

**CHAPTER 16**

**RULES OF THE STATE INVESTMENT COUNCIL**

**Authority**

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

**Source and Effective Date**

R.2006 d.317, effective August 7, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

**Chapter Expiration Date**

In accordance with N.J.S.A. 52:14B-5.1c, Chapter 16, Rules of the State Investment Council, expires on February 3, 2014. See: 45 N.J.R. 1477(a).

In accordance with N.J.S.A. 52:14B-5.1b, Subchapters 34, 36, 53, 54, and 55 expire on August 7, 2013. See: 43 N.J.R. 1203(a).

**Chapter Historical Note**

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

Subchapter 3, Monthly Report of Purchases, was adopted and became effective prior to September 1, 1969.

Subchapter 8, Corporate Securities—Industrial Obligations, was adopted and became effective prior to September 1, 1969.

Subchapter 27, Certificates of Deposit, was adopted and became effective prior to September 1, 1969.

Subchapter 29, Title II Federal Housing Administration Insured Construction Mortgages; Multi-family, was adopted as R.1970 d.57. See: 2 N.J.R. 51(c).

Subchapter 31, State of New Jersey Cash Management Fund, and Subchapter 32, Common Pension Fund A, were adopted as R.1971 d.17, effective February 1, 1971. See: 3 N.J.R. 14(a), 3 N.J.R. 52(b).

Subchapter 33, Community College Capital Projects Funding, was adopted as R.1971 d.175A, effective October 1, 1971. See: 3 N.J.R. 183(d), 3 N.J.R. 235(a).

Subchapter 37, Repurchase Agreements, was adopted as R.1974 d.36, effective February 14, 1974. See: 6 N.J.R. 125(a).

Subchapter 39, Bankers Acceptance, was adopted as R.1974 d.263, effective September 24, 1974. See: 6 N.J.R. 415(b).

Subchapter 38, Common Pension Fund C, was adopted as R.1974 d.266, effective September 24, 1974. See: 6 N.J.R. 416(c).

Subchapter 19, Title II Section 203B Federal Housing Administration Mortgages, was adopted as R.1975 d.67, effective March 14, 1975. See: 7 N.J.R. 180(d).

Subchapter 38, Common Pension Fund C, was adopted as new rules by R.1978 d.615, effective December 2, 1985. See: 17 N.J.R. 2386(b), 17 N.J.R. 2914(b).

Subchapter 42, Covered Call Options, and Subchapter 43, Mortgage Backed Securities were adopted as R.1979 d.307, effective August 9, 1979. See: 11 N.J.R. 475(c).

Subchapter 5, Classification of Funds, was adopted as R.1983 d. 233, effective June 1, 1983. See: 15 N.J.R. 531(a), 15 N.J.R. 1038(d).

Pursuant to Executive Order No. 66(1978), Subchapter 39, Bankers Acceptance, was readopted as R.1983 d.283, effective July 18, 1983. See: 15 N.J.R. 796(a), 15 N.J.R. 1182(d).

Pursuant to Executive Order No. 66(1978), Subchapter 32, Common Pension Fund A, expired on January 17, 1984.

Pursuant to Executive Order No. 66(1978), Subchapter 38, Common Pension Fund C, expired on January 17, 1984.

Pursuant to Executive Order No. 66(1978), Subchapter 37, Repurchase Agreements was readopted as R.1984 d.261, filed June 13, 1984. See: 16 N.J.R. 1042(a), 16 N.J.R. 1808(a).

Pursuant to Executive Order No. 66(1978), Subchapter 31, State of New Jersey Cash Management Fund, was readopted as R.1984 d.262, effective July 2, 1984. See: 16 N.J.R. 1041(a), 16 N.J.R. 1807(c).

Pursuant to Executive Order No. 66(1978), Subchapter 42, Covered Call Options, was readopted as R.1984 d.383, filed August 13, 1984. See: 16 N.J.R. 1708(a), 16 N.J.R. 2378(b).

Pursuant to Executive Order No. 66(1978), Subchapter 43, Mortgage Backed Securities, was readopted as R.1984 d.384, filed August 13, 1984. See: 16 N.J.R. 1709(a), 16 N.J.R. 2379(a).

Pursuant to Executive Order No. 66(1978), Subchapter 27, Certificates of Deposit, expired on October 31, 1984.

Pursuant to Executive Order No. 66(1978), Chapter 16, Rules of the State Investment Council, was readopted, and 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 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 38, Common Pension Fund C, was repealed and a new Subchapter 38, Common Pension Fund C, was adopted as R.1987 d.107, effective February 17, 1987. See: 18 N.J.R. 2438(a), 19 N.J.R. 380(b).

Subchapter 41, Loan Participation Notes, was adopted as R.1988 d.466, effective October 3, 1988. See: 20 N.J.R. 1779(b), 20 N.J.R. 2467(c).

Subchapter 44, Deferred Compensation Plan, and Subchapter 46, Common Pension Fund D, and Subchapter 47, International Government and Agency Obligations, and Subchapter 49, Purchase and Sale of International Currency, were adopted as R.1990 d.7, effective January 2, 1990. See: 21 N.J.R. 3262(a), 22 N.J.R. 60(b).

