

D.C. Retirement Board Transaction Cost Analysis Consulting RFP Questions

- 1) The RFP indicates that “The Board intends to award a single firm fixed price contract resulting from this solicitation.” As I have discussed with Sheila Morgan-Johnson in past conversations, Klarity FX has worked on similar projects in the past as a dedicated FX TCA provider, alongside Zeno who completed the equity TCA portion of the work. Will DCRB consider a single, best-in-class FX TCA provider to complete just the FX component of the work?

No, DCRB will not consider single TCA service providers focused solely on a particular asset class or area of the portfolio.

- 2) Do you have insight or information on the number of FX trades executed on behalf of DCRB within the last year? Will there be a material difference in the number of trades to be analyzed for the ensuing year?

The numbers of FX trades executed on behalf of DCRB during 2012 and through the first half of 2013 were approximately 800 and 400, respectively. DCRB does not expect there to be a material change in the number of trades to be analyzed in the ensuing year.

- 3) Does DCRB have access to time-stamped data for FX trades?

Yes, DCRB has access to time-stamped data for FX trades executed through State Street, the agency’s custodial bank.

- 4) Is DCRB currently setup with an improved FX pricing model with State Street, e.g., SSH pricing?

Yes.

- 5) In reference to Item D within the Minimum Qualifications, if the firm cannot demonstrate experience working with 3 funds with more than \$5bln in assets, but can demonstrate work with plans with significant and relevant international flows, would it disqualify the firm from consideration in the search?

Yes.

- 6) In reference to Item G within the Minimum Qualifications, is DCRB requiring 1st or 3rd party fiduciary insurance?

DCRB will require third-party fiduciary liability insurance that provides adequate protection for the consultant’s errors and/or omissions in their professional services rendered to DCRB. The firm/vendor must submit (annually) a certificate of insurance documenting that DCRB is named as an additional insured.

- 7) We do not believe we would be functioning as a fiduciary as defined under ERISA.

- a. Is this requirement for Transition Management Consulting only?

No, as DCRB has noted in the RFP, the Transaction Cost Analysis Consultant will be deemed a fiduciary.

- b. Is this requirement mandatory?

Yes, this requirement is mandatory for consideration.

- c. We cannot agree to something which holds the firm to a standard beyond the scope of our responsibilities.
- 8) All of our reporting is web-based and we do not produce hard copy reporting although the web reporting is printable.
- a. Is the hard-copy reporting mandatory?
No, this is not mandatory for consideration.
 - b. Does the web reporting qualify as “softcopy?”
Yes, web reporting and access to all data and exhibits would qualify as “softcopy”.
 - c. It may be possible to produce hard-copy summary reporting. Would this be acceptable?
Yes, this would be acceptable, but is not necessary if full reports can be printed via web access.
- 9) We include transition analysis as a standard part of all TCA reporting.
- a. However we are not a “Transition Consultant” as defined by the following parameters; Transition Planning/Strategy Advise and Recommendation, Live “trade monitoring” (only post-trade assessment), evaluating Portfolio Characteristics, constructing a Transition Manger Universe, Bid Solicitation and Bid Evaluation and Live “Execution Monitoring.”
 - b. As these requirements may preclude us from participating in the Transition Management part of the RFP, can we participate solely in the TCA part of the RFP?

Yes. While DCRB will not consider service providers focused solely on a particular asset class or area of the portfolio, firms/vendors participating solely in either the TCA or Transition Management portions of the RFP will be considered.

- 10) We are not brokers/dealers and are therefore not required to register with the SEC nor do we need a letter of exemption. Is this acceptable?

No. As stated in the RFP, DCRB is seeking a firm which will be required to submit proof of SEC-registration or an official letter of exemption.

- 11) Normally commingled data is not available for analysis. Is this your understanding?

DCRB expects the firm to perform analysis on commingled funds as well as separately-managed accounts, and it has been our experience that this can be accomplished.

- 12) We do not publish a client list and due to confidentiality agreements cannot release a list of client names. We can however provide a list of up to three references for your consideration. Is this acceptable?

Yes. However, at a minimum, DCRB would like to receive a description of the firm’s client base, including the number of clients and client types.