

**INVESTMENT MANAGEMENT DIVISION  
STATEMENT OF POLICY**

**INVESTMENT ADVISORY COMMITTEE CODE OF ETHICS**

**I. Purpose**

The General Assembly has established the Investment Advisory Committee (“IAC”) to advise the State Treasurer with duties related to the management of the Teachers’ and State Employees’ Retirement System, the Local Governmental Employees’ Retirement System, the Legislative Retirement System, the Firemen’s and Rescue Workers’ Pension Fund, the Consolidated Judicial Retirement System, and the North Carolina National Guard Pension Fund (hereinafter referred to collectively as the “Retirement Systems”). N.C.G.S. § 147-69.2(b1).

To preserve the value of integrity that includes maintaining high ethical standards in conducting business, it is important that the knowledge and expertise of the members on the IAC be applied solely for the benefit of the participants of the Retirement Systems. These members should not advance their personal interests. It is important, therefore, that participants of the Retirement Systems and general public are assured that IAC members will not engage in conduct that appears to be influenced by a desire for personal gain rather than a desire to protect the interests of the Retirement Systems.

At the same time, it is important to recognize that IAC members volunteer their time and contribute their expertise without compensation in a spirit of public service. Accordingly, persons serving on the IAC should be free to pursue their personal financial interests without restriction unless those interests would foreseeably result in a conflict of interest with the interests of the Retirement Systems.

**II. Acknowledgment**

The Treasurer has approved the following Code of Ethics setting forth standards of conduct for members of the IAC. Copies of the Code of Ethics shall be provided to each person serving on or appointed to the IAC. Each IAC member shall acknowledge receipt of a copy of the Code of Ethics and shall agree to be bound by the provisions contained in this Code by signing the Acknowledgment at the end of this document.

**III. Restrictions on Transactions between the Investment Advisory Committee Members and the Retirement Systems**

- A. Interested Party.** As used in this Policy, “interested party” shall mean: (1) an IAC member; (2) the spouse of an IAC member; (3) any partnership in which the IAC member or spouse is a general partner or owns ten percent of either the capital or profits interest of such partnership; and (4) any corporation in which the IAC member, or his or her spouse, individually or collectively, own or control ten percent or more of the outstanding stock.

- B. Prohibition on Transactions.** No interested party shall engage in a transaction if such transaction constitutes:
1. The sale, exchange, or lease of any property between the Retirement Systems and an interested party;
  2. The loan of money or other extension of credit between the Retirement Systems and an interested party;
  3. The furnishing of goods, services, or facilities between the Retirement System and an interested party; or
  4. The transfer of any assets of the Retirement Systems to, or the use of any assets of the Retirement Systems by or for the benefit of an interested party.
- C. Prohibition as Broker-Agent.** An IAC member shall not, in his or her individual capacity or in any other capacity, act as a broker or agent for or otherwise represent any party in any transaction with the Retirement Systems.
- D. No Consideration.** No interested party shall receive any consideration from any party in connection with a transaction with the Retirement Systems.

**IV. Restrictions to Perform Certain Services or Evaluate or Vote on Certain Matters**

If an IAC member is an officer, director, or employee of any entity which recommends, or seeks to engage in, a transaction not otherwise prohibited by this Code of Ethics and the IAC member is required to evaluate or vote on such transaction, the IAC member shall notify the IAC or his or her relationship to the entity and shall not participate in such an evaluation or vote. Further, such IAC member shall not knowingly perform services in connection with that transaction.

An IAC member shall not participate in any evaluation of, or vote on, any transaction if an interested party or an entity of which he or she is an officer, director, or employee has an interest adverse to the Retirement Systems in connection with such transaction.

The provisions of this paragraph, however, shall not preclude an IAC member from evaluating or voting on an investment which the only relationship between the Retirement Systems and the entity is that of co-investors in limited partnerships or other investment structures where management responsibility is not vested in the entity.

**V. Post-Service Restriction**

An IAC member shall not, for a period of two years after termination of such service, appear before the IAC on which he or she formally served or any staff of the Department of State Treasurer in connection with any transaction which was under active consideration by the IAC on which he or she formerly served during the member's service. Such indi-

vidual also shall not, after termination of such service, appear before the IAC on which he or she formerly served or any staff of the Department of State Treasurer in connection with any matter under circumstances in which it could reasonably be inferred that such person is attempting to use his or her former position to secure unwarranted privileges or exemptions for himself or herself or others.

**VI. Confidential Information**

No IAC member shall use or disclose confidential information which he or she has gained in the course of or by reason of his or her official position on the IAC for purposes of advancing his or her personal or financial interest.

**VII. Interpretation and Meaning of this Code**

When an IAC member has a doubt as to the application of any part of this Policy to a particular situation, he or she may request the General Counsel or his or her designee for an advisory opinion. The IAC or committee member shall have the opportunity to present his or her interpretation of the facts at issue and of the applicability of provisions of this Policy before such an advisory opinion is made. Such interpretations made by the General Counsel or his or her designee shall be binding upon the IAC and committee members.

Adopted by State Treasurer Janet Cowell on February 17, 2010

**ACKNOWLEDGMENT**

My signature below indicates that I have read, understand, and agree to be bound by the terms of the above Investment Advisory Committee Code of Ethics.

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_