

ANNEX I
TO REQUEST FOR PROPOSALS (RFP) N° PCD/08/016

TERMS OF REFERENCE (TOR)
DESCRIPTION OF WIPO REQUIREMENTS

Prepared by the International Bureau



Financial Institutions with which WIPO Funds will be held

Commercial Financial Services

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1. Introduction

The World Intellectual Property Organization (WIPO) is an intergovernmental organization with its headquarters in Geneva, in the French-speaking region of Switzerland. It is one of the 16 United Nations specialized agencies and is responsible for promoting intellectual property throughout the world, including the administration of the Patent Cooperation Treaty (PCT) and also the international registration of trademarks.

WIPO's requirements in terms of the financial services to be provided by well-established commercial financial institutions are described in general terms in this document. This document will be annexed as "Terms of Reference" to a contract between WIPO and the selected financial institution(s) following a selection process via an international tender.

In order to ensure the smooth running of financial operations and the appropriate administration of financial resources, the International Bureau of WIPO maintains various kinds of accounts and relies on the commercial services of suitable financial institutions located in the Geneva area. The Organization is looking for one or several institutions that can meet its needs and expectations.

2. Overall situation

2.1 Cash in

2.1.1 WIPO is financed by contributions from its 184 Member States (representing about 17 million Swiss francs per year) but also, and above all, by fees received for the registration of patents (representing about 225 million Swiss francs per year), trademarks (about 45 million Swiss francs per year), industrial designs, publications, conferences, seminars, courses and services rendered by its arbitration and mediation center.

2.1.2 Approximately 200 contribution payments from Member States are received every year for amounts varying between 1,500 and 1,100,000 Swiss francs. About 60% of the total amount due for a given year is received in the first quarter of that year.

2.1.3 Fees collected on behalf of third parties amount to 200 million Swiss francs per year.

2.1.4 Around 450 payments, ranging from between 50 Swiss francs and 4,500 Swiss francs, are received every month in respect of individual payments from applicants for the registration of patents. Grouped payments from national offices for the registration of patents represent approximately 110 payments a month for amounts between 350 Swiss francs and 5,000,000 Swiss francs (or equivalent). These payments are received regularly during the year with no significant fluctuations being observed. Approximately 80% are received by bank transfer and 20% by cheque.

2.1.5 About 3,000 individual payments for amounts up to 350,000 Swiss francs are received, each month, for the registration of trademarks and industrial designs. Again, these payments are relatively stable in that no seasonal fluctuations are observed. Most of the payments are made by bank transfers.

2.1.6 The information provided for each bank transfer by the receiving bank is particularly important as it represents the only means by which WIPO can identify and assign payments received.

2.1.7 Fees for the registration of patents are received in various currencies, particularly US dollars (about 7 million US dollars per month), euros (about 3 million euros per month), Japanese Yen (about 300 million Japanese Yen per month) and Australian dollars.

2.2 Cash out

2.2.1 WIPO makes payments for the monthly and yearly distribution of fees. These payments total approximately 200 million Swiss francs per year.

2.2.2 About 65 payments totaling 30 million Swiss francs and ranging between 20,000 Swiss francs and 1,400,000 Swiss francs are made in April of each year by electronic means for the redistribution of the Trademark Union supplementary and complementary fees.

2.2.3 The monthly distribution of fees includes payments in respect of trademark individual fees and fees related to the Industrial Design Agreement. These are carried out manually and represent about 30 payments a month ranging between 4,000 Swiss francs and 2,500,000 Swiss francs. No noticeable variation in this monthly amount has been observed.

2.2.4 Payments in respect of regular expenditure, such as salaries, social security contributions, invoices from Swiss and foreign suppliers, travel etc, represent some 300 million Swiss francs per year. These payments are made either in foreign currencies (US dollars and euros) taken from income received in that currency, or in Swiss francs, which involves the weekly sale of currencies for the purchase of Swiss francs.

2.2.5 Payments to suppliers and other various payments are made, daily, by electronic transfer and represent a total of approximately 80 transactions. Again, this daily level of activity is relatively stable.

2.2.6 Salaries are paid monthly, on the 23rd and 30th of the month, depending on the contractual status of the concerned staff member. A total of 16 million Swiss francs are paid to 1,300 staff members every month by electronic means.

2.2.7 About 300 payments for a total of 250,000 US dollars are made to arbitrators every month. Approximately 2,000 refunds for a total of 2 million US dollars are made every year, either by return credit advice or manually.

