

Model Request for Proposal

A Template for Institutional Investors

Presented by:

Asia Pacific Association for Fiduciary Studies

**Proposal Specifications
For Execution Services**

RFP No. _____

Date of Issue: _____

In order to be considered for this assignment, all persons, firms, or corporations responding to this Request for Proposal (RFP) must provide the following information when submitting proposals. Any proposal received that does not provide the information requested below will be rejected. Proposals rejected will not be returned to the owner, but the owner will be notified. To facilitate proposal review, please provide the information in the order requested below.

I. Transmittal Letter

The transmittal letter must include the following information:

- A. Name of the firm, address, telephone, voicemail, facsimile numbers & email.*
- B. Location of the firm's principal office and, if different, the location where this assignment will be performed.*
- C. An affirmative statement expressing your firm's willingness and ability to perform the duties described in the RFP.*
- D. An affirmative statement as to the availability of the necessary resources to perform all services described in the RFP.*
- E. Name, title and telephone number of the primary client service representative.*
- F. An affirmative statement that the firm, and primary client service representative, are registered Investment Advisors under the Investment Advisor Act of 1940.*
- G. An affirmative statement indicating that the firm has been providing institutional trade execution services for more than 20 years.*
- H. An affirmative statement that the individual, firm or corporation has at least \$50 billion in institutional assets to which they provide such services.*

The transmittal letter must be signed by the individual who is authorized to contractually bind the person, firm, or corporation submitting the proposal.

II. Questions to be Answered

I. Structure

- A) *Please describe the history and ownership structure of your organization. Describe principal business and other services available.*
- B) *For how long has your firm been offering institutional trade execution services?*

II. Client Service Personnel

- A) *Please identify the primary client service representatives and support personnel who would be assigned to provide services to the Fund.*
 - 1) *Describe specialized experience in consulting work with emphasis on public funds.*
 - 2) *How many support staff does primary client service representative have.*
 - Are they licensed (e.g. Series 7, Series 63, etc)?*
 - 3) *Please provide a list of clients serviced by the proposed primary client service representatives.*
 - 4) *Describe the primary client service representatives' experience, if any, in the Western Pacific region. If there are particular instances that you feel demonstrate significant value added to particular clients as a result of the primary client service representatives recommendations with respect to execution services, please describe*
- B) *Do you anticipate any changes in staffing at the client service level?*

III. Services

- A) *With respect to execution services:*
 - 1) *What exchanges is your firm a member?*
 - 2) *How many seats do you have on these exchanges?*
 - 3) *How many floor brokers does your firm have?*
 - 4) *How many direct lines do you have to the floor brokers?*
 - 5) *What electronic trading platforms and order systems do you support?*
 - 6) *Is your firm a broker/dealer or agency-only broker?*
 - 7) *Do you provide portfolio transition management?*
- B) *Insurance: Please indicate the name of carrier and the dollar amount:*

- 1) **Errors & Omissions**
- 2) **Fiduciary Liability**
- 3) **Fidelity Bonding**

C) Personnel

- 1) **How are key employees compensated?**
- 2) **Indicate the number of years experience for key personnel.**
- 3) **How many trading professionals have been added in the last 5 years?**
- 4) **How many trading professionals have departed in the last 5 years?**

D) Investment Manager Client Base

- 1) **Give a brief profile of your client base.**
- 2) **How many investment managers do you work with?**
- 3) **Do you current provide services for investment managers investing on our behalf?**

E) Trading Capabilities

- 1) **Which of the following security types does your firm offer execution services**

Check (if
applicable)

US Equities
US Bonds
Foreign Equities
Foreign Bonds

- 2) **Provide additional details on what your firm represents in terms of dollar and percentage trading on the various exchanges, over the counter and inter broker, for both debt and equity.**
- 3) **Describe your execution, clearing and trade reconciliation process.**
- 4) **Describe your firm's abilities in the various fixed income markets.**
- 5) **Please describe the bidding process for bonds.**
- 6) **With whom do you execute and clear trades?**
- 7) **Does your firm trade in equities for its own account?**
- 8) **Would your firm commit capital to facilitate a trade?**

- 9) ***How would you handle non-exchange trade instruments?***
- 10) ***Describe your firm's in-house trading desk and/or trade department for equity and fixed income.***
- 11) ***Do you have a required volume, time requirement, or minimum transaction requirement for trades placed by investment managers on clients behalf?***
- 12) ***What processes do you have in place to encourage participation from investment managers?***
- 13) ***What is your policy on stepping out trades? Please illustrate with an example how this would work.***

F) *Monitoring Procedures & Quality Control*

- 1.) ***Please describe your firm's trade monitoring policies in detail.***
- 2.) ***Does your firm provide an execution analysis for the clients?***
- 3.) ***Does your firm have the capability to provide historical transaction reporting?***
- 4.) ***Discuss quality control issues regarding market impact and best execution.***
- 5.) ***Describe the firm's control and/or audit procedures to monitor and verify account activity.***
- 6.) ***What audit procedures are used to evaluate the firm's execution of trades?***

G) *Reporting*

- 1.) ***Please indicate the frequency for various forms of communication: Account Review, Market Letters, Other.***
- 2.) ***How soon after quarter end are these reports available?***
- 3.) ***Can client accounts be accessed on-line?***

H) *Describe any services or performance aspects that are unique to your firm.*

I) Identify other services you can provide (i.e. custody, trade execution services, etc).

- If submitting a bundled services proposal including custody, please respond to attached custody RFP as well.**
- If submitting a bundled services proposal including investment consulting services, please respond to attached investment consulting services RFP as well.**
- In either a fully bundled (custody, execution services and consulting) or partially bundled (consulting and execution services) relationship, how do you ensure that conflicts of interest do not arise and are there arrangements that offer a safeguard for detection of such concerns.**

J) Do you consider yourself as a fiduciary when providing execution services? If not, why not?

V. Fees

A) For a flat cents per share and/or recapture proposal, include an outline of all services you propose to provide and their associated fees. Specifically, provide detail in terms of at what cents per share you would propose executing agency trades and what would be the rebate percentage proposed for fixed income trades. Stated fee schedule must include all charges and must reflect your costs in their entirety.

B) Bundled services proposals:

- If you offer bundled custody, execution services and consulting services, list all services provided under such an arrangement. If the fee schedule is based on a percentage of assets, please provide a schedule up to \$100 million in assets. Do the investment managers retain the ability to step out trades in the interests of best execution?**
- If you offer bundled execution and consulting services, list all services provided under such an arrangement. If the fee schedule is based on a percentage of assets, please provide a schedule up to \$100 million in assets. Do the investment managers retain the ability to step out trades in the interests of best execution?**

C) If hired, will your firm receive any other form of compensation from working with this account that has not been revealed in your response to this RFP. If yes, what is the form of compensation?

D) If retained either for a custody only or bundled relationship, will you aggregate related Funds for fee calculation purposes for all services provided, should you either be providing such services currently to any of these Funds or asked to do so in the future?