

# REQUEST FOR INFORMATION TRADE MATCHING SOFTWARE

## **Introduction and Purpose**

The Maryland State Retirement Agency (the “Agency”) is distributing this Request For Information (“RFI”) to firms wishing to provide the Maryland State Retirement and Pension System (the “System”) with interactive software that facilitates trade matching. The Agency welcomes responses from firms with comprehensive solutions covering the scope of the RFI. In distributing this RFI, the Agency is not seeking to develop customized software.

The Agency intends to choose a firm from this process to provide the software and services described in this RFI, on a bundled or individual basis. The Agency reserves the right to not choose any firm to provide the software and services described in this RFI. If a firm is selected, the initial term of the contract will be for five (5) years. Exercise of the renewal options will be at the sole discretion of the Agency.

The Board of Trustees for the System manages a diversified investment portfolio valued at approximately \$65 billion as of December 31, 2023 for the exclusive benefit of participants of the several retirement and pension systems for state employees, teachers and employees of participating municipalities. The System’s asset allocation is available on the Agency’s website: <https://sra.maryland.gov/fiscal-year-quarterly-updates>. The System’s custodian is State Street Bank and Trust.

Further information regarding the System is set forth in the System’s Annual Comprehensive Financial Report, a copy of which is available on the Agency’s website: <https://sra.maryland.gov/annual-financial-reports>

## **Timeline and Submission Details**

Date	Action
1/29/2024	RFI is issued.
2/5/2024	Due date for questions relating to the RFI. All questions relating to the RFI must be submitted via e-mail to <a href="mailto:ABPTSolutions@sra.state.md.us">ABPTSolutions@sra.state.md.us</a>
2/8/2024	Answers to questions will be posted to the Agency’s website <a href="http://www.sra.state.md.us">www.sra.state.md.us</a>
2/19/2024	Responses to RFI must be submitted in electronic copy to <a href="mailto:ABPTSolutions@sra.state.md.us">ABPTSolutions@sra.state.md.us</a> . Please note that the RFI submission <b>should not</b> contain a fee schedule. A fee schedule should be submitted separately.

Staff will review submissions and contact those firms, if any, from which it desires additional information.

If your firm wishes to respond to this RFI, please email an electronic copy of the firm’s response to the attached questionnaire (**Attachment 1**) by 4:00 pm EST, Feb. 19, 2024 to the contact information listed below (email address: [ABPTSolutions@sra.state.md.us](mailto:ABPTSolutions@sra.state.md.us)). Firms that respond to the RFI by submitting a proposal are referenced in this RFI as “Offerors”. The term “Contractor” as used in this RFI refers to an Offeror who enters into a contract with the System pursuant to this RFI. Please note that an electronic copy of the fee schedule should be sent separately from the response to the RFI questionnaire in a

dedicated email and titled “**Fee Proposal – Trade Matching Software**”. The RFI questionnaire submission **should not** contain a fee schedule.

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On the submission’s cover page, please provide the firm’s name, primary contact person’s name, phone and fax numbers, email address and mailing address.

This RFI, all responses, and resulting agreements are subject to Maryland’s Public Information Act, Md. Code Ann., General Provisions Article (“GP”) §4-101 et. seq. In the response, Offerors must specifically identify those portions of their proposals, if any, which they deem to include confidential commercial or financial information or trade secrets under GP § 4-335, and must provide justification why such material should not, upon request, be disclosed by the State. A blanket statement declaring that the entire response is confidential is not sufficient and will not be honored. Upon request for this information from a third party, the Agency will make an independent determination whether the information is disclosable.

All questions relating to the RFI should be submitted via e-mail to [ABPTSolutions@sra.state.md.us](mailto:ABPTSolutions@sra.state.md.us). Firms should not contact the System’s Chief Investment Officer, Investment Division Staff, Board of Trustees, System’s consultants or other Agency personnel to gain additional information regarding this RFI. Attempting to do so may result in the firm’s disqualification.

Please note that the System will not be liable for any costs incurred with responding to this RFI. Also, the Agency reserves the right to evaluate submissions in its discretion. The Agency may decide to cancel the RFI at any time and reissue this or a similar request at a later date.

