

Prequalification Process to Identify Bidders for Cash Investment Management Services

This PDF document contains:

- An explanatory note on the prequalification process to identify bidders for the Cash Investment Management Services for the Secondary Markets Corporate Credit Facility and Primary Market Corporate Credit Facility
- A vendor response form beginning on page three of this document. The form has editable response fields for you to complete.

For best results completing the form, we recommend the following:

1. Do not use a browser to complete the PDF response form.
2. Save the PDF file locally before beginning to edit. Use the Save icon (image of a computer disc) at the top of the screen or click “File” and then “Save As” (do not use the right-click “Save As” feature).
3. Open the saved PDF file and click on “Enable All Features” at the top of the PDF file.
4. Before each subsequent save, ensure that the cursor is not inside a text box.

Feel free to contact us at ny.vendor.submissions@ny.frb.org with any questions.

October 5, 2020

**Prequalification Process
to Identify Bidders for
Cash Investment Management Services**

Overview

The Federal Reserve Bank of New York (“FRBNY”) is seeking to identify bidders for an upcoming request for proposal for cash investment management services to support the [Secondary Market Corporate Credit Facility](#) (“SMCCF”) and the [Primary Market Corporate Credit Facility](#) (“PMCCF”) and, collectively with the SMCCF, the “Facilities”).

The Board of Governors of the Federal Reserve System authorized FRBNY, on March 23, 2020, to establish and operate emergency lending facilities to support the flow of credit to households and businesses and the overall U.S. economy. Included among these facilities are the SMCCF and the PMCCF, which support the market for corporate bonds through purchases in the secondary and primary markets, respectively. These Facilities are operated by Corporate Credit Facilities LLC (“CCF”), with U.S. Treasury providing the equity capital and FRBNY providing discount window financing and acting as managing member. The CCF holds investment accounts and cash reinvestment accounts for each of the Facilities.

The SMCCF commenced operations on May 12, 2020, and the PMCCF launched on June 29, 2020. The authorization for the Facilities to acquire corporate debt and corporate bond exchange-traded funds (“ETFs”) is currently scheduled to end December 31, 2020, unless the Facilities are extended by the Board of Governors of the Federal Reserve System and the U.S. Treasury. As of August 31, 2020, the Facilities had \$13 billion in investment assets, consisting of corporate bonds and ETFs, and the Facilities’ CCF cash reinvestment portfolios had \$66 million in assets under management, consisting of short-term eligible cash reinvestment assets. The cash reinvestment portfolios hold the reinvested proceeds of investment portfolio cash flows. These portfolios are expected to increase over the life of the Facilities, as securities in the investment portfolios continue to pay coupon interest and dividends and as the PMCCF collects fees. Additional purchases of investment assets by the Facilities could also result in the cash reinvestment balances further increasing over time.

At the inception of the Facilities, some vendor functions were put in place through direct negotiation with a single service provider to enable the Facilities to enter the market as quickly as possible. FRBNY did so with a view to submitting those functions to a competitive procurement process after the Facilities were established. In line with this intention, and as an initial step, we are initiating a competitive procurement process for the Cash Investment Manager (“CIM”) role that is currently performed by the Facilities’ overall investment manager, BlackRock Financial Management, Inc. The CIM role is distinct from the general investment management role currently performed by BlackRock Financial Management, Inc. and also distinct from the custody and fund administration services performed by State Street Bank and Trust Company (“State Street”).

Opportunity

FRBNY is seeking to engage a CIM to manage the cash reinvestment accounts of the Facilities. To that end, FRBNY is undertaking this prequalification process to select prospective bidders to participate in the upcoming request for proposal (“RFP”) for the CIM role. We invite interested firms to complete the Vendor Response Form below. FRBNY will then review the information provided and evaluate the responses. Meeting the minimum requirements of the prequalification process does not guarantee participation in the RFP itself. Prospective vendors selected for participation in the RFP will receive separate notification from FRBNY after the prequalification process is complete.

FRBNY is committed to diversity and inclusion in all aspects of its business and to the advancement of these values through its implementation of emergency lending facilities, including these Facilities. Smaller firms and minority-, women- or veteran-owned business entities meeting the criteria set out below are strongly encouraged to participate in the prequalification process.

CIM Responsibilities

The CCF portfolios generate cash flows that include ETF dividends, bond coupon payments, principal payments (including called bonds and maturing bonds) and facility fees. These cash flows can be invested in eligible assets, which currently include U.S.

Federal Reserve Bank of New York

Treasury and Agency securities with maturities of up to six months, as well as money market mutual funds (“MMMFs”) that are compliant with Rule 2a-7 under the Investment Company Act of 1940, as amended, and that invest only in U.S. Treasury and Agency securities. Each Facility holds these investments in a separate cash reinvestment account held at State Street. Amounts paid into the investment portfolios in respect of principal on the bonds are generally applied on a periodic basis to prepay principal on discount window loans.

The CIM is to manage, supervise, execute and direct the investment and reinvestment of assets of the Facilities held in the cash reinvestment accounts. More specifically, the cash reinvestment work consists of five main elements:

- **Forecast cash flow** – project cash flows from the SMCCF and PMCCF investment portfolio assets (ETFs and corporate bonds) and align projected cash inflows with projected payment requirements by the Facilities;
- **Advise on investments** – identify cash investment opportunities based on eligible cash reinvestment assets and cash flow forecasts, and make investment recommendations on a regular basis;
- **Execute investments for cash reinvestment accounts** – execute trades with FRBNY-approved eligible sellers (“Eligible Sellers”) as listed on the [newyorkfed.org website](http://newyorkfed.org) and arrange placement of funds in eligible MMMFs;
- **Manage post-trade obligations** – provide settlement instructions to the custodian using standard SWIFT messages or other standard secure message protocol and monitor settlements until completed, including fails tracking, on Treasury and Agency trades with the CCF’s custodian and the Eligible Sellers; and
- **Monitor and report** – monitor payments from the cash reinvestment accounts and report periodically on cash flows of the accounts; report on cash portfolio performance.