Subchapter 43, Mortgage Backed Securities, was repealed and Subchapter 43, Mortgage-Backed Securities; Private Pass-Through, was adopted as new rules by R.1990 d.305, effective June 18, 1990. See: 22 N.J.R. 1043(a), 22 N.J.R. 1945(a).

Subchapter 21, Bank Debentures, was adopted as R.1990 d.306. See: 22 N.J.R. 1043(b), 22 N.J.R. 1945(b).

Subchapter 45, Real Estate Equity, was adopted as R.1990 d.307, effective June 18, 1990. See: 22 N.J.R. 1044(b), 22 N.J.R. 1945(c).

The Executive Order No. 66(1978) 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).

Subchapter 1, Definitions, 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 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, Monthly Report of Purchases, was repealed and a new Subchapter 3, Classification of Funds, was recodified from N.J.A.C. 17:16-5 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 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 recodified to N.J.A.C. 17:16-3 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 N.J.A.C. 17:16-11 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 N.J.A.C. 17:16-12 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

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 N.J.A.C. 17:16-55 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 N.J.A.C. 17:16-17 and Subchapter 11, United States Treasury and Government Agency Obligations, was recodified from N.J.A.C. 17:16-6 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 N.J.A.C. 17:16-18 and Subchapter 12, Corporate Obligations, was recodified from N.J.A.C. 17:16-7 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 N.J.A.C. 17:16-31 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 N.J.A.C. 17:16-23 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 N.J.A.C. 17:16-41 and Subchapter 17, New Jersey State and Municipal Government Obligations, was recodified from N.J.A.C. 17:16-11 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 N.J.A.C. 17:16-12 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 203(B) Federal Housing Administration Mortgages, was repealed and a new Subchapter 19, Collateralized Notes and Mortgages, was recodified from N.J.A.C. 17:16-40 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 repealed and a new Subchapter 20, International Government and Agency Obligations, was recodified from N.J.A.C. 17:16-47 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 repealed and a new Subchapter 21, U.S. Treasury Futures Contracts, was recodified from N.J.A.C. 17:16-50 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 N.J.A.C. 17:16-42 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 N.J.A.C. 17:16-16 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 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 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, Certificates of Deposit, was recodified to N.J.A.C. 17:16-32 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 N.J.A.C. 17:16-53 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; Multifamily, was recodified to N.J.A.C. 17:16-54 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 recodified to N.J.A.C. 17:16-61 and Subchapter 31, Commercial Paper, was recodified from N.J.A.C. 17:16-13 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 32, Common Pension Fund A, was recodified to N.J.A.C. 17:16-62 and Subchapter 32, Certificates of Deposit, was recodified from N.J.A.C. 17:16-27 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 repealed and a new Subchapter 33, Repurchase Agreements, was recodified from N.J.A.C. 17:16-37 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 repealed and a new Subchapter 34, Bankers Acceptance, was recodified from N.J.A.C. 17:16-39 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 N.J.A.C. 17:16-41 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 recodified to N.J.A.C. 17:16-63 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 37, Repurchase Agreements, was recodified to N.J.A.C. 17:16-33 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 38, 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).

Subchapter 39, Bankers Acceptance, was recodified to N.J.A.C. 17:16-34 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 N.J.A.C. 17:16-19 by R.1991 d.274, effective June 3, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 41, Loan Participation Notes, was recodified to N.J.A.C. 17:16-35 and Subchapter 41, Common and Preferred Stock and Issues Convertible into Common Stock, was recodified from N.J.A.C. 17:16-17 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 recodified from N.J.A.C. 17:16-43 and Subchapter 42, Common Stocks and Convertible Securities, was recodified from N.J.A.C. 17:16-22 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 43, Mortgage-Backed Securities; Private Pass-Through, was recodified to N.J.A.C. 17:16-58 and Subchapter 43, Covered Call Options, was recodified from N.J.A.C. 17:16-42 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, was recodified to N.J.A.C. 17:16-65 and Subchapter 44, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations, was recodified from N.J.A.C. 17:16-48 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, was recodified to N.J.A.C. 17:16-71 and Subchapter 45, Covered Put Options, was recodified from N.J.A.C. 17:16-52 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 recodified to N.J.A.C. 17:16-67 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 recodified to N.J.A.C. 17:16-20 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 N.J.A.C. 17:16-44 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 recodified to N.J.A.C. 17:16-81 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 N.J.A.C. 17:16-21 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 N.J.A.C. 17:16-45 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 N.J.A.C. 17:16-28 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 N.J.A.C. 17:16-29 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 N.J.A.C. 17:16-10 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 N.J.A.C. 17:16-43 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 N.J.A.C. 17:16-31 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 N.J.A.C. 17:16-32 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 N.J.A.C. 17:16-36 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 N.J.A.C. 17:16-44 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 N.J.A.C. 17:16-46 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 N.J.A.C. 17:16-45 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 N.J.A.C. 17:16-49 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, Rules of the State Investment Council, was readopted as R.1991 d.274, effective May 2, 1991. See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).

Subchapter 36, Guaranteed Income Contracts, was adopted as R.1991 d.387, effective August 5, 1991. See: 23 N.J.R. 1776(a), 23 N.J.R. 2344(b).

