

SUBCHAPTER 43. COVERED CALL OPTIONS

17:16-43.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meaning, unless the context clearly indicates otherwise:

“Covered call options” shall mean call options, including index-base call options sold on common stocks held in the pertinent portfolio, except that index-based call options may be sold and subsequently repurchased if substantially all of the underlying securities contained in the index correspond to securities eligible for investment by, and are actually held in the portfolio of, an eligible fund.

Amended by R.2001 d.119, effective April 2, 2001.
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

In section name, deleted “; covered call options”.
Amended by R.2006 d.317, effective September 5, 2006.
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Section was “Definition”. Rewrote the section.

17:16-43.2 Permissible transactions

(a) Subject to the limitations contained in this subchapter, the Director may sell and repurchase covered call options on behalf of any eligible fund, provided that any covered call option purchased or sold shall be listed on a securities exchange in the United States or the over-the-counter market.

As amended, R.1982 d.193, eff. June 21, 1982.
See: 13 N.J.R. 750(b), 14 N.J.R. 663(d).
(b): Added “the Philadelphia ... Pacific Stock Exchange.”
(c) deleted.

Amended by R.2006 d.317, effective September 5, 2006.
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).
Rewrote the section.

17:16-43.3 Eligible funds

(a) For purposes of this subchapter, eligible funds shall include:

1. New Jersey Better Educational Savings Trust;
2. Supplemental Annuity Collective Trust;
3. New Jersey State Employees Deferred Compensation Equity Fund;
4. New Jersey State Employees Deferred Compensation Small Capitalization Equity Fund;
5. Common Pension Fund A; and
6. Common Pension Fund D.

As amended, R.1982 d.192, eff. June 4, 1982.
See: 13 N.J.R. 526(b), 14 N.J.R. 663(b).
(a)2 added.
Amended by R.1996 d.222, effective May 6, 1996.
See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

Added Deferred Compensation Plan-Equity Fund.
Amended by R.1998 d.30, effective January 5, 1998.
See: 29 N.J.R. 4410(a), 30 N.J.R. 106(b).
Added (a)4.
Amended by R.2006 d.317, effective September 5, 2006.
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Section was “Applicable funds”. Rewrote (a), (a)1, (a)3 and (a)4; and added (a)5 and (a)6.

17:16-43.4 (Reserved)

As amended, R.1982 d.193, eff. June 21, 1982.
See: 13 N.J.R. 750(b), 14 N.J.R. 663(d).
“10” percent was “5”.
Amended by R.1986 d.30, effective February 18, 1986.
See: 17 N.J.R. 2968(a), 18 N.J.R. 428(a).
Added text “, except in the ... P.L. 1985, c.308.”
Amended by R.1996 d.222, effective May 6, 1996.
See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).
Deleted exception for holdings subject to divestment under P.L. 1985, c.308.
Repealed by R.2006 d.317, effective September 5, 2006.
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).
Section was “Limitations”.

SUBCHAPTER 44. COMMON AND PREFERRED STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCK OF INTERNATIONAL CORPORATIONS AND INTERNATIONAL EXCHANGE-TRADED FUNDS

17:16-44.1 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

“Common stocks” shall mean shares of stock, other than preferred stocks, representing ownership in a corporation.

“Developed market country” shall mean a country, other than the United States, included in the Morgan Stanley Capital International (MSCI) Equity Index Series for developed markets or another similar index selected by the Director and approved by the Council.

“Exchange-traded funds” shall mean mutual funds that track a predetermined index and can be traded like shares of common stock.

“International corporation” shall mean a corporation deemed by the Director to be based in a country other than the United States. In determining where a corporation is based, the Director shall consider factors including, but not limited to, the corporation’s country of incorporation, its main equity trading market, its shareholder base, the geographical distribution of its operations, the location of its headquarters, and the country in which investors consider the corporation to be most appropriately classified.

“Preferred stocks” shall mean shares of stock which provide a specific dividend that is paid before any dividends are paid to holders of common stock and additional rights above and beyond those conferred by common stock.

New Rule, R.2006 d.317, effective September 5, 2006.
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).
Former N.J.A.C. 17:16-44.1, Permissible investments, recodified to N.J.A.C. 17:16-44.2.

