

**NORTH CAROLINA DEPARTMENT OF STATE TREASURER  
INVESTMENT MANAGEMENT DIVISION**

**Placement Agent, Political Contribution, and Connection Disclosure Policy**

**I. Purpose**

**A. Background.** The North Carolina State Treasurer (the “Treasurer”) and the North Carolina Department of State Treasurer (the “Department”) strive to model excellence in state government through accountability and prudent investment of entrusted assets. The Treasurer maintains the investment program for the North Carolina Retirement Systems defined in N.C.G.S. § 147-69.2(b)(8) and other investment funds (collectively, the “NC Funds”). The Investment Management Division (“IMD”) serves as the investment arm of the State Treasurer. Because IMD is limited in the number of staff it can hire and the Department lacks legal authority to invest directly in certain asset classes, outside Investment Managers (as hereinafter defined)<sup>1</sup> manage a majority of the investments made on behalf of the NC Funds.

Since the first version of this Policy was adopted in 2009, the Treasurer and the Department have adopted several policies and procedures that govern the selection of outside Investment Managers. Among these policies are the Investment Policy Statement, the External Investment Manager and Vehicle Selection Policy and Procedure (the “Selection Policy”), the Code of Ethics and Conduct, the IMD Investment Committee Charter, and the External Investment Management Conflict of Interest Certification. The Treasurer’s overarching goal, in adopting this set of policies, has been to develop the best possible procedures for selecting investments and to maintain high ethical standards.

**B. Role of Placement Agents.** A Placement Agent is, in essence, a marketing specialist hired by an outside Investment Manager. Placement Agents often serve a valuable function by exposing new and emerging Investment Managers to investment funds which might otherwise have not received information about those Investment Managers’ opportunities. Placement Agents can help smaller managers learn how to market themselves as effectively as their larger counterparts. The Securities and Exchange Commission noted the helpful functions of Placement Agents in 2010, determining that it was prudent to allow Investment Managers to continue hiring Placement Agents so long as those Placement Agents are registered and regulated by an organization such as FINRA. *See* Release on SEC Rule, 75 Fed. Reg. 41,017 at 41,038 and 41,041 (July 14, 2010).

As the SEC observed, however, Placement Agents have been implicated in improper conduct affecting several public pension funds. If an Investment Manager hires a Placement Agent to utilize a pre-existing relationship between the Placement Agent and the public pension fund’s staff, the Placement Agent does not serve any useful function, and instead could cause a fund to make decisions on factors other than the potential investment’s strategy and expected performance.

**C. Goals of this Policy.** In this Policy, the Treasurer has chosen to impose limitations on Investment Managers’ use of Placement Agents to ensure that Placement Agents will play only a proper role in marketing investment opportunities. More broadly, the Policy seeks disclosures of connections or relationships between Investment Managers, Placement Agents, and persons affiliated with the Department. The Policy has three basic features:

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<sup>1</sup> Capitalized terms not otherwise defined in the text of this Policy have the meanings stated in Section XI herein.

- First, the Policy requires comprehensive disclosures from the Investment Manager and Placement Agent.
- Second, the Policy provides for attorney review of the disclosed information to ensure that any Placement Agent or Investment Manager was hired for professional expertise, not for his or her connections to the Treasurer, board members, or staff. The Treasurer's Compliance Counsel will also evaluate any relationships to determine appropriate action, such as recusal.
- Third, the Policy restricts Investment Managers from using and compensating Placement Agents unless the Placement Agent is providing an introduction for an Investment Manager who has not managed any investments for the NC Funds within the last two years. *See* Section VII(C).

## **II. Application**

This Policy applies to all Investment Transactions and Substantive Amendments entered into by the Treasurer on or after September 29, 2009. Revised requirements of this version of the Policy shall apply to agreements entered into or modified pursuant to a Substantive Amendment on or after December 1, 2013.

For purposes of agreements with Investment Managers entered into prior to September 29, 2009, when a Substantive Amendment is made with the consent of the Treasurer to such agreement, this Policy shall apply prospectively to the amended agreement and not to the original agreement. As to pre-2009 Investment Managers to whom this Policy does not apply pursuant to the foregoing, the Treasurer has previously requested that each such Investment Manager voluntarily comply with this policy.

This Policy applies whenever the Treasurer is seeking to engage, hire, invest with or commit to invest, or to do business with an Investment Manager, whether the applicable agreement is directly with the Investment Manager or with an investment vehicle affiliated with the Investment Manager. Investment Managers should note that, although Placement Agents' services are generally considered more applicable to the general partners, managers, and sponsors of private equity, real estate, absolute return, and other private market investment funds, this Policy also applies to public market Investment Managers.

## **III. Required Disclosures**

**A. Disclosure Letters.** For each Investment Transaction, prior to entering into an agreement or Substantive Amendment with the Treasurer, or at such time as provided in Section II above, an Investment Manager shall provide to the Treasurer's Compliance Counsel the following (collectively, the "Disclosure Letters"):

1. A disclosure from the Investment Manager substantially in the form of Appendix 1 to this Policy (an "Investment Manager Disclosure Letter"); and
2. If and only if there is a Placement Agent for the Investment Transaction, a disclosure from each Placement Agent substantially in the form of Appendix 2 to this Policy (a "Placement Agent Disclosure Letter").

For Substantive Amendments, whether or not any Disclosure Letter was provided at the time of the agreement's original execution under this Policy, Investment Managers and Placement Agents (if any) shall complete Disclosure Letters based on the circumstances surrounding the proposed Substantive Amendment, not the original agreement.

**B. Content of Disclosure Letters.** Each Disclosure Letter shall be in substantially the form of Appendix 1 or Appendix 2 to this Policy, as applicable, containing the following:

1. **Response 2.1.** A statement as to whether or not the Investment Manager (or any officer, partner, principal, or affiliate thereof) has elected to use or Compensate a Placement Agent to assist the Investment Manager in obtaining investments from, or business with, any of the NC Funds.

2. **Responses 2.2(e)-(f).** A statement confirming that (i) no Placement Agent is being, or will be, Compensated, directly or indirectly, to assist the Investment Manager in obtaining investments from (or business with) the NC Funds, except as disclosed in the Disclosure Letter and (ii) the Investment Manager, not the Treasurer or the NC Funds, shall bear the entire cost of the Placement Agent fees and expenses disclosed in the Disclosure Letter.

3. **Responses 2.3(a)-(g).** The name of the Placement Agent and a resume (or other summary) for all Placement Agent personnel who played a role in marketing or outreach for the Investment Transaction, all Placement Agent personnel who will receive Compensation as a result of the NC Funds' investment in the Investment Transaction, and each officer, partner, or principal of the Placement Agent. Such resume or other summary shall detail each person's education, work experience, and professional designations. If any such person is a current or former North Carolina Department of State Treasurer employee, IMD Contractor or Consultant, North Carolina State Treasurer, or Investment Advisory Committee member, or a member of the Immediate Family of any such person, this fact shall be specifically noted, and any financial benefit to such person from the Investment Transaction shall be identified.

4. **Response 2.6.** The terms of the agreement or arrangement (oral or written) with the Placement Agent that (i) describe any and all Compensation provided or agreed to be provided to a Placement Agent including the nature, timing, and value and (ii) create an obligation to pay a fee to or for the benefit of any Placement Agent. If the contract or agreement between the Investment Manager and Placement Agent is not written, the full extent of such agreement shall be written and summarized, succinctly describing the terms of such agreement or arrangement with the Placement Agent, including details of the nature, timing, and value of the Compensation or benefit provided. Where the Placement Agent is an employee of the Investment Manager,<sup>2</sup> Compliance Counsel may accept, in lieu of the detailed response described above, a general disclosure providing the employee's role and responsibilities and stating any known effect on the employee's Compensation directly attributable to the NC Funds' proposed investment.

