

**NORTH CAROLINA DEPARTMENT OF STATE TREASURER
STATEMENT OF POLICY**

PLACEMENT AGENT POLICY

I. Purpose

The North Carolina Department of State Treasurer strives to maintain a fiscally sound and prosperous North Carolina that includes prudently investing in entrusted assets and modeling excellence in state government through accountability. To preserve the value of integrity that includes maintaining high ethical standards in conducting business, the Treasurer has determined that it is in the best interest of the North Carolina Retirement System ("NCRS") and the other investment funds held by the Treasurer (together with the NCRS, the "NC Funds") to seek disclosures of payments to Placement Agents (as hereinafter defined) and impose other related requirements in connection with the NC Funds' investments managed by outside Investment Managers (as hereinafter defined).

The Treasurer has adopted a Total Fund Investment Policy which outlines the philosophy that governs the investment management of the NC Funds. The Total Fund Investment Policy is augmented by other policies that provide strategic objectives for investing in various asset classes, including but not limited to publicly traded equities, alternatives, and real estate.

This Placement Agent Policy sets forth the specific disclosure and other requirements with respect to Placement Agents. The purpose of such a policy is to insure that all investment decisions made by the Treasurer be based solely on the merits in conformity with fiduciary standards and applicable laws. All investment recommendations made by staff, consultants and advisers must be based solely on the merits after the necessary due diligence. All investment decisions and recommendations must be free of impropriety or improper influence and the appearance of either.

II. Application

This policy applies to all investment transactions subsequent to the date it is approved by the Treasurer. For purposes of agreements with existing Investment Managers, if after the date of this policy is approved, an existing agreement is amended with the consent of the Treasurer to extend the term, increase the commitment of funds by the Treasurer, or change the substantive terms of the agreement (including the fees or compensation payable to the Investment Manager), this policy shall apply prospectively and not to the original agreement. As to existing Investment Managers to whom this policy does not apply pursuant to the foregoing, the Treasurer is requesting that each such Investment Manager voluntarily comply with this policy.

This policy applies whenever the Treasurer is seeking to engage, hire, invest with or commit to invest, or to do business with an Investment Manager that has elected to use the services of a Placement Agent to assist the Investment Manager in obtaining an investment or otherwise doing business with any of the NC Funds. Therefore, although

Placement Agents' services are generally considered more applicable to the general partners, managers, and sponsors of private equity, real estate, absolute return, and other private market investment funds; this policy also applies to public market investment managers.

III. Required Disclosures

- A. **Placement Agent Disclosure Letter.** Prior to entering into an agreement to engage, hire, invest with or commit to invest, or otherwise do business with the Treasurer (or at such time as provided in Section II hereinabove), an Investment Manager shall disclose in the form of a letter attached hereto as Attachment A ("Placement Agent Disclosure Letter") the following:
1. A statement as to whether or not the Investment Manager or any of its principals, employees, agents or affiliates, has elected to use the services of a Placement Agent to assist the Investment Manager in obtaining investments from or doing business with any of the NC Funds. Such disclosure must be made whether the compensation is a flat fee, contingent fee or any other form of compensation or benefit (tangible or intangible).
 2. The name of the Placement Agent, a resume for each officer, partner, or principal of the Placement Agent, detailing the person's education, work experience, and professional designations. If any such person is a current or former North Carolina Department of State Treasurer employee, Investment Advisory Committee member, or consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 3. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent including the nature, timing and value. Compensation to a Placement Agent shall include compensation to third parties as well as employees of the Investment Manager who are retained in order to solicit, or who are paid based in whole or in part upon, an investment from or business with any of the NC Funds (other than persons who are excluded from the definition of Placement Agent below).
 4. The terms of the agreement or arrangement (oral or written) creating an obligation to pay a fee to or for the benefit of any Placement Agent the Investment Manager has elected to use in connection with obtaining investments or doing business with the Treasurer. In the case of any oral agreement, the full extent of such agreement shall be written and summarized, succinctly describing the terms of such agreement or arrangement with the Placement Agent, including details of the nature, timing, and value of the compensation or benefit provided.
 5. A statement as to whether the Placement Agent the Investment Manager has elected to use in obtaining investments or doing business with any of

the NC Funds (or any officer, partner, principal or affiliate of such Placement Agent) has been the subject of any actions, or investigations by any federal, state, or local government agencies or regulatory bodies in the last ten (10) years and/or anticipates being the subject of such actions or investigations in the future.