2.2.8 The use of cheques is kept to a strict minimum, about 50 cheques are drawn each year.

3. Daily Treasury Management

3.1 Requirements

3.1.2 The Organization holds about 40 accounts which receive income either in Swiss francs or in foreign currencies (US dollars, euros, Japanese Yen, Australian dollars). 27 of these accounts are for Funds in Trust (money given by countries for a specific purpose) and, as such, require separate identification and management.

3.1.3 The 13 remaining accounts, in varying currencies, are used for incoming and outgoing payments.

3.1.4 The Organization needs an overall picture of its daily treasury situation in order to optimize the use of funds by ensuring, on the one hand, that all these various funds generate interest whenever possible and, on the other, that the necessary liquid funds remain available for the execution of payments.

3.1.5 The amounts received in currencies for which WIPO does not have an account must be communicated to the treasurer so they can be credited to the Swiss account at the best possible rate.

3.2 Selection criteria

3.2.1 Taking into account the aforementioned considerations, the Organization will select, amongst competing financial institutions, those that are able to meet the following requirements:

- A worldwide network with reliable local correspondents, even in very distant localities, with experience in rarely-used local and/or “exotic” currencies;
- the total refund of all of the bank/financial institution’s fees and charges;
- the sale of foreign currencies at the best possible rate (based on the inter-bank spot rate), to be supported by software which provides, for each transaction, details of rates available at other comparable banks/financial institutions;
- short-term investments, including in US dollars, at the best possible rate (based on the one-month LIBOR rate), to be supported by software which provides, for each transaction, details of rates available at other comparable banks/financial institutions;

- personal customer services allowing the timely resolution of problems over the phone;
- for the convenience of WIPO employees, and during WIPO meetings being held at the headquarters building where physical access to “bank teller” services would normally be required, the proximity to WIPO premises of a branch of the bank/financial institution, and/or proposals to establish full- or part-time on-site teller services, or suitable ATM facilities;
- an appropriate infrastructure so that a minimum of funds are kept as cash at any one time;
- ensuring the balance of each individual account is kept as low as possible whilst monitoring cash requirements so that sufficient funds remain readily available to meet with every-day needs;
- investment of maximum funds in order to optimize returns;
- an appropriate banking information system in order to download daily transactions into WIPO’s IT system as well as to facilitate reconciliations, the identification of payments and reporting, thereby simplifying internal accounting;
- a full list of rates for banking operations, information on the use of compensatory balances by the bank/financial institution;
- excellent credit rating.

4. Investments

4.1 Investments for Funds-in-Trust (funds attributed to the Organization by a third party for a specific purpose)

4.1.2 As a general financial management policy, the Organization’s funds from its Funds in-Trust accounts that are in excess of the estimated level of expenditure are invested for a three-month period. This investment is made in the currency in which the relevant fund is held (Swiss francs, U.S. dollars or euros).

4.1.3 In consideration of the above the Organization will select, amongst competing financial institutions, one or more institutions with the best rating, which are able to guarantee highly competitive deposit rates (given the size and number of funds involved), defined as a margin against LIBOR rates.

4.2 Short-term deposits of WIPO’s liquid assets

4.2.1 The Organization will select one or more institutions with the best rating which are able to guarantee highly competitive deposit rates.

4.3 Long-term deposits of WIPO's liquid assets

4.3.1 The Organization's surplus liquid assets are invested on a long-term basis. The Organization is in the process of reviewing its policy in this respect. Based on such policy the Organization will select, among competing financial institutions, one or more institutions with the best rating which are able to guarantee highly competitive deposit rates and/or highly competitive financial instruments. Currently the objectives for investments, in order of importance, are the following:

- to preserve capital in WIPO's base currency;
- to meet with liquidity needs;
- to earn a competitive market rate of interest.

4.3.2 Based on the current policy, In order to manage risk, the following parameters are taken into account:

- the base currency shall be the Swiss franc;
- the performance benchmark shall be the six months LIBOR plus 100 base points when the mandate is given or received;
- the overall duration of an investment shall not exceed five years;
- funds should be invested bearing in mind the principles of sustainable investments (see the Principles for Responsible Investment at <http://www.unpri.org/> site);
- with the exception of deposits, there should be no more than 10% of all funds placed in the same instrument at any time.

[Annex II follows]