5. **Response 2.7.** A statement as to whether the Placement Agent has been the subject of any actions or investigations by any federal, state, or local government agencies or regulatory bodies in the last ten (10) years and/or anticipates being the subject of such actions or investigations in the future.

6. **Responses 2.2(a)-(d) and 2.8.** A statement confirming that (i) the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association; (ii) the individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses (e.g. Series 7, 63);

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<sup>2</sup> Note that Investment Manager employees are "Placement Agents" within the definition of this Policy only if subject to SEC or FINRA registration requirements. See this Policy's definition of "Placement Agent" in Section XI(K).

(iii) no placement fee has been or will be shared with any person or entity not so registered; and  
(iv) the Placement Agent is in the habitual systemized business of acting as a Placement Agent. In addition, the Placement Agent shall provide a statement that provides details of relevant persons' registrations, the number of years employed by the Placement Agent, and the number of years of experience directly related to such business.

7. **Response 3.2.** A statement as to whether a current or former North Carolina State Treasurer, Department of State Treasurer employee, IMD Contractor or Consultant, or Investment Advisory Committee member suggested the retention of the Placement Agent. If so, the name of such individual(s) shall be provided.

8. **Responses 3.1 to 3.5.** Disclosures of connections or relationships in accordance with Section VIII of this Policy.

9. **Response 4.** A statement indicating whether the Investment Manager or the Placement Agent (as applicable), or any of its officers, partners, principals or affiliates, is registered as a lobbyist with any state government and, if applicable, the name and positions of such persons and the registrations held.

10. **Responses 5.1 and 5.2.** Disclosures concerning Political Contributions in accordance with Section IX of this Policy.

**C. Change of Information.** The Investment Manager and Placement Agent shall provide a written update of any material changes to any of the information found in their Disclosure Letter within fourteen (14) days after such person or entity knew or should have known of the change in information.<sup>3</sup>

**D. Representations and Warranties**

1. **By Investment Manager.** In the Investment Manager Disclosure Letter, the Investment Manager shall represent and warrant that the statements found in the Investment Manager Disclosure Letter are true, correct, and complete in all material respects. The Investment Agreement shall contain substantially the same representation and warranty, and it shall provide for a remedy on breach consistent with § IV of this Policy.

2. **By Placement Agent.** The Placement Agent Disclosure Letter shall include a declaration under penalty of perjury that the Placement Agent Disclosure Letter is true, correct, and complete in all material respects.

**E. Internal Disclosure in Investment Recommendation Memorandum.** For certain IMD transactions, the Selection Policy requires staff to complete an Investment Recommendation Memorandum. In each Investment Recommendation Memorandum, the Asset Class Director will provide a brief statement that describes (1) the person or persons, if any, who initially suggested the investment opportunity to IMD and (2) any persons who appeared before IMD in the marketing or due diligence process on behalf of the Investment Manager and who were not employees of the Investment Manager or one of the Investment Manager's affiliates.

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<sup>3</sup> The Disclosure Letters ask several questions about social relationships, shared work history, and family or marital relationships. These answers to these questions will inevitably change over time. The Investment Manager and Placement Agent need not provide updates to Responses 3.3 to 3.6, but must update Responses 3.1(a), 3.1(b), or 3.2.

**F. Website Posting.** Disclosure Letters shall be public documents. Any designation by an Investment Manager or Placement Agent of Disclosure Letter text as a trade secret under N.C. Gen. Stat. § 132-1.2(1) shall be supported by a statement identifying how the text designated as a trade secret satisfies the test of N.C. Gen. Stat. §§ 66-152(3)(a.), (b.) and 132-1.2(1)(b.)-(d.). On a quarterly basis, the Department shall electronically collate Disclosure Letters for all proposed Investment Transactions that were accepted and signed by the Treasurer and make such collations available through its website and other means.

#### **IV. Failure to Comply – Remedies**

##### **A. By Investment Managers.**

1. Each Investment Agreement shall include remedial provisions that apply in the event the Investment Manager (i) fails to comply with the Disclosure Letter requirements, (ii) makes a material misstatement or omission in its Disclosure Letter, (iii) fails to update a Disclosure Letter as required by Section § III(C) of this Policy, or (iv) otherwise materially violates this Policy (items (i) through (iv) collectively hereinafter, a “Violation of This Policy”).

2. All remedial actions for Violations of This Policy shall be at the Treasurer’s sole discretion, without liability by the Treasurer to the Investment Manager, and the Treasurer may choose not to exercise any such remedy if the Treasurer determines that such exercise may not be in the best interest of the NC Funds.

3. The remedial provisions for a Violation of This Policy shall provide that the Investment Manager shall repay to the Treasurer the greater of (a) the aggregate amount of any management or advisory fees paid to the Investment Manager for the most recent two years in respect of the investments or business of the Treasurer, whether paid directly by the Treasurer or an investment vehicle in which the Treasurer is an investor and without regard to any offset reducing such fees (e.g., for placement fees, special fees, fund expenses, etc.) or (b) an amount equal to the amounts paid or promised to be paid to the Placement Agent with respect to investments or business with the Treasurer.

4. The Treasurer shall also seek, in the remedial provisions in an Investment Agreement for a Violation of This Policy, language that allows for immediate termination of the Investment Agreement without penalty; or, for a limited partnership, limited liability company, or other investment vehicle, language that allows for an orderly withdrawal of the Treasurer from such investment vehicle without financial penalty to the Treasurer or the NC Funds.

5. The Treasurer may also impose a ban on future Investment Transactions with the Investment Manager.

6. The remedies set forth in this Section shall be in addition to any other remedies that the Treasurer may be entitled to at law or in equity, by contract or otherwise.

7. As to any existing Investment Manager voluntarily complying with the policy as described in Section II, the remedies described in this Section shall not apply to any use of a Placement Agent prior to the approval date of this policy that is described in the Disclosure Letter of the existing Investment Manager first submitted following such approval date, except to the extent the Disclosure Letter is not true, correct and complete in all material respects.

**B. By Department Personnel.** Failure to comply with this Policy by Department employees or IMD Contractors or Consultants may result in penalties up to and including termination.

## **V. Notification & Review Process**

**A. Notice.** At the time that discussions are initiated with respect to a prospective Investment Transaction or Substantive Amendment, the Treasurer's staff will provide the Investment Manager with a copy of this Policy along with the Supplemental Ethics Policy, the Charitable Donations Policy, the Prohibition of Gifts to State Employees Policy, and the Travel Policy. As applicable, the Director for each asset class, or his or her designee, will be responsible for sending such written notice.

**B. Timing of Disclosure Letters.** Unless exceptional circumstances exist, the Disclosure Letters shall be provided to the Compliance Counsel at least one month before the anticipated closing of the Investment Transaction.

**C. Review before Closing.** Before closing of the Investment Transaction and execution of contractual documents, the Compliance Counsel shall review Disclosure Letters in accordance with Section VI of this Policy.

**D. Implementation.** As part of the closing of an investment or engagement or any amendment thereto to which this Policy is applicable as described in Section II hereinabove, the Investment Manager will be required to (i) represent and warrant that its Disclosure Letter is, as of the date of closing, true, correct and complete in all material respects and (ii) confirm the Investment Manager's agreement to the remedial provisions contained in Section IV.

