

CHAPTER 16

RULES OF THE STATE INVESTMENT COUNCIL

Authority

N.J.S.A. 52:18A-91.

Source and Effective Date

R.1996 d.222, effective April 15, 1996.
See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

Executive Order No. 66(1978) Expiration Date

Chapter 16, Rules of the State Investment Council, expires on April 15, 2001.

Chapter Historical Note

Chapter 16, Rules of the State Investment Council, was filed and became effective prior to September 1, 1969.

Subchapter 1, Definitions, was amended by R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a). Subchapter 1 was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 2, Amortization Procedures, was amended by R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a). Subchapter 2 was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 3 was originally adopted by the State Investment Council and was filed and became effective prior to September 1, 1969. Subchapter 3 was amended by R.1970 d.20A, effective March 3, 1970. See: 2 N.J.R. 19(b), 2 N.J.R. 44(f); R.1971 d.1, effective January 4, 1971. See: 2 N.J.R. 102(c), 3 N.J.R. 30(b); R.1972 d.50, effective March 8, 1972. See: 4 N.J.R. 31(a), 4 N.J.R. 79(b); R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a); R.1972 d.98, effective May 23, 1972. See: 4 N.J.R. 142(a); R.1973 d.22, effective January 16, 1973. See: 5 N.J.R. 60(a); R.1973 d.70, effective March 12, 1973. See: 5 N.J.R. 126(b); R.1973 d.158, effective June 19, 1973. See: 5 N.J.R. 247(c); R.1974 d.126, effective May 21, 1974. See: 6 N.J.R. 252(a); R.1974 d.192, effective July 16, 1974. See: 6 N.J.R. 328(c); R.1975 d.11, effective January 21, 1975. See: 7 N.J.R. 76(b); R.1975 d.278, effective September 19, 1975. See: 8 N.J.R. 51(a); R.1976 d.29, effective January 28, 1976. See: 8 N.J.R. 140(c); R.1976 d.115, effective April 19, 1976. See: 8 N.J.R. 262(d); R.1976 d.290, effective September 16, 1976. See: 8 N.J.R. 492(b); R.1977 d.13, effective January 21, 1977. See: 9 N.J.R. 100(d); R.1977 d.124, effective April 11, 1977. See: 9 N.J.R. 244(b); R.1978 d.94, effective March 14, 1978. See: 10 N.J.R. 175(a); R.1978 d.180, effective May 26, 1978. See: 10 N.J.R. 304(b); R.1978 d.316, effective September 13, 1978. See: 10 N.J.R. 456(b); R.1978 d.376, effective October 24, 1978. See: 10 N.J.R. 520(c); R.1979 d.19, effective January 17, 1979. See: 11 N.J.R. 105(e); R.1979 d.94, effective March 8, 1979. See: 11 N.J.R. 211(d); R.1979 d.204, effective May 18, 1979. See: 11 N.J.R. 358(b); R.1980 d.315, effective July 16, 1980. See: 12 N.J.R. 497(e); and R.1982 d.188, effective June 21, 1982. See: 13 N.J.R. 620(c), 14 N.J.R. 663(a). Subchapter 3 was repealed and a new Subchapter 3, Classification of Funds, was recodified from Subchapter 5 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 4, Investment Control, was amended by R.1971 d.159, effective September 8, 1971. See: 3 N.J.R. 161(b), 3 N.J.R. 211(b). Subchapter 4 was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 5, Classification of Funds, was adopted by R.1983 d. 233, effective June 1, 1983. See: 15 N.J.R. 531(a), 15 N.J.R. 1038(d). Subchapter 5, was recodified to Subchapter 3 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 6, United States Treasury and Government Agency Obligations, was recodified to Subchapter 11 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 7, Corporate Obligations, was recodified to Subchapter 12 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 8, Corporate Securities—Industrial Obligations, became effective prior to September 1, 1969. Subchapter 8 was amended by R.1971 d.78, effective June 1, 1971. See: 3 N.J.R. 91(a), 3 N.J.R. 118(b); R.1971 d.159, effective September 8, 1971. See: 3 N.J.R. 161(b), 3 N.J.R. 211(b); R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a); R.1974 d.321, effective November 20, 1974. See: 6 N.J.R. 495(b); R.1976 d.116, effective April 19, 1976. See: 8 N.J.R. 262(e); R.1976 d.156, effective May 20, 1976. See: 8 N.J.R. 314(c); and R.1976 d.402, effective December 14, 1976. See: 8 N.J.R. 46(b). Subchapter 8, Corporate Securities—Industrial Obligations, was repealed by R.1985 d.553, effective November 4, 1985. See: 17 N.J.R. 2093(b), 17 N.J.R. 2675(a).

Subchapter 9, Finance Companies—Senior Debt, was amended by R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a); R.1974 d.322, effective November 20, 1974. See: 6 N.J.R. 495(c); R.1976 d.153, effective May 19, 1976. See: 8 N.J.R. 313(b); and R.1977 d.393, effective October 20, 1977. See: 9 N.J.R. 544(d). Subchapter 9, Finance Companies—Senior Debt, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 10, Title 11 Federal Housing Administration Mortgages, was recodified to Subchapter 55 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 11, New Jersey State and Municipal General Obligations, was recodified to Subchapter 17 and Subchapter 11, United States Treasury and Government Agency Obligations, was recodified from Subchapter 6 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 12, Public Authority Revenue Obligations, was recodified to Subchapter 18 and Subchapter 12, Corporate Obligations, was recodified from Subchapter 7 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 13, Commercial Paper, was recodified to Subchapter 31 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 14, International Bank for Reconstruction and Development, was repealed and Subchapter 14, Finance Companies; Senior Debt, was adopted as new rules by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 15, Capehart Mortgages, was repealed and Subchapter 15, Bank Debentures, was adopted as new rules by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 16, United States Government Insured Merchant Marine Bonds, was repealed and Subchapter 16, Canadian Obligations, was recodified from Subchapter 23 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 17, Common and Preferred Stock and Issues Convertible into Common Stock, was recodified to Subchapter 41 and Subchapter 17, New Jersey State and Municipal Government Obligations, was recodified from Subchapter 11 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 18, Inter-American Development Bank, was repealed and Subchapter 18, Public Authority Revenue Obligations, was recodified from Subchapter 12 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 19, Title II Section 203B Federal Housing Administration Mortgages, was adopted pursuant to authority of N.J.S.A. 52:18A-89 and was filed and became effective March 14, 1975, as R.1975 d.67.

