

POLICY NUMBER: 2.00.104**EFFECTIVE DATE:** 6/17/21**TITLE:** Personal Investments**SUPERSEDES:** 6/20/19**BOARD ADOPTION:** 6/17/21**REVIEWED:**

PURPOSE

RCW 42.52.190, RCW 42.52.030 and WAC 287-04-032 prohibit employees of the Washington State Investment Board (WSIB) and its Board members from making certain personal investments that give rise to actual or potential conflicts of interest with investments made by the WSIB. Personal investments by Board members and employees in WSIB investments may give rise to prohibited conflicts of interest or the appearance of impropriety. In addition, through the WSIB's investments, employees and Board members may also gain access to Material Nonpublic Information regarding companies or industries, and the trading of Securities based upon that information or tipping of such information may violate federal securities laws.

This policy seeks to protect the reputation of the WSIB, its stakeholders, employees, and Board members, as well as the integrity of the markets, by emulating best practices of Registered Investment Advisers based upon requirements and guidelines of the Securities and Exchange Commission and state ethics laws, while balancing the interests of individuals in their private affairs. These requirements include prohibitions on Insider Trading, Front Running, certain beneficial interests, and the unauthorized disclosure and use of Material Nonpublic Information and/or other confidential information for non-agency use. This policy is designed to assist WSIB employees and Board members in the exercise of their duties and in honoring professional standards and standards of conduct. Compliance with state and federal laws, however, remains the responsibility of each Board member and employee. The internal process described below is the WSIB's mechanism for granting prior written approval for personal transactions in investments that meet the criteria established by the WSIB.

DefinitionsApproving Authority

The individual or group designated by this Policy or the Executive Director to approve, deny, limit, pre-clear or condition the purchase or sale of a Security or Other Investment and authorize Managed Account exemptions.

Business Day

Business Day for the purpose of this Policy means any day on which the New York Stock Exchange is open for business or as otherwise defined by Investment Compliance.

Covered Accounts

Any personal account that permits trading in individual Securities in which a Covered Person or Related Party directs, controls or has a financial interest.

Covered Accounts do not include FDIC accounts or tax advantaged accounts such as 401(a), 401(k) accounts, 457 accounts, 403(b) accounts, qualified health savings accounts, or 529 accounts that are limited to pooled investment options (e.g., shares of open-end mutual

funds, collective investment trusts, etc.). ***However, any account that permits trading in individual Securities is a Covered Account.***

Covered Persons

All WSIB employees, Board members, and Board designees with voting authority.

Covered Trade

A trade of a Security for a Covered Account. Covered trades do not include automatic investment plans in which the timing of purchases and withdrawals, either to or from a Covered Account, is scheduled, predetermined at regular intervals, and/or has standing instructions, such as Dividend Reinvestment Plans (DRIPs) and Employee Stock Ownership Plans (ESOPs). Investment Compliance may require additional documentation to support the automatic investment plan transaction(s).

Designated Brokers

A pre-approved list of broker-dealers providing an electronic feed to the Personal Investment Compliance (PIC) system.

Exempt Investments

The following investments do not need pre-clearance or reporting to the WSIB and are deemed approved pursuant to RCW 42.52.190:

1. Any deposit in an FDIC account
2. Mutual funds, closed-end funds and unit investment trusts registered under the Investment Company Act of 1940
3. U.S. Government issued Securities (e.g., T-bills, Savings or Treasury bonds or notes, TIPS or STRIPS)
4. Municipal Bonds
5. Insurance products (e.g., index, variable and fixed annuities, and life insurance products)
6. Currencies
7. Investments in tangible items (e.g., automobiles, art, watercraft, coins, or precious metals)
8. Private real estate unless the real estate interest is in or with a party with whom the agency holds an investment
9. Exchange Traded Funds (ETFs) that are commodity based or include 10 or more securities
10. Derivatives, including Exchange Traded Notes (ETNs), of a broad-based index
11. Derivatives of an Exempt Investment

Front Running

Front Running may occur when a Covered Person trades a Security with knowledge that the WSIB will or is likely to engage in a nonpublic decision to buy or sell that Security. For the purpose of this Policy, this does not include trades pursuant to an announced index change or rebalancing.

