Ownership of Stock in For-Profit WSCUC Institutions Policy

BACKGROUND

Federal laws prohibit persons with so called “insider” information about a publicly traded for-profit company from trading in the stock of that company. These prohibitions are generally known as the SEC insider trading rules. The WASC Senior College and University Commission (WSCUC) has determined, on advice of legal counsel, that the insider trading rules, under certain circumstances, may have applicability to persons, associated with WSCUC, who gain access to confidential information about publicly traded for-profit educational institutions and their related systems. In addition, the ownership of stock in accredited institutions raises issues of potential conflict of interest. WSCUC adopts the following policy to deal with these issues. This Policy prohibits trading in the stock of for-profit WSCUC institutions during certain time periods, explained below, requires the disclosure of ownership in the stock of for-profit institutions, and under certain circumstances requires that individuals refrain from participation in decisions involving such institutions.

DEFINITIONS

For-Profit WSCUC Institution: A for-profit WSCUC institution is any for-profit educational institution that has applied for eligibility or accreditation before WSCUC, any institution that enjoys eligibility, candidate or accredited status with WSCUC, and any entity affiliated with such educational institution, such as a parent holding company, provided the securities of such educational institution or its affiliated entity are traded on a public stock exchange, such as the New York Stock Exchange.

Applicant for Eligibility or Accreditation: An institution becomes an applicant for eligibility or accreditation, at such time as the institution has made a complete and formal application for eligibility or accreditation and has paid the requisite fees.

Trading Freeze: The period of time in which trading (buying or selling) or the exercise of any options or puts in the stock of a for-profit WSCUC institution is prohibited. The Trading Freeze does not apply to ownership in a mutual fund which includes a for-profit WSCUC institution as one of its holdings.

THE POLICY

Trading Freeze

1. Commission members: Commission Members are subject to the trading freeze (prohibited from trading in the stock of for-profit WSCUC institutions) during the time period, beginning with their receipt, in a Commission or committee meeting agenda packet, of any materials concerning a for-profit WSCUC institution that is under consideration for a Commission or committee action until such time as the Commission’s or committee’s action on such for-profit WSCUC institution is made public. The agenda materials shall announce the existence of any applicable trading freeze and shall identify the institution(s) involved.

2. Review team and committee members: The trading freeze shall begin upon the receipt by review team and committee members of materials about a for-profit WSCUC institution and shall continue until such time as the Commission’s action on the institution is made public.
3. **WSCUC staff**: WSCUC staff members are prohibited from purchasing any stock in a for-profit WSCUC institution during their employment (mutual funds excluded) and from otherwise trading in such stock during any period in which they possess.

**Disclosures of Stock Ownership**

All Commission Members, review team and committee members shall execute conflict of interest statements which will include disclosure of any ownership interest in any for-profit WSCUC institution in which they have made an investment costing $25,000 or more, mutual fund ownership excluded. WSCUC staff shall disclose on an annual basis any investments in a for-profit WSCUC institution in which they have made an investment of any amount, mutual funds excluded.

**Participation when there is Stock Ownership**

1. **Commission members**: Commission members shall disclose and recuse themselves from participating in the discussion of and the voting on any for-profit WSCUC institution in which they own stock or have made an investment in a for-profit WSCUC institution of $25,000 or more (except mutual fund ownership).

2. **Review team and committee members**: Prospective review team and committee members shall disclose and then not participate on any review team or committee review of a for-profit WSCUC institution in which they have made an investment in a for-profit WSCUC institution of $25,000 or more (except mutual fund ownership).

3. **WSCUC staff**: A WSCUC staff member shall not be assigned to work with any institution in a liaison role when such staff member has an investment of any amount in a for-profit WSCUC institution (except mutual funds).

*Approved by the Commission, February 2011*