



GUIDELINES FOR BROKER/DEALERS: Doing Business with the Treasurer's Office

The Illinois State Treasurer's Office manages an **investment portfolio of approximately \$25 billion**. The Treasurer's Office seeks to work with qualified broker/dealers that can execute trades and facilitate transactions that provide the highest return using authorized instruments. As such, this document outlines how broker/dealers can apply to broker investments for the Treasurer's Office, featuring a step-by-step process.

General Information on Becoming an Approved Broker/Dealer

- Firms must first become an Approved Broker/Dealer. Find the list of Approved Brokers/Dealers at http://illinoistreasurer.gov/Financial_Institutions/Become_An_Approved_Broker_or_Dealer/Approved_Brokers_and_Dealers.
- Firms are selected according to their (1) creditworthiness and (2) their financial significance in the state, which is measured in terms of the location of the firm's corporate office, the number of full-time employees, the size of its payroll, or the extent that the firm has an economic presence in the state.
- Eligible broker/dealers include "primary" dealers and regional dealers who qualify under SEC Rule 17 CFR § 15Cc3-1 (Net Capital Requirements for Brokers or Dealers).
- The firm's employee executing trades needs to be registered in the State of Illinois.
- Note that the Treasurer's Office seeks to accord preference to qualified brokers/dealers that can demonstrate or attest that (1) greater than 50% of the ownership interest of the firm is held by minority, female, veteran, and/or disabled persons, OR (2) greater than 75% of the firm's senior managers are minority, female, veteran, and/or disabled persons.¹

STEP 1: Review Investment Policy Statements

- Approved Broker/Dealers must independently review (1) the Investment Policy for the State Portfolio *and* (2) the Investment Policy of The Illinois Funds, both available online at http://illinoistreasurer.gov/Financial_Institutions/Become_An_Approved_Broker_or_Dealer. This ensures ensure that the firm's investment products are consistent with the policies of the Treasurer's Office.

STEP 2: Submit a Broker/Dealer Questionnaire

- Obtain a Broker/Dealer and Authorized Counterparty Questionnaire by emailing the Office's Credit Risk Analysis Unit at CreditRisk@illinoistreasurer.gov. The Questionnaire seeks basic information on the firm, including information on key personnel, financial presence in Illinois, ownership interests, and a diversity profile. This helps the Treasurer's Office quickly and efficiently assess opportunities for partnership.
- Submit the completed Questionnaire to CreditRisk@illinoistreasurer.gov.

¹ For purposes of this process, definitions of "minority," "female," "veteran," and "disabled person" are located in the Business Enterprise for Minorities, Females and Persons with Disabilities Act ([30 ILCS 575](#)) and Sections 45-57 ("Veterans") of the Illinois Procurement Code ([30 ILCS 500/45-57](#)).

STEP 3: Contact from the Treasurer's Office / Required Documentation

- The Treasurer's Office will review the Questionnaire, and should the Treasurer's Office identify a business opportunity, a specialist will follow up with further instructions. The specialist may request one or more the following **documents**:
 1. Audited financial statements or a published Statement of Condition;
 2. Proof of State of Illinois registration;
 3. Proof of registration with the Securities and Exchange Commission;
 4. Information regarding insurance coverage, including a copy of the insurance policy that notes the type and limit of coverage, for customers in case of default or failure (e.g., SIPC, self-insurance, surety bonds, errors and omissions);
 5. A statement representing compliance with SEC's net capital adequacy guidelines, including history of compliance, current status, SEC requirement and current level;
 6. Resumes for Key Traders; and
 7. Proof of minority, woman, veteran, and/or disabled-owned status (***if applicable***), specifically a current State of Illinois certification or a signed Attestation Form (provided by Treasurer's Office).

STEP 4: Financial Review by the Treasurer's Office

- All information may be subject to independent verification by the Treasurer's Office. The Treasurer's Office reserves the right to request additional information from the firm prior to acceptance as a counterparty qualified to do business with the Office. The internal due diligence process typically takes up to six to eight weeks (but may be longer in certain cases).

STEP 5: Final Notification and Treasurer's Account Authorization

- Upon passing the internal review process, the firm will be notified and provided a copy of the Treasurer's Account Authorization Form. The Account Authorization Form must be signed, submitted (with original signatures) and filed with both parties before the firm can attempt to execute a trade.

STEP 6: Added to List of Approved Brokers/Dealers

- The firm will then be added to the list of Approved Brokers/Dealers. Periodic reviews are performed on all brokers/dealers that are included on the Approved List.

Post-Approval: General Information

- Changes made to the trading status of a broker/dealer or counterparty will be reflected on the Treasurer's website.
- For brokers/dealers claiming special status as a minority, woman, veteran, or disabled-owned and/or managed firm, random inquiries or reviews may be conducted by the Treasurer's Office through which said firms may be required to furnish proof/documentation (i.e. birth certificate, military discharge, disability letter, etc.) attesting to the veracity and accuracy of the claimed status.