## **VI. Evaluation of Disclosure Letters**

**A. Information Reviewed.** The Compliance Counsel shall review the Disclosure Letter. When provided in the Selection Policy, the Compliance Counsel shall be provided with Investment Recommendation Memoranda or other documents related to the proposed transaction. The Compliance Counsel may contact Department personnel, the Investment Manager, or the Placement Agent to address questions.

**B. Standard of Review.** The Compliance Counsel shall determine whether in his or her view, based on the information reviewed:

1. The Disclosure Letters are responsive, complete, and sufficient in all material respects;
2. Whether there is a reasonable chance that any aspect of the Investment Transaction's recommendation, negotiation, or approval may violate any law, regulation, or Department policy; and
3. Whether any aspect of the Investment Transaction's recommendation, negotiation, or approval (a) creates a material risk that the professional judgment or actions of persons currently affiliated with the Department have been or will be unduly influenced by a direct or indirect personal interest; or (b) raises significant reputational risk concerns related to Conflicts of Interest.

Any approval by the Compliance Counsel will be made in writing. These criteria are intended to be identical to the criteria in Section VII of the Selection Policy, and the Compliance Counsel's review under this Policy and under the Selection Policy may be combined into one effort.

### **C. Corrective Procedures.**

1. **For issues under § VI(B)(1).** If the Compliance Counsel determines that the test stated by Subsection (B)(1) above is not met, he or she shall contact the Investment Manager or Department staff to seek correction of the Disclosure Letters.

2. **For issues under § VI(B)(2) or (3).** If the Compliance Counsel determines that the test stated by Subsections (B)(2) or (B)(3) above may not be met, the Compliance Counsel will promptly notify the Chief Investment Officer and General Counsel. The issue will be jointly resolved following the procedures set out in Section VII of the Selection Policy. In accordance with Section VII(A) below, the Investment Agreement or Substantive Amendment may not be signed by the Treasurer without approval by the General Counsel or the General Counsel's attorney designee. The resolution of the issue raised by the Compliance Counsel will be documented in writing and provided to the Treasurer before execution.

## **VII. Prohibitions**

**A. Prohibition on Investment without Approval under This Policy.** This Policy prohibits the Treasurer or Department personnel from entering into any Investment Transaction or Substantive Amendment unless, in compliance with Section VI above, it has been approved by either the Compliance Counsel, the General Counsel, or the attorney designated by the General Counsel to perform review of the contract under N.C.G.S. § 114-8.3(b1).

**B. Eligibility Criteria for Placement Agent.** The Treasurer will not transact business on behalf of any NC Funds with an Investment Manager that has elected to use a Placement Agent unless the following criteria are met in all material respects:

1. The Placement Agent must be registered with either the Securities and Exchange Commission or the Financial Industry Regulatory Authority.<sup>4</sup>

2. The placement fee must not be shared with a person or entity that does not meet the criteria in Subsection (B)(1) above.

3. The person or entity acting as the Placement Agent must be in the habitual, systematized business of acting as a Placement Agent.

4. The Investment Manager must represent and warrant in the Investment Agreement that the information disclosed is true, correct, and complete in all material respects, as set forth in Section III(D).

5. The Investment Manager must agree in the Investment Agreement to the remedies for material omission or inaccuracy in the Disclosure Letter, as set forth in Section IV.

6. The Investment Manager agrees in the Investment Agreement that the Investment

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<sup>4</sup> For international Investment Transactions, any Placement Agents outside the United States must have a substantially equivalent foreign registration.

Manager, not the Treasurer or the NC Funds, shall bear the entire cost of all Placement Agent fees and expenses.<sup>5</sup>

**C. Prohibition on Use of Placement Agents if Investment Manager Currently Manages, or Recently Managed, North Carolina Investments.**

1. **Prohibition.** The Treasurer shall not enter into an Investment Transaction if the Investment Manager (or its affiliate) currently manages an NC Funds investment or has managed an NC Funds investment within the last two years, but the Investment Manager has elected to use and Compensate a third-party Placement Agent with respect to the Investment Transaction. Such a transaction is not barred if the Investment Manager engages a Placement Agent, but the Placement Agent is not Compensated, directly or indirectly, for the NC Funds' investment.<sup>6</sup>

2. **Internal or Affiliated Placement Agents.** The ban on third-party Placement Agents set out in Subsection (C)(1) above does not restrict Investment Managers from utilizing Placement Agents who are employees or employees of an Investment Manager's affiliate, so long as Compensation to the Placement Agent is disclosed in accordance with Section III(B)(4) of this Policy.

3. **No Placement Agents to Promote or Market Amendments.** The Treasurer shall not enter into an amendment or consent to amend an existing contract if the Investment Manager hired a third-party Placement Agent to promote or market the amendment.

4. **No Tail Fees.** The Treasurer shall not enter into an Investment Transaction if a Placement Agent or other solicitor (a) is not utilized to promote the current Investment Transaction by the Investment Manager, (b) nonetheless, the Investment Manager would Compensate the Placement Agent based on the NC Funds' investment for the current transaction, and (c) such Compensation would be the result of the Placement Agent's status, in a prior investment transaction, as the Placement Agent to the NC Funds.

**D. Prohibitions on Conduct of Department-Affiliated Personnel.** The Treasurer, Department of State Treasurer staff, IMD Contractors or Consultants, and Investment Advisory Committee members ("Department-Affiliated Persons") shall not:

1. Suggest to an Investment Manager or the Department's investment staff that a Placement Agent be engaged with respect to an Investment Transaction or Substantive Amendment; or

2. Make an initial call or contact to a Placement Agent about an investment opportunity, unless that Placement Agent meets the standards of Subsections (B)(1) and (B)(3)

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<sup>5</sup> An investment vehicle in which the Treasurer is an investor may make a payment to the Placement Agent as an offset to the NC Funds' future fees or compensation to the Investment Manager if and only if (i) the terms of the management fee offset are fully disclosed, (ii) the Placement Agent and its Compensation are fully disclosed in approved Disclosure Letters under this Policy, and (iii) the NC Funds do not ultimately bear any Placement Agent fees and expenses.

<sup>6</sup> In some situations, an Investment Manager hires a Placement Agent for a small flat fee to assist in preparing marketing materials for all potential investors in the fund. Subsection (C)(1) does not prohibit the Investment Transaction if the flat fee is not based on the size of the Investment Manager's fund, the flat fee is not based, directly or indirectly, on the size of the NC Funds' investment, and the Placement Agent does not appear personally in front of North Carolina.



above and the contact will be disclosed in the transaction's Investment Recommendation Memorandum and Disclosure Letters required under this Policy.

## **VIII. Disclosure and Evaluation of Connections or Relationships**

**A. General Principles.** Each Disclosure Letter shall contain the statements requested in this section disclosing any connections or relationships that may exist between the Investment Manager or Placement Agent (as applicable) and Department-Affiliated Persons. The Investment Manager and Placement Agent must, in good faith, make their responses materially complete. In preparing their responses, the Investment Manager and Placement Agent may rely on lists provided by the Department of State Treasurer of current and past Department personnel and Investment Advisory Committee members.

