

CODE OF ETHICS OF THE POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

The Uniform Ethics Code shall be the primary code of ethics for the trustees and employees of the Police and Firemen's Retirement System of New Jersey. In accordance with N.J.S.A. 52:13D-23(a)(1), the PFRSNJ adopts this supplement to the Uniform Ethics Code to govern the conduct of its trustees and employees.

PFRSNJ Supplemental Ethics for Investments

General Provisions

- 1. Each Trustee or employee of the PFRSNJ must recognize his or her duty to the beneficiaries of the funds under management of the Board. Each trustee or employee should exercise his or her reasonable judgment before undertaking any activity that might in any way compromise the highest ethical standards in the performance of these duties. The principles that govern personal investment activities reflect, at a minimum, the requirement that all personal security transactions be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility and the fundamental standard that trustees or employees should not take inappropriate advantage of their positions.**
- 2. PFRSNJ trustees or employees, within ten days of commencement of their term of office or employment and annually thereafter (within 30 days of calendar year end), shall sign a statement acknowledging that they have a duty to put the interests of the funds' beneficiaries first and to avoid conduct that could lead to actual or potential conflicts of interest, and certifying that they have read the PFRSNJ's ethics rules, and understand they are subject to, are in compliance with, and will continue to comply with their provisions.**

Confidentiality

- 1. In the exercise of a PFRSNJ trustees or employee's duties, an individual may be provided confidential information supplied by brokerage firms, banks, corporations or others with whom the PFRSNJ Board transacts business. The information may or may not be designated as confidential, but the PFRSNJ trustee or employee should treat all information that is not publicly available as confidential. In addition, investments under consideration, recent investment decisions, and non-public information about the portfolios under management (including individual investments) should be treated as confidential information. The PFRSNJ trustee or employee may not disclose such information to any person outside the Board of Trustees or a PFRSNJ employee and should limit such disclosure only to those persons who need to know such information in keeping with their responsibilities within the PFRSNJ. No PFRSNJ trustee or employee, nor any other person through the trustee or employee, may use such**

confidential information for personal or financial advantage.

- 2. PFRSNJ trustees and employees are prohibited from trading in a security, whether in their official capacity or in their personal accounts, while in possession of material, non-public information about the issuer or the market for those securities.**

Securities Transaction Activities

- 1. PFRSNJ trustees and employees may not effect securities transactions with an individual broker who also acts as a broker in securities transactions with the Board of Trustees or the Division of Investments. This provision does not apply to the brokerage firm as a whole.**
- 2. PFRSNJ trustees and employees must disclose to the Director of Legal Affairs, within ten days of the commencement of employment and annually thereafter (within 30 days of calendar year end), all securities in which the trustee or employee has any direct or indirect beneficial ownership, as defined in Section C above, and a listing of all security accounts that have reportable securities. The security information must include the title of the security, the exchange ticker symbol or CUSIP, and the number of shares or principal amount. PFRSNJ trustees or employees may provide account statements in lieu of a listing. All information must be current (within 45 days) of each required report date. For discretionary securities or trust accounts, the PFRSNJ trustee or employee must provide a written statement from the broker or personal advisor or trustee documenting the nature of the account and stating that the PFRSNJ trustee or employee does not have direct or indirect influence or control. All new securities accounts must be reported to the Director of Legal Affairs within ten days of opening. When a PFRSNJ trustee or employee obtains beneficial ownership in an existing account, such relationship shall also be reported to the Director of Legal Affairs within ten days of such relationship being established.**
- 3. For PFRSNJ trustees or employees who hold securities or trust accounts deemed to be discretionary accounts, the PFRSNJ trustee or employee will further certify that they did not suggest that the trustee or advisor make any particular transactions, direct the trustee or advisor to make any particular transactions, or consult with the trustee or advisor as to the particular allocation of investments to be made in the account.**
- 4. PFRSNJ trustee or employees may not conduct any trading in securities accounts in which they have investment discretion without prior written approval from the Chairman of the Board, who shall base such approval upon all of the following factors:**
 - a) the last time the PFRSNJ traded the security; b) the absence of a conflict with the blackout periods prescribed in paragraphs 5 and 8 below; c) the absence of an order on the desk to trade in the security; d) whether the PFRSNJ is contemplating trading the security in the next seven days; and e) any other factor the Chairman determines**

may create the appearance of a conflict of interest.

