



Kentucky Retirement Systems Securities Trading Policy for Trustees and Employees

The Kentucky Retirement Systems (“KRS”) is charged with the administration of pension and group health insurance funds held in trust for active and retired KRS members and their beneficiaries. Accordingly, its trustees, and certain of its employees have fiduciary duties commonly associated with pension and other trusts. These duties extend not only to the investment activities but also to the application of KRS benefit provisions, the establishment of actuarial assumptions, the collection of amounts owed the fund, and the general administration of KRS.

Because KRS is described by statute as a state agency, KRS trustees and employees have the special responsibilities for honesty and integrity applicable to public servants. This Securities Trading Policy (the “Policy”) acknowledges certain standards of conduct expected of trustees and employees in view of these responsibilities.

Although many of the provisions of this Policy are based upon legal and fiduciary concepts, this Policy should not be interpreted as an exclusive and complete statement of legal and fiduciary responsibilities and its provisions should not be construed as the only statements of legal and fiduciary responsibility. The primary source of laws governing the legal and fiduciary conduct of trustees and employees are set forth in Kentucky Revised Statutes Chapter 11A, et seq., and Kentucky Revised Statutes 61.645. This Policy does not limit or expand the scope of those laws. This Policy is intended to provide specific guidance to trustees and employees regarding personal securities trading and compliance with legal and fiduciary responsibilities. Personal securities trading and transactions in accordance with this Policy should create a presumption of compliance with legal and fiduciary responsibilities by trustees and employees. Furthermore, this Policy is to be used as a guideline for conduct by affected persons and in the evaluation of that conduct by supervisory personnel. Any violation of this Policy may result in disciplinary action such as disgorging proceeds, dismissal, or removal from office.

It is recognized that fundamental rules of fairness require that affected persons not be held strictly responsible under vague or ambiguous principles and standards. It is further recognized that KRS trustees and employees may have private business activities. However, where legal or fiduciary standards also apply, any ambiguity in this Policy should be resolved in accordance with those standards.

A. Definitions

In this Policy the following definitions apply unless the context requires otherwise:

1. “KRS” means the Kentucky Retirement Systems.
2. “Board” means the Board of Trustees of KRS.
3. “Employee” means a person working for KRS in an employer/employee relationship.
4. “Trustee” means a member of the Board of KRS.
5. “Personal securities transactions” means
 - a.) Transactions in securities for a trustee's or employee's own account, including IRA's and

- b.) Transactions for an account in which a trustee or employee has indirect beneficial ownership, unless the trustee or employee has no direct or indirect influence or control over the account.

Accounts involving family or accounts in which the trustee or employee has a beneficial interest (such as a trust of which he or she is an income or principal beneficiary) are included within the meaning of “indirect beneficial interest.” Personal securities transactions include transactions in equity or equity-related instruments, including but not limited to stocks, convertibles, preferred stock, options and futures on individual stocks or stock indices, warrants, rights, etc., for domestic and foreign securities, whether publicly traded or privately placed. Personal securities transactions also include transactions in bonds, financial futures, options on financials, and real estate, except for real estate used for a personal residence or real estate held through a real estate investment trust for which the trustee or employee is not making individual property selections. Personal securities transactions do not include transactions in mutual funds, unit trusts, master trusts, retirement plan pooled accounts, or accounts in which the participant does not make individual security selections, money market instruments, certificates of deposit, commercial paper, short-term bonds (less than 365 days) and U.S. short-term debt instruments (less than 365 days).

6. "Family" means spouse and dependent children.

NOTE: Broader restrictions of KRS 11A may apply when a trustee or covered employee has actual knowledge of an extended family member who may benefit from a transaction.

7. “Policy” means this Securities Trading Policy.

I. General Ethical Standards

KRS trustees and employees must comply with all applicable laws and ethical principles. They should specifically be aware of the following statutes: KRS 11A, et seq., KRS 61.645, and the Kentucky Retirement Systems Personnel Policies. The omission of any applicable statute from this list does not excuse violation of its provisions.

I. Pre-Clearance Procedure

The following trustees and employees must obtain pre-clearance for personal securities transactions and must provide transactional disclosure for such transactions:

1. Trustees and employees who make investment recommendations or participate in investment decisions concerning current portfolio investments or investments under consideration for purchase,
2. Trustees and employees who obtain information concerning such investment recommendations or decisions,
3. Trustees and employees with actual knowledge of investment recommendations or decisions regarding purchases, sales, or other acquisitions or dispositions, and
4. Employees holding the positions of Executive Director, Chief Operations Officer, Chief Investment Officer, General Counsel, Chief Benefits Officer, and the Internal Auditor.

Trustees and employees must obtain pre-clearance for personal securities transactions as follows: they must verify with the KRS Compliance Officer, or, in his or her absence, the Chief Investment Officer, that no buy/sell order has been placed.

Pre-clearance by employees will be documented in a personal securities transaction log which will provide a record of all requests for approval of personal securities transactions. The KRS Compliance Officer will provide pre-clearance and maintain the log. Pre-clearance for personal securities transactions is effective for one trading day only.

The following prohibition on personal securities transactions applies:

If a buy/sell order has been placed with the KRS trader, no trustee or employee may conduct a personal securities transaction in a covered instrument until one trading day after the buy/sell order has been completed or canceled.

Transactional disclosure forms must be completed for personal securities transactions, except for those described above which are exempted from the disclosure requirement. Transactional disclosure forms must be completed and given to the KRS Compliance Officer within ten calendar days of the personal transaction trade date.

The transactional disclosure form must contain the following information:

- Name and amount of the security involved
- Date and nature of the transaction
- Price at which the transaction was effected
- Name of the broker through whom the transaction was effected.