



New York State Teachers' Retirement System

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Web Site: www.nystrs.org

NYSTRS Code of Ethics

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Section I. Definitions

When used hereafter and unless otherwise expressly stated:

1. "System" means the New York State Teachers' Retirement System.
2. "Appear" and "appear before" mean communicating in whatever form, whether personally or through another person.
3. "Business dealing" means (a) having or providing any contract, service, or work with the System; (b) buying, selling, renting, leasing, or otherwise acquiring from or dispensing to the System any goods, services, or property; or, (c) applying for, petitioning, requesting, or obtaining any service, benefit, or other privilege from the System.
4. "Person" means an individual, corporation, partnership, unincorporated association, and all other entities.
5. "Family member" shall mean (a) any person living in the same household as the System Retirement Board member or employee; or, (b) any person who is a direct descendant of the System Retirement Board member's or employee's grandparents or the spouse of such descendant.
6. "Related person" means:
 - a. a family member;
 - b. any corporation of which the System Retirement Board member or employee is an officer or director or of which he or she legally or beneficially owns or controls more than 10% of the outstanding stock;
 - c. any partnership or unincorporated association of which the System Retirement Board member or employee is a member or employee or in which he or she has an ownership interest which is greater than 10%;
 - d. any person with whom the System Retirement Board member or employee, or his or her family member has an employment, professional, business or financial relationship; and,
 - e. any person from whom the System Retirement Board member or employee, or his or her spouse, has received within any 12-month period during the previous 24 months, a pecuniary or material benefit having an aggregate value greater than \$2,000.
7. "Spouse" means a husband or wife from whom an individual is not legally separated.

8. "System person in a policy-making or investment-related position" shall mean any member of the System's Retirement Board and any System employee who either participates in the Manager/Executive Plan or participates in the negotiating unit in a Grade 18 or higher title (including trainee titles, for which the target title is Grade 18 or higher) in the Procurement Office, Real Estate, Investment Information, or Investment Departments.
9. "Member of the System Retirement Board member or employee's household" means the Board member or employee's significant other, or any other adult person who regularly resides with the Board member or employee.

Section II. Annual Disclosure Statements

1. Each System person in a policy-making or investment-related position shall file an Annual Disclosure Statement. The Annual Disclosure Statement shall be signed and filed with the System's Director of Human Resources (i) upon assumption of office after first being elected or appointed to the Retirement Board or commencement of employment with the System; and, (ii) no later than January 15th following the close of each calendar year, commencing with the first January 15th occurring not less than six months after such assumption of office or employment.
2. If any System person in a policy-making or investment-related position is not able, after reasonable efforts, to obtain some or all of the information required by the Annual Disclosure Statement which relates to his or her spouse, member of his or her household, and or dependent, he or she so shall state, as part of the Annual Disclosure Statement.

Section III. Conflict of Interest Disclosure Statements

1. A System Retirement Board member or employee shall disclose any instance in which he or she is involved in a decision or business dealing on behalf of the System involving any person or entity meeting the definition of a family member or related person as set forth in this code, or with which the Board member or employee has a personal relationship. Depending on the circumstances, the System Retirement Board member or employee may be directed to recuse themselves from any such decision or transaction.
2. Such disclosure shall include a brief description of the decision or business dealing in which the employee is involved and the nature and length of the relationship between the System Retirement Board member or employee and the person or entity.

Section IV. Review of Disclosure Statements

1. The Ethics Committee shall consist of five members; three Retirement Board members, each appointed to a one-year term in the manner designated below; and the Executive Director and the General Counsel of the System as continuing members. The three Retirement Board members of the Ethics Committee (none of whom shall be president) shall be appointed one each from the following three groups: (a) the three members elected by the Board of Regents of the University of the State of New York [Ed. Law

Section 504 subd. 2(a), (b)]; (b) the two administrative officers of the New York State school system appointed by the Commissioner of Education, and the Comptroller of the State of New York or his appointee [Ed. Law Section 504 subd. 2(c), (d)]; and, (c) the three members elected from the membership of the System together with the member who is a retired teacher [Ed. Law Section 504, subd. 2(e), (f)]. Retirement Board members in each group shall serve their one-year terms on a rotating basis according to their length of service or the length of service of their predecessor(s) as fixed within each group at the time the Ethics Committee was initially constituted. The General Counsel shall maintain a list showing the rotation within each group.

2. The Ethics Committee shall review all annual disclosure statements filed pursuant to Section II of this code and determine whether any person required to file such a statement has failed to file or has filed a deficient statement or has filed a statement that reveals a possible violation of the code of ethics. In the event the Ethics Committee finds any person has failed to file a required disclosure statement or any statement is deficient or reveals a possible violation, the Ethics Committee shall recommend that the Retirement Board take appropriate action. Any member of the Ethics Committee or other member of the Retirement Board shall recuse himself or herself in regard to any action or other proceedings which may be taken in respect to his or her own disclosure statement.
3. The Director of Human Resources, in conjunction with the General Counsel or designee, shall review disclosure statements made in accordance with Section III of this code and determine whether recusal from a decision or business dealing is required.

