



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

### Agenda Item 7B

**MEETING DATE:** March 20, 2024

**SUBJECT:** Board and Staff Trading Policy

**SUBMITTED FOR:**  Consent  Deliberation and Action  Receive and File

#### RECOMMENDATION

Re-affirm Board and Staff Trading Policy with no amendments.

#### PURPOSE

This item supports Strategic Management Plan goals regarding effective oversight of SCERS' investment program and Plan assets.

#### DISCUSSION

First adopted in its current form in 2011, this policy establishes guidelines to assure SCERS Board members and employees comply with federal "insider trading" laws. The policy was last reviewed by the Board in May 2021. Pursuant to SCERS' practice of reviewing and refreshing policies every three years, Staff has re-evaluated the policy to consider whether any amendments are necessary due to legal changes or practical experience. Staff has concluded that no amendments are necessary at this time.

#### ATTACHMENTS

- Board Order
- Board and Staff Trading Policy

Prepared by:

/s/

\_\_\_\_\_  
Steve Davis  
Chief Investment Officer

Reviewed by:

/s/

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Eric Stern  
Chief Executive Officer



# Retirement Board Order

## Sacramento County Employees' Retirement System

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**Before the Board of Retirement  
March 20, 2024**

AGENDA ITEM:

### **Board and Staff Trading Policy**

THE BOARD OF RETIREMENT hereby accepts the recommendation of Staff to re-affirm Board and Staff Trading Policy with no amendments.

I HEREBY CERTIFY that the above order was passed and adopted on March 20, 2024 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES (Present but not voting):

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James Diepenbrock  
Board President

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Eric Stern  
Chief Executive Officer and  
Board Secretary



# BOARD AND STAFF TRADING POLICY

## PURPOSE

The purpose of this policy is to assure Sacramento County Employees' Retirement System ("SCERS") Trustees and employees comply with fiduciary responsibility and the federal securities laws and the Rules of the Securities and Exchange Commission (SEC) regarding "insider trading."

## POLICY

SCERS, its Trustees and employees, shall endeavor in good faith to avoid obtaining insider information relating to securities that SCERS holds, or may acquire. Notwithstanding, should they come into possession of such insider information, they shall follow the guidelines below to avoid violating standards of fiduciary behavior and the federal securities laws regarding the use of such insider information. Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated by the SEC prohibit the purchase or sale of securities on the basis of material, nonpublic information ("insider information").

## APPLICATION

### A. Guidelines

1. The steps to be taken by Trustees or employees of SCERS who come into possession of insider information in order to comply with fiduciary duties and the federal securities laws shall include, but not be limited to, the following:
  - a. Keep the information strictly confidential, and scrupulously avoid disclosing it to any person (including relatives, friends and associates).
  - b. Refrain from any participation, direct or indirect, in the making of any investment decision regarding the sale or purchase of any security to which the insider information reasonably relates, for so long as the information continues to be unavailable to the public, whether for the benefit of SCERS or any other person.
  - c. If a Trustee or SCERS employee has any question about whether a potential disclosure or investment decision would violate Section A.1.a. and/or A.1.b. above, they should consult with SCERS' General Counsel before proceeding.

- d. If a Trustee or SCERS employee believes that there is a legitimate reason to depart from Section A.1.a. and/or A.1.b. above (that is, to disclose insider information or transact in securities related to the insider information), they should consult with SCERS' General Counsel before proceeding.
2. The General Counsel is designated the Compliance Officer for purposes of assuring that all Trustees and staff are properly advised of their responsibilities under this Policy, and to take such steps as may be reasonable to correct any deficiencies in compliance with this Policy as discovered in the course of his or her duties.
3. SCERS shall provide appropriate education and training of its Trustees and employees regarding their responsibilities and duties under this Policy.

#### **B. Excluded Transactions**

The following transactions are excluded by their nature from those which may otherwise involve the making of an investment decision by a Trustee or employee regarding the sale or purchase of any security to which insider information may relate:

1. Transactions made by any external Investment Manager with discretion to trade securities so long as no insider information has been shared with the Investment Manager.
2. Transactions made to substantially duplicate an Index in the ordinary course of business.
3. Specific transactions mandated by legal agreement or binding instructions executed prior to the receipt of insider information.

#### **C. Common Examples of Insider Information**

Common, but by no means the only, examples of categories of information that may be considered insider information include:

- Significant changes in management or operations
- Impending bankruptcy or significant exposure to litigation
- Stock splits or consolidations
- Mergers, acquisitions, and tender offers
- New product development
- Financial Forecasts, especially earnings estimates
- Changes in previously disclosed financial information
- Declaration of stock dividends and dividend changes

- Stock repurchase programs
- Proposed issuances of new securities

**BACKGROUND**

SCERS, its Trustees, and employees are committed to managing system resources with the highest level of professionalism and fiduciary responsibility, and acknowledge that in pursuing their fiduciary duties they may also be subject to the anti-fraud provisions of the federal securities laws and rules promulgated thereunder by the Securities and Exchange Commission (“SEC”). Section 10(b) of the Securities and Exchange Act of 1934 and Rule 10b-5 promulgated by the SEC prohibit the purchase or sale of securities on the basis of material, nonpublic information (“insider information”) acquired by “insiders” who acquire such information in the context of a relationship of trust or confidence or by “tippees” who may acquire such information from any “insider.”

For purposes of this Policy, information shall be considered material if it is foreseeable that it would be considered important to a reasonable investor in making an investment decision regarding the sale or purchase of the securities to which the information relates. Trustees and employees of SCERS may come into possession of insider information whether as an insider, or as a tippee.

**RESPONSIBILITIES**

Executive Owner: Chief Investment Officer

**POLICY HISTORY**

Date	Description
03-20-2024	Board affirmed revised policy
05-19-2021	Board affirmed revised policy
08-01-2018	Renumbered from 030
12-20-2017	Board affirmed in revised policy format
04-21-2011	Board approved new policy