



Police & Firemen's Retirement System of New Jersey External Advisor Trade Approval Policy

Table of Contents

| | |
|--|---|
| Chapter I: Introduction | 3 |
| A. Purpose | 3 |
| B. Investment Objective | 3 |
| Chapter II: Governance and Responsibilities | 4 |
| A. Board of Trustees | 4 |
| B. Investment Committee | 4 |
| C. Chief Investment Officer | 4 |
| D. PFRSNJ Investment Staff | 4 |
| E. Division of Investment | 4 |
| Chapter III: The Program | 5 |
| A. External Advisor Trade Approval Process | 5 |

Chapter I: Introduction

A. Purpose

The purpose of the policy is to provide clear instruction on the procedure and required criteria for public markets trade approval. This policy will lay out the relevant parties and their responsibilities as they pertain to trade approval and execution.

This Policy has been drafted by staff, reviewed by the Investment Committee and approved by a majority of the Board. Material deviation from this document is not permitted without explicit written permission, in advance, from the Board.

B. Investment Objectives

To ensure all public trade executions carried out for the benefit of PFRSNJ or with PFRSNJ assets are approved by PFRSNJ.

Chapter II: Governance and Responsibilities

A. Board of Trustees

The Board of Trustees will review any suggested changes to External Advisor Trade Approval Policy or Designated PFRSNJ Individual(s) list recommended by the Investment Committee for potential approval.

B. Investment Committee

The Investment Committee will review any suggested changes to the External Advisor Trade Approval Policy and Designated PFRSNJ Individual(s) list by the Chief Investment Officer and determine whether or not to make recommendations for changes to the Board. The Investment Committee will review the implementation of the External Advisor Trade Approval Policy and any subsequent changes.

C. Chief Investment Officer

It is the responsibility of the Chief Investment Officer to maintain the External Advisor Trade Approval Policy. It is the duty of the Chief Investment Officer to ensure retained Investment Advisors comply with the External Advisor Trade Approval Policy and PFRSNJ Investment Staff pre-approve and verify all trades. It is the responsibility to create an annual Designated PFRSNJ Individual(s) list for recommendation by the Investment Committee and Approval by the Board of Trustees. It is the responsibility of the Chief Investment Officer to monitor the approved Designated PFRSNJ Individual(s) list and remove any individual who should no longer be approved for designation.

D. PFRSNJ Investment Staff

PFRSNJ Investment Staff shall review all trades recommended by Investment Advisors for potential approval in accordance with Schedule 1. PFRSNJ Investment Staff shall review the daily trade blotters to ensure all trades executed were previously approved. PFRSNJ Investment Staff will compile a monthly trade blotter of all trades to be provided to the DOI.

E. Division of Investment

Division of Investment shall receive any proposed changes to this policy and/or Schedule 1. The Division of Investment will receive the monthly trade blotter provided by PFRSNJ. The Division shall advise PFRSNJ on the recipients to receive both reports. The Division of Investment will advise PFRSNJ as appropriate of any recommended changes.

Chapter III: The Program

A. External Advisor Trade Approval Process

These procedures will be followed for public market trade executions carried out by external investment advisors for the benefit of PFRSNJ.

These procedures shall be maintained by the PFRSNJ Chief Investment Officer, recommended by the Investment Committee, and approved by the Board. Any updates to this policy and/or Schedule 1 shall be provided to the Division of Investment prior to Board approval.

Investment Advisors will perform the actual trading for PFRSNJ assets for which they advise, but final approval of trades shall be retained by PFRSNJ. Investment Advisors will follow the procedures outlined in Schedule 1.

Per Schedule 1, PFRSNJ Investment Staff will review all trades and verify daily trade blotters to confirm all executed trades were approved. PFRSNJ will provide the Division of Investment with monthly trade blotters for their review. Daily trade blotters will be available to the Division of Investment, upon request. The Division of Investment will then have the rights provided for in the Memorandum of Understanding by and among the PFRSNJ and the Division of Investment of the State of New Jersey.

PFRSNJ Investment Staff will review all trades based on the PFRSNJ Trade Approval Review process. The process will review all trades to ensure no securities are on the PFRSNJ Prohibited or Exclusionary Lists. The PFRSNJ Prohibited List will include all securities prohibited by United States or New Jersey law.

External Investment Advisors, per their Investment Management Agreements with PFRSNJ must follow the PFRSNJ External Advisor Trade Approval Policy. The Policy requires advisors to seek approval or rejection of requested trades from Designated PFRSNJ Individual(s). These Designated PFRSNJ Individual(s) will act as an extension of the Board in approving and rejecting individual transactions recommended by the PFRSNJ Board Approved Advisors. These approvals or rejections will be reviewed if the recommended transaction is in or potentially in breach of Federal, New Jersey Law, PFRSNJ's Investment Regulations, the individual advisor's Investment Guidelines, or be detrimental to the fund.

A list of Designated PFRSNJ Individual(s) will be maintained by the Chief Investment Officer. The Designated PFRSNJ Individual(s) List will be updated, at a minimum, annually. The Chief Investment Officer is responsible for maintaining the Designated PFRSNJ Individual(s) list and removing persons from the list as applicable. In the event the Designated PFRSNJ Individual(s) list expires, the Chief Investment Officer may extend the previously Board approved Designated PFRSNJ Individual(s) list for 60 days.