See: 7 N.J.R. 180(d). Subchapter 19 was amended by R.1970 d.34B, effective April 2, 1970. See: 2 N.J.R. 57(d); R.1970 d.137, effective November 13, 1970. See: 2 N.J.R. 86(e), 2 N.J.R. 102(d); and R.1972 d.182, effective September 18, 1972. See: 4 N.J.R. 249(b). Subchapter 19, Title II Section 203(B) Federal Housing Administration Mortgages, was repealed and Subchapter 19, Collateralized Notes and Mortgages, was recodified from Subchapter 40 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 20, Title III Section 501(B) Veterans Administrative Mortgages, was amended by R.1970 d.137, effective November 13, 1970. See: 2 N.J.R. 86(e), 2 N.J.R. 102(d); and R.1972 d.182, effective September 18, 1972. See: 4 N.J.R. 249(b). Subchapter 20, Title III Section 501(B) Veterans Administrative Mortgages, was repealed and Subchapter 20, International Government and Agency Obligations, was recodified from Subchapter 47 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 21, Bank Debentures, was adopted by R.1990 d.306. Subchapter 21, Bank Debentures, was repealed and Subchapter 21, U.S. Treasury Futures Contracts, was recodified from Subchapter 50 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 22, Common Stocks and Convertible Securities, was recodified to Subchapter 42 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 23, Canadian Obligations, was recodified to Subchapter 16 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 24, United States Government Obligations, was amended by R.1970 d.34A, effective April 2, 1970. See: 2 N.J.R. 57(e). Subchapter 24, United States Government Obligations, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 25, Three-party Agreements; United States Government, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 26, Three-party Agreements; Corporate, was amended by R.1972 d.182, effective September 18, 1972. See: 4 N.J.R. 249(b). Subchapter 26, Three-party Agreements; Corporate, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 27 was filed and became effective prior to September 1, 1969. Pursuant to Executive Order No. 66(1978), Subchapter 27 expired on October 31, 1984. A new Subchapter 27, Certificates of Deposit, was adopted as R.1985 d.201, effective August 5, 1985. See: 17 N.J.R. 60(b), 17 N.J.R. 1907(c). Subchapter 27, Certificates of Deposit, was recodified to Subchapter 32 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 28, Title II Federal Housing Administration—Insured Mortgages; Multifamily, was recodified to Subchapter 53 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 29, Title II Federal Housing Administration Insured Construction Mortgages; Multi-family, was adopted by the Chairman, State Investment Council, pursuant to authority delegated at N.J.S.A. 52:18A-89, and was filed and became effective May 21, 1970, as R.1970 d.57. See: 2 N.J.R. 51(c). Subchapter 29, Title II Federal Housing Administration Insured Construction Mortgages; Multifamily, was recodified to Subchapter 54 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 30, Minimum Legal Requirements, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 31, State of New Jersey Cash Management Fund, was filed and became effective February 1, 1971 as R.1971 d.17. See: 3 N.J.R. 14(a), 3 N.J.R. 52(b). Subchapter 31 was amended by R.1977 d.173, effective May 19, 1977. See: 9 N.J.R. 296(a); R.1977 d.478, effective December 16, 1977. See: 10 N.J.R. 45(c); R.1979 d.96, effective March 8, 1979. See: 11 N.J.R. 212(b); R.1979 d.437, effective October 31, 1979. See: 11 N.J.R. 651(a); R.1980 d.235, effective July 1, 1980. See: 12 N.J.R. 436(a); R.1982 d.191, effective June 21, 1982. See: 13 N.J.R. 528(a), 14 N.J.R. 663(c); R.1980 d.443, effective October 10, 1980. See: 12 N.J.R. 679(a); and R.1982 d.363, effective October 18, 1982. See: 14 N.J.R. 899(a), 14 N.J.R. 1166(a). Subchapter 31 was readopted as R.1984 d.262, effective July 2, 1984. See: 16 N.J.R. 1041(a), 16 N.J.R. 1807(c). Subchapter 31, State of New Jersey Cash Management Fund, was recodified to Subchapter 61 and Subchapter 31, Commercial Paper, was recodified from Subchapter 13 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 32 was adopted by R.1972 d.17, effective February 1, 1972. See: 3 N.J.R. 14(a), 3 N.J.R. 52(b). Pursuant to Executive Order No. 66(1978), Subchapter 32 expired on January 17, 1984. A new Subchapter 32, Common Pension Fund A, was adopted by R.1985 d.615, effective December 2, 1985. See: 17 N.J.R. 2386(b), 17 N.J.R. 2914(b). Subchapter 32, Common Pension Fund A, was recodified to Subchapter 62 and Subchapter 32, Certificates of Deposit, was recodified from Subchapter 27 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 33, Community College Capital Projects Funding, was adopted, pursuant to authority of N.J.S.A. 18A:3-21e, as a means for carrying out the provisions of Chapter 12, P.L. 1971 (N.J.S.A. 18A:64A-22.1 to 18A:64-22.8, inclusive), by R.1971 d.175A, effective October 1, 1971. See: 3 N.J.R. 183(d), 3 N.J.R. 235(a). Subchapter 33 was amended by R.1973 d.9, effective January 4, 1973. See: 4 N.J.R. 279(a), 5 N.J.R. 59(c). Subchapter 33, Community College Capital Projects Funding, was repealed and Subchapter 33, Repurchase Agreements, was recodified from Subchapter 37 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 34, Rule on Investment of Proceeds of Bonds for School Building Construction, was amended by R.1971 d.216, effective December 3, 1971. See: 3 N.J.R. 234(a), 4 N.J.R. 13(a). Subchapter 34, Rule on Investment of Proceeds of Bonds for School Building Construction, was repealed and Subchapter 34, Bankers Acceptance, was recodified from Subchapter 39 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 35, Loan Participation Notes, was recodified from Subchapter 41 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 36, Common Pension Fund B, was amended by R.1972 d.75, effective April 19, 1972. See: 4 N.J.R. 109(a). Subchapter 36, Common Pension Fund B, was recodified to Subchapter 63 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b). Subchapter 36, Guaranteed Income Contracts, became effective August 5, 1991, as R.1991 d.387. See: 23 N.J.R. 1776(a), 23 N.J.R. 2344(b).