6. A statement of any prior personal or professional relationships of the Placement Agent (or any officer, partner, principal or affiliate thereof) with any current or former Department of State Treasurer employee, Investment Advisory Committee member, consultant or a member of the immediate family of such person who suggested the retention of the Placement Agent, and if so, the name of such individual(s).
7. A statement confirming that the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association.
 - a. The statement should detail the registration.
 - b. The statement should also confirm that the individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses (e.g. Series 7, 63) and if applicable, the number of years employed by the Placement Agent and the years of experience directly related to such business.
 - c. The statement shall also confirm that the criteria set forth in Sections VI.A.2. and VI.A.3. have been met.
8. A statement indicating whether the Placement Agent, or any of its officers, partners, principals or affiliates, is registered as a lobbyist with any state government and, if applicable, the name and positions of such persons and the registrations held.
9. A statement confirming compliance with Section VI.B.

B. Change of Information. The Investment Manager shall provide a written update of any material changes to any of the information found in the Placement Agent Disclosure Letter within fourteen (14) days that the Investment Manager knew or should have known of the change in information.

C. Representation of Information. The Investment Manager shall represent and warrant that information found in the Placement Agent Disclosure Letter is true, correct, and complete in all material respects. In addition, upon any update pursuant to the preceding paragraph, the Investment Manager shall represent and warrant that the information in the Placement Agent Disclosure Letter, as updated, is true, correct, and complete in all material respects.

IV. Failure to Comply with Placement Agent Letter Requirement – Remedies

In the event the Investment Manager fails to comply with the Placement Agent Disclosure Letter requirement or makes a material misstatement or omission in such Letter or any other violation of this policy, the Treasurer shall have the option, in its sole discretion and without liability to the Investment Manager, to require the Investment Manager to repay to the Treasurer the greater of (i) the aggregate amount of any management or advisory fees paid to the Investment Manager for the most recent two years in respect of the investments or business of the Treasurer, whether paid directly by the Treasurer or an investment vehicle in which the Treasurer is an investor or (ii) an amount equal to the amounts paid or promised to be paid to the Placement Agent with respect to investments or business with the Treasurer. The remedies set forth in this Section shall be in addition to any other remedies that the Treasurer may be entitled to at law or in equity, by contract or otherwise. As to any existing Investment Manager voluntarily complying with the policy as described in Section II, the remedies described in this Section shall not apply to any use of a Placement Agent prior to the approval date of this policy that is described in the Placement Agent Disclosure Letter of the existing Investment Manager first submitted following such approval date, except to the extent the Placement Agent Disclosure Letter is not true, correct and complete in all material respects.

V. Notification & Review Process

- A. **Notice.** The Treasurer's staff will provide the Investment Manager with a copy of this policy at the time that discussions are initiated with respect to a prospective investment or engagement or any amendment thereto as described in Section II hereinabove. As applicable, the Director of Public Equities, the Director of Fixed Income, the Director of Real Estate, and the Director of Private Equity will be responsible for sending such written notice.
- B. **Submission of Placement Agent Disclosure Letter.** The Investment Manager will provide the Placement Agent Disclosure Letter within a reasonable period of time prior to the completion of the due diligence process or the proposed effective date of any amendment.
- C. **Review.** The Chief Investment Officer or his or her designee and the General Counsel or his or her designee will review the Placement Agent Disclosure Letter and will jointly determine whether the disclosure is sufficient.
- D. **Implementation.** As part of the closing or an investment or engagement or any amendment thereto as described in Section II hereinabove, the Investment Manager will be required to (i) confirm that the previously submitted Placement Agent Disclosure Letter is, as of the date of such letter and the date of closing, true, correct and complete in all material respects as set forth in Section III and (ii) confirm the Investment Manager's agreement to the provisions contained in Section IV.

