



WORKERS' COMPENSATION FUNDING COMMISSION

Andy Beshear
Governor

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Lisa Gilreath-King
Executive Director

December 2, 2024

Hon. Mark Metcalf, State Treasurer
Office of Kentucky State Treasurer
1050 US Highway 127 South, Suite 100
Frankfort, Kentucky 40601
mark.metcalf@ky.gov

RE: KRS 41.476 Restricted Financial Institution Report of The
Kentucky Workers' Compensation Funding Commission

Dear Mr. Metcalf:

This report constitutes the Kentucky Workers' Compensation Funding Commission's (KWFC) compliance with KRS Chapter 41.474, et seq.

Beginning in 2023, KWFC owned direct or indirect holdings with four (4) of the eleven (11) companies your office identified as falling within the purview of KRS Chapter 41.470-41.476.

Those companies are:

1. Citigroup Inc.
2. HSBC PLC
3. JPMorgan Chase & Co.
4. Nordea Bank ABP

As previously reported, one of the restricted holdings KWFC maintained with HSBC PLC matured in 2023 for \$1,200,000. Those funds were reinvested, but were not reinvested with HSBC PLC or any other restricted company identified by the Treasurer.

A second HSBC PLLC holding matured in March of 2024 for \$1,000,000. This amount was not reinvested with HSBC PLLC. A compliance rule is established disallowing any further investments in HSBC PLLC and the other listed companies.

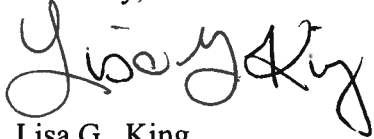
KWFC has previously reported that to the extent KRS 41.472(3) applies to its remaining investments, it should not be subject to the requirements of KRS 41.470-41.476, as it has been determined that divestment would cause a significant financial loss and would "be inconsistent with its fiduciary responsibility with respect to the investment

of entity assets or other duties imposed by law relating to the investment of entity assets.”
KRS 41.472(3).

Specifically, divestment of the remaining direct or indirect interests would result in a financial loss of \$1,596,392 and would, therefore, be inconsistent with KWCF’s fiduciary responsibility established under KRS 342.1223. When it is determined divestment of the remaining interests will no longer result in financial loss, KWCF will take the appropriate action under KRS 41.470 – 41.476.

Please advise if you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Lisa G. King". The signature is fluid and cursive, with the first name "Lisa" being the most prominent.

Lisa G. King
Executive Director

cc: Director Jay Hartz
Legislative Research Commission
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Hon. Russell Coleman
Attorney General
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