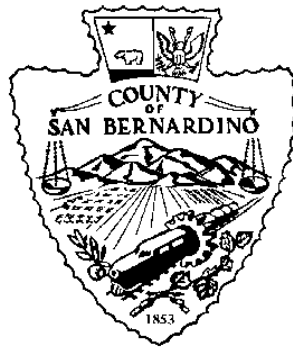


SAN BERNARDINO COUNTY

**BROKER/DEALER
REQUEST FOR INFORMATION**



**AUDITOR-CONTROLLER/ TREASURER/TAX COLLECTOR
268 West Hospitality Lane, Fourth Floor
SAN BERNARDINO, CA 92415-0360
(909) 382-3030**

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 RFI Form.
- 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: Robin Dixon/Ian Capule
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 Robin Dixon at (909) 382-3030 or Ian Capule at (909) 382-3032.

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 RFI Form 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)*

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.