VI. Eligibility Criteria and Prohibition

A. Criteria. The Treasurer will not transact business on behalf of any NC Funds with an Investment Manager that has elected to use a Placement Agent unless the following criteria are met:

1. The Placement Agent must be registered with either the Securities and Exchange Commission or the Financial Industry Regulatory Authority ("FINRA").
2. Placement fee cannot be shared with a person or entity that is not registered;
3. The person or entity acting as the Placement Agent must be in the habitual, systematized business of acting as a Placement Agent.
4. The Investment Manager represents and warrants in the final written agreement between the Treasurer and the Investment Manager the information disclosed is true, correct, and complete in all material respects, as set forth in Section III.
5. The Investment Manager agrees in the final written agreement between the Treasurer and the Investment Manager to the remedies for material omission or inaccuracy in the Placement Agent Disclosure Letter, as set forth in Section IV.
6. The Investment Manager agrees in the final written agreement between the Treasurer and the Investment Manager that no portion of any fee paid to the Investment Manager by the Treasurer is offset by any fee paid to the Placement Agent and, except as disclosed in the Placement Agent Disclosure Letter, no portion of any fee paid to the Investment Manager by any investment vehicle in which the Treasurer is an investor is offset by any fee paid to the Placement Agent.

B. Prohibition. The Treasurer will not transact business with an Investment Manager if it has been determined that a contribution to the Treasurer or any elected official has been made in violation of a policy approved by the Treasurer or applicable state or federal law by the Investment Manager or any Placement Agent or any of their respective officers, partners, principals or affiliates.

VII. Definitions

The following terms when used in this policy shall have meaning set forth below unless the policy specifically states otherwise:

- A. **“Investment Manager”:** A person or entity that provides investment management services, investment advice (e.g., investment consultants) or any other investment-related services.

- B. **“Placement Agent”:** Any employee or third-party intermediary that is directly or indirectly hired, used, retained, compensated or otherwise given anything having monetary value or benefit, tangible or intangible, by an Investment Manager to assist the investment firm in securing investment commitments or other business from any of the NC Funds. For purposes of this policy, the term “Placement Agent” includes, but is not limited to, to all placement agents, lobbyists, solicitors, brokers, finders, third-party marketers, or any other entities or persons engaged by an Investment Manager and/or its affiliates, directly or indirectly, for the purpose of marketing and/or securing investor commitments or other business from any of the NC Funds. Notwithstanding the foregoing, the term Placement Agent shall not include any natural person who is an employee, officer, director or partner of an Investment Manager or of an affiliate of an Investment Manager and who is exempt from the registration requirements set forth in Section III.A.7.

Approved by State Treasurer Janet Cowell on October 19, 2009.

ATTACHMENT A

Form of Placement Agent Policy Disclosure Letter

Treasurer of the State of North Carolina
325 North Salisbury Street
Raleigh, North Carolina 27603

Re: Disclosure Letter pursuant to Placement Agent Policy

Ladies and Gentlemen:

Under Section III(A) of the Placement Agent Policy adopted by the North Carolina Department of State Treasurer on October 19, 2009 (the "Placement Agent Policy"), prior to entering into an engagement to engage, hire, invest with or commit to invest, or otherwise do business with the Treasurer of the State of North Carolina (the "Treasurer") or at such time as provided in Section II of the Placement Agent Policy, an Investment Manager (as such term is defined in Section VII(B) of the Placement Agent Policy) must make certain disclosures to the Treasurer regarding its use of Placement Agents (as such term is defined in Section VII(B) of the Placement Agent Policy). Pursuant to and in accordance with such Placement Agent Policy, the undersigned Investment Manager hereby makes the following disclosures. Capitalized terms not otherwise defined in this Disclosure Letter have the same meanings as specified in the Placement Agent Policy.

1. Use of Placement Agent (please check the appropriate box):

The Investment Manager (or any officer, partner, principal or affiliate thereof) has elected to use the services of a Placement Agent to assist the Investment Manager in obtaining investments from or doing business with any of the NC Funds. (Note that this box should be checked whether the compensation provided to the Placement Agent is a flat fee, contingent fee, or any other form of compensation or benefit (tangible or intangible).) **If this box is checked, please provide the disclosures as prompted in paragraphs 2 through 8.**

Neither the Investment Manager nor any officer, partner, principal or affiliate thereof has elected to use the services of a Placement Agent to assist the Investment Manager in obtaining investments from or doing business with any of the NC Funds. **If this box is checked, no further disclosures are necessary.**

2. Placement Agent Information:

(a) The name of the Placement Agent is: _____

(b) Attached is a resume for each officer, partner, and/or principal of the Placement Agent, detailing the person's education, work experience and professional designations.

