?
   23. Will your Firm be responsible for remitting the following payroll withholding:
   24. Fed tax remittance
   25. State tax remittance
   26. IRS tax levies
   27. Child support
   28. Group health insurance
   29. Will you provide online images of checks paid?
   30. What types of customer service will you provide to:
   31. Participants receiving benefits (e.g., online services access to request duplicate tax returns, change of address, change direct deposit, and lost check replacement)
   32. The Trust itself as a client
   33. Will you provide reports such as those listed below in a format that can be used by clients to update in-house databases? In what formats are the reports available?
   34. Disbursement register
   35. Payroll reconciliation – changes from previous month’s benefit payroll
   36. Re-deposits, re-issues
   37. Outstanding checks
   38. Other
   39. What is your process for recovering payments made to a deceased participant when a death certificate is submitted? What if there is no death certificate?
   40. What is your turn-around time for replacing lost checks?
8. Bank Contact
   1. Primary Contact Person: Phone, fax, email
   2. Secondary Contact Person: Phone, fax, email