The Compliance Counsel will evaluate the disclosures in accordance with the standard of review set out in Section VI(B) of this Policy, following the principles set out in this Section VIII. Some types of connections or relationships are the ordinary result of doing business. Based on the facts and the principles set out in this section of the Policy, the Treasurer's Compliance Counsel will determine what actions are required. It may be warranted, in the circumstances, to recuse Department personnel or engage a neutral third party to perform an independent evaluation of the proposed transaction.<sup>7</sup>

### **B. Responses 3.1(a) and (b): Financial Benefit or Current Employment**

1. **Disclosure.** The Disclosure Letter shall list whether any current Department-Affiliated Persons or any member of their Immediate Family (i) are personnel, officers, directors, partners and/or principals of the Investment Manager or Placement Agent, or (ii) would receive a financial benefit to themselves derived from the Compensation provided to the Investment Manager or Placement Agent.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure: (i) the affected Department-Affiliated Person shall be recused from the Investment Transaction and shall play no part in its consideration or approval; and (ii) if the Department-Affiliated Person has already played a substantive role in the consideration or approval of the Investment Transaction, the Investment Transaction shall be prohibited. The Chief Investment Officer, Department's General Counsel, and Treasurer shall be notified in writing of the connection.

### **C. Responses 3.2(a) and (b): Who Recommended Placement Agent**

1. **Disclosure.** The Disclosure Letter shall list whether any current or former Department-Affiliated Person suggested to the Investment Manager or to the Department's investment staff that the Placement Agent be retained for the Investment Transaction.

2. **Resolution.** If such a suggestion is disclosed, the Compliance Counsel shall review the disclosure; notify the Chief Investment Officer, General Counsel, and Treasurer; and ensure that appropriate action is taken as prescribed by this subsection.

a. If a current Department-Affiliated Person suggested that a Placement Agent be retained with respect to a proposed Investment Transaction or Substantive

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<sup>7</sup> Any neutral third party engaged under this subsection shall be hired, compensated, and directed by the Department (not the Investment Manager or Placement Agent) and shall be paid on a basis that is not dependent on whether the transaction proceeds to closing.

Amendment, the Compliance Counsel will seek disciplinary action against the Department-Affiliated Person under Section VII(D)(1) of this Policy. Moreover, the proposed transaction or amendment shall be prohibited if the Investment Manager retained the suggested Placement Agent. If the Investment Manager did not retain the suggested Placement Agent, recusal of the Department-Affiliated Person and mandatory neutral third-party due diligence is required.

b. If a former Department-Affiliated Person suggested that a Placement Agent be retained, the Compliance Counsel shall determine whether recusal, a ban on the investment, or mandatory third-party due diligence is warranted based on the likelihood that the suggestion resulted in a Conflict of Interest.

#### **D. Response 3.3: Family Relationships**

1. **Disclosure.** The Disclosure Letter shall list any instance in which the current (i) Treasurer, (ii) Department of State Treasurer Senior Staff, (iii) Investment Advisory Committee members, (iv) Investment Management Division Senior Staff, or (v) IMD staff who played a role in due diligence for the Investment Transaction are Immediate Family members of either (a) principal members of the project team for the Treasurer's account at the Investment Manager or (b) Placement Agent officers, partners, or principals; Placement Agent personnel who played a role in marketing or outreach for the Investment Transaction; or Placement Agent personnel who will receive Compensation, directly, or indirectly for the Investment Transaction.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that (i) the Chief Investment Officer, General Counsel, and Treasurer are notified in writing of the connection and (ii) the Department-Affiliated Person with such a connection is recused from the Investment Transaction, has played no part in its consideration or approval, and will play no part in its consideration or approval. If recusal is not practical in the circumstances, or the Department-Affiliated Person has already played a role in the consideration or approval of the Investment Transaction, the Compliance Counsel may either designate the Investment Transaction as prohibited by this Policy or, at the option of the Compliance Counsel, allow the Investment Transaction to go forward if a neutral third party hired by the Department performs an independent evaluation of the proposed transaction and recommends it for investment.

#### **E. Response 3.4: Former Department Personnel or Officials**

1. **Disclosure.** The Disclosure Letter shall list any instance in which any personnel of the Investment Manager or Placement Agent (if applicable) are former Department-Affiliated Persons. Any financial benefit to such former personnel or officials shall be identified.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that (i) the Chief Investment Officer, General Counsel, and Treasurer are notified in writing of the connection; and (ii) the decision-making of the Department with respect to the Investment Transaction does not appear to have been unduly influenced by the presence of former Department-Affiliated Persons at the Investment Manager or Placement Agent.

#### **F. Response 3.5: Prior Working Relationships**

1. **Disclosure.** The Disclosure Letter shall list and describe any professional or working relationships that have existed in the past between persons who are now (i) IMD employees, (ii) IMD Contractors or Consultants, (iii) the State Treasurer, or (iv) Department of

State Treasurer Senior Staff, on the one hand, and, on the other hand, (a) the Investment Manager's project team for the Treasurer's account or (b) Placement Agent personnel who would receive Compensation (directly or indirectly) for the Investment Transaction or who played a role in marketing or outreach for the Investment Transaction. For purposes of this response, "professional or working relationships" includes occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship; the term does not include prior engagements of the Investment Manager by the Department of State Treasurer or prior occasions in which the Placement Agent marketed a fund to the Department of State Treasurer.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that the decision-making of the Department with respect to the Investment Transaction does not appear to have been unduly influenced by the prior working relationship.

#### **G. Response 3.6: Social Connections or Personal Relationships**

1. **Disclosure.** The Disclosure Letter shall list and describe any pre-existing relationships involving social contacts outside of business between (i) IMD employees, (ii) IMD Contractors or Consultants, (iii) the State Treasurer, or (iv) Department of State Treasurer Senior Staff, on the one hand, and, on the other hand, (a) the Investment Manager's project team for the Treasurer's account or (b) Placement Agent personnel who would receive Compensation (directly or indirectly) for the Investment Transaction or who played a role in marketing or outreach for the Investment Transaction.

2. **Resolution.** If such a connection is disclosed, the Compliance Counsel shall ensure that the decision-making of the Department with respect to the Investment Transaction does not appear to have been unduly influenced by the social relationship. If the social relationship appears to be significant and long-lasting, the Compliance Counsel shall notify the Chief Investment Officer, General Counsel, and Treasurer in writing of the social relationship and suggest, based on the facts, whether recusal or an independent evaluation of the transaction by a neutral third party should be provided.

#### **IX. Political Contributions**

**A. Prohibition.** The Treasurer will not transact business with an Investment Manager if it has been determined that a Political Contribution to the Treasurer or any incumbent, nominee, or candidate for such elective office has been made, coordinated or solicited (i) in violation of applicable state or federal law or (ii) in a manner that would make it unlawful, under the SEC Rule, for the Investment Manager (or its affiliate) to seek Compensation for services to the Treasurer and/or the NC Funds.

**B. Disclosure.** Each Disclosure Letter shall contain a list of Political Contributions made, coordinated, or solicited by the Investment Manager and Placement Agent (as applicable) and their respective officers, partners, principals or affiliates for the campaign of (a) any incumbent, nominee, candidate, or successful candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office.

**C. Use of Disclosure.** The Disclosure contemplated by Subsection (B) above shall not be used by the Treasurer or Department of State Treasurer staff for political purposes, but shall be used exclusively as a check on compliance with the SEC Rule and this Policy.

## **X. Interpretation of this Policy**

**A. Authority.** Questions concerning the meaning of this Policy shall be resolved by the Department's General Counsel or by his or her designee.

### **B. Application of Policy to Particular Situations**

To the extent any other text in this Policy conflicts with the more specific treatment of an issue in this Section X(B), the text in this section shall govern.

