

**REQUEST FOR PROPOSALS (RFP)  
FOR GLOBAL CUSTODIAN AND SECURITIES LENDING SERVICES  
ADDITIONAL QUESTIONS AND ANSWERS  
FEBRUARY 22, 2022**

**Legal**

1. Page 7, Section 1.3: The RFP references many systems, funds and plans (“Entities”), each or many of which presumably have their own tax identification number and require different services / accounting requirements as laid out in the Overview of the Organizations.
  - a. What is the legal structure / type of each of the Entities for which custody services will be provided?
  - b. Is there one (or more) custody contract(s) currently in effect covering the Entities?
    - If one custody contract, what is the name of the account owner?
    - If one custody contract, would WSIB be open to considering separate contracts to specifically outline the services required for each of the Entities?
    - If more than one custody contract, then for each such custody contract (i) what is the name of the account owner, and (ii) what other Entities are covered by that contract?
    - For which, if any of the custody contracts, is the custodian performing (i) fund accounting services, and/or (ii) plan accounting services?

Answer: The WSIB is an agency of the state of Washington. There will only be one custody contract. All of the assets that will be custodied are under the WSIB’s tax ID. The WSIB has 6166s for both government funds and retirement funds. Fund accounting services are done for all accounts at custody. There is no “plan accounting services” by definition.

2. Regarding the Exhibit A-Letter of Intent to Respond, First para.: What document is the “Request for Qualifications and Quotations”?

Answer: It should be Request for Proposals

**Insurance Reporting**

3. Please provide the most recent or any past example of the statutory regulatory filings for the 4 LNI entities?

Answer: The WSIB has created a new Exhibit M “LNI STAT Reports” which will be provided to the firms that complete the NDA as referenced in Section 5.3 of the RFP.

4. Can you confirm this Broker Commission report contains all the externally managed fund trades through June 2022 and that we would assume double the trade counts for the full year?

Answer: The Broker Commission Report is for the fiscal year 2022 (July 2021 – June 2022).

5. Regarding the signature requested for the Certifications and Assurances form, Exhibit “D”, would WSIB accept the signature from the Head of Asset Servicing & Digital for Asset Owners, Americas? This individual has the authority to execute contracts on behalf of the firm. We believe this individual’s role is similar to the definition of “Chief Executive

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Officer” provided in the RFP (section 4.1 Definitions) as it relates to the role at WSIB. “Chief Executive Officer” also referred to as “Executive Director” means that individual described in RCW 43.33A.100 who has been delegated the authority to lead and manage all investments, operations and administrative functions of the WSIB.

Answer: The Certifications and Assurances Form - Exhibit D should be signed by the appropriate individual(s) described in Section 5.6.2 – Section 4 of the RFP. The WSIB will accept signature from a designee provided the designee has been granted authority from the individual(s) referenced above.

6. Due to the comprehensive amount of data that was provided by WSIB, and the timing of receiving responses for these additional questions being submitted today, would WSIB be willing to consider extending the Proposal deadline from March 3rd to March 10th? This extension would allow our team to ensure that we provide the most complete and commercially competitive response to WSIB. We appreciate your consideration to this request.

Answer: The WSIB cannot extend the due date for proposals because it will need time to properly prepare for the onsite visits which are intended to occur the week of April 10<sup>th</sup>-14<sup>th</sup>, 2023.

**Middle Office**

7. Can you please confirm the trade volumes provided are at the allocation level?
- a. If yes, upon review of your metrics, it appears that the volumes provided were for 2 years of activity (2021 and 2022). Can you confirm the volumes quoted below are accurate for the internally managed activity anticipated to be sent to our firm’s Middle Office?
- 2021: 531 Buys/Sells/Cancel
  - 2022: 499 Buys/Sells/Cancel

Answer: The data covers the fiscal year (July 2021 through June 2022). The WSIB agree with the trade counts listed.

8. Can you confirm that WSIB is actively trading with the 60 brokers quoted in the Q&A document? If no, can you confirm the number of brokers actively traded with?

Answer: Yes. The WSIB fixed income team is actively trading with 60 approved brokers.

**Insurance Accounting**

9. Are any of the LNI assets reported on Schedule BA? If so, please identify which assets?

Answer: L&I invests in fixed income, equities (through passively commingled investment trusts), and real estate. Currently, LNI holds controlling interests in LLC's who further invest in real estate operating companies. The real estate portfolio currently uses the equity method of accounting, and the investments are reported at market value. See holdings in Exhibit K for more detail.

10. Based on your response to Q&A question 99 you require NAIC pricing. However, since there

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has been a change in the regulatory requirements our firm no longer uses Securities Valuation Office (“SVO”) pricing for our clients. The pricing we use would be based off your pricing hierarchy. Is this acceptable to WSIB? Is your current custodian still using SVO pricing?

Answer: NAIC credit ratings are required. The market value of the real estate holdings will be supplied by WSIB partners monthly. Equity securities are through collective investment trusts and the price is supplied by the CIT manager. Fixed-income securities are reported at amortized cost and can be valued using the GAAP pricing hierarchy selected by WSIB.

**Securities Lending**

11. Does your lending activity have a minimum spread requirement? If yes, can you please provide the minimum spread that your current provider is using?

Answer: WSIB does not have a minimum spread requirement

12. The following two CTF accounts do not seem to be referenced in any of the holdings detail provided. Have these accounts closed?
- a. ACCOUNT INFORMATION REDACTED (Access Requires NDA)
  - b. ACCOUNT INFORMATION REDACTED (Access Requires NDA)

Answer: These are new accounts funded after fiscal year end when the data was pulled. The investment strategy is similar to others listed in the same section of the account schematics.

**Trade Volumes/Metrics**

13. Can WSIB provide the WSIB Broker Commission Report with a column that includes Investment Type Name?

Answer: Transaction detail tab includes “asset group name”.

14. Can WSIB provide annual trade volumes and holdings for derivative instruments (options, futures, swaps)?

Answer: Included GASB 53 reporting for the previous fiscal year.

15. Can WSIB provide annual mutual fund trade volumes?

Answer: WSIB holds very few if any mutual funds and trade volumes are not available.

**Clarification Question**

16. Can you please confirm there is no longer an Exhibit N as referenced in Section 5.3 Non-Disclosure agreement?

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Answer: There is no longer an Exhibit N.

17. Can you please clarify your response to question #70 in the Q&A document (in reference to requirement 48). Contractor shall provide, if necessary, a collateralized investment vehicle for funds received after the daily wire cutoff.

Q& A Answer: Collateralized investment vehicle which is the sweep vehicle the WSIB currently uses.

Answer: In addition to the collateralized investment vehicle used for sweep amounts, WSIB is looking to have a second collateralized investment vehicle available with a later wire cutoff for funds received later in the day. Any amounts wired into this secondary vehicle will be swept to the primary sweep vehicle as soon as feasible.

18. Is it a Washington State statute to provide a collateralized investment vehicle for sweep purposes?

Answer: This WSIB policy.

19. In Section 2.3.10 Middle Office Trade Settlement of the RFP #100 (b) is revised to read as follows:

b. Electronic trade message acknowledgement sent back to client confirming that the transaction has passed initial rules and validation.