Investment Policy
Endowment Funds

Approved and Adopted
Board of Regents
February 19, 2010

Texas State University System
I. POLICY AND OBJECTIVES

Endowment funds represent private funds including but not limited to gifts of property, stock, and real assets, donated to Texas State University System (“TSUS”) to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by the donors. It is the policy of TSUS to invest endowment funds in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Texas Property Code Chapter 163.

This Endowment Fund Investment Policy applies to all individual and quasi endowment funds held by TSUS and its components. Funds functioning as endowments (often referred to a quasi-endowments) are used to report resources that the governing board, rather than the donor, has determined are to be retained and managed like an endowment. Principal and income of these funds may be utilized at the discretion of the governing board. Resources that the governing board sets aside to function as an endowment may be unrestricted or restricted as to the purpose or time of expenditure by an agent outside the institution.

The endowment funds may be invested as authorized by this Endowment Policy and, for short periods, be placed in authorized TSUS depositories for the processing of receivables and disbursements.

The Endowment Fund Investment Policy of TSUS is designed to fulfill the following objectives:

- provide security of invested principal;
- provide for appreciation of principal;
- provide a continuing and dependable cash payout within market constraints;
- provide for planned liquidity for anticipated cash flow purposes;
- manage market risks;
- maximize overall total return within the established risk constraints; and
- provide for diversification of investment assets.

The long term objective of the endowment is to preserve the intergenerational equity of the endowment while providing an appropriate current spending policy. All endowment funds will be managed by the ‘prudent person standard’.
Endowment funds should be invested to provide funding for scholarships, fellowships, professorships, academic chairs, and other uses as specified by donors. Investment of University funds for endowments shall be accomplished in accordance with the following principles:

There are two primary investment objectives. One is to provide a continual and dependable cash payout, stable and preferably growing in real terms, after giving effect to inflation. The second is to cause the total value of the funds to appreciate, over time, exclusive of growth derived from donations.

The cash payout requirement for endowment funds shall be consistent and continuous. Income must be sufficient to provide an adequate cash stream to support the programs for which the endowments were created. In addition, the corpus of the endowment accounts should appreciate to insure preservation of purchasing power, and also to satisfy the need for future growth in payouts.

Endowment funds will be invested to meet these objectives, by maximizing total return consistent with an appropriate level of risk and subject to generation of adequate current income. Additionally, the investments shall be diversified to provide reasonable assurance that investment in a single security, a class of securities, or market sector will not have an excessive impact on the funds.

II. DELEGATION OF AUTHORITY AND RESPONSIBILITY

Investment Officers
Investment Officers, as designated by the Board, are responsible for all investment management decisions and activities of their respective endowment fund(s). The Vice Chancellor for Finance and Chief Business Officer, or designee, of each component are designated as Investment Officers by resolution of the TSUS Board of Regents (the “Board”). Additional Investment Officers may be designated by resolution of the Board. The Investment Officers retain the designation of Investment Officer until rescinded by the Board or upon termination of employment. Any personnel changes must be filed with the Board Office as they occur to obtain appropriate Board action.

The Investment Officers shall be responsible for all transactions undertaken and shall establish and maintain (a) written administrative procedures and guidelines in support of this Policy for their respective component, (b) distribution formulae/procedures for the funds, and (c) internal controls in support of this Policy. A copy of the current procedures shall be provided to the Vice Chancellor for Finance.

Each Investment Officer must attend ten hours of investment training within twelve months of assuming the position and attend ten hours within each succeeding two-year
period.

Every Investment Officer shall disclose any personal or business relationship with any business organization engaging in an investment transaction with TSUS and/or any component. An Investment Officer who is related within the second degree by affinity or consanguinity to an individual seeking to sell an investment to TSUS shall file a statement disclosing that relationship. The disclosure shall be filed with the component President and the Board. No Investment Officer of TSUS may accept anything of value in connection with investment transactions. All soft dollar transactions are strictly prohibited.

No Investment Officer may engage in an investment transaction except as provided under terms of this Policy.

Board of Regents
The TSUS Board retains ultimate responsibility for investments as fiduciaries of TSUS assets including endowment funds. The Board shall:

- designate Investment Officers by resolution,
- at least annually, review and adopt the TSUS Endowment Investment Policy,
- at least annually, review and adopt each TSUS component endowment investment strategies incorporated within the Policy as appendices,
- at least annually, review and adopt a list of qualified broker/dealers authorized to engage in investment transactions with TSUS,
- at least quarterly, receive and review investment reports prepared in accordance with this Policy, and
- approve and provide for training required by this Policy.