Section V. Conflicts of Interest

General Rule: No System Retirement Board member or employee shall have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his or her duties in the public interest.

Standards

1. No System Retirement Board member or employee shall accept any other assignment or position which will impair his or her independence of judgment in the exercise of his or her official duties.
2. No System Retirement Board member or employee shall use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others.
3. No System Retirement Board member or employee shall engage in any transaction as representative or agent of the System with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his or her official duties.
4. A System Retirement Board member or employee shall not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or

her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person.

5. A System Retirement Board member or employee shall abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest.
6. A System Retirement Board member or employee shall endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.
7. No System Retirement Board member or employee shall act as attorney, agent, broker, employee, consultant, or representative for any person in connection with any business dealing or other matter with the System except on behalf of the System or his or her own behalf.
8. No System Retirement Board member or employee shall appear as attorney, agent, broker, employee, consultant, or representative against the interests of the System in any matter in which the System is a party.
9. No partnership or unincorporated association of which a System Retirement Board member or employee is a member or employee or in which he or she has an ownership interest greater than 10%, nor any corporation of which he or she is an officer or director or legally or beneficially owns or controls more than 10% of the outstanding stock, shall appear before the System on behalf of any person other than the System or itself.
10. No System Retirement Board member or employee shall, directly or indirectly, solicit, accept or receive any gift* under circumstances in which it could reasonably be inferred that the gift* was intended to influence him or her, or could reasonably be expected to influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part. No person shall, directly or indirectly, offer or make any such gift* to a System Retirement Board member or employee under such circumstances.

**See also NYSTRS Gift Policy, which is available on the About Us > Procurement Information page at NYSTRS.org.*

11. No System Retirement Board member or employee shall take or refrain from taking any action, or agree to take or refrain from taking any action, or induce or attempt to induce any other Retirement Board member or employee to take or refrain from taking any action, on any matter before the System in order to obtain a pecuniary or material benefit for himself or herself or any related person.
12. No System Retirement Board member or employee shall participate in any decision to hire, promote, discipline or discharge a family member for any compensated position with the System.

13. No System Retirement Board member or employee who has an ownership interest greater than 10% in a firm or association or who owns or controls 10% or more of the stock in a corporation, shall sell any goods or services having a value in excess \$25 to the System unless pursuant to an award or contract let after public notice and competitive bidding.
14. Nothing contained in this code shall be construed to prohibit a System Retirement Board member or employee from receiving a System service or benefit which is generally available to a class of members or retirees of the System in which such Retirement Board member or employee is included.

Section VI. Compliance with Laws, Professional Standards, and System Policies

System Retirement Board members and employees shall, as applicable, comply with and abide by professional standards and all laws and regulations governing the System, and shall be subject to all System policies, as such policies may be amended from time to time by the System.

Section VII. Confidential Information

1. System Retirement Board members and employees shall only access confidential information in the discharge of their assigned System responsibilities.
2. No System Retirement Board member or employee shall disclose confidential information acquired by him or her in the course of his or her official duties to any other person, whether external or internal to the System, except to the extent that a person internal to the System has a bona fide "need to know" in order to perform their NYSTRS duties.
3. No System Retirement Board member or employee shall use confidential information acquired by him or her in the course of his or her official duties to further his or her personal interests or the personal interests of any other person.
4. No System Retirement Board member or employee shall accept employment or engage in any business or professional activity that will require him or her to disclose confidential information gained by reason of his or her official position or authority.

Section VIII. Post Employment

1. Post Employment Restrictions

- 2-Year Ban – Former System Retirement Board members or employees may not appear or practice before the System, or receive compensation for any services rendered in relation to any case, proceeding, application or other matter before the System, within a period of two years after leaving the System service.
- Lifetime Ban – Former System Retirement Board members or employees may not appear, practice, communicate or otherwise render services before the System, or receive compensation for services in relation to any matter with which they were directly concerned and in which they personally participated, or which was under their active consideration while employed by the System.

2. Exceptions to Post Employment Restrictions

- Government-to-Government Exception – Under this exception, a System Retirement Board member or employee who leaves the System and is employed for another government entity may appear before the System in their capacity with the other government entity, regardless of how much time has elapsed since the individual left System service.
- Ministerial Exception – Under this exception, a System Retirement Board member or employee who is a member of the System may handle matters pertaining to their membership after leaving the employ of the System.

