

## **COMMISSION RECAPTURE POLICY**

Pursuant to 26 U.S.C. § 401, Neb. Rev. Stat. §23-2330.02, §24-713.02, §79-977.02, §81-2039, §84-1329.04, as recaptured commissions are generated from security transactions related to investing the assets in the defined benefit plans, the cash balance benefit, and the endowments (collectively, the "Plans"), the Nebraska Investment Council (the Council) recognizes them to be assets of the Plans in which the commissions were generated. Accordingly, the rebates earned from the recaptured commissions are to be used solely for the benefit of that Plan's participants. The Council's commission recapture program enables the Plans to recover a portion of their brokerage costs with participating brokers.

The amount of recaptured commissions is variable each year, depending on the investment managers' strategy and market conditions. As earned, the State Investment Officer will identify the rebated commissions for the purpose of identification of Plan ownership. The State Investment Officer will perform a sub-accounting process that identifies any balances for each of the entities generating recaptured commissions. On a monthly basis, all recaptured commissions will be remitted to the Plans producing these commissions.

Any existing balances held at the Custodian will be credited to participating Plans on a Last In First Out (LIFO) basis. Any such balances will be evaluated at the nearest quarter-end. Commission recapture activity will be reconciled on a quarterly basis. This reconciliation process will confirm the dollar amount directed by the Council's managers, the Council's share of the directed amount and total amount credited to each participating Plan.

On an annual basis, the State Investment Officer will report to the Council on the Council's commission recapture program. This report will contain the latest year's dollar amount directed, The Council's share of the directed amount and total amount credited to each participating Plan.

As of November 14, 2005  
Updated November 19, 2012