

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 Subchapter 1 was repealed by R.1991 d.274, effective June 3, 1991.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 Subchapter 2 was repealed by R.1991 d.274, effective June 3, 1991.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 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:

SUBCHAPTERS 1 THROUGH 2. (RESERVED)

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.

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.

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.

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).

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.

(d) Notwithstanding the above restrictions, the Director may:

1. Exercise the conversion privileges in the common stock of any security acquired under this subchapter or N.J.A.C. 17:16-7;
2. Purchase the preferred stock, whether convertible or not, of a company the stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List";
3. Purchase the convertible issue of a company the common stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List"; and
4. Purchase up to one percent of any eligible fund's assets in new public offerings of companies without prior approval of the State Investment Council provided, however, approval will be sought at the next regularly scheduled Council meeting. In the event approval is not granted, the securities will be sold within three months of the Council's disapproval.

Amended by R.1973 d.44, eff. Feb. 8, 1973.
 See: 5 N.J.R. 94(b).
 Amended by R.1986 d.356, effective September 8, 1986.
 See: 18 N.J.R. 1353(a), 18 N.J.R. 1838(a).
 Subchapter 8 amended to 7.
 Recodified by R.1991 d.274, effective June 3, 1991.
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).
 Amended by R.1995 d.385, effective July 17, 1995.
 See: 27 N.J.R. 1767(a), 27 N.J.R. 2703(b).
 Amended by R.2000 d.181, effective May 1, 2000.
 See: 32 N.J.R. 743(a), 32 N.J.R. 1526(a).
 Added (d)4.

17:16-41.2 Applicable funds

- (a) Applicable funds are as follows:
1. Police and Firemen's Retirement System.
 2. Public Employees' Retirement System.
 3. State Police Retirement System.
 4. Teachers' Pension and Annuity Fund.
 5. Common Pension Fund A.
 6. Trustees for the Support of Public Schools.
 7. Judicial Retirement System of New Jersey.
 8. The Deferred Compensation Equity Fund.
 9. The Deferred Compensation Plan—Small Capitalization Equity Fund.
 10. The New Jersey Better Educational Savings Trust (NJBEST) Fund.

Amended by R.1983 d.107, eff. April 18, 1983.
 See: 15 N.J.R. 133(a), 15 N.J.R. 627(a).
 Deleted reference to 1837 Surplus Revenue Fund.
 Recodified by R.1991 d.274, effective June 3, 1991.
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Deferred Compensation Equity Fund added.
 Amended by R.1996 d.222, effective May 6, 1996.
 See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).
 Deleted Consolidated Police and Firemen's Pension Fund.
 Amended by R.1998 d.29, effective January 5, 1998.
 See: 29 N.J.R. 4409(b), 30 N.J.R. 106(a).
 Added (a)9.
 Amended by R.2000 d.181, effective May 1, 2000.
 See: 32 N.J.R. 743(a), 32 N.J.R. 1526(a).
 Added (a)10.

17:16-41.3 Limitations

(a) The market value of total investments in common and preferred stock and issues convertible into common stock, both domestic, as permitted herein, and international, as permitted in N.J.A.C. 17:16-44, for any one of the pension funds listed in N.J.A.C. 17:16-41.2 shall not exceed 70 percent of the market value of such fund, with the exception of Common Pension Funds A and D. When the combined market value of the common and preferred stock and issues convertible into common stock, held by a pension fund, either directly or in Common Pension Funds A and D, reaches or exceeds 68 percent of the total market value of the pension fund as of the end of a period used for evaluating unit values of participation, then the Council shall be notified at a regularly scheduled meeting of the Council or its Executive Committee. When the combined market value of the common and preferred stock and issues convertible into common stock, held by a pension fund, either directly or in Common Pension Funds A and D, exceeds 70 percent of the total market value of the respective fund, then the Division may have a six-month period of grace to reduce the level of participation of the fund below the 70 percent level, except that the period of grace may be extended for additional four month periods with the approval of the Council.

(b) Not more than four percent of the market value of any pension fund shall be invested in the common and preferred stock of any one corporation except that this limitation for the Trustees for the Support of Public Schools shall be 10 percent. This four percent limitation shall not apply to Common Pension Fund A included in the list of applicable funds listed in N.J.A.C. 17:16-41.2.

(c) 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.