3. Job Offers

- System employees may not solicit a post-employment opportunity with a person or entity with whom the employee is engaged in a business dealing on behalf of the System.
- When a System employee receives an unsolicited inquiry or contact about an employment opportunity with an entity or person with whom the employee is engaged in a business dealing on behalf of the System, the employee must decline to engage in discussions, or, if interested in pursuing the employment opportunity, wait 30 days from the date on which he/she is reassigned or recused from business dealings with such entity or individual, if such reassignment or recusal is granted. In either instance, the employee must report the inquiry or contact to the System.
- System Retirement Board Members must recuse themselves from participating in discussions and/or decisions involving any matter that comes before the Board when the Board Member is engaging in discussions about or considering an employment opportunity with the individual or entity involved in such matter. The employment opportunity should be disclosed as soon as the Board Member becomes aware that the matter will be before the Board.

Section IX. Securities Transactions

No System Retirement Board Member or employee shall engage either in:

1. Insider trading, which is an illegal activity in which a person makes trades based on proprietary and confidential information they received about a security that investors generally do not know; or,
2. Front running, which is an illegal activity in which a person, knowing an institution or firm is about to make a market-moving trade in a security, takes or sells a position in that security “in-front” of the trade in order to make a personal profit.

This prohibition applies even if employment with the System ceases, until such time, if ever, as the information has become generally available to the public, other than through disclosure by or through the Retirement Board Member, employee or related person.

A brief description of the law pertaining to insider trading is attached as Appendix A.

Section X – Enforcement

Failure to comply with the Code of Ethics and/or falsification of the required disclosure forms constitutes grounds for corrective and/or disciplinary action, up to and including, termination.

Appendix A: “Insider Trading” and Material Non-Public Information

The Insider Trading and Securities Fraud Enforcement Act of 1988 expands the Securities and Exchange Commission’s (SEC) authority to seek penalties against persons who communicate or use any material, non-public information while purchasing or selling securities. Substantial additional penalties can be assessed against both a person who commits an insider trading violation and any controlling person, which could include an employer or even a manager, who “knew or recklessly disregarded the fact that such controlled person was about to engage in the act or acts constituting the violation and failed to take appropriate steps to prevent such act or acts before they occurred.” Criminal penalties for insider trading violations have been increased from 5 to 10 years’ imprisonment and individual criminal monetary penalties have been increased to \$1 million.

“Insider Trading” is not defined in the securities law, but the term is used broadly to refer to the purchase or sale of securities while in possession of “material” information (generally, information that will be important to an investor in making a decision to buy or sell a security) that is not available to the general public (that is, “non-public”). Although there is no statutory definition of insider trading, this activity is proscribed by provisions of the securities laws, including Section 17(a) of the Securities Act and Sections 10(b) and 14(e) of the Securities Exchange Act of 1934. In addition, case law has developed over time interpreting these provisions, with Rule 10-b-5, promulgated by the SEC, being subject to the most extensive judicial interpretation. These provisions prohibit fraudulent practices in connection with the purchase and sale of any security, including trading while in possession of material, non-public information. These provisions cover more individuals than those who are traditionally thought of as insiders, namely corporate directors, brokers and dealers. The development of case law of this area has made it clear that this duty extends beyond these traditional corporate insiders to prohibit the misuse of material, non-public information by market professionals and others including underwriters, investment analysts, lawyers, accountants and financial printers. This is based on the theory that these individuals have a duty not to misappropriate information from their employers or otherwise.

Under the securities law, “corporate insiders” and those to whom they communicate (“tip”) material, non-public (“inside”) information about a corporation are required either to disclose that information to the investing public or to refrain from trading in, or recommending, the corporation’s securities. For purposes of the prohibition of insider trading, the term “corporation” encompasses all state and local governments and other public agencies and authorities (hereinafter “other public entities”). In addition, tipping or trading in material, non-public information about a tender offer violates the rules of the Securities and Exchange Commission under most circumstances.

Employees who trade on inside information, or communicate inside information, obtained from or through their respective Departments, whether obtained from legitimate information, may be held to have “misappropriated” it under Federal securities or other laws, even if such employee is not deemed a “corporate insider.” A “corporate insider” generally includes persons to whom corporate officers give insider information and would include an employer and its employees with respect to information given by persons in connection with matters with which the employer may be involved.

What constitutes inside information or material, non-public information must be determined on the basis of all pertinent circumstances. However, the following will generally fall into that category if not publicly known: (a) information concerning its business financial matters and

management, such as changes in earnings or dividends, significant technical achievements, important discoveries of natural resources, the obtaining or losing of major contracts, or changes in management and (b) information concerning the company's or other public entity's securities, including the market for a security or its terms, such as prospective tender offer, merger or acquisition, prospective block trade, prospective private placement or public offering, impending stock dividend or stock split or proposed recapitalization.