Exceptions may be granted by the Chairman if the PFRSNJ trustee or employee would suffer financial hardship should an exception not be granted. A transaction in a security that results in earning reduced profits, changes in investment objectives, tax strategies, or special new investment opportunities would not constitute acceptable reasons for a waiver. The approval granted shall be valid until close of business on the next business day following receipt of approval. If the transaction has not been executed within that timeframe, a new approval must be obtained. Limit orders must either be executed or expire within the approval period.

Preclearance is not required for trading in ETFs that are included on a list maintained by the Director of Legal Affairs. However, the securities accounts that hold these securities are subject to the reporting requirement in Paragraph 5 below.

5. PFRSNJ trustees or employees may not engage in trading any security for seven calendar days from the time the PFRSNJ has placed an order for that security.
6. PFRSNJ trustees or employees must provide or direct their advisers, brokers and/or transfer agents to provide the Director of Legal Affairs on a timely basis with duplicate copies of transaction confirmations and periodic statements (monthly or quarterly as are customarily issued) for all securities accounts in which they have a direct or beneficial interest. If the PFRSNJ trustee or employee provides the required documentation directly to the Director of Legal Affairs, he/she must do so promptly after receiving them. This requirement applies to discretionary securities accounts. This requirement does not apply to securities accounts that only include exempt securities.
7. PFRSNJ trustees or employees may not purchase securities in an initial public offering.
8. PFRSNJ trustees and employees are prohibited from excessive or short term trading. PFRSNJ trustees and employees may not profit from the purchase and sale, or sale and purchase, of any security within a 60-day period, unless circumstances strongly support an exception and the exception is approved by the Chairman of the Board in writing. This holding period does not apply to ETFs included on a list maintained by the Director of Legal Affairs.
9. PFRSNJ trustees and employees may not acquire securities issued through a private placement or securities that are not publicly traded without written prior approval by the Chairman of the Board.
10. PFRSNJ trustees and employees may not participate in any discussion of the retirement system's acquisition of securities that were or are part of a prior private placement or securities that are not publicly traded where the employee holds those securities. The PFRSNJ trustee or employee must disclose ownership of such investments, after which, an independent review shall be conducted by the Chairman

and Director of Legal Affairs with no interest in the issuer prior to the retirement system effecting the transaction.

11. Where the Chairman is responsible for accepting disclosures and granting permission to make securities transactions, the Chairman may delegate that responsibility to the Vice Chairman. Where the Chairman is the person required to disclose, or to seek permission, the Vice Chairman shall exercise the authority otherwise placed with the Chairman.
12. The following are exempt from trading restrictions but must still be reported to the Director of Legal Affairs :
 - a. Tender offer transactions.
 - b. The acquisition of securities through stock dividends, automatic dividend reinvestment plans, stock splits, reverse stock splits, mergers, consolidations, spin-offs, or other similar corporate reorganizations or distributions generally applicable to all holders of the same class of such securities.
 - c. The acquisition of securities through the exercise of rights issued by an issuer pro rata to all holders of a class of securities to the extent the rights acquired in the issue are exempt from all trading restrictions.
 - d. The acquisition or disposition of securities by gift or inheritance. The sale of securities acquired by gift or inheritance is subject to all trading restrictions of these guidelines.
13. PFRSNJ trustees or employees have an obligation to review their own trading and holdings to ensure that they have acted in compliance with the provisions of these regulations. To the extent that a PFRSNJ trustee or employee determines that he or she has executed a transaction not in compliance with these regulations, or has failed to report securities, that PFRSNJ trustee or employee must immediately report the violation to the Director of Legal Affairs.