Amended by R.1973 d.44, eff. Feb. 8, 1973.
 See: 5 N.J.R. 94(b).
 Amended by R.1983 d.107, eff. April 18, 1983.
 See: 15 N.J.R. 133(a), 15 N.J.R. 627(a).
 25 percent deleted, replaced by 35 percent in subsection (a).
 Amended by R.1985 d.582, effective November 18, 1985.
 See: 17 N.J.R. 2239(b), 17 N.J.R. 2784(c).
 "40 percent" substituted for "35 percent"; deleted "1837 Surplus Revenue Fund".
 Amended by R.1986 d.356, effective September 8, 1986.
 See: 18 N.J.R. 1353(a), 18 N.J.R. 1838(a).
 (c) "five" amended to "10".

Amended by R.1989 d.466, effective September 5, 1989.

See: 21 N.J.R. 1821(a), 21 N.J.R. 2808(a).

Exception to equity limitation for Common Pension Fund A added at (a).

Administrative correction to (b).

See: 21 N.J.R. 3556(a).

Amended by R.1990 d.147, effective March 5, 1990.

See: 22 N.J.R. 21(b), 22 N.J.R. 840(a).

Individual stock holdings limited to four percent, except Common Pension Fund A.

Amended by R.1991 d.388, effective August 5, 1991.

See: 23 N.J.R. 1776(b), 23 N.J.R. 2344(b).

In (a), added international stocks and increased market value from 40 to 60 percent. Also added council notification when Common Pension Funds A and D exceed 58 percent. Also added six-month grace period to reduce fund below 60 percent. In (c), reduced from 10 to 5 percent amount of stock permitted to be held in one company. Amended by R.1996 d.222, effective May 6, 1996.

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

In (b) substituted market value for book value.

Amended by R.1996 d.324, effective July 15, 1996.

See: 28 N.J.R. 2514(a), 28 N.J.R. 3615(a).

17:16-41.4 Approved Common Stock List

(a) The "Approved Common and Preferred Stock and Convertible Securities List" is a list of those companies whose stocks can be purchased by the eligible funds. Additions to or deletions from the List shall be made by the Council, in its discretion, based, respectively, upon the presence or absence of the following:

1. The company shall have growth in revenues and earnings which exceed growth in the Gross National Product;
2. The company shall have a strong market franchise, unique products and proven marketing capability;
3. The company's management shall have demonstrated the ability to preserve profit margins, to avoid earnings surprises and to take the needed initiatives to preserve and improve upon the company's strengths;
4. The company shall have capitalization which is not heavily leveraged, thereby allowing it more flexibility to finance future expansion;
5. The company shall not be unduly capital intensive, which might expose it to the necessities of raising capital at times when capital markets are unduly expensive;
6. The company shall demonstrate that it can generate capital internally for growth;
7. The market for the company's shares shall have enough liquidity to permit the orderly acquisition and disposition of a full position; and
8. The company shall have conservative accounting practices.

(b) Companies which are not in conformance with (a)1 through 8 above may be added to or retained on the List, on a case-by-case basis, if the Council determines that the company is otherwise financially secure and presents a sound investment opportunity.

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

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

Rewrote section.

SUBCHAPTER 42. COMMON STOCKS AND CONVERTIBLE SECURITIES (TRUST FUND)

17:16-42.1 Definition

As used in this subchapter, "convertible securities" shall mean convertible preferred stocks and convertible bonds.

17:16-42.2 Permissible investments

(a) The common stock and securities shall be listed on a securities exchange in the United States.

(b) The convertible preferred stocks and bonds must meet the following requirements:

1. The obligations have been registered with the Securities and Exchange Commission;
2. The obligor corporation is not in default as to the payment of principal or interest upon any of its outstanding obligations;
3. The obligor corporation has a capitalization of at least \$50,000,000.

(c) The Director shall submit a list of common stocks and convertible securities to the Council for its approval. Such list may be amended or enlarged from time to time subject to the Council's approval and shall be designated the "Approved Common and Preferred Stock and Convertible Securities List".

(d) The Director shall select for purchase issues of common stocks and convertible securities from the "Approved Common and Preferred Stock and Convertible Securities List".

(e) Notwithstanding the above restrictions, the Director may:

1. Exercise the conversion privileges into common stock of any security acquired under this Subchapter;
2. Purchase the convertible issue of a company, the common stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List"; and
3. Purchase up to one percent of any eligible fund's assets in new public offerings of companies without prior approval of the State Investment Council provided, however, approval will be sought at the next regularly scheduled Council meeting. In the event approval is not granted, the securities will be sold within three months of the Council's disapproval.

Amended by R.1972 d.75, effective April 19, 1972.

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

Amended by R.1993 d.189, effective May 3, 1993.