Subchapter 37, Repurchase Agreements, was filed and became effective February 14, 1974 as R.1974 d.36. See: 6 N.J.R. 125(a). Subchapter 37 was amended by R.1974 d.264, effective September 24, 1974. See: 6 N.J.R. 416(a); and R.1983 d.282, effective July 18, 1983. See: 15 N.J.R. 795(a), 15 N.J.R. 1182(c). Subchapter 27 was readopted as R.1984 d.261, filed June 13, 1984. See: 16 N.J.R. 1042(a), 16 N.J.R. 1808(a). Subchapter 37, Repurchase Agreements, was recodified to Subchapter 33 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 38, became effective September 24, 1974 as R.1974 d.266. See: 18 N.J.R. 416(c). Pursuant to Executive Order No. 66(1978), Subchapter 38 expired on January 17, 1984 and a new Subchapter 38 was adopted by R.1978 d.615, effective December 2, 1985. See: 17 N.J.R. 2386(b), 17 N.J.R. 2914(b). Subchapter 38 was repealed and a new Subchapter 38, Common Pension Fund C, was adopted by R.1987 d.107, effective February 17, 1987. See: 18 N.J.R. 2438(a), 19 N.J.R. 380(b). Subchapter 38, Common Pension Fund C, was repealed by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

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Subchapter 39, Bankers Acceptance, was adopted pursuant to authority delegated at N.J.S.A. 52:18A-89 and was filed and became effective September 24, 1974, as R.1974 d.263. See: 6 N.J.R. 415(b). Subchapter 39 was readopted as R.1983 d.283, effective July 18, 1983. Subchapter 39, Bankers Acceptance, was recodified to Subchapter 34 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 40, Collateralized Notes and Mortgages, was recodified to Subchapter 19 by R.1991 d.274, effective June 3, 1991. See: 3 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 41, Loan Participation Notes, became effective October 3, 1988 as R.1988 d.466. See: 20 N.J.R. 1779(b), 20 N.J.R. 2467(c). Subchapter 41, Loan Participation Notes, was recodified to Subchapter 35 and Subchapter 41, Common and Preferred Stock and Issues Convertible into Common Stock, was recodified from Subchapter 17 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 42, Covered Call Options, was filed and became effective August 9, 1979 as R.1979 d.307. See: 11 N.J.R. 475(c). Subchapter 42 was amended by R.1982 d.192, effective June 4, 1982. See: 13 N.J.R. 526(b), 14 N.J.R. 663(b); and R.1982 d.193, effective June 21, 1982. See: 13 N.J.R. 750(b), 14 N.J.R. 663(b). Subchapter 42 was readopted as R.1984 d.383, filed August 13, 1984. See: 16 N.J.R. 1708(a), 16 N.J.R. 2378(b). Subchapter 42, Covered Call Options, was recodified from Subchapter 43 and Subchapter 42, Common Stocks and Convertible Securities, was recodified from Subchapter 22 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b). Subchapter 42 was amended to "Common Stocks and Convertible Securities (Trust Fund)" by R.1996 d.222, effective May 6, 1996. See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

Subchapter 43, Mortgage Backed Securities, was filed and became effective August 9, 1979 as R.1979 d.307. See: 11 N.J.R. 475(d). Subchapter 43 was amended by R.1982 d.396, effective November 1, 1982. See: 14 N.J.R. 652(a), 14 N.J.R. 1221(a). Pursuant to Executive Order No. 66(1978), Subchapter 43 was readopted by R.1984 d.384, filed August 13, 1984. See: 16 N.J.R. 1709(a), 16 N.J.R. 2379(a). Subchapter 43, Mortgage Backed Securities, was repealed and a new Subchapter 43, Mortgage-Backed Securities; Private Pass-Through, was adopted by R.1990 d.305, effective June 18, 1990. See: 22 N.J.R. 1043(a), 22 N.J.R. 1945(a). Subchapter 43, Mortgage-Backed Securities; Private Pass-Through, was recodified to Subchapter 58 and Subchapter 43, Covered Call Options, was recodified from Subchapter 42 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 44, Deferred Compensation Plan, became effective January 2, 1990 as R.1990 d.7. See: 21 N.J.R. 3262(a), 22 N.J.R. 60(b). Subchapter 44, Deferred Compensation Plan, was recodified to Subchapter 65 and Subchapter 44, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations, was recodified from Subchapter 48 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 45, Real Estate Equity, became effective June 18, 1990 as R.1990 d.307. See: 22 N.J.R. 1044(b), 22 N.J.R. 1945(c). Subchapter 45, Real Estate Equity, was recodified to Subchapter 71 and Subchapter 45, Covered Put Options, was recodified from Subchapter 52 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 46, Common Pension Fund D, was adopted by R.1990 d.7, effective January 2, 1990. See: 21 N.J.R. 3262(a), 21 N.J.R. 3438(a), 22 N.J.R. 60(b). Subchapter 46, Common Pension Fund D, was recodified to Subchapter 67 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 47, International Government and Agency Obligations, was adopted by R.1990 d.7, effective January 2, 1990. See: 21 N.J.R. 3262(a), 22 N.J.R. 60(b). Subchapter 47, International Government and Agency Obligations, was recodified to Subchapter 20 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 48, Common and Preferred Stock and Issues Convertible into Common Stock of International Corporations, was recodified to