Disclosures

1. Investment disclosures made pursuant to these guidelines shall be personnel records.
2. PFRSNJ trustees or employees must disclose to the Chairman any employment of his or her spouse, or any association of the PFRSNJ trustee or employee or his or her spouse with any financial entity.
3. A PFRSNJ trustee or employee must disclose to the Chairman whether he or she is the beneficiary of, or receives any compensation, deferred payment or other benefits from any financial entity resulting from his or her prior employment where such benefit is contingent upon the provision of further services to such entity.

Outside Employment and Activities

1. **Outside employment that involves stocks, bonds, futures brokerage, and securities trading is prohibited.**
2. **A PFRSNJ trustee or employee may provide financial advice, act as a trustee or fiduciary or otherwise provide financial services, testimony or presentation to independent third parties for reasonable compensation, but only provided that a) the PFRSNJ Trustee or employee receives permission in writing from both the Chairman of the Board or his or her designee and the Executive Director (or, in the case of the Executive Director, from the Director of Legal Affairs); and b) the PFRSNJ trustee or employee's responsibilities to the third party do not impinge upon the employee's obligations to perform the tasks required of his or her position with the retirement system.**
3. **A PFRSNJ trustee or employee may serve as a trustee or director of a charitable or educational institution and may serve as a director of a corporation, and may receive compensation therefore, but only to the extent that other directors or trustees of such organizations are compensated, provided that: (a) the PFRSNJ trustee or employee shall receive permission in writing from both the Chairman of the Board or his or her designee and the Executive Director (or in the case of the Executive Director, from the Director of Legal Affairs); and (b) the institution or corporation does not do business with the retirement system as banker, broker, financial advisor or provider of financial services, except that the PFRSNJ trustee or employee may, in his or her role as a fiduciary for the beneficiaries of the State-administered funds, serve on the board of directors of a corporation whose shares are held by such funds.**

Annual Report

The Board shall annually prepare a report summarizing existing procedures concerning compliance with the Ethics Regulations, particularly those guidelines pertaining to Investments, any procedural changes made during the year, any violations requiring significant remedial action, any developments in applicable laws, regulations or industry practices, and any recommendation on changes needed to maintain a strong code of ethics within an evolving industry.

PFRSNJ Supplemental Code on Insider Trading

Policy Statement

Section 10(b) of the Securities Exchange Act of 1934 ("1934 Act") and Rule 10b-5 promulgated under the 1934 Act prohibit the misuse of material, nonpublic information, including the purchase or sale of securities on the basis of material, nonpublic information in breach of a duty of trust or confidence.

PFRSNJ trustees and employees are forbidden from investing, either personally or on behalf of the funds managed by the retirement system on the basis of material non-public information or communicating material non-public information to others in violation of the law. This conduct is frequently referred to as "insider trading". Persons found to be in violation of the law are subject to potential civil and criminal penalties.

Definitions

"Non-public information" is information which has not been made available to investors generally. Information received in circumstances indicating that it is not yet in general circulation or where the recipient knows or should know that the information could only have been provided by an insider of the subject company is also deemed non-public information. Non-public information may include information obtained by happenstance, including information derived from certain close family members, social situations, business gatherings, overheard conversations, misplaced documents, and "tips" from insiders or other third parties.

For non-public information to become public information, it must be disseminated through recognized channels of distribution designed to reach the securities marketplace (*e.g.*, publication by a national newspaper or wire service or the filing of a disclosure document with the SEC). The circulation of rumors or "talk on the street", even if accurate, widespread and reported in the media, does not constitute the requisite public disclosure. Non-public information is not made public by selective dissemination. Information improperly disclosed only to institutional investors or to a fund analyst or a favored group of analysts retains its status as non-public information. For purposes of this policy, information will be considered "public" after the close of trading on the second full trading day following the subject company's widespread dissemination of this information.