As part of the Questionnaire review process, the Agency has requested copies of the Offeror’s standard form of contract for the services requested under this RFI. Notwithstanding this request, the Agency expects any resulting contract to address any state law and policy limitations or requirements of the Agency, some of which are summarized on **Attachment 2** attached hereto. An Offeror must be willing to revise its standard form of contract (if needed) to reflect, at a minimum, the terms summarized on **Attachment 2**. Please note that this **Attachment 2** is attached for informational purposes only at this time and does not reflect all possible contract terms or requests by the Agency, which will depend on the Agency’s review of the Offeror’s proposed form of contract.

**Minority Business Enterprises (MBEs) are encouraged to respond to this RFI. Offerors who consider themselves to be minority contractors are encouraged to obtain certification from the Maryland Department of Transportation. A minimum certified Minority Business Enterprise subcontract participation goal has not been established for this RFI, but certified MBE subcontract participation may be considered in evaluating proposals under certain circumstances. Offerors are encouraged to utilize MBEs for any subcontracting opportunities that may arise. The Agency also encourages Offerors to include socially and economically disadvantaged individuals on the team responding to this solicitation, if applicable.**

## POTENTIAL SCOPE OF SERVICES

The Agency is seeking a vendor to provide related capabilities. The System is seeking a platform that can be used as a multi-asset class platform for equity, derivatives, options, swaps, fixed income and foreign currency. The trade matching solution should offer a consolidated platform to aggregate all domestic and international matching. It should also offer unified workflow and single web-based user-interface to cover all our trading systems.

The desired software and services include the provision of software, installation, implementation, training, on-going support and maintenance as more fully described below. Please note that the Agency is not seeking to develop customized software.

### **A. Software Program**

1. The Agency is seeking software that can:
  - a) Enable T+0 post-trade processing to facilitate intraday allocations and streamline post-trade processing by providing a standardized workflow for confirming and settling trades efficiently.
  - b) (i) Enable us to allocate and affirm trades with brokers and prime brokers and arrange for payment and settlement with their custodians through one consolidated platform that works with Bloomberg AIM or (ii) provides workflow that can automatically trigger trade affirmation and delivery of DTC eligible securities directly to the DTC for settlement when a trade match between state of Maryland and an executing broker occurs.
  - c) Provide a global database for the maintenance and communication of account and standing settlement instructions (SSIs) by enabling the sharing of data with broker-dealers and custodian banks.
  - d) Integrate with our Bloomberg Order Management System (OMX).
  - e) Offer a fully hosted solution.
  - f) Identify if a trade has been matched or mismatched to support T+0 risk reduction.
  - g) Centralize allocations and confirmations for U.S. and international equities, futures, swaps, ETFs and fixed income securities.
  - h) Offer payment processing and settlement to custodian banks with SWIFT notification.
2. On-going data management: Provide near-real-time processing.

### **B. SOFTWARE INSTALLATION, IMPLEMENTATION AND TRAINING**

1. Assist in deployment of software in the Agency's environment.
2. Provide implementation services according to a mutually agreed upon work plan, working directly with Bloomberg when necessary, targeting implementation before the SEC adopted rule to shorten the standard settlement cycle for most securities transactions from two business days (T+2) to one business day following the trade date (T+1), which must be complied with on May 28, 2024.

3. Provide hands-on on-site training including training materials, reference guides and operations manuals.
4. Provide web-based self-paced training.

**C. ONGOING SUPPORT AND MAINTENANCE**

1. Provide product updates and enhancements for technology advancements, improved functionality and compatibility with new industry standards.
2. Provide direct access to support staff for the software.
3. Provide on-going, prompt post-implementation support via telephone and electronic mail during normal business hours.
4. Provide timely problem resolution of reported concerns.
5. Provide online self-help functions.
6. Provide periodic updates to training materials, reference guides and operations manuals.
7. Provide ongoing web-based, self-paced training.
8. Provide periodic on-site training to inform the Agency of software enhancements and to refresh users on initial training concepts.

## **ATTACHMENT 1**

### **TRADE MATCHING SOFTWARE**

#### **QUESTIONNAIRE**

If the firm is offering its services jointly with another firm or firms, please so indicate, and provide the information requested for all parties.