17:16-44.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in:

1. Stock issued by a company deemed by the Director to be based in a developed market country and whose stock trades on a securities exchange or over-the-counter market. If the Director determines that a company that is not incorporated in a developed market county is based in a developed market country, he or she shall prepare a memorandum explaining such determination, and shall inform the Council of his or her determination at its next regularly scheduled meeting; and

2. International exchange-traded funds or closed-end global, regional or country funds that are traded on a securities exchange or over-the-counter market, and have a minimum market capitalization of \$US 100 million. For the purposes of this subchapter, exchange-traded funds or closed-end global, regional or country funds shall be considered as common stock in determining all applicable limitations contained within this subchapter. Subsequent to purchase, if capitalization falls below \$US 100 million, the investment does not have to be sold.

(b) Notwithstanding the restrictions contained in (a) above, the Council may approve the purchase of common and preferred stock and issues convertible into common stock of international corporations or international equity exchange-traded funds or closed-end global, regional or country funds on a case-by-case basis.

(c) Notwithstanding the restrictions in (a) above, the Director may:

1. Exercise the conversion privileges in the common stock of any security acquired under this subchapter;

2. Purchase the preferred stock, whether convertible or not, of a company, the stock of which qualifies for investment under this subchapter;

3. Purchase the convertible issue of a company, the common stock of which qualifies for investment under this subchapter;

4. Purchase stock in new public offerings of companies without prior approval of the Council provided, however, approval will be sought at the next regularly scheduled Council meeting in the event the security does not subsequently meet the requirements of this subchapter. If approval is not granted, the securities will be sold within three months of the Council's disapproval; and

5. Retain any distribution received as a result of a corporate action, even if the security does not meet the requirements of this subchapter.

Recodified by R.1991 d.274, effective June 3, 1991.

See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Citations corrected.

Amended by R.1996 d.222, effective May 6, 1996.

See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

Deleted requirements relating to regular dividends, long term debt, and current assets and liabilities.

Amended by R.2000 d.180, effective May 1, 2000.

See: 32 N.J.R. 744(b), 32 N.J.R. 1526(c).

Added (d)4.

Amended by R.2001 d.119, effective April 2, 2001.

See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

Administrative correction.

See: 33 N.J.R. 2280(a).

Amended by R.2003 d.20, effective January 6, 2003.

See: 34 N.J.R. 3071(a), 35 N.J.R. 230(b).

Rewrote (a).

Amended by R.2003 d.333, effective August 4, 2003.

See: 35 N.J.R. 1872(a), 35 N.J.R. 3607(a).

Added new (c); recodified former (c) and (d) as new (d) and (e); in new (d), inserted "or international equity exchange-traded funds from the "Approved List of International Equity Exchange-traded Funds" preceding "to be purchased".

Amended by R.2004 d.256, effective July 6, 2004.

See: 36 N.J.R. 1745(a), 36 N.J.R. 3272(a).

Rewrote the section.

Amended by R.2005 d.323, effective September 19, 2005.

See: 37 N.J.R. 2149(b), 37 N.J.R. 3720(b).

Rewrote (a).

Amended by R.2006 d.258, effective July 17, 2006.

See: 38 N.J.R. 1409(a), 38 N.J.R. 3064(a).

Rewrote the section.

Recodified from N.J.A.C. 17:16-44.1 and amended by R.2006 d.317, effective September 5, 2006.

See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Rewrote (a)1 and (a)2. Former N.J.A.C. 17:16-44.2, Eligible funds, recodified to N.J.A.C. 17:16-44.3.

Amended by R.2007 d.258, effective August 20, 2007.

See: 39 N.J.R. 1464(b), 39 N.J.R. 3548(d).

In (a)2, substituted "100 million" for "50 million" two times.

17:16-44.3 Eligible funds

(a) For purposes of this subchapter, eligible funds shall include:

1. Police and Firemen's Retirement System;
2. Public Employees' Retirement System;
3. State Police Retirement System;
4. Teachers' Pension and Annuity Fund;
5. Judicial Retirement System of New Jersey; and
6. Common Pension Fund D.

Recodified by R.1991 d.274, effective June 3, 1991.

See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Common Pension Fund D added.

Amended by R.2006 d.258, effective July 17, 2006.

See: 38 N.J.R. 1409(a), 38 N.J.R. 3064(a).

Section was "Applicable funds". In (a), rewrote introductory paragraph.

Recodified from N.J.A.C. 17:16-44.2 by R.2006 d.317, effective September 5, 2006.

See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Changes previously implemented at 38 N.J.R. 3064(a). Former N.J.A.C. 17:16-44.3, Limitations, recodified to N.J.A.C. 17:16-44.4.

17:16-44.4 Limitations

(a) At time of initial purchase, the following conditions shall be met: