

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.300

EFFECTIVE DATE: April 20, 2022

TITLE: Confidentiality and Use of Position

SUPERSEDES: January 1, 2022

BOARD ADOPTION: November 30, 2021

REVIEWED: March 3, 2022

I. Confidentiality and Use of Position

- A. Board members and staff in possession of nonpublic information may not purchase or sell securities of the concerned company or other publicly traded securities to which the information pertains.
- B. Board members and staff may not disclose nonpublic information to another person who could subsequently use that information for profit.
 - 1. Recommending purchases or sales of securities to which the nonpublic information relates, even without disclosing the basis for the recommendation, is prohibited.
 - 2. Information that is “nonpublic” includes information that an employee knows or reasonably should know:
 - a) Is routinely exempt from disclosure under the Freedom of Information Act or protected from disclosure by statute, including proprietary or trade secret information,
 - b) Is designated by a state agency, Board vendor or Board investment manager as confidential, or
 - c) Has not been disseminated to the general public and is not authorized to be made available to the general public.
- C. It is the policy of the Board that “front running” is prohibited.
 - 1. Front running occurs when a person enters into a trade of securities with advance knowledge of pending orders from other investors.
 - a) Front running could occur, for example, when any Board member or staff covered by this policy trades with the knowledge that a trade is pending on behalf of the Board.
 - 2. Front running, like insider trading, may subject Board members or staff to criminal and/or civil proceedings.
 - a) Front running may constitute a misappropriation of Board proprietary information for private or personal gain.
- D. Board members and staff may not place an order for a personal securities transaction in a company in which a Board securities transaction is pending.
 - 1. Board members and staff must wait until fifteen (15) days after such Board securities transaction is executed before placing an order for a personal securities transaction involving the same company.

- E. Board members and staff may not knowingly delay, hinder, modify, or cancel any internal Board buy or sell recommendation, decision, or trading order intending to facilitate a personal securities transaction.
 - 1. This action would otherwise constitute front running or violations of state or federal laws.
- F. Board members and staff in possession of nonpublic information relating to a tender offer may not trade in target company securities. Nonpublic information includes information acquired directly or indirectly from the bidder or target company.
 - 1. Board members and staff may not disclose such nonpublic information to another person where it is reasonably foreseeable that the recipient of the information could purchase or sell such company securities.
 - 2. Board members and staff in possession of nonpublic information may not purchase, directly or indirectly, any security in the initial public offering of such security.
 - a) Such new issue securities may only be purchased in the secondary trading market once such a market is established.
 - b) Board members and staff may not encourage, facilitate, or arrange such a purchase by or on behalf of any other person.
- G. Staff have a duty to protect and conserve Board property, and to use Board property only for authorized purposes.
 - 1. Board property includes material, equipment, real property, and all provided software and systems used to perform an employee's job function.
 - 2. Authorized purposes are those for which the Board property is used during the normal course of business, authorized in accordance with the duties and roles prescribed by the Board.

Authority: Montana Constitution, Article VIII, Section 13
Title 2, chapter 2, MCA
Section 2-15-1808, MCA
Section 17-6-201, MCA
ARM 8.97.311
ARM 8.97.313
Montana Operations Manual --
https://hr.mt.gov/docs/Policies/State_Ethics_Policy.pdf