

NCPERS Code of Conduct for Service Providers
Frequently Asked Questions (FAQs)

Q1: What is the purpose of the Code of Conduct for Public Pension Service Providers (Code)?

The NCPERS Code is a tool for public pensions (plans) to use to help articulate strong, consistent ethical expectations for service providers. It is intended to help plans identify potential conflicts of interest that service providers or vendors may have and begin a dialogue with those providers to resolve it.

Q2: What do we expect plans and service providers to do with the Code?

NCPERS encourages plans to use the Code as a tool to find and investigate any potential conflicts of interest. Specifically, plans should ask all their service providers to endorse the Code by having a person with authority to represent the vendor sign the Code. Then the service provider or the plan should notify NCPERS of the endorsement so that the service provider can be added to the list of endorsers of the Code.

NCPERS encourages vendors to endorse the Code to demonstrate to their clients and the public plan community their commitment to putting their clients first and acting affirmatively to clear any potential conflicts of interest.

Q3: What should a plan do if a service provider does not endorse the Code?

Begin a dialogue with the service provider to see why it cannot endorse the Code. If the vendor raises seemingly legitimate and reasonable objections, please bring it to NCPERS attention or ask it to contact us at codeofconduct@ncpers.org. We may have clarifications or additional details that resolve the objection. Or if it is an oversight that we did not consider, NCPERS would be happy to review and make a determination on the objection.

If the vendor refuses to endorse the Code even after the objections have been resolved or clarified, then the plan should deliberate internally soliciting opinions from its investment consultant, legal and/or fiduciary counsel, and other experts to determine the best course of action for the plan and its participants.

Q4: What should a plan do if it identifies potential conflict/(s) of interest with a vendor?

NCPERS recommends that the plan begin a dialogue with the vendor to see if the potential conflict/(s) of interest is/(are) real.

Q5: If the conflict/(s) of interest is/(are) real?

NCPERS recommends that the plan have further dialogue with the offending service provider to see if it can resolve, mitigate, or discharge the conflict/(s) of interest. If the vendor can, then there is/(are) no conflict/(s) of interest. If the vendor cannot, then the plan needs to determine the best course of action for the plan and its participants relative to the offending service provider.

Q6: If a conflict/(s) of interest exists should the plan automatically terminate the vendor?

No, not necessarily. NCPERS recommends that the plan and offending service provider work together to resolve the conflict. If they cannot, then the plan should deliberate internally soliciting opinions from its investment consultant, legal and/or fiduciary counsel, and other experts to determine the best course of action for the plan and its participants.

Q7: How was the Code developed?

NCPERS developed the Code with help and contributions from a number of sources, including the law firm of Klausner, Kaufman, Jensen, & Levinson and the vendor community who are members of the NCPERS Advisors. Additionally, NCPERS obtained a license from the CFA Institute to use in part its [Asset Manager Code of Professional Conduct](#).

Q8: What constitutes as a contribution to a Schedule A entity?

A contribution to a Schedule A entity is a monetary contribution made by the service provider, its subsidiary, or its nonprofit/charitable arm. Individual financial contributions made by vendor employees, officers, or board members are not counted as service provider contributions.

Q9: If a vendor has made contributions to Schedule A entities, can it still endorse the Code?

Yes. The Code is a tool to encourage disclosure and mitigation of conflicts of interests. It merely asks service providers to disclose contributions to Schedule A entities. So long as the vendor discloses Schedule A contributions, it is free to endorse the Code.

Q10: Is the Code a “blacklist”?

No. Just like the [CFA Institute](#) and other trade groups that seek to promote the highest examples of ethical behavior, the NCPERS only spotlights those that voluntarily agree to abide by the Code. NCPERS does not punish those vendors that do not endorse the Code. We only promote those service providers that do endorse the Code as sterling examples of ethical partners of the public pension community.