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

Subchapter 68, New Jersey Better Educational Savings Trust (NJBEST) Fund, was adopted as R.1998 d.552, effective November 16, 1998. See: 30 N.J.R. 3167(a), 30 N.J.R. 4064(a).

Subchapter 46, Common and Preferred Stocks and Issues Convertible Into Common Stock of International Corporations in Emerging Markets, was adopted as R.2000 d.373, effective September 18, 2000. See: 32 N.J.R. 2584(b), 32 N.J.R. 3455(b).

Pursuant to Executive Order No. 66(1978), Chapter 16, Rules of the State Investment Council, was readopted as R.2001 d.119, effective March 9, 2001, and Subchapter 35, Loan Participation Notes, was repealed by R.2001 d.119, effective April 2, 2001. See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

Subchapter 22, Fixed Income Exchange-Traded Funds, was adopted as R.2003 d.330, effective August 4, 2003. See: 35 N.J.R. 1869(a), 35 N.J.R. 3605(b).

Subchapter 37, Money Market Funds, was adopted as R.2003 d.331, effective August 4, 2003. See: 35 N.J.R. 1870(a), 35 N.J.R. 3606(a).

Subchapter 47, Equity Futures Contracts, was adopted as R.2003 d.334, effective August 4, 2003. See: 35 N.J.R. 1872(b), 35 N.J.R. 3607(b).

Subchapter 4, State Investment Council's Policy Concerning Political Contributions and Prohibitions on Investment Management Business, was adopted as new rules by R.2005 d.123, effective April 18, 2005. See: 36 N.J.R. 4695(a), 37 N.J.R. 1223(a).

Subchapter 69, Common Pension Fund E, was adopted as new rules by R.2005 d.201, effective June 20, 2005. See: 37 N.J.R. 575(a), 37 N.J.R. 2217(a).

Subchapter 71, Real Estate Equity, was repealed and Subchapter 71, Real Assets, was adopted as new rules by R.2005 d.202, effective June 20, 2005. See: 37 N.J.R. 577(a), 37 N.J.R. 2220(a).

Subchapter 90, Private Equity, was adopted as new rules by R.2005 d.203, effective June 20, 2005. See: 37 N.J.R. 579(a), 37 N.J.R. 2222(a).

Subchapter 100, Absolute Return Strategy Investments, was adopted as new rules by R.2005 d.204, effective June 20, 2005. See: 37 N.J.R. 580(a), 37 N.J.R. 2223(a).

Subchapter 46, Common and Preferred Stocks and Issues Convertible Into Common Stock of International Corporations In Emerging Markets and Global, Regional or Country Funds, was renamed Common and Preferred Stocks and Issues Convertible Into Common Stock of International Corporations and Global, Regional or Country Funds In Emerging Markets by R.2006 d.259, effective July 17, 2006. See: 38 N.J.R. 1410(a), 38 N.J.R. 3065(a).

Chapter 16, Rules of the State Investment Council, was readopted as R.2006 d.317, effective August 7, 2006. As a part of R.2006 d.317, Subchapter 1, General Provisions and Subchapter 13, Interest Rate Swap Transactions, were adopted as new rules; Subchapter 14, Finance Companies—Senior Debt, was renamed Finance Company Debt; Subchapter

16, Canadian Obligations, was renamed International Corporate Obligations; Subchapter 36, Guaranteed Income Contracts, was renamed Guaranteed Income Contracts and Funding Agreements; and Subchapter 41, U.S. Common and Preferred Stocks and Issues Convertible Into Common Stocks and Exchange-Traded Funds, was renamed Common and Preferred Stocks and Issues Convertible Into Common Stock of U.S. Corporations and U.S. Exchange-Traded Funds; Subchapter 44, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations and International Equity Exchange-Traded Funds, was renamed Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations and International Exchange-Traded Funds; Subchapter 46, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations in Emerging Markets and Global, Regional or Country Funds, was renamed Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations and Global, Regional or Country Funds in Emerging Markets; Subchapter 55, Title II Federal Housing Administration Hospital Mortgages, was renamed Title II Federal Housing Administration Insured Hospital Mortgages; Subchapter 58, Mortgage Backed Securities—Private Passthrough, was renamed Mortgage Backed Senior Debt Securities; Mortgage Backed Passthrough Securities; Subchapter 81, Purchase and Sale of International Currency, was renamed Foreign Exchange Contracts, effective September 5, 2006. See: Source and Effective Date. See also, section annotations.

Subchapter 2, Engagement of External Investment Managers, was adopted as new rules by R.2007 d.164, effective May 21, 2007. See: 39 N.J.R. 179(a), 39 N.J.R. 2137(a).

Subchapter 46, Common and Preferred Stocks and Issues Convertible Into Common Stock of International Corporations and Global, Regional or Country Funds In Emerging Markets, was renamed Common and Preferred Stocks and Issues Convertible Into Common Stock of International Corporations and Exchange-Traded, Global, Regional or Country Funds In Emerging Markets by R.2007 d.259, effective August 20, 2007. See: 39 N.J.R. 1465(a), 39 N.J.R. 3549(a).

Subchapter 14, Finance Company Debt, was repealed by R.2008 d.384, effective December 15, 2008. See: 40 N.J.R. 4685(a), 40 N.J.R. 6994(b).