**1. Fund of Funds.** This Policy applies to the North Carolina Innovation Fund and all other investments (hereinafter, "Fund of Funds") in which the Treasurer selects an Investment Manager (a "First-Level Manager") who then selects several sub-Investment Managers ("Second-Level Managers"). For Fund of Funds, the First-Level Manager shall provide Disclosure Letters to the Treasurer when seeking the Treasurer's commitment to do business with the First-Level Manager. The Second-Level Managers shall provide Disclosure Letters if the Treasurer is asked to consent to the investment of funds with a Second-Level Manager.

**2. Secondary Market.** This Policy does not apply to "secondary market" and other similar transactions in which the Treasurer is acquiring an interest in an existing investment vehicle from a third party that is not affiliated with the Investment Manager in a transaction in which the Investment Manager is not materially involved (e.g., where the Investment Manager's only material involvement is consenting to the transaction).

**3. Supplemental Retirement Plans.** If this Policy is approved by the North Carolina Supplemental Retirement Board of Trustees, this Policy shall apply prospectively to all Investment Transactions and Substantive Amendments, entered into after the approval date, between the North Carolina Supplemental Retirement Board of Trustees and, directly or indirectly, its Investment Managers.

## **XI. Definitions**

The following terms when used in this Policy shall have the meanings set forth below.

**A. "Compensation":** Compensation of any kind (including flat fees, contingent fees, or any other form of tangible or intangible compensation or benefit) provided as a result of the NC Funds' investment in the Investment Transaction. If a Placement Agent receives a flat fee based on the size of an Investment Manager's fund, the Placement Agent receives "Compensation" under this Policy if the NC Funds' investment is included in the fund size number that is used to calculate the Placement Agent's fee. A Placement Agent also receives "Compensation" under this Policy if the Investment Manager increases the Placement Agent's flat fee with the understanding, or in part because, direct payment to the Placement Agent based on the NC Funds' investment would be barred under this Policy. "Compensate" means to provide Compensation.

**B. "Compliance Counsel":** An attorney designated by the Department's General Counsel.

**C. "Conflict of Interest":** Circumstances that create a material risk that professional judgment or actions regarding the transaction's recommendation, approval, or execution have been or will be unduly influenced by a direct or indirect personal interest.

D. “IMD Contractor or Consultant”: A natural person engaged by the Department (whether directly or indirectly through a staffing agency, limited liability entity, or other organization) to consult and advise IMD on potential investment opportunities; *provided, however*, that the term “IMD Contractor or Consultant” shall not include (i) State of North Carolina employees, (ii) the Treasurer or members of governing boards for NC Funds, and (iii) persons given authority or discretion by the Treasurer to make decisions, such as Investment Managers.

E. “Department of State Treasurer Senior Staff”: The Department’s Chief of Staff, Deputy Chief of Staff, General Counsel, attorneys in the General Counsel’s Office with responsibility for IMD, Director of Communications, and the Treasurer’s Executive Assistant.

F. “Investment Agreement”: The final written agreement or contract between the Treasurer and the Investment Manager with respect to an Investment Transaction.

G. “Immediate Family”: Mother, father, brother, sister, wife, husband, or child, either by birth, by marriage, by engagement to be married, or through a live-in domestic partnership that is similar to marriage; lineal ascendants (grandparents, etc.); and lineal descendants (grandchildren, etc.).

H. “Investment Manager”: A person or entity, other than Department employees, given authority or discretion by the Treasurer to make decisions concerning the investment of NC Funds, the investment management of NC Funds, or the transfer or transition of invested NC Funds. In the case where the Treasurer invests in a limited partnership, limited liability company, or other similar investment vehicle, “Investment Manager” shall mean solely the general partner, manager, or other similar managing entity. This Policy is intended to apply broadly to all of the types of investment partners with whom the NC Funds does business, including the general partners, investment managers and sponsors of hedge funds, private equity funds, limited liability entities, and real estate funds, as well as investment managers (whether through a separate account or commingled trust) retained pursuant to a contract.

I. “Investment Transaction”: A business undertaking agreed upon between the Treasurer and an Investment Manager to invest NC Funds, to commit to invest NC Funds, to manage invested NC Funds, or to transfer or transition invested NC Funds.

J. “Investment Management Division Senior Staff”: Asset Class Directors, the Chief Administrative Officer, the Risk Officer, and the Chief Investment Officer.

K. “Placement Agent”: Any person or entity that is directly or indirectly hired, used, engaged, retained, Compensated, or otherwise given anything having monetary value or benefit, tangible or intangible, by an Investment Manager to assist the Investment Manager in securing investment commitments or other ongoing investment management business from any of the NC Funds. For purposes of this Policy, the term “Placement Agent” includes, but is not limited to, all placement agents, lobbyists, solicitors, brokers, meeting arrangers, “cap intro” firms, finders, third-party marketers, or any other entities or persons engaged by an Investment Manager and/or its affiliates, directly or indirectly, for the purpose of marketing and/or securing investor commitments or other ongoing investment management business from any of the NC Funds. Notwithstanding the foregoing, the term “Placement Agent” shall include natural persons who are employees, officers, directors or partners of an Investment Manager (or its affiliate) only if they are subject to registration requirements with the Securities and Exchange Commission or the Financial Industry Regulatory Authority.

L. “Political Contribution”: Any “Contribution” as defined under the SEC Rule or any other political or campaign contribution under any applicable state or federal law, including, without limitations, any gift, reward, promise of future employment or reward, subscription, loan, advance,

deposit of money, or anything of value furnished for the purpose of influencing an election for a federal, state or local office, including any payments for debts incurred in such an election and transition or inaugural expenses incurred by a successful candidate for office.

M. “SEC Rule”: The Securities and Exchange Commission rule on Political Contributions by Certain Investment Advisers, 75 Fed. Reg. 41,017 (July 14, 2010), amending 17 C.F.R. §§ 275.204-2, 275.206(4)-3, and 275.206(4)-5. Upon any future amendment to the SEC Rule, this reference shall automatically update to include those amendments.

N. “Substantive Amendment”: An amendment to, or consent to amend, an Investment Agreement which modifies the term, increases the commitment of funds by the Treasurer, materially changes the Investment Manager’s fees or Compensation, or otherwise materially amends the economic terms of the agreement. For clarification, the following are not Substantive Amendments and do not require the submission of Disclosure Letters: (i) consents or elections that solely diminish the Investment Manager’s fees, Compensation, rights to distributions or other economic rights, but do not otherwise materially amend the economic terms of the agreement; and (ii) consents of advisory committees, unless they materially amend the economic terms of the agreement.

O. Definition Cross-References

“Department,” “IMD,” “NC Funds,” “Selection Policy,” and “Treasurer” are defined in Section I of this Policy. “Disclosure Letter,” “Investment Manager Disclosure Letter,” and “Placement Agent Disclosure Letter” are defined in Section III(A) of this Policy. “Violation of This Policy” is defined in Section IV(A) of this Policy. “Department-Affiliated Persons” is defined in Section VII(D) of this Policy. “First-Level Manager,” “Fund of Funds,” and “Second-Level Managers” are defined in Section X(B) of this Policy.

