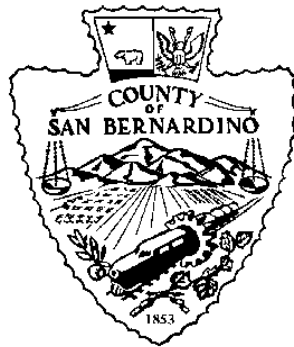


# **SAN BERNARDINO COUNTY**

## **BROKER/DEALER REQUEST FOR INFORMATION**



**AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR  
268 West Hospitality Lane, Fourth Floor  
SAN BERNARDINO, CA 92415-0360  
(909) 382-3033**

## **SECTION I: STATEMENT OF POSITION AND GENERAL REQUIREMENTS**

San Bernardino County (hereafter referred to as the "County") manages a Local Government Investment Pool (hereafter referred to as the "pool") consisting of the pooled monies held by the County Treasurer on behalf of the County, school districts, community college districts, and certain special districts within the County. The Pool is actively managed in accordance with the California Government Code, the Treasurer's Statement of Investment Policy, and internal investment guidelines. The pool pursues its objectives by investing in a diversified portfolio of high-quality securities, which include U.S. Treasury and agency securities, corporate obligations, and selected money market instruments. The Statement of Investment Policy may be obtained at: [Investment Policy](#)

Only broker/dealers that are on the County's approved Broker/Dealer list may transact securities with the County Treasurer's Office. The County Treasurer's Office uses a competitive process to select new broker/dealers. Periodically, the Treasurer's Office conducts a Request for Information process in which prospective broker/dealers are required to provide information on their practice, financial condition, and other factors. This process ensures an open, competitive process for all interested brokers to compete for placement on the County's approved list.

To be considered, broker/dealers must:

- Confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), are registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.
- Provide the County with audited annual financial statements. All firms with whom the County does business must have a stable financial condition.
- Deliver securities to the County's custodial bank, Principal. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities.
- Conduct transactions on a delivery vs. payment (DVP) basis.
- Have been in operation for more than five (5) years.

- Have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the broker/dealer.
- Provide institutional or middle-market coverage. Retail-oriented offices without institutional client capabilities do not qualify.

It is important that the firm provide related services that will enhance the account relationship, which could include:

1. An active secondary market for its securities.
2. Internal research analysis on allowable securities it offers for sale to the County.
3. Be willing to purchase securities from our portfolio.
4. Be capable of providing market analysis, economic projections, and newsletters.

The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

## **SECTION II: APPLICATION AND REQUIRED DOCUMENTS**

The County must receive the following documents from each broker/dealer candidate:

- A cover letter.
- A completed "Broker/Dealer Request for Information."
- A copy of the firm's two most recent Annual Reports and Form 10-Ks.
- A copy of the BrokerCheck reports from FINRA for the firm and individual broker level.
- Copy of the last two years of SEA rule 15c3-1 – net capital requirement for broker dealers.

- A resume on each firm employee with whom the County would be trading.
- A signed acknowledgement of receipt of the County's Investment Policy. State in writing their acceptance and understanding of the County Treasurer's written Investment Policy.
- MSRB G-37 filings noting political contributions over the past 4 years, or a signed statement that there have been no such political contributions.
- A copy of the firm's wiring and delivery instructions.
- Samples of fixed-income research reports or market information that the firm regularly provides to public sector clients.

These documents may be delivered in person, electronically, by post, or by courier to:

San Bernardino County  
Auditor-Controller/Treasurer/Tax Collector – Treasurer's Office  
Attention: Parth Bhatt  
**268 West Hospitality Lane, Fourth Floor San Bernardino, CA 92415-0360**

*If a broker/dealer candidate fails to submit the above-referenced documents by the specified deadline, then its RFI shall be deemed to have been automatically rejected by the County.*

**If you have any questions about this RFI, please call Parth Bhatt at (909) 382-3033 or Robin Dixon at (909) 382-3030.**

### **SECTION III: SELECTION PROCESS**

The County's current approved broker/dealer list consists of national and regional firms. In order to ensure that the total number of broker/dealers remains at a manageable level, the following selection process has been developed:

Once all conditions are met for required documentation and County review of the submitted Broker/Dealer RFI is complete, the County will inform the firm of its decision to applying Broker/Dealers.

The firms that successfully pass the review process will be approved as an eligible Broker/Dealer. The County would then periodically assess the attributes of each

approved firm, including but not limited to the level of service, quality of research and analysis, and security inventory. Firms would assess their ability to transact trades using the following guidelines:

- The County conducts most of its trades using the Bloomberg system, either by locating securities on inventory screens or by reverse inquiry. Broker/dealers who do not at a minimum have access to the Bloomberg "message" function, or who are not able to generate and electronically send "BXT" and "SXT" trade tickets will not be able to conduct business. Access to Bloomberg broker/dealer inventory screens are highly desirable.