Subchapter 15, Bank Debentures, was repealed by R.2008 d.385, effective December 15, 2008. See: 40 N.J.R. 4685(b), 40 N.J.R. 6994(c).

Subchapter 23, Bank Loans, was adopted as new rules by R.2008 d.388, effective December 15, 2008. See: 40 N.J.R. 4687(a), 40 N.J.R. 6995(c).

Subchapter 24, Credit Default Swap Transactions, was adopted as new rules by R.2008 d.389, effective December 15, 2008. See: 40 N.J.R. 4688(a), 40 N.J.R. 6996(a).

Subchapter 40, Non-Convertible Preferred Stocks of U.S. Corporations, was adopted as new rules by R.2008 d.390, effective December 15, 2008. See: 40 N.J.R. 4689(a), 40 N.J.R. 6997(a).

Subchapter 41, Common and Preferred Stocks and Issues Convertible into Common Stock of U.S. Corporations and U.S. Exchange-Traded Funds, was renamed Common and Preferred Stocks and Debt Issues Convertible into Common Stock of U.S. Corporations and U.S. Exchange-Traded Funds by R.2008 d.391, effective December 15, 2008. See: 40 N.J.R. 4690(a), 40 N.J.R. 6998(a).

Subchapter 44, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations and International Exchange-Traded Funds, was renamed Common and Preferred Stocks and Debt Issues Convertible into Common Stock of International Corporations and International Exchange-Traded Funds by R.2008 d.392, effective December 15, 2008. See: 40 N.J.R. 4692(a), 40 N.J.R. 6998(b).

Subchapter 46, Common and Preferred Stocks and Issues Convertible into Common Stock of International Corporations and Exchange-Traded, Global, Regional or Country Funds in Emerging Markets, was renamed Common and Preferred Stocks and Debt Issues Convertible into Common Stock of International Corporations and Exchange-Traded, Global, Regional or Country Funds in Emerging Markets by R.2008 d.393, effective December 15, 2008. See: 40 N.J.R. 4693(a), 40 N.J.R. 6999(a).

Subchapter 17, New Jersey State and Municipal General Obligations, was renamed State and Municipal General Obligations by R.2009 d.316, effective October 19, 2009. See: 41 N.J.R. 2635(a), 41 N.J.R. 3959(a).

Subchapter 2, Engagement of External Investment Managers, was repealed by R.2010 d.120, effective June 21, 2010. See: 41 N.J.R. 4423(a), 42 N.J.R. 1247(a).

Subchapter 45, Covered Put Options, was renamed Put Options by R.2011 d.223, effective August 15, 2011. See: 43 N.J.R. 1242(a), 43 N.J.R. 2193(a).

Subchapter 12, Corporate Obligations, was renamed Corporate Obligations of U.S. Based Corporations by R.2013 d.023, effective February 19, 2013. See: 44 N.J.R. 2277(a), 45 N.J.R. 346(a).

Subchapter 23, Bank Loans, was renamed Global Diversified Credit Investments by R.2013 d.027, effective February 19, 2013. See: 44 N.J.R. 2282(a), 45 N.J.R. 348(c).

Subchapter 44, Common and Preferred Stocks and Debt Issues Convertible Into Common Stock of International Corporations and International Exchange-Traded Funds, was renamed Common and Preferred Stocks and Debt Issues Convertible Into Common Stock of Corporations Based in International Developed Market Countries and Exchange-Traded Funds, Global, Regional, or Country Funds Which Invest in International Developed Markets by R.2013 d.030, effective February 19, 2013. See: 44 N.J.R. 2286(a), 45 N.J.R. 350(b).

Subchapter 46, Common and Preferred Stocks and Debt Issues Convertible into Common Stock of International Corporations and Exchange-Traded, Global, Regional or Country Funds in Emerging Markets, was renamed Common and Preferred Stocks and Debt Issues Convertible Into Common Stock of International Corporations Based in Emerging Market Countries and Exchange-Traded, Global, Regional, or Country Funds Which Invest in Emerging Markets by R.2013 d.031, effective February 19, 2013. See: 44 N.J.R. 2287(a), 45 N.J.R. 350(c).

In accordance with N.J.S.A. 52:14B-5.1b, Chapter 16, Rules of the State Investment Council, was scheduled to expire on August 7, 2013. See: 43 N.J.R. 1203(a).

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- 4. Any fund classified as a Temporary Reserve Fund;
- 5. Any fund classified as a Trust Fund;
- 6. The State of New Jersey Cash Management Fund; and
- 7. Common Pension Fund B.

New Rule, R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

**17:16-33.4 (Reserved)**

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**SUBCHAPTER 34. BANKERS ACCEPTANCE**

**17:16-34.1 Definitions**

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

“Bankers acceptances” shall mean an order for payment accepted as a debt obligation by a bank or trust company, or by a wholly-owned subsidiary of a bank or trust company where the full faith and credit of the parent bank or trust company is pledged to the issue.

New Rule, R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Former N.J.A.C. 17:16-34.1, Permissible investments, recodified to N.J.A.C. 17:16-32.2.