Trading on non-public information is not a basis for liability unless the information is deemed to be material. "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that could be reasonably expected to significantly alter the total mix of the information in the marketplace about the subject company. This includes information that is reasonably certain to have a substantial effect on the market price of securities involved. Information may be material to one issuer but not to another, or to certain securities of an issuer but not to all securities of that issuer. Material, non-public information may also concern market developments. Where non-public information relates to a possible event, materiality will be determined based upon a balancing of the probability that the event will occur and the anticipated magnitude of the event in light of the totality of the subject company's activity.

Examples of disclosures that may involve material non-public information include, but are not

limited to:

- Financial forecasts (*e.g.*, estimates of future earnings)
- News of a merger or acquisition, or the purchase or sale of substantial assets
- Offerings or repurchases of a company's securities
- Significant litigation
- Changes in management
- Changes in dividend distributions

Application of Policy

This Policy applies to all PFRSNJ trustee and employees, as well as to family members of employees and trusts controlled by PFRSNJ trustee or employees or their family members.

Ethical Wall

The PFRSNJ Ethical Wall refers to information barriers designed to limit the flow of inside information from areas that may have access to such information, such as the Private Equity area. The Ethical Wall prohibits anyone in an area with access to inside information from communicating such information, however obtained, to anyone in a "public" area (*e.g.*, trading and research), subject to limited exceptions approved by the Chairman of the Board.

Procedures

When a PFRSNJ trustee or employee believe they have acquired, or are about to acquire material non-public information, the following actions should be taken:

1. The information received should be kept confidential and not passed to other PFRSNJ trustees or employees. Where this is not possible, the PFRSNJ trustee or employee privy to the information must inform the other person(s) that they will become "insiders" and therefore they too must keep the information confidential and observe the general prohibition not to transact.
2. The person who received the information, or is about to receive information, should inform the Director of Legal Affairs. The Director of Legal Affairs, will determine the restrictions, if any, that will apply to the communications and activities of such person while he or she is in possession of that information.
3. The Director of Legal Affairs will maintain both a "Restricted List" and a "Watch List". In general, for those companies where the retirement system has obtained material nonpublic information, the company will be placed on the Restricted List. A Watch List is a current list of securities that generally do not carry trading restrictions, but whose trading is subject to close scrutiny by the Director of Legal Affairs. A Watch List may include companies about which retirement system is in a position to obtain material nonpublic information and companies that may be the subject of rumors or potential transactions (the Watch List may be further delineated into a Watch List and a Rumor List). If the company is placed on the Restricted List, the following general restrictions will apply:

- a. **The Director of Legal Affairs will place trading restrictions for all companies included on the Restricted List in the Order Management System, and inform the appropriate restricted persons.**
- b. **Restricted PFRSNJ trustees or employees and their family members may not buy or sell securities of that company (or derivative securities to avoid these prohibitions) during the time period the company is on the Restricted List, either for their own account or a fund managed by the retirement system.**
- c. **Restricted PFRSNJ trustees or employees may not pass along any inside information expressly or by way of making a recommendation for the purchase or sale of such securities based upon inside information.**
- d. **The Restricted List and Watch List maintained by the Director of Legal Affairs will include the date and time the security was added to and deleted from the respective list. Both lists will also include the name of each contact person who was responsible for the addition or deletion that can answer specific questions concerning the timing and circumstances of the addition or deletion.**

PFRS Supplemental Policy Concerning Political Contributions and Prohibitions on Investment Management Business

(a) It is the policy of the Board to ensure that the selection of investment management firms to provide investment management services to the Police and Firemen's Retirement System is based on the merits of such firms and not on the political contributions made by such firms. This subchapter is designed to protect the beneficiaries of the Police and Firemen's Retirement System, the State taxpayers, and the public interest by:

