



New York City Comptroller
John C. Liu

NEWS RELEASE

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NEW BANKING SERVICES EXPECTED TO GENERATE \$21 MILLION PER YEAR FOR CITY PENSION FUNDS

NEW YORK, N.Y. — City Comptroller John C. Liu announced that new custody-related relationships with State Street Bank, Russell Investments, and Citibank are expected to generate increased revenue of approximately \$21 million per year for the City pension funds, primarily through securities lending.

“The new custodial service will provide for superior administration of our pension assets, reduce risk and generate significant new revenues which in turn reduce pension costs,” Comptroller Liu said. “The year-long RFP and negotiation process was well worth the effort and I am pleased we were able to complete the implementation this year.”

Utilization of these new banking services began on Nov. 1, 2013. Contracts with the banks were issued following a competitive request-for-proposal process that began last year. These banks will replace Bank of New York Mellon, which had provided the Master Custody Banking services since 2003. The newly-selected financial organizations will provide the following services:

- State Street Bank will provide Master Custody services and will serve as the Systems global administrator for alternative investment holdings;
- Russell Investments will be responsible for Foreign Exchange Services that will increase operational efficiencies;
- Citibank will provide lending opportunities in several additional markets that we did not previously have access to and reduce investment risk.

From 2003 to 2013 the market value of pension assets grew from \$74 billion to \$144 billion and the number of accounts has grown from 400 to more than 2,000. These new arrangements will support the anticipated growth in the pension funds in the years to come. The new services will cost an additional \$5.7 million a year, more than offset by the additional \$21 million per year in new revenues.

In addition to generating new revenues, the new arrangement imposes fiduciary responsibility on State Street Bank and will increase transparency on foreign exchange transactions.

Comptroller Liu credited Deputy Comptroller Valerie Budzik, Interim Chief Investment Officer Seema Hingorani, Assistant Comptroller for Asset Management David Jeter, Chief Information Officer Michael Bott, and their respective bureaus for their efforts in procuring these new services and ensuring a seamless transition.

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