

Master Custody/Securities Lending RFP 2021

Questions from Vendors

1. Why is the Oklahoma State Treasurer out to bid for Master Custody and Securities Lending services? [Current Master Custody and Securities Lending services will end 12/31/2021. State law requires a competitive bidding process.](#)
2. Please describe the current satisfaction level with Northern Trust and if there are any product or service gaps. [The current vendor has provided satisfactory service and there haven't been any noticeable gaps.](#)
3. Has there been any service challenges or turnover in the relationship with Northern Trust? If so, please describe. [None](#)
4. What are the main goals of this Master Custody and Securities Lending services RFP?
[The purpose of this Request for Proposal \(RFP\) is to select a Firm to provide custodial and securities lending services either together or individually.](#)
5. Are there areas of product, technology or service improvement the Oklahoma State Treasurer is looking to gain through the RFP? If so, please describe. [None at this time.](#)
6. Please describe the month end accounting close process.
[Market prices from Northern Trust are imported to Tracker, an investment software used by OST after 10th business day; monthly reconciliation between Northern Trust and the Portfolio Accounting & Reporting Department is performed. Also see #10](#)
7. What business day does Northern Trust close the month end books?
[By the 10th business day.](#)
8. Are month end reports delivered electronically each month to the Oklahoma Treasurer office? Please describe this process
[Yes, month end reports are made available electronically to the Treasurer's designated staff either via email or through the vendor's online report center.](#)
9. Does Northern Trust have a direct link/file transfer format of G/L download built directly into the Treasurer Office's internal general ledger? If so, please describe.
[No](#)

10. Please describe the month end reconciliation process between Northern Trust and the Portfolio Accounting & Reporting dept. Who is responsible for this reconciliation? Have there been challenges at month end or year end audit due to reconciliation issues? If so, please describe. Monthly reports are downloaded from Northern Trust by OST investment accountant to reconcile with records and reports generated using Tracker, an investment software used by OST. The monthly reconciliation is reviewed by the Director of Portfolio Accounting & Reporting dept. There may be timing differences if month end falls on weekend.
11. Please detail the anticipated timing of the RFP review and decision process. Will there be a narrowing of the responses down to a select number of finalists? We plan to finish the RFP review and decision process by the mid November. Yes, there will be a narrowing process.
12. When does the Oklahoma Treasurer anticipate making a decision as to its new custodian? Is there a targeted deadline? We plan to finish the RFP review and decision process by the mid November.
13. If the Oklahoma Treasurer decides to switch custodians, when would the “go live” date be expected? Depending on contract negotiations and transition, the tentative Go Live would be by 3/31/2022
14. Please describe any manual processes related to cash movements, invoice/expense payments, etc. How are these processes being monitored and administered today? OST’s Investment Accountant keeps track of projected cash activities using daily reports provided by Northern Trust and prepares a spreadsheet detailing cash available from coupon payments, maturities or paydown. Cash transfers are initiated by accountant and approved by a manager or director and available cash is wired out to OST’s designated operating account. For securities purchases, OST’s wire desk wires out the purchase amount to Northern Trust using an approved repetitive template, on settlement date. Invoices are billed and paid quarterly.
15. Is your Northern Trust doing your investment performance reporting? If so, is it being done DAILY or MONTHLY? Yes, it’s being done MONTHLY and Northern Trust also provides an ANNUAL Performance Report.
16. Is Northern Trust providing any investment compliance monitoring services relative to the Treasurer’s Investment policy? If so, please describe. No
17. For the 2020 fiscal year, what was the gross securities lending revenue earned by Northern Trust on behalf of the Treasurer’s office. What was the net earnings (80%) received by the Treasurer’s office during this same time period? FY20 gross securities lending revenue earned by Northern Trust on behalf of the Treasurer’s office was \$220,331. The net earnings (80%) received by the Treasurer’s office was \$176,266.

18. What is the average Money Market balance held by Northern Trust throughout the year in the General Account and the State Agency Account?
FY21 average Money Market balance was 480 Million in General Account and 296 Million in the State Agency Account.
19. What are OST's current reinvestment holdings? [See APPENDIX A](#)
20. How much revenue has been generated for OST for each of the last five (5) years?
Gross securities lending revenue for the last 5 years:
FY17-\$5,994; FY18-\$67,473; FY19-\$208,360; FY20-\$220,331; FY21-\$230,524
21. Please advise if bidders can submit a response via an emailed electronic link to a password-protected site (WebRFP).
No
22. If hardcopies are required, please confirm if a WebRFP (password-protected site) can be used in place of the flash drive.
No