Investment Compliance

A WSIB employee or employees designated to maintain or oversee the compliance program under this Policy.

Insider Trading

Insider Trading may occur when a person trades upon Material Nonpublic Information. Covered Persons are prohibited from (a) transacting for profit or to avoid loss using Material Nonpublic Information; (b) influencing investment decisions on behalf of the WSIB, themselves or others based on Material Nonpublic Information; or (c) sharing any Material Nonpublic Information with unauthorized individuals.

Initial Public Offerings (IPOs)

Refers to a type of public offering when shares of stock in a company are sold to the general public for the first time.

Managed Account

An account with the capability of trading Securities, when (a) the account is managed by a third party who is not a Covered Person; (b) no Covered Person has the power to affect or control investment decisions; and (c) no prior communication occurs between the Covered Person and the person(s) with investment discretion regarding specific trade activity in the account.

Material Nonpublic Information

Information is nonpublic if it has not been disseminated in a manner making it available to investors generally.

Information is material when it is substantially likely that the information would be important to a reasonable investor making an investment decision or is likely to have a significant impact on valuation. Material information can be negative or positive, and does not need to change a particular investor's decision to buy, sell, or hold a Security. Nor does the information necessarily need to be significant enough to actually move the market price of a security. It is enough that it is the type of information that a reasonable investor would consider important in making such a decision.

Other Investment

Any investment not defined as a Security or an Exempt Investment, including but not limited to, stock plans, employee purchase plans, direct purchase plans, limited partnerships, joint ventures, co-investments, leveraged buyouts, commercial paper, purchase agreements, bankers' acceptances, private lending, repurchase agreements, investment club participation, and other debt instruments.

Personal Investment Compliance System (PIC System)

The electronic system used to report and obtain pre-clearance of Securities and Other Investments, as well as to report compliance with this Policy.

Related Party or Parties

Spouse, registered domestic partner, dependent children under the age of 19, or other dependent relatives that live in the same household of Covered Persons.

Restricted List

A list of Securities that may not be traded for a Covered Account, including Securities of public companies about which WSIB has Material Nonpublic Information.

Security or Securities

Unless defined as an Exempt Investment, (a) all publicly traded equity and debt securities, and (b) derivatives of equity and debt securities, including without limitation, swaps, futures, options, exchange traded funds, and the functional equivalent of such instruments.

Guidelines

Each Covered Person must review this policy and understand the terms set forth in this policy. Covered Persons are strongly encouraged to ask Investment Compliance any questions about interpretation or implementation. All Covered Persons shall determine whether they or a Related Party have an interest in a Security or Other Investment. If a Covered Person or Related Party has an interest in any Security or Other Investment, then the terms of this Policy apply.

Reporting and Attestation

Unless exempted by the Approving Authority within 15 calendar days of (a) the date of hire for new employees; or (b) the date a Board member takes the oath of office:

1. Covered Persons shall disclose all Covered Accounts and Managed Accounts, holding Securities, or Other Investments that the Covered Person and any Related Party directs, controls, or in which they have a financial interest.
2. Covered Persons shall file a Personal Trading Compliance Statement through the PIC System, attesting that they understand and will abide by the requirements of this Policy.

Thereafter Covered Persons and their Related Parties must (a) disclose Covered Accounts and Managed Accounts within 15 calendar days of being established and (b) pre-clear Other Investment Transaction requests prior to the purchase or sale.

Covered Persons and their Related Parties shall report all Covered Accounts, Managed Accounts, and Other Investments through the PIC System. Covered Persons and their Related Parties shall coordinate as required with the broker-dealer, record keeper, or investment custodian (collectively "broker-dealer") to establish an electronic feed for all Covered Accounts.