## **XII. Revision History and Effective Date**

Version/Revision	Date Approved	Description of Changes
1	Sep. 29, 2009	Original version
1.1	Oct. 19, 2009	Clarifications to Policy; voluntary compliance requested from all existing investment managers
1.2	March 14, 2011	Clarifications to Policy; new section on political contributions
2	Date listed below	Clarifications to Policy and form Disclosure Letter; Disclosure Letters now required from Placement Agents; prohibition on compensation of Placement Agent if Investment Manager recently managed NC Funds; new section on connections or relationships

Original Policy Approved by State Treasurer Janet Cowell on September 29, 2009

This Version of Policy Approved by State Treasurer Janet Cowell on November 19, 2013

North Carolina Department of State Treasurer Placement Agent,  
Political Contribution, and Connection Disclosure Policy

**Form Disclosure Letter for Investment Managers**

From: The Investment Manager listed below

To: The Treasurer of the State of North Carolina  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385

Re: Disclosure Letter pursuant to Placement Agent and Political Contribution Policy

Ladies and Gentlemen:

Under the Placement Agent, Political Contribution, and Connection Disclosure Policy (the “Policy”) adopted by the Treasurer of the State of North Carolina (the “Treasurer”), the Treasurer requires Investment Managers and Placement Agents to make disclosures at certain times specified by the Policy. Pursuant to and in accordance with the Policy, the undersigned Investment Manager hereby makes the following disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Policy.

**1. Basic Information**

Name of Investment Manager:	
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This letter is submitted in connection with the below-listed Investment Transaction.

*List below the name of the fund in which the Treasurer is investing. For investment management agreements, list the name of the separate account or the name of the investment strategy.*

--

☐ This form is submitted in connection with an amendment to the Investment Agreement or a proposed consent to amend the Investment Agreement. *If this box is checked, provide responses on this form based on the amendment, not based on the original contract.*

☐ This form is an update to a previously submitted disclosure letter.

## **2. Disclosures and Representations Concerning Placement Agent**

### **2.1. Use of Placement Agent**

*Check the appropriate box.*

☐ The Investment Manager (or any officer, partner, principal, or affiliate thereof) has elected to use or Compensate a Placement Agent to assist the Investment Manager in obtaining investments from, or business with, any of the NC Funds.

*See the definition of "Placement Agent" in Section XI of the Policy. Please be aware that this definition includes (without limitation) not only persons who hold themselves out as "placement agents," but also lobbyists, solicitors, brokers, meeting arrangers, or any other entities or persons engaged for the purpose of obtaining investments from NC Funds.*

☐ No Placement Agent has been, or will be, used or Compensated by the Investment Manager (or any officer, partner, principal, or affiliate thereof) to assist in obtaining investments from, or business with, any of the NC Funds. *If this box is checked, proceed to question 3.1.*

### **2.2. Representations**

The Investment Manager hereby confirms and represents:

- a. The Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association;
- b. The individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses;
- c. No placement fee has been, or will be, shared with any person or entity not so registered;
- d. The Placement Agent is in the habitual systematized business of acting as a Placement Agent;
- e. Other than as disclosed in this document, no Placement Agent is being, or will be, Compensated, directly or indirectly, to assist the Investment Manager in obtaining investments from, or business with, any of the NC Funds; and
- f. The Investment Manager, not the Treasurer or the NC Funds, shall bear the entire cost of all Placement Agent fees and expenses disclosed in this document.

### **2.3. Placement Agent Information**

- a. The name of the Placement Agent is:

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- b. Is the Placement Agent an affiliate or employee of the Investment Manager?  
☐ Yes      ☐ No

*Note that the definition of “Placement Agent” includes not only third parties, but also employees or affiliates of an Investment Manager who were used or Compensated to assist in obtaining North Carolina business and who were subject to registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association.*

- c. The names of the Placement Agent personnel who have played a role in marketing or outreach for the Investment Transaction are:

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- d. The following Placement Agent personnel will receive Compensation, directly or indirectly, as a result of the NC Funds’ investment in the Investment Transaction:

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*Note that throughout this Disclosure Letter, “Compensation” to a Placement Agent is deemed to include a flat fee, contingent fee, or any other form of tangible or intangible compensation or benefit. See the Policy’s definitions for further details.*

- e. To the Investment Manager’s knowledge, the officers, partners, or principals of the Placement Agent, not listed above, are:

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- f. **Attached** is a resume (or other summary) for each person listed above detailing the person’s education, work experience and professional designations.

- g. Are any persons listed above, or any other Placement Agent officers, partners, and/or principals, current or former (i) North Carolina State Treasurers; (ii) Investment Advisory Committee members; (iii) North Carolina Department of State Treasurer employees, contractors, or consultants; or (iv) members of the Immediate Family of persons listed in (i) to (iii) above?

☐ Yes      ☐ No

*If your answer is “Yes,” list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

## 2.4. Recent Management of North Carolina Investments by Investment Manager

☐ The Investment Manager (or its affiliate) currently manages an NC Funds investment or has managed an NC Funds investment within the last two years. *If this box is checked, Department policy bars the Compensation of any third-party Placement Agent (in other words, a Placement Agent who is not an employee or affiliate of the Investment Manager) in connection with the Treasurer's investment in the Investment Transaction.*

☐ The Investment Manager (or its affiliate) has not managed an NC Funds investment within the last two years.

## 2.5. Whether Placement Agent is Being Compensated

☐ The Placement Agent is not being Compensated, directly or indirectly, as a result of the Treasurer's investment in the Investment Transaction. *If this box is checked, skip question 2.6.*

☐ The Placement Agent is being Compensated, directly or indirectly, as a result of the Treasurer's investment in the Investment Transaction.

## 2.6. Terms of Placement Agent Compensation and Placement Agent Agreement

*Check one of the three boxes below. You may attach additional pages.*

☐ Attached are the provisions of the Investment Manager's contract with the Placement Agent that describe the Placement Agent's Compensation and services. These provisions describe any and all Compensation of any kind provided or agreed to be provided to the Placement Agent.

☐ The contract or arrangement between the Investment Manager and the Placement Agent is oral, not written. Below is a description of the terms of that oral contract that create an obligation to pay a fee to or for the benefit of any Placement Agent, including but not limited to a description of all terms concerning Compensation of any kind provided or agreed to be provided to any Placement Agent. This description includes the nature, timing and value of such Compensation.

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☐ The Placement Agent is an employee of the Investment Manager. Below is a general disclosure providing the employee's role and responsibilities and stating any known effect on the employee's Compensation that is directly attributable to the NC Funds' proposed investment.

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## 2.7. Actions and Investigations Involving Placement Agent

*Check one of the two boxes below.*

- a. Has the Placement Agent (or any officer, partner, principal or affiliate thereof) been the subject of a non-routine inquiry, action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years?

☐ Yes      ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

- b. To the Investment Manager's knowledge, does the Placement Agent (or any officer, partner, principal or affiliate thereof) anticipate being the subject of such inquiries, actions or investigations in the future?

☐ Yes      ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

## 3. Connections or Relationships

### 3.1. Conflicts

- a. Are any personnel, officers, directors, partners and/or principals of the Investment Manager current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Investment Management Division, or Investment Advisory Committee members?

☐ Yes      ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

- b. Will any current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Investment Management Division, or Investment Advisory Committee members receive a financial benefit to themselves or to a member of their Immediate Family derived from the Compensation provided to the Investment Manager or Placement Agent for the Investment Transaction?

☐ Yes      ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

### 3.2. Recommendations of Placement Agent

- a. Did a current or former Treasurer, Department of State Treasurer employee, Investment Management Division contractor or consultant, or member of the Investment Advisory Committee suggest to the Investment Manager that it retain the Placement Agent?

☐ Yes      ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

--

- b. To the Investment Manager's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Investment Management Division contractor or consultant, or member of the Investment Advisory Committee suggest to the Department's investment staff that the Placement Agent be retained for the Investment Transaction?