Investment Adviser
The Board or a component may contract with an investment consulting firm registered under the Investment Advisors Act of 1940 (15 U.S.C. Section 80b-1 et seq.) to provide for management of the endowment funds. The Adviser must certify to the receipt and review of the TSUS Investment Policy in accordance with this Policy and will act in accordance with this Policy and provide annual copies of their ADV Parts I and II to the system office and the component schools that it advises.

The Investment Adviser’s responsibilities are to the TSUS component school for which it advises:

- Assisting in the development and implementation of investment policies, objectives, and guidelines to submit to the Board of Regents for approval each November;
- Preparing of an asset allocation analysis and recommendation of an asset allocation strategy with respect to the Endowment’s objectives,
- Reviewing Investment Managers, including search, selection, and recommendation to the Investment Officer or Investment Committee,
- Preparing and presenting performance evaluation reports in accordance to established investment standards,
- Reviewing of contracts and fees for both current and proposed Investment Managers; and
- Communicating investment policies and objectives to managers, monitoring those strategies, and notifying the Investment Officer of any significant changes in portfolio managers, litigation, or violation of securities regulations.

Investment Custodians:

The Investment Custodians are responsible for the safekeeping of the Endowment’s assets. Their responsibilities are:

To provide timely and accurate reports detailing investment holdings, including:
- statement of all securities and other assets held.
- statement of all receipts, sales, redemptions, and principal payments,
- statement of all distributions, expenses paid, purchases, and
- statement of all income.

To establish and maintain separate accounts for each Investment Manager of the Endowment.

Providing all normal custodian functions including but not limited to: security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, and daily investment of available cash.

III. STANDARD OF CARE

The "prudent person standard" shall be the standard used in all investment functions and shall be applied in the context of individual transactions as well as management of the overall portfolio. Accordingly, all investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, emphasizing the probable safety of their capital as well as the expected income to be derived.

All investments shall be consistent with the Board’s approved Investment Policy. Investment Officers shall not be held personally liable for a specific security’s credit risk or market value change as long as actions were in accordance with the Investment Policy and procedures, unexpected deviations were reported to the President and Vice Chancellor for Finance in a timely manner, and all appropriate actions were taken to
control adverse developments.

IV. INTERNAL CONTROLS

The Investment Officer(s) of each component shall establish written procedures supporting this Policy and promoting internal control. These procedures shall be reviewed annually and a copy of the procedures sent to the Vice Chancellor for Finance on an annual basis.

The System and each component shall pursue an active portfolio management strategy for endowment funds. The Investment Officer and/or investment adviser will regularly monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions. Quarterly reviews of performance shall be made by the Investment Officers.

All components shall incorporate the following specific controls for non-investment manager traded assets, as further defined by this Policy, into their operating procedures.

- all securities will be settled delivery versus payment (DVP) into the component’s designated depository or custodian bank,
- all transactions will be made on a competitive basis,
- no securities will be in custody of or held for safekeeping by a broker/dealer,
- every transaction will be documented for accounting information, and security description,
- trade confirmations will be maintained as part of the audit trail,
- all transaction documentation will be completed within five business days of receipt,
- an investment ledger will be maintained for reconciliation with the general ledger, bank reports, and trade confirmations on a monthly basis, at a minimum,
- a monthly reconciliation of transactions and income will be made,
- a review of the portfolio will be made by all Investment Officers at least quarterly,
- designated levels of signatory approval will be set by the component all transactions will have dual control and/or oversight and separation of responsibilities,
- the funds will be audited at least annually including tests for internal controls and effectiveness.

All components shall incorporate the following specific controls for investment manager traded assets into their operating procedures.
- All securities must be maintained under a custodial agreement
- All managers must create monthly statements
- Commingled pools by nature are administered through a different venue but must be audited at least annually by a recognized auditing firm and audits provided to components.

V. INVESTMENT STRATEGIES AND OBJECTIVES:

The Endowment performance objective is to grow the market value of assets net of inflation, spending, and expenses, over a full market cycle (generally defined as a three to five year period) without undue exposure to risk. The Endowment is particularly risk-adverse to the probability of not meeting the total return goal. Liquidity must be considered and sufficient to meet the spending needs and expenses.