**17:16-34.2 Permissible investments**

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

- 1. The investment in the bankers acceptance is limited to a term of one year or less;
- 2. The bankers acceptance is in an amount of at least \$1 million;
- 3. If headquartered in the United States or if a United States subsidiary of a foreign bank:
  - i. The issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation; and
  - ii. The issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) has a rating on its long-term and short-term deposits, respectively, of A3/P-1 or higher by Moody’s Investors Service, Inc., A-/A-1 or higher by Standard & Poor’s Corporation, and A-/F-1 or higher by Fitch Ratings, except that two of the three agency ratings is sufficient and one of the three agency ratings is sufficient if only one agency rating is available. Subsequent to purchase, if the

issuer rating fails to meet the minimum rating criteria, the certificate of deposit does not have to be sold;

4. If headquartered outside of the United States:

i. The issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) is headquartered in a country which has agreed to adhere to the international capital standards as stipulated in the Basel Accord; and

ii. The issuer (or any parent bank or trust company, whose full faith and credit is pledged to the issue) has a rating on its long-term and short-term deposits, respectively, of at least Aa3/P-1 or higher by Moody's Investors Service, Inc., AA-/A-1 or higher by Standard & Poor's Corporation, and AA-/F-1 or higher by Fitch Ratings, except that two of the three agency ratings is sufficient and one of the three agency ratings is sufficient if only one agency rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such deposits, the certificate of deposit does not have to be sold; and

5. The issuer, at the date of its last published balance sheet preceding the date of investment, was in conformance with all capital requirements as stipulated by the Federal Reserve Board, in the case of United States banks, and the appropriate national regulatory body, in the case of foreign-headquartered banks.

(b) Prior to any commitment to purchase a bankers acceptance under this subchapter, it shall be ascertained that the issuer is included on a list of banks which has been certified by the Director as having met the requirements of this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of bankers acceptances on a case-by-case basis.

As amended, R.1983 d.283, eff. July 18, 1983.  
See: 15 N.J.R. 796(a), 15 N.J.R. 1182(d).

Fuller clarification of limitations on bankers acceptances.  
Amended by R.1985 d.555, effective November 4, 1985.  
See: 17 N.J.R. 2095(b), 17 N.J.R. 2676(b).

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).

New Jersey Cash Management 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).

Rewrote (a)2, deleted (a)3 which mandated a minimum capital ratio, added (b) and redesignated (a)4 as (c).  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

Recodified from N.J.A.C. 17:16-34.1 and amended by R.2006 d.317, effective September 5, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Rewrote the section.

**17:16-34.3 Eligible funds**

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

1. Any fund classified as a Pension and Annuity Fund;
2. Any fund classified as a Static Fund;
3. Any fund classified as a Demand Fund;
4. Any fund classified as a Temporary Reserve Fund;
5. Any fund classified as a Trust Fund;
6. The State of New Jersey Cash Management Fund; and
7. Common Pension Fund B.

As amended, R.1983 d.283, eff. July 18, 1983.

See: 15 N.J.R. 796(a), 15 N.J.R. 1182(d).

State agencies added to list.

Amended by R.1985 d.555, effective November 4, 1985.

See: 17 N.J.R. 2095(b), 17 N.J.R. 2676(b).

Old text deleted and new text substituted.

Repeal and New Rule, R.2006 d.317, effective September 5, 2006.

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

Section was "Other limitations".

**17:16-34.4 Limitations**

(a) At the time of initial purchase, the total investment in the bankers acceptances of any one issuer under this subchapter, combined with the total investment in the certificates of deposit of such issuer under N.J.A.C. 17:16-32, shall not exceed 10 percent of the issuer's primary capital.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Council.

New Rule, R.2006 d.317, effective September 5, 2006.

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

**17:16-34.5 (Reserved)**

**17:16-34.6 (Reserved)**

As amended, R.1983 d.283, eff. July 18, 1983.

See: 15 N.J.R. 796(a), 15 N.J.R. 1182(d).

Repealed by R.2006 d.317, effective September 5, 2006.

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

Section was "Legal papers".

**SUBCHAPTER 35. (RESERVED)**

**SUBCHAPTER 36. GUARANTEED INCOME CONTRACTS AND FUNDING AGREEMENTS**

**17:16-36.1 Definitions**

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

“Guaranteed income contracts” and “funding agreements” shall mean forms of obligation issued by an insurance company or commercial bank that guarantee principal repayment and interest payments for a predetermined period of time.

New Rule, R.2006 d.317, effective September 5, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).

Former N.J.A.C. 17:16-36.1, Permissible investments, recodified to N.J.A.C. 17:16-36.2.

### 17:16-36.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in guaranteed income contracts and funding agreements, provided that:

1. The issuer is incorporated in the United States;
2. The issuer is not in default as to the payment of principal or interest upon any of its outstanding obligations;
3. The issuer, in the case of an insurance company, had a total combined capital stock and surplus reserve for contingencies equal to at least \$200,000,000 at the date of its last published financial statement and a credit rating of A3 or higher from Moody's Investors Service, Inc., A- or higher by Standard & Poor's Corporation, and A- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one agency rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such deposits, the investment does not have to be sold;
4. The issuer, in the case of a commercial bank, meets all capital requirements as defined by the Federal Reserve Board at the date of its last published financial statement and has a long term debt rating of A3 or higher from Moody's Investors Service, Inc., A- or higher by Standard & Poor's Corporation, and A- or higher by Fitch Ratings, except that two of the three ratings is sufficient and one of the three ratings is sufficient if only one agency rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such deposits, the investment does not have to be sold;
5. The investment in the guaranteed investment contract or funding agreement is limited to a term of 10 years or less; and
6. Any funding agreement issued by an insurance company must be treated *pari passu* (that is, on a proportionate basis without preference) with the insurance company's other policy holders.

