

Ownership of Stock in Publicly-Traded 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 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 applicant, eligible, candidate, or accredited institutions raises issues of potential conflict of interest. WSCUC therefore adopts the following policy to deal with these issues. Commissioners and peer reviewers are prohibited from trading in the stock of publicly-traded WSCUC institutions during certain time periods, explained below, are required to disclose ownership in the stock of publicly-traded institutions, and under certain circumstances must refrain from participation in decisions involving such institutions. In addition, this policy prohibits WSCUC staff members from owning any stock in a publicly-traded WSCUC institution during their employment (blind trusts and mutual funds are excluded).

Definitions

Publicly-Traded Institution: A publicly-traded institution is one whose shares can be bought and sold on the stock exchange, such as the New York Stock Exchange, and whose shareholders have claims to the institution’s profits. This policy applies to publicly-traded institutions that have applied for eligibility to become accredited, are in eligibility, candidate or accredited status with WSCUC, and any entity affiliated with publicly-traded educational institutions, such as a parent holding company.

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.

Blind Trust: A financial arrangement in which a person gives the administration of private business interests to an independent trust. Under the trust, the owner does not know how the assets are managed. Ownership of stocks in publicly-traded institutions held in blind trusts are excluded from this policy.

Mutual fund: An investment fund that is operated by professional money managers who allocate the fund's assets on behalf of investors in accordance with investment objectives that determine the structure of the fund’s portfolio. Actively-managed mutual funds, index funds and exchange traded funds (also known as ETFs) are types of mutual funds. Ownership of stocks in publicly-traded institutions held in mutual funds are excluded from this policy.

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 publicly-traded WSCUC institution is prohibited.

Policy

Disclosures of Stock Ownership

All Commissioners and peer reviewers will complete the [Standards of Conduct Confidentiality and Conflict of Interest Policy Disclosure Form](#), including disclosure of any ownership interest in any publicly-traded WSCUC institution and any parent holding company, mutual fund ownership excluded. Commissioners and peer reviewers must also comply with the [Conflict of Interest Policy](#).

Trading Freeze

Commissioners: Commissioners are subject to the trading freeze (prohibited from trading in the stock of publicly-traded WSCUC institutions) during the time period beginning with the receipt in a Commission or committee meeting agenda packet of any materials concerning a publicly-traded 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 WSCUC institution is made public. The agenda materials shall announce the existence of any applicable trading freeze and shall identify the institution(s) involved.

Peer reviewers: The trading freeze shall begin upon the receipt by peer reviewers (team and committee members) of materials about a publicly-traded WSCUC institution and shall continue until such time as the Commission's action on the institution is made public.

Participation When There is Stock Ownership

Commissioners: Commissioners shall disclose and recuse themselves from participating in the discussion of and the voting on any publicly-traded WSCUC institution in which they own stock or have made an investment (except blind trusts and mutual fund ownership).

Peer reviewers: Prospective review team and committee members shall disclose and then not participate on any review team or committee review of a publicly-traded WSCUC institution in which they own stock or have made an investment (except blind trusts and mutual fund ownership).

*Approved by the Commission, February 2011
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