

RFP 18-01 For Transition Management Services

Exhibit C: General Information, Questionnaire, and Fee Proposal

RFP

CONTACT INFORMATION

Provide the following:

- 1) Name, mailing address, phone number, and fax number of legal entity with whom the contract is to be written.
- 2) Name, mailing address, phone number, fax number, and e-mail address of primary contact.
- 3) Name, mailing address and phone number(s) of principal officer(s).
- 4) Legal status of organization (e.g., sole proprietorship, partnership, corporation, etc.).
- 5) Federal employer identification number.
- 6) Washington State Department of Revenue Registration Number (UBI number) if applicable.
- 7) The location of the facilities from which the Offeror will provide services under any Contract

FIRM PROFILE

- 1) Indicate when your firm began providing transition management (portfolio liquidation) services, and briefly describe your organization's background and experience in transition management.
- 2) Is your firm a parent, subsidiary or affiliate of another firm? Provide full disclosure of all direct and indirect ownership relationships.
- 3) Discuss the financial strength and stability of your firm, including your capital position. Provide a copy of your most recent annual report.
- 4) Please disclose any discipline and/or sanctions levied by the SEC, NASD, or any other regulatory authority against your firm within the last five years.
- 5) Disclose all litigation and arbitration hearings (and their status or resolution) involving your organization within the last five years. Specifically highlight litigation and arbitration hearings specific to transition management.
- 6) Discuss and disclose in detail all relationships your organization has with WSIB Board of Trustees, staff and Callan.
- 7) Is your firm a registered investment advisor and, if so, describe your experience in providing tracking portfolio management, beta management, and/or liquidity overlay services.
- 8) Over the last 5 years ending December 31, 2017, has the firm, or any officer or principal been involved in any business litigation, regulatory or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty? If so, provide a description, explanation, and indicate the current status, and indicate in what jurisdictions (US or Non-US, and then specify country).
- 9) How are conflicts of interest managed, disclosed or prevented if the firm or its affiliates provides transaction, execution, asset management, investment banking, and consulting services to brokers engaged by your firm in the completion of the transition management mandate?
- 10) How do you maintain the confidentiality of and protect information provided by WSIB, its custodian, third parties, and its managers to your firm, affiliates and business partners?
- 11) Please describe your business continuity and disaster recovery plans. When was the most recent test done? Indicate the date and results of the last testing of such emergency plan(s).

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- 12) What will be the recovery time(s) and service level for critical custodial services in the case of a major disaster?
- 13) Does your organization perform periodic vulnerability assessments or penetration tests on internal or external networks? If possible, please indicate the date, scope, and high level results of the last such testing.
- 14) Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance the firm carries. List the insurance carriers supplying the coverage, and supply certificates evidencing the coverage.
- 15) Do you have a SSAE 16 (SAS 70) on the General Operations and Process Controls of the Transition Management program?
- 16) Is your firm familiar with the Foreign Corrupt Practices Act? Do you comply with FCPA? Have your organization, personnel, subsidiaries, and business partners violated the FCPA?

The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA"), was enacted for the purpose of making it unlawful for certain classes of persons and entities to make payments to foreign government officials to assist in obtaining or retaining business. Specifically, the anti-bribery provisions of the FCPA prohibit the willful use of the mails or any means of instrumentality of interstate commerce corruptly in furtherance of any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.

- 17) Does your firm intend to be the exclusive provider of the services required in this RFP? Does your firm intend to partner or enter into business arrangements with other firms or agents based on capabilities and/or coverage purposes? Kindly state contract vendor name and for which service functions or deliverables. Please explain and describe the structure and management control process.
- 18) Regarding access to client information, how does your firm monitor and track employees' access to client information, including if an employee has downloaded any or a substantial amount of confidential client information (i.e. account numbers, fund names, manager names, security level information, etc.)?