(b) Prior to any commitment to purchase a guaranteed investment contract or funding agreement under this subchapter, it shall be ascertained that the issuer is included on a list of companies which has been certified by the Director as having met the requirements of this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of guaranteed investment contracts or funding agreements on a case-by-case basis.

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

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

Recodified from N.J.A.C. 17:16-36.1 and amended by R.2006 d.317, effective September 5, 2006.

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

Rewrote the section. Former N.J.A.C. 17:16-36.2, Other limitations, repealed.

### 17:16-36.3 Eligible funds

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

1. Any fund classified as a Pension and Annuity Fund;
2. Any fund classified as a Static Fund;
3. Any fund classified as a Demand Fund;
4. Any fund classified as a Temporary Reserve Fund;
5. Any fund classified as a Trust Fund; and
6. Common Pension Fund B.

Repeal and New Rule, R.2006 d.317, effective September 5, 2006.

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

Section was “Legal papers”.

## SUBCHAPTER 37. MONEY MARKET FUNDS

### 17:16-37.1 Definitions

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

“Money market funds” shall mean mutual funds that invest in short-term debt instruments and seek to maintain a stable share price of one dollar.

New Rule, R.2006 d.317, effective September 5, 2006.

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

Former N.J.A.C. 17:16-37.1, Permissible investments, recodified to N.J.A.C. 17:16-37.2.

### 17:16-37.2 Permissible investments

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

1. Invest primarily in money market securities authorized pursuant to N.J.A.C. 17:16-11 and 17:16-31 through 36;

SUBCHAPTERS 48 THROUGH 52. (RESERVED)

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

**17:16-53.1 Definitions**

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

“Federal Housing Administration Insured Multi-Family Mortgage” or “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 sections 207, 220, 221(d)(3), 221(d)(4), and 236 of such Act.

Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
Amended by R.2006 d.317, effective September 5, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
Section was “Definition”. Rewrote the section.

**17:16-53.2 Permissible investments**

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in Federal Housing Administration Insured Multi-Family Mortgages provided that:

1. Any investment in any mortgage shall be not less than \$1,000,000 nor more than \$10,000,000;
2. The Director shall approve the servicing agent for the mortgage; and
3. No mortgage shall be purchased in a state which gives the borrower a redemption period.

(b) 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.

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

1. A New Jersey corporation presently servicing mortgages worth over \$50,000,000;
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 total-

ing at least \$50,000,000, engaged in the purchase of FHA insured multi-family housing mortgages.

(d) An entity in making a recommendation under (c) above shall take the following factors into consideration:

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; and
5. Any feasibility report of the consultant designated by the Director.

(e) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of mortgages on a case-by-case basis.

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.  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
In (c), inserted “agent” following “servicing”.  
Amended by R.2006 d.317, effective September 5, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
Section was “General Provision”. Section combined with former N.J.A.C. 17:16-53.3, Limitations, and substantially amended.

**17:16-53.3 Eligible funds**

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

1. Any fund classified as a Pension and Annuity Fund; and
2. Common Pension Fund B.

New Rule, R.2006 d.317, effective September 5, 2006.  
See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
Former N.J.A.C. 17:16-53.3, Limitations, combined with N.J.A.C. 17:16-53.2.

**17:16-53.4 Limitations**

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

1. The market value of mortgages purchased under this subchapter, combined with construction mortgages purchased under N.J.A.C. 17:16-54 and hospital mortgages

purchased under N.J.A.C. 17:16-55, shall not exceed 20 percent of the assets of any fund; and

2. Not more than five percent of the market value of the assets of any fund shall be invested in any one issue.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Council.

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.

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

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

Repeal and New Rule, R.2006 d.317, effective September 5, 2006.

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

Section was "Legal papers".

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

### 17:16-54.1 Definitions

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

"Federal Housing Administration Insured Multi-Family Construction Mortgage" or "construction mortgage" shall mean a construction 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 sections 207, 220, 221(d)(3), 221(d)(4), and 236 of such Act.

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

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

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

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

Amended by R.2006 d.317, effective September 5, 2006.

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

Rewrote the section.

### 17:16-54.2 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in Title II Federal Housing Administration Insured Construction Mortgages — Multi-Family provided that:

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

2. No construction mortgage shall be made except in conjunction with a mortgage and under the limitations contained in N.J.A.C. 17:16-53, Title II Federal Housing Administration Insured Mortgages — Multi-Family; and

3. No construction mortgage application shall be considered unless said mortgage is to be on real property located within the State.

(b) A corporation, brokerage firm or bank qualified under N.J.A.C. 17:16-53 must recommend the construction mortgage, but must, as a condition of their recommendation, arrange for a bank located in New Jersey to act as a principal in said construction mortgage for an amount not less than 10 percent and not more than 30 percent of the total amount of the construction mortgage. Said principal bank shall in all cases be approved by the Director.

