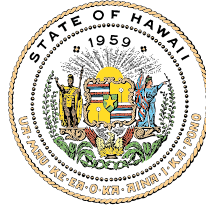


JOSH GREEN, M.D.
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

July 19, 2024

ADDENDUM NO. 2
To
Request for Expression of Interest
Global Custody Services and Securities Lending – 2024

OFFERORS:

Please replace the pages in the EOI issued: June 26, 2024 with pages that have changes highlighted in yellow:

- Page 22 of 76 (revised 7/19/2024)
- Page 61 of 76 (revised 7/19/2024)
- Page 67 of 76 (revised 7/19/2024)
- Page 76 of 76 (revised 7/19/2024)

Further, please two excel files for this Addendum 2.

- custodyeoi-2024-attach4-AssetHolding-All-Addendum2.xls
- Custody EOI 2024 Addendum 2 Attach9ERSInvestStatistics.xls.



Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
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**Employees' Retirement System of the State of Hawaii
Request for Global Custody Services and Securities Lending Expression of Interest 2024**

6. Filing of passive claims for settlement funds in U.S. securities class-actions, as well as passive registrations for settlement funds in Passive Registration Securities Cases, specifically in the country of Australia.
7. Provide an automated feed between the custodian and the ERS's class action monitoring service provider. Respond to class actions administrators on questions regarding class actions submissions, as required.

H. ALTERNATIVE INVESTMENT PROCESSING AND REPORTING

1. Provide support in the processing, accounting, and administrative requirements of alternative investments (i.e., hedge funds, real estate, real assets, private equity, infrastructure, private credit, etc.).
2. Provide multi-tiered electronic approval and processing of capital calls and distributions.
3. Provide recording of non-cash deemed distributions and non-cash contributions and distributions of assets to the ERS from partnership.
4. Provide monthly valuation with cash flow roll forwards.

I. PERFORMANCE MEASUREMENT AND ANALYTICS

1. Provide audited monthly performance reports detailing the market values, cash flows and returns of the portfolio, including both custodied and non-custodied assets, asset classes and on a consolidated basis at gross, net of management fees, and net of all fees using Global Investment Performance Standards (GIPS®) compliant calculation methodology by the **fifteenth** (15th) business day of the month for the prior month's performance.
2. Provide unaudited daily performance reports detailing the market values, cash flows and returns of each portfolio for all custodied assets as well as any consolidations deemed necessary by ERS.
3. Provide monthly audited sector, industry and CUSIP level reports by the **fifteenth** (15th) business day of the month.
4. At least monthly transmit raw performance data, transactions data, rates of return or any other information to ERS or to vendor(s) selected by ERS.
5. Provide broad-based universe(s) for comparison, benchmarks, and blended benchmarks.
6. Provide broad universe comparison charts and rankings with respect to total fund, asset classes, and individual managers.

**Employees' Retirement System of the State of Hawaii
Request for Global Custody Services and Securities Lending Expression of Interest 2024**

U. AUDIT

1. Provide the name, address and contact of your independent auditors or accounting firm. In addition, explain the nature of the services they provide to your organization.
2. Has your organization used any other auditor prior to the current auditor? If so, why was a change made? When was it made?
3. Provide the copy of the latest ADV Part I and Part II, and Statement of Auditing Standards "SSAE 18", if available, for the most recent year-end.
4. Does your organization have an internal audit department?
5. How often is your organization audited? Briefly discuss the scope of audits performed during the last three years.
6. Has your organization received any letters of control deficiencies (e.g., SAS 112 letters) from its auditors within the last five years?
7. What procedures does your organization have that ensure adequate internal controls are in place?
8. Please summarize any SEC, securities industry Self-Regulatory Organizations (SROs) or other governmental or regulatory enforcement proceedings or action taken with respect to your organization or its employees for the past five (5) years.
9. Is your organization in compliance with Sarbanes Oxley, and all necessary NACHA requirements for transactions that are performed electronically? Have you implemented changes to be in compliance with these obligations?

V. STRATEGIC PARTNERSIPS AND OPTIONAL SERVICES

1. Where do you offer services and capabilities over and above their core services in partnership with other firms or fin-techs which can be additive to our investment and administration process? Which of these services or relationships can be contracted through **the custodian** as part of the core contract or an addendum.
2. Please elaborate on your organization's capabilities in supporting back-, middle- and front-office needs of clients. Do you have preferred provider platforms, business ventures, fintech collaborations, and other solutions that ERS should consider.
3. What are your organization's areas of planned strategic growth? Describe any planned or ongoing initiatives that could significantly impact the services provided or fees charged for this account.

Attachment 4: 2024 Asset Holdings of ERS

Attachment 4 is amended by Addendum 2 Issued: July 19, 2024.

All holdings as of March 31, 2024, are issued in a revised Microsoft Excel file for Addendum 2 (custodyeoi-2024-attach4-AssetHolding-All-Addendum2.xls).

(Note: ERS Line Reference changed for security position in this file.)

Account Structure – – Refer to section I. Overview for additional information on the existing ERS account structure.

Cash and STIF balances (estimated)

The active investment managers usually hold less than \$20 million for all currencies, out of approximately US\$6.2 billion in assets under their management. Almost all of these monies are foreign currencies for international trade settlements.

The average daily short-term investment funds held at the global custodian is estimated to be approximately \$100 million under the current risk-based asset allocation, including all cash reserve/cash fund accounts.

- This excludes amounts for securities lending collateral held by ERS and funds subject to Overlay programs,

For the Overlay programs, when the minimum short term investment funds balance reaches \$100 million, the ERS will replenish the cash/STIF balance to \$900 million for an estimated nine-months of cash requirements.

Balances fluctuate based on employer and member contributions, investment management decisions, investment funding, and operational requirements.

Attachment 9: ERS Investment Statistics

Attachment 9 is amended by Addendum 2 Issued: July 19, 2024.

Please refer to Attachment 4 – Asset Holdings of ERS for the detailed listing of securities at March 31, 2024 and the table in the overview for totals by manager and type of account. In preparing your response to this EOI, please refer to the Microsoft Excel file “Custody EOI 2024 Addendum 2 Attach9ERSInvestStatistics.xlsx” for ERS investment transactions for the year ending March 31, 2024. Future transactions volumes may differ from the estimates provided.