- 1. Prohibiting investment management firms from being engaged to provide investment management services to the Police and Firemen's Retirement System if certain political contributions have been made; and**
- 2. Requiring investment management firms that provide, or are applying to provide, investment management services to the Police and Firemen's Retirement System to disclose certain political contributions, as well as other information, thereby allowing meaningful public scrutiny of the selection of investment management firms.**

(b) This subchapter shall apply to investment management firms engaged to provide investment management services through, or in connection with, investments made directly by the Police and Firemen's Retirement System. This subchapter shall not apply to investment management firms engaged through or in connection with, investments made through a common pension fund.

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

1. **"Control" means the power to exercise a controlling influence over the management or policies of an investment management firm or political action committee.**
2. **"Investment management firm" means one or more natural persons, corporations, partnerships, or other entities, incorporated or unincorporated, that provide investment management services.**
3. **"Investment management professional" means:**
 - a. **Any person associated with an investment management firm who is primarily engaged in the provision of investment management services;**
 - b. **Any person associated with an investment management firm involved in client development or the solicitation of business from pension fund clients, including pension fund clients that are not the Police and Firemen's Retirement System;**
 - c. **Any person associated with an investment management firm who is a supervisor of any person described in paragraphs 1 or 2 above, up through and including the chief executive officer or similarly situated official; or**
 - d. **Any person associated with an investment management firm, its parent company, or any other entity that controls the investment management firm, who is a member of the executive or management committee of such firm or controlling entity, or similarly situated officials, if any.**
4. **"Investment management services" means:**
 - a. **The business of making or recommending investment management decisions for, or on behalf of, the Police and Firemen's Retirement System;**
 - b. **The business of advising or managing a separate entity that makes or recommends investment management decisions for, or on behalf of, the Police and Firemen's Retirement System, including as general partner, investment manager, or similar entity of an investment vehicle; or**
 - c. **The provision of financial advisory or consultant services to the Police and Firemen's Retirement System.**
5. **"Investment vehicle" means an investment in which the Police and Firemen's Retirement System invests directly under N.J.A.C. 17:5A-10.2(a)2i, 18.2(a)1i, 24.2(a)1i, or 26.2(a)1i.**
6. **"Payment" means any gift, subscription, loan, advance, or deposit of money or anything of value.**

7. **"Political contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made:**
 - a. **For the purpose of influencing any election for State office;**
 - b. **For the purpose of influencing any election for local office by a person who is also:**
 - i. **A State official; or**
 - ii. **An employee or advisor of either the State or a State official;**
 - c. **For payment of debt incurred in connection with any such election; or**
 - d. **For transition or inaugural expenses incurred by the successful candidate in any such election.**
8. **"Political party" means any political party or political committee organized in the State, including, without limitation, State legislative leadership committees, county committees, and independent committees. The term "political party" does not include a Federal or national campaign committee or a non-State political committee, even if such Federal or national or non-State political committee makes payments or contributions to which this subchapter would otherwise apply.**
9. **"Separate account" means an investment vehicle in which the Police and Firemen's Retirement System is the sole investor that is unaffiliated with the investment vehicle's sponsor or manager.**
10. **"State official" means any person (including any election or political action committee for such person) who was, at the time of the political contribution, an incumbent, candidate, or successful candidate for Governor or for a seat in the Legislature. Communication with a State official includes communication with the employees and advisors of such official.**
11. **"Supervisor" means a person who has supervisory responsibility (whether or not related to investment management activities) for an investment management professional.**
12. **"Third-party solicitor" means a third-party placement agent or lobbyist who solicits investment management business through direct or indirect communication with a State officer, employee, or official on behalf of an investment management firm, but does not include any person whose sole basis of compensation from the investment management firm is the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance. The term "third-party solicitor," when used with respect to a particular investment management firm, shall not include a third-party placement agent or lobbyist who solicits clients other than the PFRSNJ to engage that investment management firm to provide investment management**

services, or a third-party placement agent or lobbyist who solicits the PFRSNJ on behalf of another investment management firm.

