

Eligible funds broadened; tax-exempt bond purchase specified; minimum quality standard and maximum level of purchases set. Amended by R.2001 d.119, effective April 2, 2001. See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

**17:16-18.3 Limitations**

Not more than two percent of the assets of any eligible fund described in N.J.A.C. 17:16-18.2 shall be invested in the obligations of any one public authority.

Amended by R.1982 d.192, effective June 4, 1982. See: 13 N.J.R. 526(b), 14 N.J.R. 663(b). Added "pension and annuity group". Recodified by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b). Definition of eligible funds broadened.

**17:16-18.4 Legal papers**

(a) Prior to any commitment to purchase obligations of the type described in this subchapter, the Director shall have received:

1. A written opinion from Moody's Investors Service to the effect that such obligations qualify as legal investments for savings banks of this State; and
2. A written opinion from the Attorney General that the purchase of such obligations is authorized by the provisions of Chapter 270, P.L. 1950, as amended and supplemented.

(b) Subsequent to the purchase, the Director shall obtain:

1. An unqualified approving opinion of recognized bond counsel to the effect that the obligations have been duly authorized and issued and are the legal, valid and binding obligations of the issuer;
2. Such other documents or opinions which the Attorney General may require; and
3. A written approving opinion from the Attorney General to the effect that all such documents and opinions received by the Director are satisfactory as to form and substance.

Amended by R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a).

**SUBCHAPTER 19. COLLATERALIZED NOTES AND MORTGAGES**

**17:16-19.1 Permissible investments**

(a) Subject to the limitations contained in this subchapter, the Director may invest or reinvest the moneys of any pension and annuity group in securities which are fully collateralized by high quality mortgage-backed securities; credit card receivables; bank loans; automobile loans; home equity loans; and other forms of collateral provided:

1. The obligor is not in default as to the payment of principal or interest upon any of its outstanding obligations;
2. The collateral:
  - i. Must be mortgage-backed securities, credit card receivables, automobile loans, home equity loans, bank loans or other forms of receivables originated in the United States;
  - ii. Must be fully maintained and not under the direct control of the originator of the collateral underlying the obligation, but under the control of a trustee, special purpose vehicle or other independent entity incorporated in the United States;
3. No amount in excess of one-third of any one issue may be purchased. For the purpose of this limitation, the issue size shall be considered as the principal amount issued pursuant to all classes of securities payable from the returns generated by the underlying collateral;
4. Not more than two percent of the assets of any one fund at the time of purchase shall be invested in the obligations of any one issue;
5. Not more than 10 percent of the assets of any one fund at the time of purchase shall consist of collateralized notes and mortgages purchased pursuant to this rule; and
6. The issue must be rated BBB or better by Standard & Poor's Corporation and Moody's Investors Service, Inc., excepting that one rating is sufficient if only one rating is available.

As amended, R.1982 d.191, eff. June 21, 1982. See: 13 N.J.R. 528(a), 14 N.J.R. 663(c). (a) "debt" added; (a)2i: deleted "be of ... regulations" and replaced with "consist outstanding". Amended by R.2001 d.119, effective April 2, 2001. See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a). In (a)4, substituted "of" for "or". Amended by R.2003 d.329, effective August 4, 2003. See: 35 N.J.R. 1869(a), 35 N.J.R. 3605(a). Rewrote the section.

**17:16-19.2 Legal papers**

(a) Prior to any commitment to purchase obligations of the type described in this subchapter, the Director shall have obtained:

1. A prospectus or offering circular describing the issue;
2. A certification signed by two members of the Division's staff and endorsed by the Director stating that each proviso enumerated under N.J.A.C. 17:16-19.1 had been checked by them and that in their opinion the security under consideration qualified as a satisfactory investment as outlined by N.J.A.C. 17:16-19.1; and
3. In the case of an issue not registered with the Securities and Exchange Commission, the Director shall

obtain, in addition to the above, such other documents or opinions which the Attorney General may require.

Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
Amended by R.2003 d.329, effective August 4, 2003.  
See: 35 N.J.R. 1869(a), 35 N.J.R. 3605(a).  
In (a)3, undesignated i and deleted ii.

## SUBCHAPTER 20. INTERNATIONAL GOVERNMENT AND AGENCY OBLIGATIONS

### 17:16-20.1 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any pension and annuity group fund except the Consolidated Police and Firemen's Pension Fund, in:

1. Direct obligations of sovereign governments;
2. Obligations of political subdivisions of an approved sovereign government;
3. Obligations of the sovereign's agencies which are unconditionally guaranteed as to principal and interest by the sovereign's full faith and credit;
4. Obligations of international agencies which are directly backed by the collective credit of regional countries; and
5. Obligations of agencies of the Canadian Government or Canadian Provinces which qualify under N.J.A.C. 17:16-16.

(b) The Director shall submit a list of international governments, their subdivisions and their agencies, and international agencies to the Council for its approval. Such list may be amended or enlarged from time to time by the Council and shall constitute the "Approved List of International Governments and Agencies."

(c) The Director shall only select issues of international government and agency obligations from the "Approved List" for purchase by the pension and annuity group, including Common Pension Fund D.

Amended by R.1991 d.386, effective August 5, 1991.  
See: 23 N.J.R. 1775(b), 23 N.J.R. 2344(a).  
In (a)2, added Common Pension Fund D.  
Amended by R.1992 d.274, effective July 6, 1992.  
See: 24 N.J.R. 1690(a), 24 N.J.R. 2464(a).  
Revised text.

### 17:16-20.2 Limitations

(a) Not more than one percent of the assets of any pension and annuity group fund shall be invested in any one issuer of international government and agency obligations, whether direct or guaranteed.

(b) All international government and agency obligations must be rated at least double-A by either Moody's Investors Service, Inc. or Standard & Poor's Corporation or have equivalent ratings.

(c) The total amount of debt issues purchased or acquired of any one issuer on the Approved List shall not exceed two percent of the outstanding debt of the issuer, and not more than 10 percent of any one issue may be purchased at the time of issue, except that these requirements may be waived by the State Investment Council.

Amended by R.1991 d.386, effective August 5, 1991.  
See: 23 N.J.R. 1775(b), 23 N.J.R. 2344(a).

Deleted prior (a); recodified (b)-(d) as (a)-(c). In (a), added "any one issuer of". In (b), changed rating from "Aaa/AAA" to "Aa/AA".  
Amended by R.1994 d.445, effective September 6, 1994.  
See: 26 N.J.R. 2751(a), 26 N.J.R. 3742(a).  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

### 17:16-20.3 Legal papers

(a) Prior to any commitment to purchase obligations of the type described in this subchapter, the Director shall have obtained a public prospectus or circular describing the issue.

(b) In the case of an issue which is privately placed, the Director shall obtain, in addition to the requirements of (a) above:

1. Such other documents or opinions which the Attorney General may require; and
2. A written approving opinion from the Attorney General to the effect that all such documents and opinions received by the Director are satisfactory as to form and substance.

Amended by R.1992 d.274, effective July 6, 1992.  
See: 24 N.J.R. 1690(a), 24 N.J.R. 2464(a).  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

### 17:16-20.4 (Reserved)

## SUBCHAPTER 21. U.S. TREASURY FUTURES CONTRACTS

### 17:16-21.1 Definition of U.S. Treasury Futures Contract

As used in this subchapter, a "U.S. Treasury Futures Contract" is a legal agreement between a buyer and a seller in which the seller agrees to deliver and the buyer agrees to take delivery of a specified quantity of treasury securities at a specified price (futures price) at a stated time in the future (delivery date). Prices are determined by competitive bids on the floor of the Chicago Board of Exchange. The terms of the contract are standardized and the Chicago Board of Exchange Clearinghouse takes the opposite side to each cleared transaction.