The total return goal can be achieved while assuming acceptable risk levels commensurate with “market volatility”. To achieve the total return goal, the endowment’s assets will be invested to generate appreciation and/or dividend and interest income.

Because the Portfolio is expected to endure into perpetuity, and because inflation is a key component in the performance objective, the long-term risk of not investing in growth securities outweighs the short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities. Fixed income securities will be used to lower the short-term volatility of the portfolio and to provide income stability, especially during periods of weak or negative equity markets. Cash is not a strategic asset of the portfolio, but it is a residual to the investment process and used to meet short-term liquidity needs. Other asset classes are included to provide diversification and incremental total return.

The cash payout requirement for endowment funds is significant and continuous.

The portfolio shall be diversified to diminish risks associated with particular securities, market sectors, or industries with an excessive impact on the funds.

The System and each component shall pursue an active portfolio management strategy for endowment funds. The Investment Officer and/or investment adviser will regularly monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions. Quarterly reviews of performance shall be made by the Investment Officers.
VI. AUTHORIZED INVESTMENTS

Investments made by TSUS and its components are restricted to the following for endowment funds. No change to the authorized list can be made until the Policy is reviewed, amended, and adopted by the TSUS Board.

Policy ratings and diversification requirements must be met at time of purchase. Changes in portfolio size or cash flow may alter these percentages during the life of the investment. If authorizations change on investments held or investments lose their minimum rating requirements, they are not required to be immediately liquidated. However, prudent measures including a review will be taken, consistent with the Investment Policy, to manage these investments and decide on final disposition.

The target asset allocation of the Endowment is expected to be diversified by asset class and style. The following list of authorized investments shall be used as part of the overall asset allocation. The fixed income portfolio is expected to have a duration of +/- 20% of the effective duration of the benchmark index.

Fixed Income:
A. Obligations of the US Government, its agencies and instrumentalities including mortgage backed securities, and excluding letters of credit. Only Collateralized Mortgage Obligations (CMOs) backed by pools of mortgages guaranteed by the full faith and credit of the U. S. Government or an agency thereof will be used.
B. Federally insured or collateralized certificates of deposit with banks doing business in Texas, under the terms of an executed collateral agreement, in accordance with FIRREA, collateralized in compliance with this Policy, to include the CDARS program through a Texas bank and not to exceed twenty-four (24) months to stated maturity.
C. Negotiable certificates of deposit issued by a bank within a holding company with a commercial paper rating of A1/P1 or equivalent by two nationally recognized credit rating agencies with a maximum maturity of twenty-four (24) months.
D. Commercial paper rated A1/P1 or equivalent by two nationally recognized rating agencies and with a stated final maturity not to exceed 90 days.
E. Taxable or non-taxable governmental and municipal (state and local) securities rated not less than BBB (see Appendix B for comparative ratings for the other rating agencies) or equivalent by two nationally recognized rating organizations. Split rated securities will be governed by
the lower rating.

F. No more than 20% of the portfolio may be invested in SEC Registered, US Dollar denominated, US Government backed securities issued by foreign governments (Brady Bonds). No investments are allowed in foreign currency denominated government bonds, any type of foreign corporate bonds (including both US Dollar denominated securities, referred to as Yankee Bonds, and foreign ordinary bonds) or any other foreign securities are not expressly allowed.

G. Domestic Investment Grade Corporate Bonds, shall maintain a minimum quality of all fixed income securities in one of the four highest classifications of a major rating service (AAA, AA, A, BBB). The fixed income portfolio may not have more than 25% in corporate bonds with no more than 10% of the corporate bond portfolio invested in a single issuer, and with not more than 5% invested in a single issue. The bonds shall be well diversified with no more than 25% of this corporate sector invested in any one economic section.

H. Fixed income funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f)).

I. SEC-registered money market mutual funds which have as an investment objective the maintenance of a stable net asset value (NAV) of $1 for each share.

J. No-load, SEC registered, short and intermediate, fixed income mutual funds rated as three stars or better by Morningstar and invested exclusively in obligations approved by this Policy.

K. No-load, SEC registered, equity mutual funds or rated as three stars or better by Morningstar.

L. Fully collateralized repurchase agreements with a defined termination date, secured by obligations of the United States or its agencies and instrumentalities, under the terms of a SIFMA Bond Market Master Repurchase Agreement, and placed through a primary government securities dealer.

Cash:

M. Cash management and ultra short fixed income funds sponsored by organizations exempt from federal income taxation under the Internal Revenue Code of 1986 as amended (26. U.S.C., Section 501(f)) basically
defined as the Commonfund.

N. Interest bearing accounts in banks doing business in Texas held for investment purposes and not exceeding the federal insurance of FDIC or its successor.

Equity:

O. Equity Securities: Permissible investments in equity securities are as follows:

   a. Common Stock of domestic corporations with a market capitalization of at least $250 million;
   b. No position in any one company to exceed 8% of the equity portfolio as measured at market values,
   c. No purchase shall cause a position in the portfolio to exceed 8% of the outstanding voting shares of the company or invest with the intent of controlling management,
   d. International equities shall be limited to no more than 25% of the portfolio (excluding ADRS).
   e. Include at a minimum 20 names per portfolio to provide adequate diversification
   f. Invest no more than 40% of the portfolio in any one economic sector, or 2.5x the relevant benchmark sector weight, whichever is less.
   g. Invest in only marketable securities,
   h. Maintain appropriate diversification with respect to currency and country exposure for international equities

P. Cash management and equity funds sponsored by organizations exempt from federal income taxation under Section 501(f), Internal Revenue Code of 1986 (26 U.S.C. Section 501(f)).

VII. PROHIBITED INVESTMENTS AND ACTIVITIES

The following are unauthorized transactions and securities. No change in this list shall be made without amendment and adoption of the amended Policy by the TSUS Board.

A. TSUS may not directly purchase or sell financial futures, options, interest rate swaps, or forward rate agreements.
B. TSUS may not directly engage in adjusted trading or short sales.
C. TSUS may not directly purchase any adjustable rate securities if tied to non-US interest rates or spread product,
D. TSUS may not purchase residual interests in CMOs/REMICs, mortgages serving rights, commercial mortgage backed securities, or small business related
securities (excluding Small Business Administration debentures).

E. MBS securities that may not be purchased which are structured as inverse MBS floaters, principal only MBS, or interest only MBS.

F. TSUS may not purchase 144A or other private placement securities not registered with the SEC

VIII. DIVERSIFICATION AND ASSET ALLOCATION

Policy asset allocation is the most single important decision. A significant proportion of a portfolio investment behavior can be attributed to the asset classes/styles and the weighting of each asset class/style.

The System recognizes that investment risks can result from issuer defaults, market price changes, or various technical complications leading to temporary illiquidity. This risk is controlled through portfolio diversification. Investment Officer(s) shall diversify the portfolio(s) by market sector and maturity to minimize market risks.

Diversification shall be considered within major market sectors so that various industries, maturities, markets, domestic and international factors are considered within the portfolio.

The following is an appropriate asset class allocation range. Each TSUS component shall define in the appendix along with the written procedures, a set of sub-allocation target ranges within the given asset class.

<table>
<thead>
<tr>
<th>ASSET CLASS</th>
<th>TARGET</th>
<th>ACCEPTABLE RANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity – Large</td>
<td>TBD</td>
<td>20 – 60%</td>
</tr>
<tr>
<td>International Equity</td>
<td>TBD</td>
<td>0-25%</td>
</tr>
<tr>
<td>TOTAL EQ</td>
<td>TBD</td>
<td>40 - 80%</td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>TBD</td>
<td>25 – 65%</td>
</tr>
<tr>
<td>Total Fixed Income</td>
<td>TBD</td>
<td>25 – 65%</td>
</tr>
<tr>
<td>Cash</td>
<td>TBD</td>
<td>0-20%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
Rebalancing - Since asset allocation is the most critical component of the Endowment’s returns, it is desirable to rebalance the Endowment’s targets holdings at least annually, more frequently if necessary. Rebalancing should be done in the event any individual asset class (equity or fixed income) falls outside the asset allocation range specified in the component policy. The appropriateness of this allocation will be reviewed annually.