☐ Yes      ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

--

### 3.3. Family Relationships

Are any of the persons listed in box (1) a member of the Immediate Family of a person listed in box (2)?

Box (1)	Box (2)
<ul style="list-style-type: none"><li>• The State Treasurer</li><li>• Department of State Treasurer Senior Staff</li><li>• Members of the Investment Advisory Committee</li><li>• Investment Management Division Senior Staff</li><li>• Investment Management Division staff who played a role in due diligence for the Investment Transaction</li></ul>	<ul style="list-style-type: none"><li>• A principal member of the project team for the Treasurer's account at the Investment Manager</li><li>• Any person associated with the Placement Agent listed in the responses to Question 2.3</li></ul>

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and describe the relationship.*

--

*The following questions ask about past or present connections, friendships, or relationships that may exist between the Treasurer’s staff and the Investment Manager’s staff. Some types of connections or relationships are the ordinary result of doing business. The Treasurer’s Compliance Counsel will evaluate this form to determine whether recusal, additional due diligence, or other actions are required.*

### **3.4. Former Department Personnel or Officials**

Are any Investment Manager personnel former North Carolina Department of State Treasurer employees or contractors, North Carolina State Treasurers, or Investment Advisory Committee members?

☐ Yes      ☐ No

*If your answer is “Yes,” list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

### **3.5. Prior Working Relationships**

List below any professional or working relationships that the Investment Manager’s project team for the Treasurer’s account have had in the past with persons who are now Investment Management Division personnel, Investment Management Division consultants or contractors, the State Treasurer, or Department of State Treasurer Senior Staff.

*Please list in this section any occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship. You need not list prior occasions in which the Investment Manager did business for the Department of State Treasurer.*

### 3.6. Social Connections

List below any social connections or relationships between the Investment Manager's project team for the Treasurer's account and Investment Management Division personnel, Investment Management Division consultants or contractors, the State Treasurer, or Department of State Treasurer Senior Staff.

*Please list in this section any pre-existing relationships involving social contacts outside of business.*

### 4. Lobbying Information

*Check one of the two boxes below.*

☐ The Investment Manager (and/or any officer, employee, partner, principal or affiliate thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (attach additional pages as necessary):

☐ Neither the Investment Manager nor any officer, employee, partner, principal or affiliate thereof is registered as a lobbyist with any state government.

### 5. Political Contributions

#### 5.1. Representation

The Investment Manager hereby confirms and represents that none of the Investment Manager and its respective officers, partners, principals or affiliates has made, coordinated or solicited any Political Contribution to the Treasurer or any incumbent, nominee, candidate or successful candidate for such elective office (i) in violation of applicable state or federal law or (ii) in a

manner that would make it unlawful, under the SEC Rule, for the Investment Manager (or its affiliate) to seek compensation for services to the Treasurer and/or the NC Funds.

## 5.2. Disclosure

During the last five years from the date of this letter, have the Investment Manager or its respective officers, partners, principals or affiliates made, coordinated, or solicited any Political Contributions for the campaign of (a) any incumbent, nominee, or candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office?

☐ Yes      ☐ No

*If your answer is "Yes," list applicable Political Contributions below.*

Date	Person or company making, coordinating, or soliciting	Person or entity receiving	Amount

*[Signature Page Follows]*

## 6. Signature

By signing below, the Investment Manager hereby (i) represents and warrants that the information found in this Disclosure Letter is true, correct, and complete in all material respects, and (ii) agrees that it shall provide the Treasurer with a written update of any material changes to any of the information in this Disclosure Letter within fourteen (14) days from the date the Investment Manager knew or should have known of the change of information.

Sincerely,

\_\_\_\_\_,  
on behalf of the Investment Manager listed above

By: \_\_\_\_\_  
(print name)

Title: \_\_\_\_\_

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

North Carolina Department of State Treasurer Placement Agent,  
Political Contribution, and Connection Disclosure Policy

Form Disclosure Letter for Placement Agents

From: The Placement Agent listed below

To: The Treasurer of the State of North Carolina  
325 North Salisbury Street  
Raleigh, North Carolina 27603-1385

Re: Disclosure Letter pursuant to Placement Agent and Political Contribution Policy

Ladies and Gentlemen:

Under the Placement Agent, Political Contribution, and Connection Disclosure Policy (the “Policy”) adopted by the Treasurer of the State of North Carolina (the “Treasurer”), the Treasurer requires Investment Managers and Placement Agents to make disclosures at certain times specified by the Policy. Pursuant to and in accordance with the Policy, the undersigned Placement Agent hereby makes the following disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Policy.

**1. Basic Information**

Name of Investment Manager:	
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This letter is submitted in connection with the below-listed Investment Transaction.

*List below the name of the fund in which the Treasurer is investing. For investment management agreements, list the name of the separate account or the name of the investment strategy.*

--

☐ This form is submitted in connection with an amendment to the Investment Agreement or a proposed consent to amend the Investment Agreement. *If this box is checked, provide responses on this form based on the amendment, not based on the original contract.*

☐ This form is an update to a previously submitted disclosure letter.



## **2. Disclosures and Representations Concerning Placement Agent**

### **2.1. Use of Placement Agent**

The below-signed person or entity confirms that it is serving as a Placement Agent for the Investment Transaction listed above.

### **2.2. Representations**

The Placement Agent hereby confirms and represents:

- a. The Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association;
- b. The individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses; and
- c. The Placement Agent is in the habitual systematized business of acting as a Placement Agent.

The Placement Agent hereby confirms and represents, to the best of its knowledge:

- d. No placement fee has been, or will be, shared with any person or entity not so registered;
- e. Other than as disclosed in this document, no Placement Agent is being, or will be, Compensated, directly or indirectly, to assist the Investment Manager in obtaining investments from, or business with, any of the NC Funds; and
- f. The Investment Manager, not the Treasurer or the NC Funds, shall bear the entire cost of all Placement Agent fees and expenses disclosed in this document.

### **2.3. Placement Agent Information**

- a. The name of the Placement Agent is:

--

- b. Is the Placement Agent an affiliate or employee of the Investment Manager?

☐ Yes      ☐ No

*Note that the definition of "Placement Agent" includes not only third parties, but also employees or affiliates of an Investment Manager who were used or Compensated to assist in obtaining North Carolina business and who were subject to registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association.*

- c. The names of the Placement Agent personnel who have played a role in marketing or outreach for the Investment Transaction are:

--

- d. The following Placement Agent personnel will receive Compensation, directly or indirectly, as a result of the NC Funds' investment in the Investment Transaction:

--

*Note that throughout this Disclosure Letter, "Compensation" to a Placement Agent is deemed to include a flat fee, contingent fee, or any other form of tangible or intangible compensation or benefit. See the Policy's definitions for further details.*

- e. The officers, partners, or principals of the Placement Agent, not listed above, are:

--

- f. **Attached** is a resume (or other summary) for each person listed above detailing the person's education, work experience and professional designations.

- g. Are any persons listed above, or any other Placement Agent officers, partners, and/or principals, current or former (i) North Carolina State Treasurers; (ii) Investment Advisory Committee members; (iii) North Carolina Department of State Treasurer employees, contractors, or consultants; or (iv) members of the Immediate Family of persons listed in (i) to (iii) above?

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

#### **2.4. Recent Management of North Carolina Investments by Investment Manager**

☐ To the Placement Agent's knowledge, the Investment Manager (or its affiliate) currently manages an NC Funds investment or has managed an NC Funds investment within the last two years. *If this box is checked, Department policy bars the Compensation of any third-party Placement Agent (in other words, a Placement Agent who is not an employee or affiliate of the Investment Manager) in connection with the Treasurer's investment in the Investment Transaction.*

☐ To the Placement Agent's knowledge, the Investment Manager (or its affiliate) has not managed an NC Funds investment within the last two years.