Restrictions

(a) The PFRSNJ Board, shall not engage an investment management firm to provide investment management services for the benefit of the Police and Firemen’s Retirement System and shall not recommend that a separate account invest with an investment management firm, if, within the two years prior to such engagement or recommendation, any political contribution or payment to a political party covered by this subchapter has been made or paid by:

1. The investment management firm, its parent company, or any other person or entity that controls the investment management firm;
2. Any investment management professional associated with such investment management firm;
3. Any third-party solicitor associated with such investment management firm; or
4. Any political action committee controlled by the investment management firm, its parent company, or any other entity that controls the investment management firm, or by an investment management professional of such investment management firm or controlling entity.

(b) The PFRSNJ shall terminate the contract of any investment management firm if it is discovered that, within the two years prior to such engagement or during the term of such engagement, any political contribution or payment to a political party covered by this subchapter was made or paid by:

1. The investment management firm, its parent company, or any other person or entity that controls the investment management firm;
 - a. Any investment management professional associated with such investment management firm;
 - b. Any third-party solicitor who solicited the PFRSNJ to engage the investment management firm and was still associated with the investment management firm at the time of the contribution or payment; or
 - c. Any political action committee controlled by the investment management firm, its parent company, or any other entity that controls the investment management firm, or by an investment management professional of such investment management firm or controlling entity.

(c) The provisions of (a) and (b) above shall not prohibit the engagement, or require the termination, of an investment management firm, or prohibit the recommendation of an

investment, if the only political contributions made by a person noted in this section within the two years prior to, and during, any such engagement were/are made by the contributor to State officials for whom the contributor was/is entitled to vote. Political contributions made by a contributor, pursuant to this subsection, shall not exceed \$250.00 per State official, per election.

(d) The provisions of (a) and (b) above shall not prohibit the engagement, or require the termination, of an investment management firm, or prohibit the recommendation of an investment, if the only payments to any political party made by a person noted in this section within the two years prior to, and during, any such engagement did/do not exceed \$250.00 per political party, per year.

(e) The provisions of (a) through (d) above shall apply to political contributions and payments to political parties made by any individual or entity for the 12-month period prior to such individual or entity becoming an investment management firm, investment management professional, or third-party solicitor.

Solicitations

(a) Any investment management firm, investment management professional, or third-party solicitor that is engaged, or is seeking to be engaged, in providing investment management services to the Police and Firemen's Retirement System shall not:

1. Solicit any person or political action committee to make a political contribution or payment to a political party;
2. Coordinate political contributions or payments to a political party;
3. Fund political contributions or payments to a political party made by third parties, including consultants, attorneys, family members, or persons controlling the investment management firm; or
4. Engage in any exchange of political contributions or payments between State officials or political parties to circumvent the intent of this section.

Indirect Violations

(a) No investment management firm, investment management professional, or third-party solicitor shall, directly or indirectly, through or by any other person or any means whatsoever, do any act that would violate the provisions of N.J.A.C. 17:5A-3.3 or 3.4.

(b) Indirect violations shall include, but are not limited to:

1. A family member or other person making political contributions or payments to a political party on the person or entity's behalf;
2. A person or entity making payments to a Federal party committee or other political committee or organization for the purpose of influencing State or local elections governed by this subchapter; and

3. A third-party solicitor making political contributions or payments to a political party in order to encourage the engagement of an investment management firm for which it is not directly soliciting business from the PFRSNJ.