TRANSITION MANAGEMENT MODEL

- 19) Indicate which of the following best describes your organization's model for providing transition management services:
 - a. Investment Bank_____
 - b. Asset Management Affiliate_____
 - c. Custody Affiliate_____
 - d. Consulting Affiliate_____
 - e. Other, please describe_____

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- 20) Discuss the advantages of your model for providing transition management services.
- 21) Discuss the disadvantages of your model for providing transition management services.
- 22) Your firm is required to act as a fiduciary on all transitions for the WSIB, please discuss in detail what makes your firm a fiduciary.
- 23) Specific to question #22 above, discuss whether or not your fiduciary model encompasses the following:
The fiduciary model of the transition managers should be able to satisfy the following requirements:
- For a given transition, provide one or more transition plan(s) that seek to best solve the multiple constraints unique to the specific transition. Include a detailing of the costs and pros & cons for each, and ultimately a recommendation to the best perceived course of action.
 - Vote proxies during the transition period.
 - Responsible for mandatory and voluntary corporate actions.
 - Investment discretion and control of the transition/legacy portfolio(s) absent a target portfolio(s) and, if so, over a temporary period of investment discretion.
 - Apply appropriate forms of risk management tools and derivatives (i.e., ETFs, Futures, Swaps, etc.) approved for use in advance to manage tracking error and mitigate risk.
 - Ensure best execution in the selection and evaluation of broker execution outlets whether on an agency or principal basis.
 - Disclose all sources of revenue, including the other side of the trade.
 - Curtail information leakage, including pre-hedging and front running activities detrimental to WSIB.
 - Disclose all aspects of foreign currency execution, including all sources of revenue.
 - Accept and report using the t-standard at 1 standard deviation and at 99% confidence interval as the relevant measure for implementation shortfall (Perold).
 - Able to contract in writing as a fiduciary.
 - Accept that what is in the best interest of WSIB and its beneficiaries is of paramount importance and may not necessarily be aligned with the best interest of the provider.

If your fiduciary model does not encompass any of the above, please discuss in detail.

- 24) Consistent with your proposed method of providing fiduciary services to WSIB, provide at least two examples where your firm has acted as fiduciary.

EXPERIENCE

- 25) Describe the most complex transition your current portfolio transition team has completed within the last 5 years.
- 26) Describe your firm's experience performing transitions involving multiple asset class mandates, including global equity and fixed-income mandates.
- 27) Please indicate in the tables below the total number of transitions your firm has performed during the last five years, including the corresponding volume and round-trip market value.

RFP 18-01 For Transition Management Services**Exhibit C: General Information, Questionnaire, and Fee Proposal****Total Transitions**

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total US All-Cap Equity Transitions e.g. MSCI US IMI or Russell 3000

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total Global All-Cap Equity Transitions e.g. MSCI ACWI IMI

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total Non-US Equity excluding Emerging Markets Transitions e.g. MSCI World ex-US IMI

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total Non-US Equity including Emerging Markets Transitions e.g. MSCI ACWI ex-US IMI

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			

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2016			
2017			

Total Emerging/Frontier Markets Transitions e.g. MSCI EM IMI

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total Fixed Income Transitions e.g. Bloomberg Barclays Capital Universal Bond Index

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

Total Emerging Markets Fixed Income Transitions

Year	Number of Transitions	Number of Shares and/or Units	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

28) Please indicate the total number of transition management mandates completed over the last three years ending December 31, 2017 in the following table:

Market Value Size (round-trip)	Number of Transitions	Total Market Value (round-trip) (\$ millions)
Less than \$100 million		
\$100 million to \$500 million		
\$500 million to \$1 billion		
Greater than \$1 billion		

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- 29) Please discuss your experience providing asset transition services to large tax-exempt institutional funds with over \$50 billion in plan assets.
- 30) What is the total number of transitions (full round-trip) completed for your five largest tax-exempt public fund clients during the three-year period ending December 31, 2017? Please specify name, mandates and the corresponding market value of assets.

Client Name	Asset Size	Asset Class Mandate	Was your Firm Contracted and/or Acted as a Fiduciary?

- 31) What is the total number of transitions (full round-trip) completed for DC Plans with Target Date Fund options during the 5-year period ending December 31, 2017?