Subchapter 44 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 49, Purchase and Sale of International Currency, was adopted by R.1990 d.7, effective January 2, 1990. See: 21 N.J.R. 3262(a), 22 N.J.R. 60(b). Subchapter 49, Purchase and Sale of International Currency, was recodified to Subchapter 81 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 50, U.S. Treasury Futures Contracts, was recodified to Subchapter 21 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 52, Covered Put Options, was recodified to Subchapter 45 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 53, Title II Federal Housing Administration—Insured Mortgages; Multi-family, was recodified from Subchapter 28 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 54, Title II Federal Housing Administration Insured Construction Mortgages; Multifamily, was recodified from Subchapter 29 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 55, Title II Federal Housing Administration Mortgages, was recodified from Subchapter 10 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 58, Mortgage-Backed Securities; Private Pass-Through, was recodified from Subchapter 43 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 61, State of New Jersey Cash Management Fund, was recodified from Subchapter 31 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 62, Common Pension Fund A, was recodified from Subchapter 32 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 63, Common Pension Fund B, was recodified from Subchapter 36 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 65, Deferred Compensation Plan, was recodified from Subchapter 44 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 67, Common Pension Fund D, was recodified from Subchapter 46 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 71, Real Estate Equity, was recodified from Subchapter 45 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 81, Purchase and Sale of International Currency, was recodified from Subchapter 49 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Pursuant to Executive Order No. 66(1978), Chapter 16 was readopted as R.1985 d.201, effective August 5, 1985. See: 17 N.J.R. 60(b), 17 N.J.R. 1907(c).

The expiration date of Chapter 16, Rules of the State Investment Council, was extended by gubernatorial directive from December 2, 1990 to May 2, 1991. See: 23 N.J.R. 26(a).

Pursuant to Executive Order No. 66(1978), Chapter 16 was readopted as R.1991 d.274, effective May 2, 1991. See: Source and Effective Date. See, also, section annotations.

Pursuant to Executive Order No. 66(1978), Chapter 16 was readopted as R.1996 d.222, effective April 15, 1996. See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

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SUBCHAPTER 3. CLASSIFICATION OF FUNDS

17:16-3.1 General provisions

(a) Funds having similar investment characteristics and objectives under their respective enabling acts shall be grouped together in any of the following classifications:

1. Pension and Annuity Group;
2. Static Group;
3. Demand Group;
4. Temporary Reserve Group; and
5. Trust Group.

As amended, R.1982 d.397, effective November 1, 1982.

See: 14 N.J.R. 329(a), 14 N.J.R. 1220(d).

List of classification groups added.

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

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

Stylistic changes.

17:16-3.2 Approved list

A "list of funds under the supervision of the Council" shall be maintained by the Director.

Amended by R.1982 d.397, effective November 1, 1982.

See: 14 N.J.R. 329(b), 14 N.J.R. 1220(d).

Pension and annuity groups changed to an approved list.

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

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

Reference to Council approval deleted.

17:16-3.3 through 17:16-3.6 (Reserved)

SUBCHAPTERS 4 THROUGH 10. (RESERVED)

SUBCHAPTER 11. UNITED STATES TREASURY AND GOVERNMENT AGENCY OBLIGATIONS

17:16-11.1 United States Treasury and Government Agency Obligations

(a) Notwithstanding the provisions of any law pertaining to legal investments, the Director shall not make any commitment to purchase securities for any fund unless such securities are of the class of securities in which such fund may be invested pursuant to these regulations; except that the Director may purchase for any pension and annuity, static, trust, demand or temporary reserve fund without regard to any limitation:

1. United States Treasury obligation;
2. United States Government Agency Obligations from a list approved by the State Investment Council; and
3. Treasury receipts, certificates of accrual, collateralized mortgage obligations or similar securities which evidence ownership of interest and/or principal of securities eligible under 1. and 2. above, provided that the Director and a member of his staff certify that the security being considered for purchase is qualitatively substantially identical to the Government securities which secure or otherwise support it.

As amended, R.1972 d.75, eff. April 19, 1972.

See: 4 N.J.R. 109(a).

As amended, R.1974 d.323, eff. November 20, 1974.

See: 6 N.J.R. 496(a).

As amended, R.1975 d.97, eff. April 8, 1975.

See: 7 N.J.R. 241(a).

Amended by R.1985 d.552, effective November 4, 1985.

See: 17 N.J.R. 2093(a), 17 N.J.R. 2674(b).

Amended (a): added (a)1.-(a)3.

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

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

Title changed.

SUBCHAPTER 12. CORPORATE OBLIGATIONS

17:16-12.1 Permissible investments

The director may invest and reinvest the moneys of any fund in corporate obligations which meet the standards set forth in N.J.A.C. 17:16-12.2 below.

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.

17:16-44.3 Limitations

(a) Not more than one percent of the market value of any pension fund shall be invested in the common and preferred stock of any one corporation. This one percent limitation shall not apply to Common Pension Fund D included in the list of applicable funds in N.J.A.C. 17:16-44.2.

(b) The total amount of stock purchased or acquired of any one corporation shall not exceed five percent of the common stock, or of any other class of stock which entitles the holder thereof to vote at all elections of directors, of such corporation.

(c) The market value of international common and preferred stock and issues convertible into common stock that can be held by a pension fund directly or through Common Pension Fund D, when combined with the market value of common and preferred domestic stock, and issues convertible into such common stocks, permitted under N.J.A.C. 17:16-41, cannot exceed 70 percent of the market value of a pension fund, with the exception of Common Pension Funds A and D, subject to such further provisos as are contained in N.J.A.C. 17:16-41.

(d) The market value of international preferred and common stocks and issues convertible into common stocks, when combined with the market value of international government and agency obligations permitted under N.J.A.C. 17:16-20, cannot exceed 20 percent of the market value of a pension fund, subject to such further provisos as are contained in N.J.A.C. 17:16-67.