The investment objective is to reinvest cash to generate income while meeting required payments of the CCF. The services of the CIM may be required for as long as the CCF investment portfolios hold assets.

Advancing to the RFP Stage

In order to be considered for participation in the upcoming RFP, any interested vendor must:

- Provide the company overview information requested in Table 1,
- Complete the information requested in Table 2 and meet the requirements stated there, and
- Email the completed response to both Table 1 and Table 2 to ny.vendor.submissions@ny.frb.org by no later than 5:00 pm Eastern Time on Monday, October 19, 2020. Please insert “CCF Prequalification Submission – Cash Management Role” in the subject line.

Applicants can add additional relevant information in the comment box at the end of this document. Please focus responses on the most relevant information. Do not include general marketing materials in your submission, and be succinct in your responses to the questions.

Based on our review and assessment of your responses, we will invite a number of firms (such number to be in FRBNY’s discretion) to participate in the RFP. We will request more detailed documentation from firms selected to participate in the RFP to review their ability to meet the requirements specified in the RFP.

Any questions on the prequalification process can be submitted by email to ny.vendor.submissions@ny.frb.org by no later than 5:00 pm Eastern Time on Monday, October 12, 2020. Please insert “CCF Prequalification Questions – Cash Management Role” in the subject line. FRBNY will endeavor to publish responses promptly. For other assistance with the prequalification process, please contact us by email to the same email address, with “CCF Prequalification Assistance – Cash Management Role” in the subject line.

Commitment to Diversity

FRBNY does not permit its vendors to discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, age, genetic information, or disability. If selected to participate in the RFP, your firm will be required to provide information about its equal opportunity and diversity processes, including efforts to promote the fair inclusion of women, minorities, and veterans in its workforce.

Vendor Response Form

Table 1. Company Overview.

1. Legal name of company providing CIM services.	
2. Number of full-time employees at the company.	
3. Legal name of ultimate parent company, if applicable.	
4. Primary contact for prequalification process.	Name: Title: Phone: Email:
5. If your firm is majority owned by minorities, women, or veterans, please indicate. If your firm has been certified diverse, please list certifications. (FRBNY collects this information for analytical purposes; it does not use this information in the selection of vendors for the Facilities.)	Diverse ownership: Certifying organization name: Diverse certification #:

Table 2. Minimum Requirements.

Requirement	Description	Does your firm meet the requirement stated?	
		Yes	No
1. Registered Investment Adviser under the Investment Advisers Act of 1940	CIM is currently and has for at least five years been registered with the SEC as an Investment Adviser and acts in a fiduciary capacity for institutional accounts.		
	If yes, how many years?		

Requirement	Description	Does your firm meet the requirement stated?	
		Yes	No
2. Regulatory compliance	The firm has not, in the past three years, been subject to civil or criminal charges alleging behavior of a fraudulent, deceptive and/or manipulative nature. ¹		
	Describe any issues, including any explanations that you believe may impact our assessment of your response.		
3. Assets Under Management (AUM)	CIM currently manages at least \$1 billion AUM in marketable securities.		
	Provide total assets under management (in \$ billions).		
	Provide total fixed-income assets under management (in \$ billions).		
4. Experience facing major custodians	CIM has an active relationship with at least one major U.S. custodian on behalf of an institutional investor client.		
	List the U.S. custodians with whom your firm has such relationships.		

¹ For this item, checking “no” will not automatically disqualify your firm from consideration for the RFP process. We will take into account the information you provide in the comment box.

Requirement	Description	Does your firm meet the requirement stated?	
		Yes	No
5. Experience in cash investment management for institutional clients	CIM has experience providing short-term liquid fixed-income strategies to institutional clients.		
	Briefly describe your firm’s experience with institutional clients with respect to managing investments in U.S. Treasury and Agency securities and MMMFs, running generic short-term strategies, and designing and managing bespoke short-term strategies.		
6. Trading capabilities – experience in trading money market instruments, Treasury and Agency securities with Eligible Sellers	CIM has active trading relationships in U.S. Treasuries and Agencies with at least five Eligible Sellers .		
	List the applicable Eligible Sellers. Indicate the number of staff who execute fixed income trades for institutional clients.		
7. Cash flow forecasting	CIM has experience in forecasting cash flows of investment portfolios with fixed-income and other income-producing assets.		
	Briefly describe your firm’s experience and capabilities in cash flow forecasting, including corporate bond and ETF cash inflows and expected client outflows.		

Requirement	Description	Does your firm meet the requirement stated?	
		Yes	No
8. Protection of Facilities' information	CIM maintains policies and corresponding controls to preserve confidentiality of client information.		
	Briefly describe your firm's procedures for limiting and controlling access to customer information on a need-to-know basis.		
9. Risk Management Program	CIM has a robust risk management program.		
	Briefly describe the scope and key elements of the program.		
10. Cyber security	CIM maintains cyber security policies and corresponding controls to prevent/mitigate cyber attacks and hacking.		
	Provide a brief overview of those policies and controls.		
11. Business continuity and disaster recovery capabilities	In the event of a disaster situation or other material business interruption, CIM has in place and has periodically tested a business continuity and disaster recovery program reasonably designed to i) safeguard and access data and ii) maintain operations.		
	Briefly describe.		

Additional comments:

A large, empty rectangular box with a thin black border, intended for providing additional comments. It occupies the majority of the page's vertical space below the 'Additional comments:' label.