Reporting

(a) Except as otherwise provided in (b) and (c) below, each investment management firm that is engaged to provide investment management services to the Police and Firemen's Retirement System shall, prior to engagement and by the last day of the month following the end of each calendar quarter during the term of such engagement, send to the Board of PFRSNJ the following information:

1. A list of those persons who qualify as investment management professionals, and any updates to this list;
2. For all political contributions and payments to political parties made by persons described at N.J.A.C. 17:5A-3.3(a) or (b), excluding any political contribution or payment to a political party made pursuant to N.J.A.C. 17:5A-3.3(c) and (d):
 - i. The name and address of the contributor;
 - ii. The name and title of each State official or political party receiving the political contribution or payment;
 - iii. The amount of the political contribution or payment to the political party; and
 - iv. The date of the political contribution or payment to the political party;
3. Whether any reported political contribution or payment to a political party is the subject of an exemption pursuant to N.J.A.C. 17:5A-3.10 and the date of such exemption; and
4. For any payment made to a third-party solicitor, the name and business address of the recipient, the services provided by the recipient, the compensation arrangement between the investment management firm and the recipient, and the total dollar amount of payments made during the report period.

(b) No investment management firm shall be required to report to the Board of Trustees for PFRS for any calendar quarter in which such investment management firm has no additions or revisions to information that was already reported in a prior report.

(c) Once a political contribution or payment to a political party or third-party solicitor has been disclosed on a report, the investment management firm need not disclose that particular contribution or payment on subsequent reports.

(d) The information required by this section shall be reported on forms provided by the Board of PFRSNJ.

Public Disclosure

The Board of PFRSNJ shall make available to the public a copy of each report received from an investment management firm within 30 days of its receipt or as otherwise required by law.

Additional Information

The Board of PFRSNJ will accept additional information related to political contributions, payments to political parties, and payments to third-party solicitors voluntarily submitted by investment management firms or others.

Contract Termination

Each contract with an investment management firm shall provide that a violation of the provisions in this subchapter shall be cause for immediate termination of such contract. In the case of a violation by a general partner, investment manager, or similar entity of an investment vehicle, the governing documents of the investment vehicle shall provide that the Police and Firemen's Retirement System shall have the right to terminate its relationship with the investment management firm.

Exemptions

(a) An investment management firm that would otherwise be prohibited from being engaged to provide investment management services to the Police and Firemen's Retirement System pursuant to N.J.A.C. 17:5A-3.3 shall be exempt from such prohibition, subject to (b) and (c) below, upon satisfaction of the following requirements:

1. The investment management firm demonstrates in writing to the Board of PFRSNJ that:

- a. The firm discovered the political contribution or the payment to a political party that resulted in the prohibition on business within four months of the date of such contribution or payment;
- b. Such political contribution or payment to a political party did not exceed \$250.00; and
- c. The contributor obtained a return of the political contribution or payment to the political party within 60 calendar days of the date of discovery of such contribution or payment; or

2. The Board of PFRSNJ determines that the investment management firm has demonstrated in writing that the violation of this subchapter was unintentional and inadvertent, and the Board determines that the beneficiaries of the Police and Firemen's Retirement System, the State taxpayers, and the public are best served by such an exemption.

(b) An investment management firm is entitled to no more than two exemptions in any 12-month period.

(c) An investment management firm may not utilize more than one exemption relating to political contributions or payment to a political party by the same investment management professional or third-party solicitor regardless of the time period.

Restrictions on Board Members

(a) Each Board member shall comply with the reporting provisions of N.J.A.C. 17:5A-3.6 for his or her term as a member of the Board.

(b) It is prohibited for any Board member to receive any form of compensation, gratuity, gift, service, or payment in connection with the hiring or retention of any investment management firm by the PFRSNJ Board during the Board member's term and for a two-year period immediately following the completion of such Board member's term. This subsection shall include any compensation, gratuity, gift, service, or payment to the Board member, the Board member's immediate family, or any partner or associate of the Board member. For the purposes of this subsection, "immediate family" shall mean a person's spouse, child, parent, or sibling residing in the same household or a person's domestic partner as defined in P.L. 2003, c. 246 (N.J.S.A. 26:8A-3).

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