##### **A. ORGANIZATIONAL BACKGROUND**

1. Provide the following information with respect to the firm:
  - a. A brief history of the firm, including its year of organization, the ownership structure of the firm, including any parent, affiliated companies or joint ventures, the percentage owned by current employees; and a list of the owners of at least 5% of the firm including individuals and all other entities.
  - b. The location of the firm's headquarters and any branch offices.
2. Describe any significant developments in the firm that have occurred since January 1, 2018 (changes in ownership, personnel reorganization, etc.).
3. Describe any anticipated changes in the firm's basic ownership structure or any other significant changes in the organization.
4. How many years has the firm been providing the offered software and services to investors? Please list each type of service and its inception date.
5. Does the firm provide services other than the offered software and services to any clients? If so, please list each type of service, its inception date, and a brief description.
6. Provide a breakdown of the firm's revenues by source of business activity.
7. Since January 1, 2018, 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 contract? If so, provide a description, explanation, and indicate the current status.
8. How are conflicts of interest managed, disclosed, or prevented?
9. How do you maintain the confidentiality of and protect user data from unauthorized use and disclosure?
10. Describe the levels of coverage for any professional liability insurance the firm carries. List the insurance carriers supplying the coverage, and supply certificates evidencing the coverage.

## **B. DEPTH AND EXPERIENCE OF PERSONNEL**

1. Provide an organizational chart showing titles, functions, years of industry experience, years with the firm, and location of all personnel in the firm providing the proposed services.
2. What is the turnover of staff for the past five years?
3. Please describe what policies and procedures your firm has in place to encourage diverse opinions and thoughts. Please provide a copy of any diversity policy your firm has in place.

## **C. CLIENT COVERAGE AND REFERENCES**

1. What is the composition of the firm's client base, including non-investor clients (e.g. investment consulting firms)? Provide the number and percentage of clients for the client types listed below. If the firm's investor client base is heavily weighted toward any particular type of investor, please provide an explanation.

### Client Type

Public Pension Funds

Taft-Hartley Funds

Corporate Pension Funds

Endowments & Foundations

Non-Investors

Other (Specify)

2. Provide a current list of five (5) clients for software and services similar to those requested by this solicitation, including client name, contact name, telephone number, number of years the client has retained the firm, the types of services provided, countries covered by the provided services, and the client's total assets. This list should include at least three (3) public fund clients whose assets are greater than \$15 billion. The Agency reserves the right to contact any of the clients named to request references.

## **D. SERVICES REQUESTED**

Provide a detailed description of the software and services being offered by providing responses to the following:

1. Please provide the number of clients utilizing your software offering(s) as well as what type of investor they are (*e.g.*, public pension plan, endowment, foundation, *etc.*)
2. Are any of those clients using your software on Bloomberg?
3. How long you think it will take to implement your software so it can work with Bloomberg AIM and OMX? What affects this time frame?
4. What types of software services do you currently provide to similar plans?

5. If additional analytical resources are provided and made available to clients by the firm, please describe them and provide samples.
6. What vendors do you use to provide data (e.g., pricing) for your software? If these data sources are not part of your services or are charged separately please provide a breakdown to include all data vendors necessary to model the System's Portfolio and include this fee estimate in your separately-marked fee schedule.
7. What type of data can be uploaded into your software from the System's custodian (e.g., positions, cash flows, etc.)?
8. Does the System retain ownership and control of all the data in your software?
9. Provide a complete list of the analytics available in this software.
10. Is there a per user charge on your platform, if so, what is it?

## E. TECHNOLOGY REQUIREMENTS AND SPECIFICATIONS

Provide a detailed description of the requirements necessary to successfully operate the proposed software, including but not limited to:

1. Internal Support Requirements
2. Internal vs. External Hosting
3. License requirements
4. Security
5. Availability & Accessibility
  - System tools availability and data accessibility on 3<sup>rd</sup> party environments
6. System limitations
  - Maximum number of manager relationships
  - Maximum number of funds
  - Maximum number of portfolio companies

## F. FEES

Provide a fee schedule for all services requested and describe how the fees are calculated. With reference to part D.6 of the questionnaire, please include an estimate of fees for third-party data if applicable.