(c) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of construction mortgages on a case-by-case basis.

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.1982 d.192, eff. June 4, 1982.

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

(a): \$10,000,000 was \$8,000,000.

(e): "New Jersey" deleted, "brokerage firm" added.

(f): 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.

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

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

In (c), substituted "N.J.A.C. 17:16-53" for "Subchapter 28" and deleted "of this Chapter" following "Multi-Family"; in (e), substituted "principal" for "principle" following "in said construction" and updated the N.J.A.C. reference.

Amended by R.2006 d.317, effective September 5, 2006.

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

Section was "General Provision". Section combined with former N.J.A.C. 17:16-54.3, Limitations, and substantially amended.

### 17:16-54.3 Eligible funds

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

1. Any fund classified as a Pension and Annuity Fund; and

2. Common Pension Fund B.

New Rule, R.2006 d.317, effective September 5, 2006.

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

Former N.J.A.C. 17:16-54.3, Limitations, combined with N.J.A.C. 17:16-54.2.

### 17:16-54.4 Limitations

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

1. The market value of construction mortgages purchased under this subchapter, combined with mortgages purchased under N.J.A.C. 17:16-53 and hospital mortgages purchased under N.J.A.C. 17:16-55, shall not exceed 20 percent of the assets of any fund; and

2. Not more than five percent of the market value of the assets of any fund shall be invested in any one issue.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Council.

As amended, R.1972 d.182, eff. September 18, 1972.  
 See: 4 N.J.R. 249(b).  
 Repeal and New Rule, R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Section was "Legal papers".

**SUBCHAPTER 55. TITLE II FEDERAL HOUSING ADMINISTRATION INSURED HOSPITAL MORTGAGES**

**17:16-55.1 Definitions**

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

"Federal Housing Administration Insured Hospital Mortgage" or "hospital mortgage" shall mean a mortgage on a hospital 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 Section 242(G) of such Act.

Amended by R.2001 d.119, effective April 2, 2001.  
 See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
 Amended by R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Section was "Definition". Rewrote the section.

**17:16-55.2 Permissible investments**

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in Federal Housing Administration Insured Hospital Mortgages provided that:

1. Any investment in any hospital mortgage shall be not less than \$1,000,000 nor more than \$15,000,000; and
2. The hospital mortgage must be on a hospital located in the State and the hospital mortgage must be serviced by the Division.

(b) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of hospital mortgages on a case-by-case basis.

Amended by R.1970 d.137, effective November 13, 1970.  
 See: 2 N.J.R. 86(e), 2 N.J.R. 102(d).  
 Amended by R.1972 d.52, eff. March 10, 1972.  
 See: 4 N.J.R. 108(a).  
 Amended by R.1991 d.274, effective June 3, 1991.  
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).  
 Citations corrected in (b).  
 Amended by R.1996 d.222, effective May 6, 1996.  
 See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).  
 Rewrote (d).  
 Amended by R.2001 d.119, effective April 2, 2001.  
 See: 32 N.J.R. 372(b), 33 N.J.R. 1115(a).  
 Amended by R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Section was "General Provision". Section combined with former N.J.A.C. 17:16-55.3, Limitations, and substantially amended.

**17:16-55.3 Eligible funds**

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

1. Any fund classified as a Pension and Annuity Fund; and
2. Common Pension Fund B.

New Rule, R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Former N.J.A.C. 17:16-55.3, Limitations, combined with N.J.A.C. 17:16-55.2.

**17:16-55.4 Limitations**

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

1. The market value of hospital mortgages purchased under this subchapter, combined with mortgages purchased under N.J.A.C. 17:16-53 and construction mortgages purchased under N.J.A.C. 17:16-54, shall not exceed 20 percent of the assets of any fund; and
2. Not more than five percent of the market value of the assets of any fund shall be invested in any one issue.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Council.

Amended by R.1972 d.182, effective September 18, 1972.  
 See: 4 N.J.R. 249(b).  
 Amended by R.2001 d.119, effective April 2, 2001.  
 See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
 Repeal and New Rule, R.2006 d.317, effective September 5, 2006.  
 See: 38 N.J.R. 2039(a), 38 N.J.R. 3632(a).  
 Section was "Legal papers".

**SUBCHAPTERS 56 THROUGH 57. (RESERVED)**

**SUBCHAPTER 58. MORTGAGE BACKED SENIOR DEBT SECURITIES; MORTGAGE BACKED PASSTHROUGH SECURITIES**

**17:16-58.1 Definitions**

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

“Mortgage backed senior debt securities” shall mean senior debt securities that are fully collateralized by mortgage securities.

“Mortgage backed passthrough securities” shall mean passthrough securities that are fully collateralized by residential or commercial mortgage securities and are issued by a sponsor deemed by the Director to be based in the United States. In determining whether a sponsor is based in the United States, the Director shall consider factors including, but not limited to, the sponsor’s country of incorporation, its main equity trading market, its shareholder base, the geographical distribution of its operations, the location of its headquarters, and the country in which investors consider the sponsor to be most appropriately classified.

New Rule, R.2006 d.317, effective September 5, 2006.

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

Former N.J.A.C. 17:16-58.1, Permissible investments, recodified to N.J.A.C. 17:16-58.2.