If a Covered Person or their Related Party is unable to obtain an electronic feed from a broker-dealer, the Covered Person or their Related Party shall direct the broker-dealer to send duplicate broker account statements to Investment Compliance. If the broker-dealer does not provide duplicate statements, the Covered Person must arrange an alternate process with Investment Compliance. No pre-clearance shall be granted for that Covered Person or Related Party until an alternate process is approved by Investment Compliance. After the date of hire, employees may establish Covered Accounts only at a Designated Broker.

Annual Reporting

Annually by January 31, each Covered Person shall certify that all Covered Accounts, Managed Accounts, or Other Investments for the Covered Person and their Related Parties have been reported in WSIB's PIC System.

Each Covered Person shall further attest that they understand and will abide by the requirements of this Policy and related policies through WSIB's PIC System. Investment Compliance will verify that all Covered Persons have attested and provide an annual report of such verification to the Audit Committee.

Pre-Clearance Procedures

If a Covered Person or their Related Party wishes to trade a Security in a Covered Account or purchase or sell an Other Investment, the Covered Person shall submit a pre-clearance request through the PIC System. The pre-clearance request shall contain an affirmation

that the Covered Person or Related Party has no knowledge of Material Nonpublic Information related to the request.

Covered Trade Pre-Clearance

For a Covered Trade, pre-clearance requests must be submitted and approved through the PIC System prior to execution of a transaction. Unless rescinded, pre-clearance approvals are valid until 1pm (Pacific Time) the next Business Day.

Covered Persons may request pre-clearance of a limit order or stop-loss order. Pre-clearance approvals of limit orders and stop-loss orders are valid for one month from the date of approval and are subject to rescission at any time.

Trading and related activities by employees must also comply with state and federal laws and WSIB Board and Agency policies, including, but not limited to, policies regarding the use of state resources.

Other Investment Pre-Clearance

Other Investment transactions must be pre-cleared in the PIC System prior to the purchase or sale. Approval or denial of the Other Investment request will be sent to the Covered Person no later than three (3) Business Days from receipt of the request.

If a Covered Person or their Related Parties Persons wishes to participate in an IPO, the Covered Person must submit an Other Investment transaction request in the PIC System and provide a written statement to Investment Compliance providing the full details of the proposed transaction, including an attestation that the investment opportunity did not arise by virtue of the Covered Person's activities on behalf of the WSIB. Any IPO shares that a Covered Person receives as distributions from previously owned and disclosed investments do not require pre-clearance.

Appeal of Pre-Clearance Denial

If a pre-clearance request submitted using the PIC System is denied, a Covered Person may appeal the decision by submitting a request to Investment Compliance. An appeal of an Investment Compliance decision shall be referred to the Executive Director.

Restricted List

The Restricted List is established and maintained by Investment Compliance using information provided by WSIB employees. Investment Compliance shall determine when Securities are added to and removed from the Restricted List.

When Covered Persons believe they have received Material Nonpublic Information about a Security, the Security shall be immediately reported to Investment Compliance. A Security may be reported for any other reason and may be added to a Restricted List at the discretion of Investment Compliance.

Approval Criteria

The Approving Authority shall have discretion to approve or prohibit any proposed acquisition or sale of a Security or Other Investment by a Covered Person or Related Party. The Approving Authority reserves the right to deny a purchase or sale if it believes the acquisition or sale may violate federal law, state law, Board policy, or poses a reputational risk to the WSIB. The Approving Authority may consider, but is not limited to, the following circumstances:

1. Whether the Covered Person acts in a decision-making, advisory, or policy-influencing capacity with respect to investments.

2. The relationship between the proposed investment and investments held or under consideration by the WSIB.
3. The size and timing of the proposed investment.
4. The access of the Covered Person to Material Nonpublic Information relative to the proposed investment.
5. The availability of the proposed investment in the public market.
6. Whether the investment is a Permissible Investment under RCW 42.52.190.
7. Whether the financial effect of the trade on the Covered Person or Related Party is indistinguishable from its effect on the general public.
8. Whether it is reasonably foreseeable that the Covered Person's personal trade would contribute to a change in the price of the Security.