Amended by R.1991 d.389, effective August 5, 1991.
 See: 23 N.J.R. 1777(a), 23 N.J.R. 2345(a).
 Deleted prior (a); recodified (b) to (c) as (a) to (b); added (c) and (d).
 Amended by R.1995 d.484, effective September 5, 1995.
 See: 27 N.J.R. 2544(a), 27 N.J.R. 3378(c).
 Amended by R.1996 d.222, effective May 6, 1996.
 See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).
 In (a) substituted market value for book value.
 Amended by R.2000 d.251, effective June 19, 2000.
 See: 32 N.J.R. 1325(a), 32 N.J.R. 2258(a).
 In (a), added a second sentence; and in (c), substituted a reference to 70 percent for a reference to 60 percent, and inserted "with the exception of Common Pension Funds A and D," following "fund,".

SUBCHAPTER 45. COVERED PUT OPTIONS

17:16-45.1 Definition of covered put options

As used in this subchapter, "covered put options" means puts for common stocks held in the pertinent portfolio.

17:16-45.2 Permissible transactions

(a) Puts may be purchased only for stocks held in the pertinent portfolio.

(b) Any put purchased or sold shall be listed on the Chicago Board Option Exchange, the American Stock Exchange, the Philadelphia Stock Exchange or the Pacific Stock Exchange.

17:16-45.3 Applicable funds

(a) The following funds are applicable for the purchase of puts:

1. Common Pension Fund A;
2. Supplemental Annuity Collective Trust;
3. Deferred Compensation Plan—Equity Fund; and
4. Deferred Compensation Plan—Small Capitalization Equity Fund.

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.31, effective January 5, 1998.
 See: 29 N.J.R. 4410(b), 30 N.J.R. 106(c).
 Added (a)4.

17:16-45.4 Limitations

Purchases of covered put options shall not exceed 10 percent of any one common stock holding.

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.

SUBCHAPTERS 46 THROUGH 52. (RESERVED)

SUBCHAPTER 53. TITLE II FEDERAL HOUSING ADMINISTRATION INSURED MORTGAGES—MULTI-FAMILY

17:16-53.1 Definition

As used in this subchapter, "Federal Housing Administration insured multi-family mortgage" (hereinafter referred to as "mortgage") shall mean a mortgage on a multi-family dwelling insured or to be insured by the Federal Housing Administration as authorized under Title II of the National Housing Act and more specifically described under the following sections:

Apartment	House	Rental Units
207		221D3
220		221D4

17:16-53.2 General provision

Subject to the limitations contained in this Subchapter, the Director may invest and reinvest the moneys in any pension and annuity group fund in Title II Federal Housing Administration Insured Mortgages—Multi-Family.

17:16-53.3 Limitations

(a) Any investment in any mortgage shall be not less than \$1,000,000.00 nor more than \$10,000,000.00.

(b) The book value of mortgages purchased under this subchapter shall not exceed 20 percent of the assets of any pension and annuity fund at any one time.

(c) The Director shall approve the servicing for the mortgage.

(d) Prior to the purchase of any mortgage, the Director may designate a qualified consultant to inspect the property and general area and render a report of the feasibility of the purchase including his opinion of value. His fee shall be paid by the borrower or the sponsoring financial organization.

(e) No mortgage application for a mortgage on real property located within the State of New Jersey shall be considered except upon the recommendation of:

1. A New Jersey corporation presently servicing mortgages worth over \$50,000,000; or
2. A bank chartered by the Federal government and whose principal office is located in New Jersey and is presently servicing mortgages worth over \$50,000,000; or
3. The Real Estate Department of a bank or brokerage firm with capital stock, surplus and undivided profits totaling at least \$50,000,000, engaged in the purchase of FHA insured multi-family housing mortgages.

(f) Said New Jersey corporation or bank shall take the following factors into consideration in making its recommendations:

1. The net worth of the borrower;
2. The adequacy of the Federal Housing Administration escrow arrangements;
3. The salability of the property;
4. The income productivity of the property at the levels designated in the Federal Housing Administration documentation;
5. Any feasibility report of the consultant designated by the Director.

(g) No mortgage shall be recommended for purchase to the pension funds unless the Research Group within the Division of Investment shall have certified that the purchase is a legal investment and that the terms and yield on the security purchased are fair and equitable when compared with other securities available in the marketplace.

(h) No mortgage shall be purchased in a state which gives the borrower a redemption period.

As amended, R.1970 d.57, eff. May 21, 1970.

See: 2 N.J.R. 51(c).

As amended, R.1970 d.137, eff. November 13, 1970.

See: 2 N.J.R. 86(e), 2 N.J.R. 102(d).

As amended, R.1972 d.182, eff. September 18, 1972.

See: 4 N.J.R. 249(b).

As amended, R.1982 d.192, eff. June 4, 1982.

See: 13 N.J.R. 526(b), 14 N.J.R. 663(b).

Sections substantially amended.

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.

17:16-53.4 Legal papers

(a) Prior to issuance of a commitment to purchase, the Director shall have obtained and approved:

1. Advance commitment.
 - i. A current credit report on the borrower;
 - ii. Plans and specifications of proposed construction and a survey of the property;
 - iii. A copy of FHA commitment;
 - iv. A copy of FHA mortgagee's application for insurance, completed in its entirety;
 - v. All other pertinent FHA documents and approvals including, but not limited to, project analysis, estimated cost of construction and personal financial and credit statements.
2. Immediate purchase commitment:
 - i. Photographs of the property;
 - ii. Credit report on mortgagor;
 - iii. Mortgagor's most recent financial statement;
 - iv. Current operating statement and occupancy report;
 - v. Copy of the application for FHA commitment, the FHA commitment for insurance and project analysis.

(b) Subsequent to the time of closing, the Director shall obtain:

1. Such documents as the Attorney General shall determine were required to effect the investment;

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;

3. A servicing agreement in such form as the Attorney General may direct, entered into with the agent approved by the Director.

As amended, R.1970 d.57, eff. May 21, 1970.

See: 2 N.J.R. 51(c).

As amended, R.1972 d.182, eff. September 18, 1972.

See: 4 N.J.R. 249(b).

As amended, R.1982 d.192, eff. June 4, 1982.

See: 13 N.J.R. 526(b), 14 N.J.R. 663(b).

