

Enterprise Compliance Activity – Supplemental Personal Trading Information

Presented to
Risk and Audit Committee
June 17, 2020

Purpose

This Supplemental Report provides additional information regarding administration of the Personal Trading Regulation. It covers: education, training and communications to Covered Persons; the violations escalation process; supplemental violation data from January 2015 to May 2020; and current reporting processes.

History of the Personal Trading Regulation

- CalPERS Personal Trading Regulations were enacted in 2012.
- The Regulations reinforce various federal and state securities laws. The Regulations protect Covered Persons, the Fund, and supports CalPERS fiduciary duty.
- The Regulations were amended in October 2019 to better align with the U.S. Securities and Exchange Commission’s guidance as it pertains to personal trading.
 - Biggest impact was to include ETFs as Covered Securities.

Communications, Training, and Education

Newly appointed Covered Persons onboarding:

- Personal Trading training covers the purpose and intent of the regulation, how to use the personal trading platform, and rules and requirements as a Covered Person.

Online Personal Trading Resources:

- CalPERS provides online resources for Covered Persons, including:
 - Personal Trading Regulations
 - Personal Trading Overview Deck
 - FAQ Presentation
 - Quick Reference Guide
 - Contact Information: Personnel

Ongoing Communication and Training:

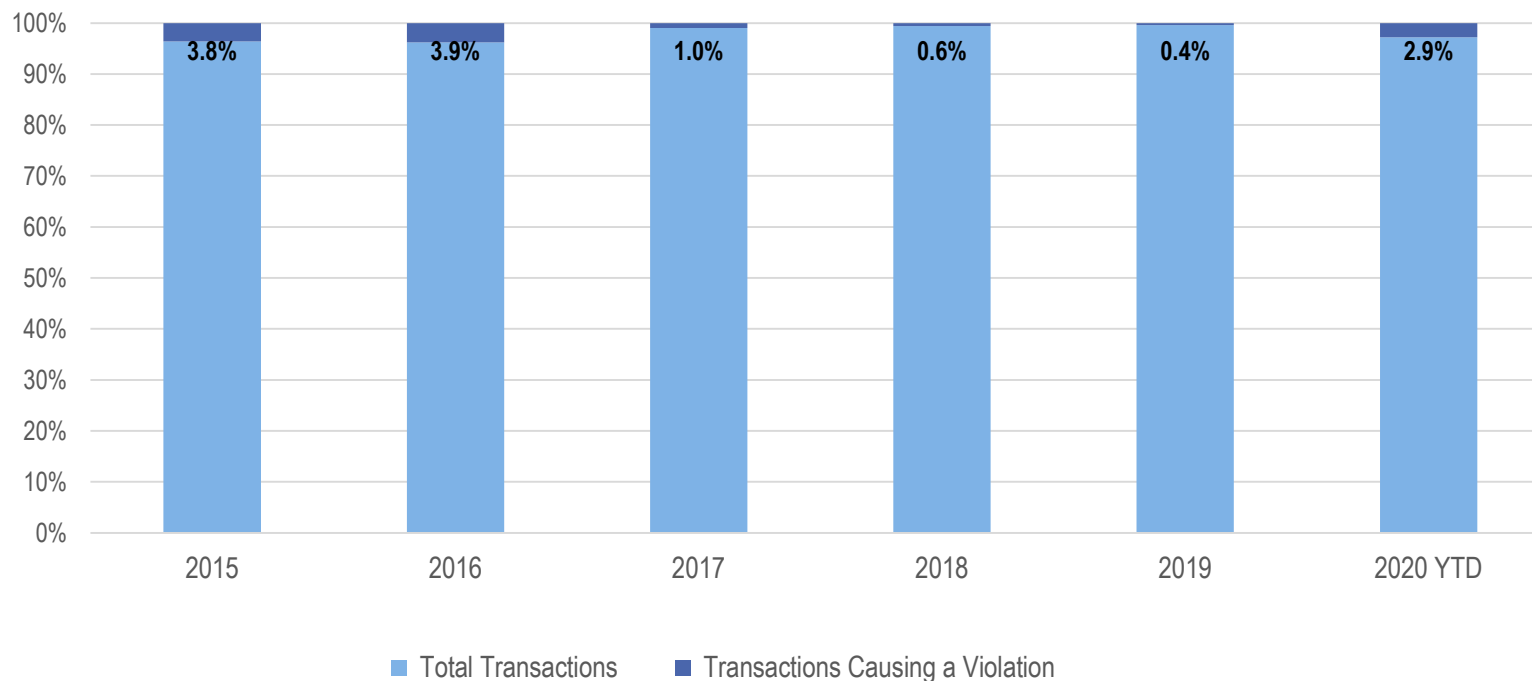
- Frequent email reminders to all Covered Persons regarding rules and requirements
- Annual Compliance Training for Covered Persons
- Annual Personal Trading Attestation
- Several trainings and communications were provided to update Covered Persons in conjunction with the revised Regulations in 2019.

Treatment of Violations

- When a potential violation occurs, Enterprise Compliance conducts a review and a notice of violation is issued when appropriate.
- There are several scenarios for the treatment of violations, depending on the specific violation circumstances. These include follow-up training, management notification and discipline.
 - Human Resources is notified of violations which may result in progressive discipline, up to and including, termination.
- Transaction and violation information is provided to senior leaders and reported to the Risk and Audit Committee in open session.
- Management receives periodic updates on activities to address violations.

Total Transactions vs. Transactions Causing a Violation

January 2015 – May 2020*



Notes:

- Dataset contains historic information for all Covered Persons, including no longer covered individuals and terminated employees.
- As of May 31, 2020, there were 473 Covered Persons.
- Multiple violations can be triggered by a single Covered Person at one time.