See: 25 N.J.R. 909(b), 25 N.J.R. 1886(b).

Deleted (b); Revised (c); Redesignated existing (c) through (f) as (b) through (e).

Amended by R.2000 d.182, effective May 1, 2000.

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

Added (e)3.

17:16-42.3 Applicable funds in the trust group

(a) Applicable funds in the trust group are:

1. College of Medicine and Dentistry of New Jersey—Endowment Funds;
2. Supplemental Annuity Collective Trust.

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

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

17:16-42.4 Limitations

(a) Not more than 10 percent of the market value of any fund shall be invested, in the aggregate, in the common stock and convertible securities of any one corporation.

(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 the elections of directors, of such corporation.

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.

17:16-42.5 Legal papers

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

1. A certification signed by two members of the Division's staff and endorsed by the Director stating that each proviso enumerated under Section 22.2 (permissible investments) of this Chapter had been checked by them and that, in their opinion, the security under consideration qualified as a satisfactory investment as outlined by Section 22.2 (Permissible investments) of this chapter; and
2. A written opinion from the Attorney General that the purchase of such obligations is authorized by the provisions of N.J.S.A. 52:18A-89, as amended and supplemented.

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

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.

17:16-42.6 Approved Common Stock and Convertible Securities List

(a) The "Approved Common and Preferred Stock and Convertible Securities List" is a list of those companies whose stocks can be purchased by the eligible funds. Additions to or deletions from the List shall be made by the Council, in its discretion, based, respectively, upon the presence or absence of the following:

1. The company shall have growth in revenues and earnings which exceed growth in the Gross National Product;
2. The company shall have a strong market franchise, unique products and proven marketing capability;
3. The company's management shall have demonstrated the ability to preserve profit margins, to avoid earnings surprises and to take the needed initiatives to preserve and improve upon the company's strengths;
4. The company shall have capitalization which is not heavily leveraged, thereby allowing it more flexibility to finance future expansion;
5. The company shall not be unduly capital intensive, which might expose it to the necessities of raising capital at times when capital markets are unduly expensive;
6. The company shall demonstrate that it can generate capital internally for growth;
7. The market for the company's shares shall have enough liquidity to permit the orderly acquisition and disposition of a full position; and
8. The company shall have conservative accounting practices.

(b) Companies which are not in conformance with (a)1 through 8 above may be added to or retained on the List, on a case-by-case basis, if the Council determines that the company is otherwise financially secure and presents a sound investment opportunity.

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

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

Rewrote section.

SUBCHAPTER 43. COVERED CALL OPTIONS

17:16-43.1 Definition; covered call options

As used in this subchapter, "covered call options" shall mean options on common stocks held in the pertinent portfolio.

17:16-43.2 Permissible transactions

(a) Options may be written only on stocks held in the pertinent portfolio.

(b) Any option 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.

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.

17:16-43.3 Applicable funds

(a) Applicable funds include:

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.

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.

17:16-43.4 Limitations

Sales of covered call options shall not exceed 10 percent of any one common stock holding.

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.

SUBCHAPTER 44. COMMON AND PREFERRED STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCK OF INTERNATIONAL CORPORATIONS

17:16-44.1 Permissible investments

(a) Permissible investments include stock issued by a company or bank incorporated or organized under the laws of the countries listed on the Approved List of International Government and Agency Obligations set forth in N.J.A.C. 17:16-20.

(b) The Director shall submit a list of common stocks to the Council for its approval. Such list may be amended or enlarged from time to time subject to the Council's approval and shall be designated the "Approved Common and Preferred Stock and Convertible Securities List of International Corporations".

(c) The Director shall only select issues of common stocks from the "Approved Common and Preferred Stock and Convertible Securities List of International Corporations" to be purchased by the pension funds.

(d) Notwithstanding the above restrictions, 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 and is on the "Approved Common and Preferred Stock Convertible Securities List of International Corporations";

3. Purchase the convertible issue of a company, the common stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List of International Corporation"; and

4. Purchase up to one percent of any eligible fund's assets in new public offerings of companies without prior approval of the State Investment Council provided, however, approval will be sought at the next regularly scheduled Council meeting. In the event approval is not granted, the securities will be sold within three months of the Council's disapproval.

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.

17:16-44.2 Applicable funds

(a) The following funds may invest in common and preferred stock of international corporations pursuant to this subchapter:

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.

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.

(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 60 percent of the market value of a pension fund, 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.

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

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

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.

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" (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.

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 40 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. 17:16-41.

(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.

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.