

Request for proposals: Cash and money market funds Responses to Round 1 queries

We are pleased to provide further clarification in response to queries raised.

NB: The avoidance of capital allocation to companies engaging in fossil fuel expansion (especially in the power sector) is the primary objective of the RfP.

Please read the RfP text carefully to ensure that this remains the primary focus of your submission.

Bilateral contracting

We would like to remind participating financial institutions that the higher education co-signatories will each contract bilaterally with their chosen provider(s).

Capital markets activities

We define “capital markets activities” as the transfer of capital from investors who want to employ their excess capital to businesses that require the capital to finance various projects or investments. This includes underwriting of new bond issues or IPOs.

Compliance

Certification of compliance would be required annually.

Confidentiality

All signatories will receive information about institutions proceeding to Round 2 of the RfP. We confirm that the contents of responses will not be shared with other non-signatory interested parties. Our intention is to publicise the institutions and products selected by the University of Cambridge and its Colleges, Trusts, and other affiliated institutions. Successful responses will not be publicised. If necessary, NDAs can be issued for institutions that require them.

Credit rating requirements

We would typically expect the credit rating of responding institutions to be investment grade (BBB+). Institutions that do not have a credit rating are welcome to continue the process in Round 1; however, it would help us to understand why there is no current credit rating.

Currency

We will only accept solutions in GBP for now. In future we expect other institutions to request products in other currencies.

Direct and indirect financing

To be clear, we are concerned with the financing of clients – at the entity level – that are engaging in fossil fuel expansion (especially in the power sector), including through subsidiaries and joint ventures. Almost all fossil fuel expansion financing is technically indirect – not project financing – and we would like the RfP responses to include both direct and indirect financing.

Domicile of the fund

The preference is for funds domiciled in the United Kingdom, but those domiciled in Ireland and Luxembourg will also be accepted.

Fossil fuels definition

We largely follow the SBTi definition of fossil fuel companies (including power sector companies that build new coal or gas plants), which “includes both specific projects dedicated to fossil fuel activities plus established companies who derive at least 5% revenue share from the projects or activities as defined in the value chains outlined in Annex 2. This applies to a group where any of its subsidiaries exceed this threshold, and/or to a specific company.” Annex 2 can be found at this [link](#) (page 13). For coal we add a revenue threshold of 0% to capture some very large coal producers whose revenues are diversified. We do not intend to capture supermarkets with petrol stations or railways that transport a wide variety of commodities.

Fossil fuel exposure

The avoidance of capital allocation to companies engaging in fossil fuel expansion is the primary objective of the RfP. As such we will not consider a ‘best-in-class’ approach to bank issuer exclusions. If institutions have edge case entities they are unsure about, they can identify these upon submission and a review can be conducted after the Round 1 deadline.

Fossil fuel financing policies

Banks and fund managers submitting a proposal may not currently share information on their fossil fuel financing or related proxy voting practices, but this is necessary to advance to Round 2 of the RfP process. We may consider extending Round 1 if we discover providers with pending policies. In the meantime, funds will be allocated to providers who already meet the objectives of Round 1 of the RfP.

Infrastructure replacement/upgrading

When sharing information on the number of clients engaging with fossil fuel expansion, please simply note cases in which existing pipelines are being replaced or upgraded to become “hydrogen-ready”. Please also note when the pipeline capacity is slated to increase as well as the use case for the hydrogen. Financing of decommissioning of fossil fuel infrastructure is fine (in fact, it is encouraged).

Green, sustainable, and covered bonds

We take into account overall lending and underwriting activities. Therefore, a bank whose clients are involved in fossil fuel expansion would not meet the objectives of the RfP, even if it is a specialised green projects offer.

Liquidity requirements

We would accept a minimum of T+2 but further details will be specified within Round 2.

Lobbying

Anti-climate lobbying in this case refers to any political activity the bank/fund manager undertakes, directly or through trade associations, that obstructs or delays climate action that is consistent with the science. See <https://sustainablefinance.influencemap.org/> for analyses of financial sector lobbying activities.

Potential deposits/investments

The group of institutions involved in the RfP has expanded during this process, and it is our intention to continue to widen it. The group collectively holds more than £5bn in cash and cash-like investments.

Primary market financing

We define “primary market financing” as providing fresh capital (e.g., participating in new bond issues or IPOs), including underwriting. If you wish, you can report primary market fossil fuel financing (again, including power sector financing) in active and passive funds separately.

Product selection

We intend to select a minimum of one product and no more than five. If we receive a number of adequate responses, we may select several banks and fund managers to proceed to Round 2 of the RfP.

Product types

We would accept cash equivalents (sovereign debt, government bonds, etc.) provided they meet the criteria set out in the RfP.

Ringfencing

We are analysing emissions-intensive companies at the entity level, so for consistency we will analyse both a parent bank as well as its asset management arm, where applicable, to ensure alignment with the RfP objectives.

Timeline for product placement

We would expect for this product to be available by the end of the calendar year.

Top 60 global banks and insurers

For reporting on fund managers’ proxy voting activities, the top 60 global banks can be identified in the Banking on Climate Chaos: Fossil Fuel Finance 2023 report by Rainforest Action Network. More details can be found in the appendix:

<https://www.bankingonclimatechaos.org/banking-on-climate-chaos-2023-report/>. These two lists encompass the top 60 global insurers: <https://global.insure-our-future.com/scorecard/> and <https://www.reinsurancene.ws/top-50-reinsurance-groups/>.

If you have any further questions that are not addressed here, please contact BEF@admin.cam.ac.uk.