(c) Listed below are any and all officers, partners and/or principals of the Placement Agent that are current or former North Carolina Department of State Treasurer employees, Investment Advisory Committee members, or consultants or members of the immediate family of any such person (*attach additional pages as necessary*):

3. Placement Agent Compensation: Described below is any and all compensation of any kind provided or agreed to be provided to a Placement Agent including the nature, timing and value of such compensation. (*Note that compensation to a Placement Agent is deemed to include compensation to third parties as well as employees of the Investment Manager who are retained in order to solicit, or who are paid based in whole or in part upon, an investment from or business with any of the NC Funds (attach additional pages as necessary)*):

4. Terms of Agreement with Placement Agent: Described below are the terms of the agreement or arrangement (oral or written) creating an obligation to pay a fee to or for the benefit of any Placement Agent the Investment Manager has elected to use in connection with obtaining investments or doing business with the Treasurer. (*Please note that in the case of any oral agreement, the full extent of such agreement should be written and summarized, succinctly describing the terms of such agreement or arrangement with the Placement Agent, including details of the nature, timing, and value of the compensation or benefit provided (attach additional pages as necessary)*)

5. Actions and Investigations Involving Placement Agent (please check the appropriate box):

The Placement Agent (or any officer, partner, principal or affiliate thereof) has been the subject of an action, or investigation by a federal, state, or local government agency or regulatory body in the last ten (10) years and/or anticipates being the subject of such actions or investigations in the future. If this box is checked, the following describes any such action(s) or investigation(s) (attach additional pages as necessary):

Neither the Placement Agent nor any officer, partner, principal or affiliate thereof has been the subject of any actions, or investigations by any federal, state, or local government agencies or regulatory bodies in the last ten (10) years or anticipates being the subject of any such actions or investigations in the future.

6. Relationships between Placement Agent and Department of State Treasurer (please check the appropriate box):

The Placement Agent (or any officer, partner, principal or affiliate thereof) has had a prior personal or professional relationship with a current or former Department of State Treasurer employee, Investment Advisory Committee member, and/or consultant or a member of the immediate family of such person who suggested the retention of the Placement Agent. If this box is checked, the following lists the name(s) of such individual(s) (attach additional pages as necessary):

The Placement Agent (or any officer, partner, principal or affiliate thereof) has not had any prior personal or professional relationship with any current or former Department of State Treasurer employee, Investment Advisory Committee member, or consultant or a member of the immediate family of such person who suggested the retention of the Placement Agent.

7. Registration of Placement Agent and Licensing of Placement Agent Representatives. The Investment Manager hereby confirms that (i) the Placement Agent is registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, (ii) the individual officers, partners, principals, employees, or other representatives of the Placement Agent hold all required securities licenses, (iii) no placement fee has been shared with any person or entity not so registered and (iv) the Placement Agent is in the habitual systematized business of acting as a Placement Agent.

(a) The Placement Agent's registration details are as follows:

(b) For each individual officer, partner, principal, employee and other representative of the Placement Agent, the registrations, number of years of employment by the Placement Agent and the number of years of experience directly related to such business are as follows (*attach additional pages as necessary*):

8. Lobbying Information of Placement Agent (*please check the appropriate box*):

The Placement Agent (and/or any officer, partner, principal or affiliate thereof) is registered as a lobbyist with a state government. If this box is checked, the following are the names and positions of such persons and the registrations held (*attach additional pages as necessary*):

Neither the Placement Agent nor any officer, partner, principal or affiliate thereof is registered as a lobbyist with any state government.

9. The Investment Manager hereby confirms that none of the Investment Manager, the Placement Agent nor their respective officers, partners, principals or affiliates has made any contribution to the Treasurer or any elected official in violation of any published policy approved by the Treasurer or applicable state or federal law.

[Signature Page Follows]

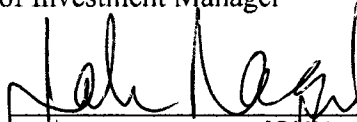
By signing below, the Investment Manager hereby (i) represents and warrants that the information found in this Disclosure Letter is true, correct, and complete in all material respects, and (ii) agrees that it shall provide the Treasurer with a written update of any material changes to any of the information in this Disclosure Letter within fourteen (14) days from the date the Investment Manager knew or should have known of the change of information.

Sincerely,

Citadel Advisors LLC

Name of Investment Manager

By:



Name: JOHN NAGEL

Title: Authorized Signatory

Date: January 26, 2011

[Disclosure Letter should be signed by an authorized representative of the Investment Manager]

Disclosure Letter reviewed and accepted by:

NORTH CAROLINA DEPARTMENT OF STATE TREASURER

By:

Name: _____

Title: _____

Date: _____

By:

Name: _____

Title: _____

Date: _____