Year	Number of DC Plan Clients	Number of Transition Events	Total Market Value (round-trip) (\$ millions)
2013			
2014			
2015			
2016			
2017			

- 32) For those transitions involving Target Date Fund options, describe 2 transition events involving your ability to navigate multiple investment vehicles within the TDF options (separate accounts, commingled fund vehicles, and mutual funds), and the coordination required with the record-keeper, custodian, and the NSCC.
- 33) WSIB requires each transition manager to disclose and submit a distribution chart of the aggregate composite impact of their completed mandates, normalized using Implementation Shortfall, over the last 3 and 5 year periods ending December 31, 2017. We would like to understand the dispersion from the mean between your firm’s pre- and post-trade analysis. Please provide the requested information and delineate by (a) Total Completed/Composite TM Events, (b) Equities US and Non-US, (c) Fixed-Income, and (d) Multi-Asset Class Mandates for the last 3 and 5 year periods ending December 31, 2018.

TEAM

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34) Do you have a dedicated transition management team? If yes, how many dedicated professionals comprise the team? Provide their names, responsibilities, location(s), and experience (including years with your firm and within the industry).

35) Please provide names, brief profiles of individuals who are 100% dedicated and responsible for transition management services, including trading, risk management, client servicing, and marketing? Separate out any individuals not 100% dedicated to transition management (i.e. program/sales trading for manager clients or for other related business lines). Complete the following table. (*NOTE: Add CFA and other professional designations.)

Name of Professional	Title/ Responsibilities	Years of Exp.	Years w/ Firm	Years with Firms' TM Unit	* Degrees/ Designations	Sponsoring Body/ School

36) Please complete the following table.

Functional area	# Staff
Trading Analysis (e.g., pre- and post-trade) and trading coordination	
Transition Strategists	
Transition Portfolio Management	
Trading and Execution	
Transition Support and Custody Interface	
Compliance and Risk Management	
Client Service/Relationship Management	
Sales and Marketing	
Legal Counsel and Support	
All Other: Identify by functional area, including administrative support; add lines as necessary and provide totals.	
Total as of December 31, 2017	

37) Describe in detail all turnovers within your transition team for the three-year period ending December 31, 2017. Identify all individuals that have either joined or departed the team during this time period as specified in the table below. How long has your existing transition management team been in place?

Personnel Turnover

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Date	Name/Title	Responsibilities	Years at Firm	Reason for Leaving	Replaced by (name/title)
<i>Departed:</i>					
2015					
2016					
2017					
<i>Joined:</i>					
2015					
2016					
2017					
<i>SUMMARY:</i>					
		2015	2016	2017	
Total # of Professionals					
# Joined					
# Departed					
% Turnover					

- 38) If applicable, note whether transition management is separate and distinct from your program trading arm, and discuss your answer.
- 39) Indicate your office location(s); if more than one, indicate the functions at each location. Which office and who will be responsible for the management and client service?

TRANSITION MANAGEMENT

- 40) What distinguishes your transition management services from the services provided by your competitors?
- 41) Describe your process and analytics used for determining the most appropriate means of trade execution (i.e. principal versus agency, or some combination). What is the toolkit under your disposal to effectuate transitions - analytics, proprietary applications, risk systems, trading platforms, etc.?
- 42) Discuss the unique characteristics and issues associated with transitioning global equity and fixed-income, including emerging markets and foreign currency.
- 43) Based on your transition experience, enumerate specific countries that can be problematic to any transition and provide explanation for each.
- 44) Do you have a risk and compliance team that monitors the transition process? Describe your risk and compliance process.
- 45) Describe how your firm monitors and controls tracking error during a transition. Provide sample calculations, including the use of derivatives and optimization techniques.
- 46) Describe how your firm maintains market exposure for a specific asset class during a transition.
- 47) Describe in detail how your firm manages the various operational risks associated with transitions containing US and international markets, such as delivery and settlement failures, and effective communication with the custodian, legacy and target managers, as well as a defined benefit cash overlay manager.

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- 48) What is your process to ensure the confidential treatment of information related to a transition? Discuss all steps taken to eliminate information leakage to external sources and to groups and employees within your firm and organization.
- 49) How does your firm typically handle transitions involving a large number of small cap equities and emerging market equities? What problems do you typically encounter when transitioning such events?
- 50) Transition managers are often built around equity transactions with the corresponding analytical tools to parse through the event. How does your firm typically handle transitions involving both equity and fixed-income mandates? What analytical tools are utilized given the different dynamics involved with a combined equity and fixed-income mandate? What would you do differently if the transition involved a global mandate?
- 51) Describe your firm’s use of the following for both non-U.S. and U.S. equity and fixed income transitions: in-kind transfers, internal crossing, external crossing networks, primary exchanges, and principal trades. Specify the percentages for each source of liquidity noted above for transitions involving equities completed for the past three years ending December 31, 2017.