**17:16-58.2 Permissible investments**

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in senior debt securities which are fully collateralized by mortgage securities provided that the issue must be \$50,000,000 or more in size.

(b) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in mortgage backed passthrough securities provided that:

1. The issue has been registered with the Securities and Exchange Commission, except that this requirement may be waived by the State Investment Council;

2. The sponsor is not in default as to the payment of principal or interest upon any of its outstanding obligations. If subsequent to purchase, the sponsor defaults, the investment does not have to be sold;

3. The individual mortgage loans serving as collateral have an average loan-to-value ratio of 75 percent or less; and the collateral is at least 90 percent single-family detached residential property and at least 95 percent owner-occupied residential property; and

4. The issue has a credit rating of A3 or higher by Moody’s Investors Service, Inc., A- or higher by Standard & Poor’s Corporation, and A- or higher by Fitch Ratings,

except that two of three ratings is sufficient and one of the three ratings is sufficient if only one rating is available. Subsequent to purchase, if the rating falls below the minimum rating for such issue, it does not have to be sold, and it may be exchanged with an issue with a credit rating lower than the minimum rating if the issue received in exchange is, on balance, similarly rated.

(c) Notwithstanding the restrictions in (b) above, the Director may invest and reinvest the moneys of Common Pension Fund B in corporate obligations of U.S. based corporations, international corporate obligations, collateralized notes and mortgages, global diversified credit opportunity investments, non-convertible preferred stock, and mortgage backed passthrough securities that do not meet the minimum credit ratings set forth in N.J.A.C. 17:16-12.2, 16.2, 19.2, 23.2, 40.2, and this section, respectively; provided, however, the market value of such investments shall not exceed eight percent of the combined assets of all of the Pension and Annuity Funds.

(d) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of mortgage-backed securities on a case-by-case basis.

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

See: 32 N.J.R. 372(b), 33 N.J.R. 1115(a).

Substituted “\$50,000,000” for “\$50 million”.

Recodified from N.J.A.C. 17:16-58.1 and amended by R.2006 d.317, effective September 5, 2006.

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

Section combined with former N.J.A.C. 17:16-58.2, Pension and annuity group; static group; trust group, and substantially amended.

Amended by R.2007 d.261, effective August 20, 2007.

See: 39 N.J.R. 1467(a), 39 N.J.R. 3550(a).

In (c), deleted “up to five percent of” following “reinvest” and inserted “; provided, however, the market value of such investments shall not exceed five percent of the combined assets of all of the Pension and Annuity Funds”.

Amended by R.2008 d.394, effective December 15, 2008.

See: 40 N.J.R. 4694(a), 40 N.J.R. 7000(a).

In (b)2, inserted the second sentence; and in (c), deleted “finance company debt, bank debentures,” preceding “international” and “14.2, 15.2,” preceding “16.2,” and inserted “bank loans, non-convertible preferred stock” and “23.2, 40.2”.

Amended by R.2013 d.032, effective February 19, 2013.

See: 44 N.J.R. 2288(a), 45 N.J.R. 351(a).

In (c), inserted “of U.S. based corporations”, and a comma following “stock” and “40.2”, and substituted “global diversified credit investments” for “bank loans” and “eight” for “five”.

**17:16-58.3 Eligible funds**

(a) For purposes of N.J.A.C. 17:16-58.2(a), eligible funds shall include:

1. Any fund classified as a Pension and Annuity Fund;
2. Any fund classified as a Static Fund;
3. Any fund classified as a Demand Fund;
4. Any fund classified as a Temporary Reserve Fund;
5. Any fund classified as a Trust Fund;

6. Any fund classified as a Cash Management Fund; and

7. Common Pension Fund B.

(b) For purposes of N.J.A.C. 17:16-58.2(b), eligible funds shall include:

- 1. Any fund classified as a Pension and Annuity Fund;
- 2. Any fund classified as a Static Fund;
- 3. Any fund classified as a Trust Fund; and
- 4. Common Pension Fund B.

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

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

Substituted "subchapter" for "article".

Repeal and New Rule, R.2006 d.317, effective September 5, 2006.

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

Former N.J.A.C. 17:16-58.3, Legal papers, repealed.

**17:16-58.4 Limitations**

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

- 1. Not more than 25 percent of any one issue of senior debt securities which are fully collateralized by mortgage loans may be purchased at the time of issue, except that this requirement may be waived by the Council; and

2. Not more than five percent of the market value of the assets of any fund shall be invested in any one issue.

(b) If, subsequent to initial purchase, the limitations in (a) above are exceeded, then the Council shall be notified at the next regularly scheduled meeting of the Council. The Division may be granted a six-month period of grace to reduce the level of participation below the maximum levels, except that the period of grace may be extended for additional four-month periods with the approval of the Council.

New Rule, R.2006 d.317, effective September 5, 2006.

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

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**SUBCHAPTERS 59 THROUGH 60. (RESERVED)**  
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**SUBCHAPTER 61. STATE OF NEW JERSEY CASH MANAGEMENT FUND**

**17:16-61.1 General provisions**

(a) Pursuant to chapter 270, P.L. 1970, as amended and supplemented by chapter 281, P.L. 1977, there is hereby