No Covered Person or Related Party shall make, participate in making, or in any way attempt to use their official position to influence the making of any investment decision by the WSIB which they know or have reason to know will have a reasonably foreseeable material financial effect (distinguishable from the effect on the public generally) on the Covered or Related Person's personal finances or financial interests.

Covered Persons and Related Parties are prohibited from personally investing directly in a general partner or the owner of a general partner with which the WSIB does or could do business.

Managed Accounts

The Approving Authority may exempt Managed Accounts from policy requirements when both of the following conditions have been met:

1. When a third-party money manager certifies in writing that the Managed Account provider has full discretion to act as investment advisor and manage any investment or trading account of the Covered Account; and
2. The Covered Person certifies that (a) the account is managed by a third party who is not a Covered Person or Related Party; (b) no Covered Person or Related Party has the power to affect or control investment decisions; and (c) no communication occurs between the Covered Person or Related Party and the person(s) with investment discretion regarding specific trade activity in the account.

Exemptions and Appeals

A Board member, Board member designee, or their Related Party may seek an exemption from this Policy by submitting a written request to the Executive Director or their designee. The Executive Director may grant or deny an exemption in whole, in part, or condition approval as deemed appropriate. The Executive Director may seek an exemption from the Board Chair. The Board Chair may grant or deny an exemption in whole, in part, or condition approval as deemed appropriate after consulting the Legal Services Director.

Other Covered Persons or their Related Parties may seek an exemption from this Policy by submitting a written statement to Investment Compliance. The Legal Services Director shall approve, deny or condition approval as deemed appropriate and issue a written response within seven (7) working days of the request.

An appeal of the Legal Services Director's decision shall be referred to the Executive Director.

Training

Investment Compliance shall provide training on this Policy and procedures to all Board members within two weeks of taking the oath of office, to WSIB employees within two weeks following date of hire, and to all Covered Persons annually thereafter. A copy of this Policy shall be provided to new employees or Board members at the start of their service.

Sanctions and Conflict Mitigation

Investment Compliance shall report any violation of this Policy by a Covered Person to the Executive Director consistent with established procedures. Policy violations by the Executive Director shall be reported to the Board Chair.

For any transaction or conflict of interest, the Executive Director or Board Chair may request that the Covered Person divest, unwind and/or disgorge any profits to charity, as deemed appropriate. The Executive Director or the Board may also take any additional action authorized by law or Board Policy 2.00.106 Sanctions for Violations. The exercise of any sanction or course of action shall not exhaust, diminish, or otherwise prevent any other action, including civil or criminal sanctions allowed by law.

While adherence to this Policy will assist in deterring and detecting Insider Trading and Front Running, pre-clearance does not authorize a Covered Person to undertake a Covered Trade or Other Investment prohibited by federal securities laws or state ethics laws. Pre-clearance does not prevent a transaction from constituting Insider Trading or Front Running or violating any criminal and/or civil provisions of applicable laws.

This Policy, moreover, cannot address every situation or ethical issue confronting WSIB Board members and employees. Covered Persons are strongly encouraged, therefore, to contact Investment Compliance with any questions about this Policy, interpretations, and implementation. Investment Compliance staff work for the WSIB and do not represent the Covered Person. Therefore, Covered Persons are encouraged to seek counsel from a personal attorney for guidance on ethical and legal issues as appropriate.

Monitoring

Investment Compliance is responsible for monitoring trading activity through the PIC System for compliance with the policy and procedures. Investment Compliance must report annually to the Audit Committee the key analytics of the personal investment requests.

All Board members, Board member designees, the Executive Director and Chief Investment Officer are required to file a Statement of Financial Affairs form with the Public Disclosure Commission (PDC) within two weeks of appointment and annually thereafter as required by law or this Policy. A copy of the filed PDC form must be provided to the WSIB. Investment Compliance will verify PDC forms were filed timely, and provide the Board Chair and Executive Director a summary of compliance by April 30 of each year.

POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.