**Candidates must complete the following RFI and return sections IV and V.**

**SECTION IV: REQUEST FOR GENERAL INFORMATION FROM BROKER/DEALER CANDIDATE**

1. Submission Date: \_\_\_\_\_

2. Name of firm: \_\_\_\_\_

3. Address of trading office: \_\_\_\_\_

4. Address of corporate headquarters: \_\_\_\_\_

5. Telephone Numbers:

Trading office #: ( ) \_\_\_\_\_

(800) or toll-free #: ( ) \_\_\_\_\_

Headquarters #: ( ) \_\_\_\_\_

5. Contact personnel:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

6. Please provide three references from California public sector clients that have established relationships with the sales representatives listed in Question 5.

Client Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Client Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone #: \_\_\_\_\_

Client Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact: \_\_\_\_\_

Telephone #: \_\_\_\_\_

7. Is your firm: *(check one)*

A Dealer       A Broker       A Broker/Dealer

8. Is your firm a "primary dealer" with the Federal Reserve Bank of New York?  
*(check one)*

Yes       No      If "yes", how long has your firm  
been a primary dealer?

9. Please answer the following questions only if your firm **IS NOT** a primary dealer.

a. Does your firm have a net capital position in excess of \$10 million? *(check one)*

Yes       No

b. Has your firm been in existence for more than five years? *(check one)*

Yes       No

c. Is your firm currently licensed as a broker/dealer by the State of California? *(check one)*

Yes       No

d. Is your firm headquartered or does it have a branch office in California?  
*(check one)*

Yes       No

10. Is your firm a member of the Financial Industry Regulatory Authority? *(check one)*

Yes       No      If "no", why not?

11. Which of the following entities has the authority to oversee the operation of your firm, in terms of examinations, rules, and regulations? *(check appropriate choices)*

- FDIC                                       SEC                                       NYSE
- Comptroller of Currency       Federal Reserve System
- Other (example: state regulatory agency) (*specify*) Multistate firms  
please note: It is not necessary to include regulatory agencies that do  
not have jurisdiction over the firm’s activities in California.
- 

12. Is your firm owned by a holding company? (*check one*)

- Yes       No      If “yes”, what are the holding company’s name and  
its net capitalization?

13. Has your firm consistently complied with the Federal Reserve Bank’s capital  
adequacy guidelines? (*check one*)

- Yes       No      If “no”, please explain.

14. Which of the following instruments does your trading desk regularly trade?  
(*check appropriate choices*)

- T-Bills                                       Commercial Paper
- T-Notes                                       Corporate Medium-Term Notes
- Negotiable CDs/YCDs                   Agency Notes/Bonds
- Repurchase Agreements                   Supranational Agency Notes/Bonds
- Reverse Repo Agreements               Asset-Backed Notes
- Agency MBS/CMBS                       Private Label MBS

15. What electronic trading platforms does your firm transact on?



- Bloomberg                       BOOM  
 FIT                                       BOLT  
 MarketAxess                       Tradeweb

16. Which of the financial instruments that are described in Question 14 does your firm specialize in marketing?

17. Please describe the capital line and trading limits of the branch office of your firm that would be trading with the County.

18. Please indicate the staffing level for your office.

Management: \_\_\_\_\_

Trading: \_\_\_\_\_

Sales: \_\_\_\_\_

Operations / Clearing \_\_\_\_\_

19. Which method(s) does your firm use to compensate representatives?

- Salary                       Commission                       Bonus

20. Is your firm a member of the Securities Investor Protection Corporation ("SIPC")? *(check one)*

- Yes                       No

21. If "no" to Question 20, does your firm participate in any program that provides securities insurance coverage for a public sector client which buys the financial instruments that are listed in Question 14, on a delivery-versus-payment ("DVP") basis? *(check one)*

Yes       No      If "yes", please explain.

22. Has your firm been subject to any litigation, arbitration, or regulatory proceedings, either pending, adjudicated, or settled, within the last five years, that involved allegations of improper, fraudulent, disreputable or unfair activities related to the sale of securities to or the purchase of securities from institutional clients? *(check one)*

Yes       No      If "yes", please describe each matter briefly on a separate page.

23. Has your firm been subject to a regulatory, state, or federal agency investigation, within the last five years, for alleged improper, fraudulent, disreputable, or unfair activities related to the purchase or sale of securities? *(check one)*

Yes       No      If "yes", please describe each matter briefly on a separate page.

## **SECTION V:      CERTIFICATION**

My firm will notify the County Treasurer's Office immediately, by telephone, and, in writing, in the event of a material adverse change in its financial condition, or of any violation of Municipal Securities Rulemaking Board Rule G-37.

**NOTE:**      *Completion of this Request for Information is only part of the County's review process, and **DOES NOT** guarantee that the candidate will be authorized to provide financial services to the County.*

**I hereby certify that the above is true and correct to the best of my knowledge and that I am authorized to execute this request for information.**

Firm Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\*Note that the foregoing form must be signed by a registered principal or an individual with signing authority on behalf of your firm.