(a)1 added. Renumbered 1-5 as i-v;

(a)6 now (a)2 with "such" and "data as" deleted.

(b)3 "bank ... mortgage" deleted and "agent approved by the Director" added.

(hereinafter referred to as a "construction mortgage") shall mean a mortgage on a multi-family dwelling insured or to be insured by the Federal Housing Administration as authorized under Title II of the National Housing Act and more specifically described under the following sections:

- | | |
|-----------|-----------|
| 1. 207; | 4. 221D4; |
| 2. 220; | 5. 236. |
| 3. 221D3; | |

As amended, R.1975 d.364, eff. December 11, 1975.

See: 7 N.J.R. 51(c).

17:16-54.2 General provision

Subject to the limitations contained in this Subchapter, the Director may invest and reinvest the moneys in any pension and annuity group fund in Title II Federal Housing Administration Insured Construction Mortgages—Multi-Family.

17:16-54.3 Limitations

(a) Any investment in any construction mortgage shall be not less than \$1,000,000 nor more than \$10,000,000.

(b) The book value of construction mortgages and those purchased under N.J.A.C. 17:16-53 and 54 shall not exceed 20 percent of the assets of any pension and annuity fund at any one time.

SUBCHAPTER 54. TITLE II FEDERAL HOUSING ADMINISTRATION INSURED CONSTRUCTION MORTGAGES—MULTI-FAMILY

17:16-54.1 Definitions

(a) As used in this subchapter, a "Federal Housing Administration insured multi-family construction mortgage"

17:16-65.7 Valuation

The net asset value of each fund on the last day of each month shall be determined by dividing the total value of the fund's securities and other assets, less any administrative expenses or other liabilities, by the total outstanding units of participation in the fund. Securities' prices will be determined by a pricing service or a method which has been approved by the State Investment Council. Accrual and amortization procedures will be calculated by procedures and formulas approved by the State Investment Council. The method of pricing each fund monthly will be in accordance with contractual obligations of the custodian bank, subject to the approval of the State Investment Council. The method of calculation of units of participation will be in accordance with an agreement between the State of New

Jersey and the Plan Administrator. Initial unit values will be \$1.00.

17:16-65.8 Guidelines for valuation of securities

(a) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as security and the cost thereof recorded as an account payable.

(b) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sales price.

(c) For the purposes of valuation of an investment, with the exception of investments sold but not delivered, it shall not be necessary to deduct from the value ascertained by this rule, brokers' commission or other expenses which would be incurred on a sale thereof.

(d) In the case of a stock where a dividend has been declared and not as yet paid and the amount of such dividend has been included as income, such amount shall be deducted from the value of the stock, unless such value is based on an ex-dividend valuation.

17:16-65.9 Reinvestment of income earned

The aggregate of monthly income per participating unit on total units attributed to each participant will be reinvested automatically in additional units of participation. New units will be credited to the respective accounts of all of the participants in proportion to their holdings of participating units immediately prior to the determination of the monthly net income available for distribution. In the reinvestment of aggregate monthly income as described above, fractional units may be issued representing fractions of one dollar.

17:16-65.10 Admission and withdrawal of units of participation

Admission to or withdrawal from the common funds shall be permitted as of the first business day of each month, subject to the procedures of the Administrator of the Plan. All admissions and withdrawals will be made in cash.

17:16-65.11 Errors and omissions

(a) In the event of errors or omissions in the calculation of accruals of income, amortization or pricing of securities, the custodian bank shall correct such errors or omissions as is set forth in the custody agreement.

(b) In the event of errors or omissions in the calculation of unit values or participants' accounts the Administrator of the Plan shall correct such errors or omissions in accordance with its contract with the State of New Jersey.

17:16-65.12 Amendments

This rule may be amended from time to time by regulation of the State Investment Council. Any amendment adopted by such Council shall be binding upon all participants and beneficiaries thereof.

17:16-65.13 Liquidation

The Director, Division of Investment, upon direction of the New Jersey State Employees Deferred Compensation Board and with the approval of the State Investment Council, shall liquidate the aforementioned common funds.

SUBCHAPTER 66. (RESERVED)

SUBCHAPTER 67. COMMON PENSION FUND D

17:16-67.1 Definition

(a) Pursuant to P.L. 1970, Chapter 270, there is hereby created in the Division of Investment, Department of the

Treasury, a common trust fund, to be known as Common Pension Fund D. The following participating funds may invest in said Common Pension Fund D:

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

17:16-67.2 Permissible investments

The Common Pension Fund D shall be a fund created for the purpose of investing in international debt securities, international corporate common stocks or securities convertible into such stock, currencies and currency futures and options which are approved for investment under N.J.A.C. 17:16-20, 44 and 81, and in the State of New Jersey Cash Management Fund. Said Common Fund shall be composed of units of ownership of unlimited quantity. All units of ownership shall be represented by a certificate prepared by and issued by the Director of the Division of Investment. Each such certificate may represent one or more units of ownership. All units of ownership shall be purchased by cash payments or in kind. All units shall be purchased by the participating fund for the principal valuation price determined by these rules. At the outset of said Common Fund, all initial purchases shall be made for a principal valuation price of \$1,000 per unit.

Recodified by R.1991 d.274, effective June 3, 1991.
See: 23 N.J.R. 983(a), N.J.R. 1800(b).
Citations corrected.

17:16-67.3 Certificates of ownership

(a) All certificates of ownership of units shall contain the following information:

1. The number of units purchased;
2. The purchaser;
3. The aggregate principal valuation price for the number of units purchased;
4. The date of purchase;
5. The serial number of the certificate; and
6. The principal valuation price per unit purchased.

17:16-67.4 Units of participation

Each unit of participation shall represent an equal beneficial interest in the fund and no unit shall have priority or preference over any other.

17:16-67.5 Valuation

Upon each valuation date, as defined in N.J.A.C. 17:16-67.6 there shall be a valuation for every investment in the Common Fund in the method provided for in this subchapter. The valuation shall be for the principal value

per outstanding unit and the income value per outstanding unit.

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.