As described in the RFI, the fee schedule should be sent separately from the responses to the RFI questionnaire in a dedicated email titled “**Fee Proposal – Trade Matching Software**”. The email with the RFI questionnaire submission **should not** contain a fee schedule.

Any contract resulting from this process will be for an initial term of five (5) years with options for additional renewal terms of up to two (2) additional years. Exercise of the renewal options will be at the sole discretion of the Agency. Provide fees for each year of the proposed 5-year term as well as the optional renewal periods. All fees should be provided in US dollars.

The fee schedule shall provide reasonable detail about the fees proposed to be charged for particular product licenses and/or services, as applicable. Where applicable, fees for specific

services based on units of work should indicate the usual anticipated time required to complete the service.

**G. OTHER**

1. Please provide a copy of the firm's most recent audited financial statements, SSAE 16 report, and System and Organization Controls report, whether SOC1 or SOC2.
2. Please provide a copy of the firm's Code of Ethics. Do the firm and its employees comply with the Code of Ethics and Standards of a professional association? If so, which professional association?
3. Please provide a copy of the firm's standard contract for the software and services being offered.

## **Attachment 2**

### **SUMMARY OF CERTAIN STATE LAW AND POLICY REQUIREMENTS AND LIMITATIONS**

1. **Governing/Applicable Law.** Governing law or applicable law concepts in a contract must include appropriate references to Maryland law, regulations, rules, interpretations and directives of the Maryland Office of the Attorney General.
2. **Confidentiality.** Pursuant to the Maryland Public Information Act, Annotated Code of Maryland, General Provisions Article, Section 4-101 to 4-601 (“PIA”), any information contained in the System’s public records may be subject to disclosure under the PIA unless the Agency concludes, upon receipt of a PIA request for certain information or records, that a specific exemption applies to the information or records requested. Nothing in a contract may conflict with the Agency’s obligations under the PIA or be construed as a prospective agreement by the System that any information in the System’s public records is exempt from disclosure under the PIA.
3. **Indemnification.** As a unit of state government subject to the laws of the State of Maryland, the Agency may not enter into an indemnification agreement that potentially provides for unlimited liability, but may enter into an indemnification agreement to the extent that a source of funds exists and is appropriate to satisfy any payments that may become due and payable under such agreement. Any indemnification payable by the Agency pursuant a contract must be subject to Maryland law and available appropriation.
4. **No Waiver of Jury Trial.** As a unit of state government subject to the laws of the State of Maryland, the Agency has limitations on its ability to waive its right to trial by jury in advance of a legal dispute. Nothing contained in a contract may be construed as prospective a waiver of the Agency’s right to a trial by jury.
5. **Jurisdiction, Venue and Arbitration.** As a unit of state government subject to the laws of the State of Maryland, the Agency has no authority to prospectively consent to jurisdiction, venue, or arbitration with respect to any legal dispute. Nothing contained in a contract may be construed as a prospective consent by the Agency to jurisdiction, venue, or arbitration.
6. **Sovereignty.** As a unit of state government subject to the laws of the State of Maryland, the Agency reserves all immunities, defenses, rights or actions arising out of its status as a sovereign state or entity, including those under the Eleventh Amendment to the United States Constitution. Subject to Section 12-201, State Government Article, Annotated Code of Maryland, no provision of a contract may be construed as a waiver or limitation of such immunities, defenses, rights or actions.
7. **Election Law.** In light of the Agency’s status as a governmental entity within the meaning of Election Law Article, Title 14 of the Annotated Code of Maryland, a contract must include an agreement by the contractor to comply with the provisions of Election Law Article, Title 14 of the Annotated Code of Maryland (to the extent such compliance is required by that law).
8. **Termination.** The Agency may terminate the Contract, in whole or in part, without showing cause upon prior written notice to the Offeror specifying the extent and the effective date of the termination. The Agency shall pay all reasonable costs associated with the Contract that the Offeror has incurred up to the date of termination and all reasonable costs associated with

termination of the Contract. However, the Offeror may not be reimbursed for any anticipatory profits which have not been earned up to the date of termination.

If the Offeror does not fulfill obligations under the Contract or violates any provision of the Contract, the Agency may terminate the Contract by giving the Offeror written notice of termination. Termination under this paragraph does not relieve the Offeror from liability for any damages caused to the Agency.