IX. SAFEKEEPING

All securities, including collateral bought under a repurchase agreement, but excluding certificates of deposit, and mutual funds, shall be settled on a delivery versus payment (DVP) basis. All securities shall be held by the components’ depository bank or an independent third party custodian approved by the State of Texas. All securities will be held in designated street name or in the name of the TSUS component. No broker/dealer shall be used for safekeeping purposes.

The third party custodian of TSUS owned assets shall be required to issue an original, safekeeping trust receipt to the TSUS component describing the specific instrument, coupon, maturity, par, CUSIP, and other pertinent information. The safekeeping receipt shall clearly identify ownership by TSUS component.

Endowment funds are not public funds and therefore are not authorized for collateralization under the provisions of the FDIC. All funds in time and demand deposits shall be restricted to Texas approved financial institutions and will be limited such that it will not exceed the insurance of the FDIC or its successors. The System Depository Funds Policy does apply to these time and demand deposits excluding reference in that policy to collateralization.

Authorized Collateral for Repurchase Agreements
The following securities are the only authorized collateral for repurchase agreements:

A. Obligations of the United States, its agencies or instrumentalities, or other evidence of indebtedness of the United States guaranteed as to principal and interest including MBS which pass the bank (volatility) test and are eligible as collateral with the Federal Reserve..

XI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The System and each component shall pursue an active portfolio management strategy for endowment funds. The Investment Officer and/or investment adviser will regularly
monitor the contents of the portfolio, the available markets, and the relative value of competing instruments to adjust the portfolio in response to market conditions. Quarterly reviews of performance shall be made by the Investment Officers.

A. If the component school is not utilizing a business organization (includes investment pools and an investment management firm under contract with an entity to invest or manage the entity’s investment portfolio), the transaction requires competitive bidding by at least three Board authorized broker/dealers who have fulfilled all compliance requirements of the Board.

B. An "Authorized Broker/Dealer List" of financial institutions and broker/dealers authorized to do business with TSUS components shall be compiled and maintained by the System Office and made part of this Investment Policy as Addendum A. All investment Officers who invest directly will utilize the authorized list. At least annually, the Board shall review, revise and adopt a current qualified list of approved broker/dealers and banks with recommendations from Investment Officers based on performance and competitiveness of the firms.

The Board shall adopt the broker/dealer list with the Investment Policy but no transaction shall be undertaken until all documentation is received and reviewed by the System Office. System will provide the final list to all components.

C. Authorized broker/dealers will be required to meet compliance requirements and procedures established by TSUS to include the following:

- broker/dealers must complete a TSUS questionnaire supplying basic firm and broker contact and delivery information,
- brokers/dealers may be affiliated with a Texas bank, designated by the New York Federal Reserve Bank as "primary dealers" or qualify as regional dealers under the Securities and Exchange Commission's "Uniform Net Capital Rule"
- broker/dealers must be registered with FINRA (Financial Institutions Regulatory Authority)
- broker/dealers must be registered with the Texas Securities Commission
- broker/dealers must provide the written certification detailed below.

  a. Certification: A written copy of the Endowment Investment Policy shall be presented to any firm or person seeking to engage in an Endowment Investment transaction with TSUS or its components. This includes business organizations, brokers/dealers, and banks.

  b. The Qualified Representative of the business organization or the broker offering to engage in an investment transaction shall
certify in writing substantially to the effect that the registered principal or broker have:

1. received and reviewed the applicable Investment Policy of TSUS; and

2. acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between TSUS, and/or component, and the organization that are not authorized by the applicable TSUS Endowment Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolio or requires an interpretation of subjective portfolio standards.

TSUS or component Investment Officer may not acquire or otherwise obtain any investment from a person who has not delivered to TSUS this certification as confirmed by the System Office.

c. Banks providing certificates of deposit or demand deposits shall provide to TSUS their most recent audited annual financial statement as soon as legally available.

d. Institutions providing safekeeping services for the collateral (for repurchase agreements) or securities of TSUS shall provide financial statements annually and information on the institution shall be maintained as part of the compliance files by the System Office.

Nothing in this section relieves the investing entity of the responsibility for monitoring the investments made by the investing entity to determine that they are in compliance with the investment policy.

XI. INVESTMENT REPORTING AND MONITORING

A. The Investment Officer(s) of each component shall cause to be prepared and review monthly reports for the component in accordance with the reporting requirements of the Policy.

B. The Investment Officer(s) for each component shall cause to be prepared and review quarterly reports for the President of the component in accordance with the reporting requirements of the Policy. The report is to be submitted to the Chancellor and the President of each component within a reasonable time after the end of the period. This is generally by the end of the next month following the end of each quarter; however, the fourth quarter report is due upon issuance of the Annual Financial Report along with applicable GASB investment reports.
Quarterly reports are also to be submitted, on the same basis, to the TSUS Vice Chancellor for Finance for consolidation into a system-wide summary report to be submitted to the Board through the Finance and Audit Committee of the Board in the format determined by the Vice Chancellor, the General Appropriations Act, and requirements promulgated by other oversight agencies.

All quarterly reports must at a minimum:

1. be signed by the Investment Officer(s) of the component;
2. contain a summary statement, prepared in compliance with generally accepted accounting principles, of portfolio that states the:
   (a) beginning and ending market value for the reporting period;
   (b) summary change in market value (indicating volatility) during the period;
   (c) ending market value for the period;
   (d) state the weighted average yield and weighted average maturity of the fixed income portfolio; and
   (e) total earnings with fully accrued interest for the reporting period;
3. describe in detail each investment positions of the component on the report date;
4. state the book value and market value of each separately invested asset at the beginning and end of the reporting period categorized by the type of asset and fund invested;
5. state the maturity date of each separately invested asset that has a maturity date (liquid positions will carry next day end dates);
6. state the account, fund or portfolio for which the investment was acquired;
7. state the compliance of the investment portfolio to the investment strategy expressed in the Endowment Investment Policy.
8. state a rate of return comparison to the established benchmarks set by Policy

Market prices are to be obtained from an independent, published source such as the Wall Street Journal, a custodian bank, and/or through a contractual arrangement with a pricing service. MBS prices are not to be obtained from broker/dealers having sold TSUS any MBS being priced.

XII. BENCHMARKS

The performance will be measured against a customized blended index that most represents the TSUS component policy index. All performance returns shall be stated net of investment management fees.

Other applicable indexes matching the specific allocation of the funds (for example to
international mutual funds or equities) shall be detailed in the component’s procedures and included on all monthly and quarterly reporting as a benchmark for these investments.

XIII. AUDITS

Each endowment fund shall have a compliance audit of management controls on investments and adherence to statutory requirements and to the System’s Endowment Investment Policy at least once every two years. The audit shall be performed by the component’s internal auditor or by a private auditor and the results of the audit shall be reported to the Board not later than January 1 of each even-numbered year.

XIV. DEPOSITORY

Funds not invested in securities may be maintained in a separate account in the banking services depository of the component to accommodate collections and disbursements. Funds maintained in the depository may not exceed the insurance coverage of the FDIC, or its successor because endowment funds are not public funds and are not eligible for collateral coverage.

XV. INVESTMENT POLICY ADOPTION AND CERTIFICATION

The Endowment Investment Policy shall be reviewed and adopted on no less than an annual basis by the Board. Modifications made to the Policy must be detailed in the resolution amending and adopting the Policy.
The authorized broker/dealer list for TSUS is shown below. Each of these firms, and the individual covering the account, are sent the current Investment Policy. Before any broker/dealer transacts business with a TSUS component directly, it will have had to certify in writing to a review of the Policy and have certified that procedures are in place to assure compliance with that Policy. An effort is made to diversify brokerage coverage between primary and regional providers.

The Policy establishes specific criteria for the broker/dealers and requires that the list of broker/dealers be approved annually by the Board. A certification form used for this purpose is maintained by the System Office.

When any material changes are made to the Investment Policy the new Policy is sent out for recertification.

**Primary Dealers**
- Bank of America/Merrill Lynch
- Barclays Securities
- Cantor Fitzgerald
- Citigroup
- Chase Securities
- Goldman Sachs
- Mizuho Securities
- UBS Securities
- Wells Fargo Securities

**Regional Broker/Dealers and Bank Capital Market Firms**
- APS Financial Corporation
- Coastal Securities
- RBC
- Financial Northeastern Securities
- First Tennessee Capital Markets
- Institutional Capital Management
- Morgan Keegan
- Mutual Securities
- Stifel Nicolaus
Vining Sparks

Government Investment Pools
    Logic (Local Government Investment Cooperative)
    TexPool

Banks used for depository investment purposes will be certified by the Vice Chancellor in accordance with Policy.