17:16-67.6 Date of valuation

The valuation shall be determined at the opening of business of the first business day of each quarter, and shall be based on market prices and accruals as of the close of the previous day, in every case converted into United States dollars as provided in N.J.A.C. 17:16-67.7.

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.

17:16-67.7 Method of valuation

(a) The Director of the Division of Investment shall use the following method of valuation of investments:

1. Where there have been recorded sales or bid and asked prices of an investment in the Common Fund on recognized exchanges in foreign countries approved by the State Investment Council, the last recorded sales price, if there has been a recorded sale, shall be used, unless on a day subsequent to such sale, there shall have been recorded bid and asked prices, in which event the mean of the most recent of such bid and asked prices shall be used; or

2. If there have been no such recorded sales, the mean of the most recent such recorded bid and asked prices shall be used.

(b) For the purpose of this section, recorded sales and bid and asked prices shall be those appearing in newspapers of general circulation published in the City of New York, the City of London, England, in standard financial periodicals, or those established by a recognized pricing service.

(c) In the case of a stock where a dividend has been declared and not as yet paid and the amount of such dividend has been included as income, such amount shall be deducted from the value of the stock as determined in (a) unless such value has been based on an ex-dividend valuation.

(d) An investment purchased and awaiting payment against delivery shall be included for valuation purposes as a security and the cost thereof recorded as an account payable.

(e) An investment sold but not delivered pending receipt of proceeds shall be valued at the net sale price.

(f) For the purposes of valuation of an investment, with the exception of investments sold but not delivered, it shall not be necessary to deduct from the value ascertained by this section, brokers' commission or other expenses which would be incurred on a sale thereof.

(g) For the purposes of valuing securities, all values determined under this section shall be converted into United States dollars at rates shown in the Wall Street Journal on the valuation date, or those established by a recognized pricing service.

Amended by R.1991 d.390, effective August 5, 1991.
See: 23 N.J.R. 1777(b), 23 N.J.R. 2345(b).

In (g), added "or those established by a recognized pricing service".

17:16-67.8 Valuation of units

(a) The following method shall be used in determining the principal value per unit:

1. To the valuation of investments determined as provided in N.J.A.C. 17:16-67.7, there shall be added:

i. Uninvested cash principal;

ii. The value of any rights or stock dividends which may have been declared but not received as of the valuation date when the security has been valued ex-right and ex-dividend;

iii. Such portion as shall constitute principal of any extraordinary or liquidating dividend which may have been declared but which is unpaid as of the valuation date when the particular security has been valued ex-dividend; and

iv. Temporary investments which shall be valued at cost. The yield on these temporary investments shall not be accrued, but shall be included in income monthly as paid.

2. There shall be deducted from the sum so ascertained all expenses chargeable to principal due or accrued. The net principal value thus determined shall be divided by the number of existing units in order to ascertain the principal value of each unit.

(b) All valuations established for items (a)1i through iv above shall be converted into United States dollars at rates shown in the Wall Street Journal on the valuation date, or those established by a recognized pricing service.

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.1991 d.390, effective August 5, 1991.

See: 23 N.J.R. 1777(b), 23 N.J.R. 2345(b).

In (b), added "or those established by a recognized pricing service".

17:16-67.9 Admission date

(a) No admission to or withdrawal from the Common Fund shall be permitted except on the basis of the principal unit value determined as described in N.J.A.C. 17:16-67.8 and no participation shall be admitted to or withdrawn from the Common Fund except on a valuation date or within 15 days thereafter, however, in the event that an admission or withdrawal occurs within the 15 day period aforementioned, it shall be based upon the principal value as of the last valuation date preceding said admission or withdrawal.

(b) All admissions or withdrawals shall be made by cash payments or in kind. The price for purchasing units, except for original units issued by the Common Fund, shall be the principal valuation per unit as determined on each valuation date pursuant to N.J.A.C. 17:16-67.8. Dividends and interest earned shall be retained within the Common Fund, but may be distributed in whole or in part to the participatory pension funds, at the direction of the State Investment Council.

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.

17:16-67.10 Amendments

This subchapter may be amended from time to time by the State Investment Council. Any amendment adopted by the council shall be binding upon all participating trusts and beneficiaries thereof. An amendment shall become effective on the date the adoption notice is published in the New Jersey Register. The State Investment Council may, at its discretion, postpone the effectiveness of any amendment by including an operative date in the adoption notice.

Recodified by R.1991 d.274, effective June 3, 1991.
See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).
Effective date and operative date provisions added.

17:16-67.11 Distribution of realized appreciation

(a) Subsequent to the receipt of audited financial statements for the prior fiscal year, the State Investment Council may consider the realized appreciation in the Common Fund per unit. The Council may, in its sole discretion, choose any or all of the following options:

1. Declare as income to the participating funds such percentage of said realized appreciation of principal as it may deem prudent. When such declaration is made, the percentage of such appreciation of principal declared to be income shall be deducted from the total principal in the Common Fund and added to income in the Common Fund prior to the next regular monthly valuation. Following such declaration, the amount declared as income shall be treated and distributed as income to the participating funds monthly or quarterly in cash and/or units;
2. Declare as capital gains to the participating funds such percentage of said realized appreciation of principal as it may deem prudent. When such declaration is made, the percentage of such appreciation of principal declared

shall be deducted from the total principal in the Common Fund and distributed monthly or quarterly in cash and/or units; and/or

3. Retain any or all realized appreciation for future investments within the Common Fund.

Amended by R.1994 d.328, effective July 5, 1994.
See: 26 N.J.R. 1772(b), 26 N.J.R. 2798(d).

17:16-67.12 Limitations

(a) The Common Pension Fund D shall be permitted to invest in the Cash Management Fund and in such securities subject to the limitations and conditions contained in the rules of the State Investment Council, particularly N.J.A.C. 17:16-20, 44 and 81, except for the conditions as to classification of funds contained in N.J.A.C. 17:16-3.