Sources of Liquidity	Percentage
In-Kind Transfer	
Internal Crossing	
External Crossing	
Primary Exchanges/Open Market	
Principal Trades/Risk Based	
Other Venues (specify)	

- 52) Provide your definition of a “dark pool”. Identify internal and external “dark pools” that you would deploy for crossing purposes and to minimize trades. How can your firm assure that the above “dark pools” do not disadvantage WSIB and is consistent with acting as a fiduciary and providing full disclosure.
- 53) Specific to the “dark pools” used (both internal and external), what is the average \$US size over the last year ending December 31, 2017? Are the “dark pools” sub-divided into US equities, international equities, foreign exchange, and fixed-income?
- 54) What are the costs and fees associated with your “dark pools” of assets?
- 55) Specific to crossing, how is your organization able to achieve zero cost either internal or external crossing? Provide all costs associated with crossing transactions, external or internal.
- 56) Are you able to cross FX transactions? Please describe the extent of your capability and experience in FX crossings.
- 57) Identify and define in detail all costs associated with a transition, both explicit and implicit and consistent with full disclosure as required in DoL 408(b)(2). Provide a list of sources of revenue generated by your firm during transition management events.
- 58) Are the sources of revenue (both composition and magnitude) noted above different if your firm is a fiduciary or arranges for fiduciary oversight? If yes, please explain.
- 59) Describe your approach to measuring the success of a transition. Also discuss the benchmarks preferred by your firm when evaluating the performance of a transition.

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- 60) Explain how corporate actions are monitored during the transition period. Who is responsible for voting the proxies?
- 61) Does your firm have any experience with transitions involving securities that are out on loan (securities lending)? Please describe your process of assessment specific to recall procedures, tracking impairment of the cash collateral, gating or redemption restrictions, and how to avoid triggering the realization of losses.
- 62) How does your firm ensure that securities being liquidated are not out on loan?
- 63) How does your firm manage derivatives and/or synthetic instruments embedded within a portfolio to be liquidated, including collateral management accounts? What is the tracking mechanism for such instruments?
- 64) How does your firm handle high-yield securities, bank loans, and other collateralized synthetic fixed-income instruments?
- 65) Are you able to handle transitions involving leverage, private equity, market neutral, long-short portfolios and other alternative investment strategies, including fund of funds structures? Please describe your distinct capabilities and experience in unwinding such complex portfolios.
- 66) Does any other part of your firm or affiliates benefit from revenues from your transition business? Provide your revenue source disclosure policy.
- 67) Has your firm signed a revenue source attestation with previous clients? If yes, please provide a copy of that attestation (Sample agreements or contracts should be an actual photo copy image/pdf copy. Client names must be redacted). Will your firm be willing to sign a revenue attestation for all transition events performed on behalf of WSIB?
- 68) What is your policy around “best execution” for transition management mandates? How does your organization measure “best execution”?
- 69) Is Trade Cost Analysis (TCA) provided as part of the post-trade analysis or report? Who is/are the service provider(s) your firm utilizes for TCA measurement? The WSIB requires an independent analysis from a third party following each transition. Which providers of this service have you utilized for past transitions?
- 70) How does your firm minimize the risk associated with the foreign exchange required to settle trades? Would you recommend that another party execute the required currency transactions?
- 71) Specifically with respect to foreign exchange, what would your firm consider to be an appropriate benchmark for evaluating transactions that are part of the transition?
- 72) How does your firm ensure “best execution” of foreign exchange? Do you provide supporting documentation (e.g., time stamp, hi-lo monitoring, etc.) specific to the competitiveness of the foreign exchange?
- 73) Do you have stated policies or guidelines specific to foreign exchange transactions specific to transition management? Are you able to execute foreign currency either agency or principal or both?
- 74) Please explain the use of soft dollar arrangements within your Transition Management business? Is your organization able to manage and meet the requirements of MiFID II?