#### **2.5. Whether Placement Agent is Being Compensated**

☐ The Placement Agent is not being Compensated, directly or indirectly, as a result of the Treasurer's investment in the Investment Transaction. *If this box is checked, skip question 2.6.*

☐ The Placement Agent is being Compensated, directly or indirectly, as a result of the Treasurer's investment in the Investment Transaction.

#### **2.6. Terms of Placement Agent Compensation and Placement Agent Agreement**

*Check one of the three boxes below. You may attach additional pages.*

☐ Attached are the provisions of the Investment Manager's contract with the Placement Agent that describe the Placement Agent's Compensation and services. These provisions describe any and all Compensation of any kind provided or agreed to be provided to the Placement Agent.

☐ The contract or arrangement between the Investment Manager and the Placement Agent is oral, not written. Below is a description of the terms of that oral contract that create an obligation to pay a fee to or for the benefit of any Placement Agent, including but not limited to a description of all terms concerning Compensation of any kind provided or agreed to be provided to any Placement Agent. This description includes the nature, timing and value of such Compensation.

--

☐ The Placement Agent is an employee of the Investment Manager. Below is a general disclosure providing the employee's role and responsibilities and stating any known effect on the employee's Compensation that is directly attributable to the NC Funds' proposed investment.

--

## 2.7. Actions and Investigations Involving Placement Agent

*Check one of the two boxes below.*

- a. Has the Placement Agent (or any officer, partner, principal or affiliate thereof) been the subject of a non-routine inquiry, action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years?

☐ Yes      ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

- b. Does the Placement Agent (or any officer, partner, principal or affiliate thereof) anticipate being the subject of such inquiries, actions or investigations in the future?

☐ Yes      ☐ No

*If your answer is "Yes," describe any such actions or investigations. Attach additional pages as necessary.*

## 2.8. Registration of Placement Agent and Licensing of Placement Agent Representatives

- a. The Placement Agent's registration details are as follows:

- b. For each individual officer, partner, principal, employee and other representative of the Placement Agent, the registrations, number of years of employment by the Placement Agent and the number of years of experience directly related to such business are as follows (attach additional pages as necessary):

### 3. Connections or Relationships

#### 3.1. Conflicts

- a. Are any personnel, officers, directors, partners and/or principals of the Placement Agent current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Investment Management Division, or Investment Advisory Committee members?

☐ Yes      ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

- b. Will any current North Carolina Department of State Treasurer employees, persons who serve as consultants or contractors for the Department's Investment Management Division, or Investment Advisory Committee members receive a financial benefit to themselves or to a member of their Immediate Family derived from the Compensation provided to the Placement Agent for the Investment Transaction?

☐ Yes      ☐ No

*If the answer is "Yes," enclose a statement providing further information.*

#### 3.2. Recommendations of Placement Agent

- a. To the Placement Agent's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Investment Management Division contractor or consultant, or member of the Investment Advisory Committee suggest to the Investment Manager that it retain the Placement Agent?

☐ Yes      ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

--

- b. To the Placement Agent's knowledge, did a current or former Treasurer, Department of State Treasurer employee, Investment Management Division contractor or consultant, or member of the Investment Advisory Committee suggest to the Department's investment staff that the Placement Agent be retained for the Investment Transaction?

☐ Yes      ☐ No

*If your answer is "Yes," list the person who suggested retention of the Placement Agent.*

--

### 3.3. Family Relationships

Are any of the persons listed in box (1) a member of the Immediate Family of a person listed in box (2)?

Box (1)	Box (2)
<ul style="list-style-type: none"><li>• The State Treasurer</li><li>• Department of State Treasurer Senior Staff</li><li>• Members of the Investment Advisory Committee</li><li>• Investment Management Division Senior Staff</li><li>• Investment Management Division staff who played a role in due diligence for the Investment Transaction</li></ul>	<ul style="list-style-type: none"><li>• Any person associated with the Placement Agent listed in the responses to Question 2.3</li></ul>

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and describe the relationship.*

--

*The following questions ask about past or present connections, friendships, or relationships that may exist between the Treasurer's staff and the staff of any Placement Agent. Some types of connections or relationships are the ordinary result of doing business. The Treasurer's Compliance Counsel will evaluate this form to determine whether recusal, additional due diligence, or other actions are required.*

### 3.4. Former Department Personnel or Officials

Are any Placement Agent personnel former North Carolina Department of State Treasurer employees or contractors, North Carolina State Treasurers, or Investment Advisory Committee members?

☐ Yes      ☐ No

*If your answer is "Yes," list the persons and identify whether those persons would receive a financial benefit from the Investment Transaction.*

--

### **3.5. Prior Working Relationships**

List below any professional or working relationships that Placement Agent personnel listed in the responses to Questions 2.3(c) or (d) have had in the past with persons who are now Investment Management Division personnel, Investment Management Division consultants or contractors, the State Treasurer, or Department of State Treasurer Senior Staff.

*Please list in this section any occasions where persons worked together on the same projects at the same company, at the same fund, or as part of a client-consultant relationship. You need not list prior occasions in which an Investment Manager utilized the Placement Agent to market a potential investment to the Department of State Treasurer.*

### **3.6. Social Connections**

List below any social connections or relationships between Placement Agent personnel listed in the responses to Questions 2.3(c)-(d) and Investment Management Division personnel, Investment Management Division consultants or contractors, the State Treasurer, or Department of State Treasurer Senior Staff.

*Please list in this section any pre-existing relationships involving social contacts outside of business.*

#### 4. **Lobbying Information**

*Check one of the two boxes below.*

☐ The Placement Agent (and/or any officer, employee, partner, principal or affiliate thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (attach additional pages as necessary):

--

☐ Neither the Placement Agent nor any officer, employee, partner, principal or affiliate thereof is registered as a lobbyist with any state government.

#### 5. **Political Contributions**

##### 5.1. **Representation**

The Placement Agent hereby confirms and represents that none of the Placement Agent and its respective officers, partners, principals or affiliates has made, coordinated or solicited any Political Contribution to the Treasurer or any incumbent, nominee, candidate or successful candidate for such elective office (i) in violation of applicable state or federal law or (ii) in a manner that would make it unlawful, under the SEC Rule, for the Investment Manager (or its affiliate) to seek compensation for services to the Treasurer and/or the NC Funds.

##### 5.2. **Disclosure**

During the last five years from the date of this letter, have the Placement Agent or its respective officers, partners, principals or affiliates made, coordinated, or solicited any Political Contributions for the campaign of (a) any incumbent, nominee, or candidate for North Carolina State Treasurer or (b) for the campaign of the current State Treasurer running for a different office?

☐ Yes      ☐ No

*If your answer is "Yes," list applicable Political Contributions below.*

Date	Person or company making, coordinating, or soliciting	Person or entity receiving	Amount

*[Signature Page Follows]*



**6.     Signature**

I declare under penalty of perjury that the foregoing is true and correct. I shall provide the Treasurer with a written update of any material changes to any of the information in this Disclosure Letter within fourteen (14) days from the date I knew or should have known of the change of information.

Sincerely,

\_\_\_\_\_,  
**on behalf of the Placement Agent listed above**

**By:** \_\_\_\_\_  
(print name)

**Title:** \_\_\_\_\_

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