(b) In the event that any rule contains a limitation of the assets of any pension and annuity group fund which may be invested either in one issue or a class of issues, that limitation shall be construed to apply to the combined assets of all of the pension funds and shall not restrict the total common pension fund investment in such asset or assets to those limitations for any individual pension fund. Not more than 20 percent of the market value of the assets of any pension and annuity group fund shall be represented by the market value of international common and preferred stocks and securities convertible into common stock as permitted by N.J.A.C. 17:16-41, together with the market value of international government and agency obligations, as permitted by N.J.A.C. 17:16-20, whether held directly by such pension fund or through 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).
Citations corrected.

Amended by R.1991 d.390, effective August 5, 1991.
See: 23 N.J.R. 1777(b), 23 N.J.R. 2345(b).

In (b), increased from 5 to 15 percent of market value amount that may be represented by international and preferred stocks and convertible securities.

Amended by R.1998 d.208, effective May 4, 1998.
See: 30 N.J.R. 804(b), 30 N.J.R. 1635(b).

In (b), changed market value percentage from 15 percent to 20 percent in the second sentence.

17:16-67.13 Liquidation

The Director, Division of Investment, subject to the approval of the State Investment Council and the State Treasurer, may, upon two months' notice, liquidate the aforementioned Common Fund. In the event of such liquidation, the owners of the units shall share proportionately, according to units owned, in each investment held by the Common Fund. When such proportionate distribution is impracticable in the judgment of the Director, he or she may instead distribute on liquidation, cash or temporary investments held by the Common Fund. Distribution upon liquidation shall occur within 15 days after the valuation date and shall be based upon the principal value per unit determined upon such valuation date. No liquidation will be effectuated without the approval by the State Investment Council of a plan of distribution of the assets of the Common Fund.

**SUBCHAPTER 68. NEW JERSEY BETTER
EDUCATIONAL SAVINGS TRUST (NJBEST)
FUND**

Authority

N.J.S.A. 52:18A-91.

Source and Effective Date

R.1998 d.552, effective November 16, 1998.
See: 30 N.J.R. 3167(a), 30 N.J.R. 4064(a).

17:16-68.1 Definition

Pursuant to N.J.S.A. 52:18A-91, there is hereby created in the Division of Investment, Department of the Treasury, a common trust fund to be known as NJBEST Fund, in which will be deposited monies from or for the benefit of New Jersey residents.

17:16-68.2 Participation in the NJBEST Plan

Participation in the NJBEST Plan represented by contributions to the fund shall be evidenced by proper entries setting forth ownership units in the records of the Office of Student Assistance, New Jersey Higher Education Assistance Authority, or an agent thereof. Contributions to the common fund shall be made in cash. The participation of New Jersey residents shall be subject to the Plan as established by the New Jersey Higher Education Assistance Authority Board.

17:16-68.3 Distribution of income

All income as calculated pursuant to N.J.A.C. 17:16-68.7 shall be invested in units of participation in accordance with N.J.A.C. 17:16-68.9 and such units shall be withdrawn in accordance with N.J.A.C. 17:16-68.10.

17:16-68.4 Permissible investments

(a) The Director may invest the assets of the NJBEST Plan in securities which are legal investments for fiduciaries of trust estates in New Jersey under N.J.S.A. 3B:20-11.1 et seq. which are permitted under N.J.S.A. 52:18A-91, subject to the applicable provisions of the regulations of the State Investment Council. The NJBEST Fund will be invested in fixed income securities and in such common and preferred stocks and issues convertible into common stock as are permitted under N.J.A.C. 17:16-41 subject to the exception noted in (c) below. The NJBEST Fund may be invested in the State of New Jersey Cash Management Fund, which in turn will be invested in accordance with N.J.A.C. 17:16-61, or in such other fixed income securities maturing in less than one year as may be permitted by N.J.A.C. 17:16.

(b) The NJBEST Fund may hold up to 100 percent of their assets either in fixed income securities, as permitted by the rules of the State Investment Council, or in the State of New Jersey Cash Management Fund.

(c) With respect to the NJBEST Fund, not more than 80 percent of the market value of the Fund as of the most recent audited report may be invested in the common stocks, preferred stocks and securities convertible into common stock as are permitted under N.J.A.C. 17:16-42.

(d) With respect to the NJBEST Fund, not more than 10 percent of the market value of the Fund as of the most recent audited report shall be invested in the common stocks, preferred stocks and securities convertible into common stock of any one corporation, in accordance with N.J.A.C. 17:16-41.

(e) With respect to the NJBEST Fund, not more than 10 percent of the market value of the assets of the Fund as of the most recent audited report shall be invested in the debt of any one corporation, and not more than 10 percent of any one issue may be purchased at the time of issue, in accordance with N.J.A.C. 17:16. Nothing in this section shall prohibit the investment of all or a portion of the assets of the Fund in securities issued by the U.S. Government and such agencies as are eligible for investment under N.J.A.C. 17:16-11.

Amended by R.2000 d.252, effective June 19, 2000.
See: 32 N.J.R. 1326(a), 32 N.J.R. 2258(b).

In (c), substituted a reference to 80 percent for a reference to 40 percent, and changed N.J.A.C. reference.

17:16-68.5 Units of participation

Each unit of participation shall represent an equal beneficial interest in the assets of the Fund and no unit shall have priority or preference over any other. Each unit of participation shall be valued at the net asset value per unit as defined in N.J.A.C. 17:16-68.7.

17:16-68.6 Date of valuation

The valuation shall be determined after the close of business on the last day of each month, and shall be based on market prices and income accruals at the close of such day.

17:16-68.7 Valuation

The net asset value of the units of participation of the fund on the last day of each month shall be determined by dividing the total market value of the fund's securities and other assets, less any administrative expenses or other liabilities, by the total outstanding units of participation in the fund. Securities prices shall be determined by a pricing service or a method which has been approved by the State Investment Council. Accrual and amortization procedures shall be calculated by procedures and formulas approved by the State Investment Council. The method of pricing the fund and the units of participation in the fund monthly, shall be in accordance with contractual obligations of the custodian bank, subject to the approval of the State Investment Council. The method of calculation of units of participation will be in accordance with an agreement between the State of New Jersey and the Plan Administrator. Initial unit values will be \$1.00.