ANALYSIS AND REPORTING

- 75) Discuss in detail the analysis of a planned transition that can be produced by your firm, and provide a sample pre-trade report. Define all measurement methodologies.

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- 76) Specify whether or not you are able to provide real-time access for clients and/or managers to monitor trading activity during a transition. Describe your firm's capabilities with respect to this area.
- 77) Discuss in detail your firm's post-trade analysis and reporting of a completed transition. Provide a sample post-trade report, and define all measurement methodologies. Include a sample attribution of differences between pre-trade estimates and post-trade results.
- 78) Is your firm able to accept and agree in writing to the following Disclosure Requirements? If your firm is unable and/or unwilling to agree in writing to any part of this disclosure, please explain why.

Execution Disclosure:

Unless specifically requested and agreed to otherwise, Transition Manager will act only in an agency capacity at a firm level for all security and currency transactions. In other words, transactions booked to the Transition Client will be booked on an agency basis and any inter-company or affiliated transactions of the Transition Manager firm will also be conducted on an agency basis.

Upon request, date and time stamped individual printed data will be provided, where available, for all transaction of securities and currencies.

If Transition Manager has been specifically authorized to transact for the plan in a principal capacity, Transition Manager will not engage in any pre-hedging type activities unless specifically authorized to do so.

Transition Manager will disclose all sources of revenue generated by itself and/or any of its affiliates in conjunction with the use of, or transactions in, the assets of the plan. These revenues could include, but are not limited to:

- *Commissions generated by Transition Manager and/or its affiliates from the counterparties of the plan's transactions, both in terms of the cumulative amount (as a % of notional value) of activity crossed internally and the average commission level generated from such transactions.*
- *Any realized profit or loss at the culmination of the transition to Transition Manager and/or its affiliates as a result of securities and/or currency transactions affected in a principal capacity.*
- *Any unrealized profit and/or loss to Transition Manager and/or its affiliates as a result of securities and/or currency transactions affected in a principal capacity. The mark to market for these open positions shall be as of the close of the day of the last transaction of the transition event.*
- *Any potential revenue sharing agreements and/or payments for order flow agreements with affiliates and/or outside parties.*

Reporting Disclosure:

In order to assist the client to track performance and understand costs and fees associated with the services:

- *Transition Manager will provide an estimation of all costs of the transition event, in dollar terms relative to the assets of the legacy portfolio, prior to beginning the event.*
- *Transition Manager will provide a performance measurement of the transition event, in accordance with the T-standard within one week of completion of the event.*

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- *Transition Manager will provide regular updates (daily at a minimum) as to the progress and performance of the event.*
- *Transition Manager will provide a post event review within one week of the completion of the event that includes a performance comparison relative to the original cost estimation.*

FEE PROPOSAL

79) What is your customary fee or rate for execution of transition services within the context of what WSIB is trying to implement and accomplish? Kindly use the following tables.

US Equity Assets

Asset Size	Cents per Share	Basis Points
Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

US Small-Cap Equity Assets (if different than above)

Asset Size	Cents per Share	Basis Points
Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

Non-U.S. Developed Equity Market Assets

Asset Size	Cents per Share	Basis Points
Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

Emerging/Frontier Market Assets

Asset Size	Cents per Share	Basis Points
Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

Global Fixed-Income Assets

Asset Size	Cents per Share	Basis Points
Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

Emerging Markets Fixed-Income Assets

Asset Size	Cents per Share	Basis Points
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Less than \$100 million		
\$100 million to \$500 million		
\$500 million and up		

80) Is the fee based on cents per share and as a percentage of market value on the full round trip market value?
Is the fee negotiable?

81) Specific to your fiduciary/discretionary transition management capability, what is the cost or asset management fee associated with such a service? Describe how the length or complexity of a discretionary transition management service (e.g., temporary tracking portfolio assignment) would impact the cost or asset management fee? If there is no cost, is it included in your cents per share or basis point fee identified above?

REFERENCES

82) Provide a minimum of three institutional tax-exempt fund client references for which your firm completed a transition involving multiple asset classes and acting as a fiduciary over the last three years. Include the name, title and telephone number of an individual for us to contact.