

CHAPTER 16

RULES OF THE STATE INVESTMENT COUNCIL

Authority

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

Source and Effective Date

R.2001 d.119, effective March 9, 2001.
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

Executive Order No. 66(1978) Expiration Date

Chapter 16, Rules of the State Investment Council, expires on March 9, 2006.

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 by 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 by 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).

RULES OF THE STATE INVESTMENT COUNCIL

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).

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: Source and Effective Date. See, also, section annotations.

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. ().

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. ().

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. ().

CHAPTER TABLE OF CONTENTS

SUBCHAPTERS 1 THROUGH 2. (RESERVED)

SUBCHAPTER 3. CLASSIFICATION OF FUNDS

- 17:16-3.1 General provisions
- 17:16-3.2 Approved list
- 17:16-3.3 through 17:16-3.6 (Reserved)

SUBCHAPTER 4. STATE INVESTMENT COUNCIL'S POLICY CONCERNING POLITICAL CONTRIBUTIONS AND PROHIBITIONS ON INVESTMENT MANAGEMENT BUSINESS

- 17:16-4.1 Purpose
- 17:16-4.2 Definitions
- 17:16-4.3 Restrictions
- 17:16-4.4 Solicitations
- 17:16-4.5 Indirect violations
- 17:16-4.6 Reporting
- 17:16-4.7 Public disclosure
- 17:16-4.8 Additional information
- 17:16-4.9 Contract termination
- 17:16-4.10 Exemptions
- 17:16-4.11 Effectiveness

SUBCHAPTERS 5 THROUGH 10. (RESERVED)

SUBCHAPTER 11. UNITED STATES TREASURY AND GOVERNMENT AGENCY OBLIGATIONS

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

SUBCHAPTER 12. CORPORATE OBLIGATIONS

17:16-12.1 Permissible investments
 17:16-12.2 Pension and annuity group; static group; trust group
 17:16-12.3 Legal papers
 17:16-12.4 (Reserved)

SUBCHAPTER 13. (RESERVED)

SUBCHAPTER 14. FINANCE COMPANIES—SENIOR DEBT

17:16-14.1 Permissible investments
 17:16-14.2 Pension and annuity group; static group; trust group
 17:16-14.3 Legal papers

SUBCHAPTER 15. BANK DEBENTURES

17:16-15.1 Permissible investments
 17:16-15.2 Pension and annuity group; static group; trust group
 17:16-15.3 Legal papers

SUBCHAPTER 16. CANADIAN OBLIGATIONS

17:16-16.1 Permissible investments
 17:16-16.2 Limitations
 17:16-16.3 Legal papers
 17:16-16.4 (Reserved)

SUBCHAPTER 17. NEW JERSEY STATE AND MUNICIPAL GENERAL OBLIGATIONS

17:16-17.1 Applicable funds
 17:16-17.2 Investment prerequisites
 17:16-17.3 Legal papers
 17:16-17.4 Purchases for Temporary Reserve Group, Demand and Static Funds

SUBCHAPTER 18. PUBLIC AUTHORITY REVENUE OBLIGATIONS

17:16-18.1 Definitions
 17:16-18.2 Applicable funds
 17:16-18.3 Limitations
 17:16-18.4 Legal papers

SUBCHAPTER 19. COLLATERALIZED NOTES AND MORTGAGES

17:16-19.1 Permissible investments
 17:16-19.2 Legal papers

SUBCHAPTER 20. INTERNATIONAL GOVERNMENT AND AGENCY OBLIGATIONS

17:16-20.1 Permissible investments
 17:16-20.2 Limitations
 17:16-20.3 Legal papers
 17:16-20.4 (Reserved)

SUBCHAPTER 21. U.S. TREASURY FUTURES CONTRACTS

17:16-21.1 Definition of U.S. Treasury Futures Contract
 17:16-21.2 Permissible investments
 17:16-21.3 Limitations

SUBCHAPTER 22. FIXED INCOME EXCHANGE-TRADED FUNDS

17:16-22.1 Permissible investments
 17:16-22.2 Applicable funds
 17:16-22.3 Limitations

SUBCHAPTERS 23 THROUGH 30. (RESERVED)

SUBCHAPTER 31. COMMERCIAL PAPER

17:16-31.1 Definition
 17:16-31.2 Permissible investments
 17:16-31.3 Limitations
 17:16-31.4 (Reserved)
 17:16-31.5 Legal papers

SUBCHAPTER 32. CERTIFICATES OF DEPOSIT

17:16-32.1 Permissible investments
 17:16-32.2 Other limitations
 17:16-32.3 Legal papers
 17:16-32.4 (Reserved)

SUBCHAPTER 33. REPURCHASE AGREEMENTS

17:16-33.1 Permissible investments
 17:16-33.2 Limitations
 17:16-33.3 through 17:16-33.4 (Reserved)

SUBCHAPTER 34. BANKERS ACCEPTANCE

17:16-34.1 Permissible investments
 17:16-34.2 (Reserved)
 17:16-34.3 Other limitations
 17:16-34.4 through 17:16-34.5 (Reserved)
 17:16-34.6 Legal papers

SUBCHAPTER 35. (RESERVED)

SUBCHAPTER 36. GUARANTEED INCOME CONTRACTS

17:16-36.1 Permissible investments
 17:16-36.2 Other limitations
 17:16-36.3 Legal papers

SUBCHAPTER 37. MONEY MARKET FUNDS

17:16-37.1 Permissible investments
 17:16-37.2 Other limitations
 17:16-37.3 Legal papers

SUBCHAPTERS 38 THROUGH 40. (RESERVED)

SUBCHAPTER 41. U.S. COMMON AND PREFERRED STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCKS AND EXCHANGE-TRADED FUNDS

17:16-41.1 Permissible investments
 17:16-41.2 Applicable funds
 17:16-41.3 Limitations
 17:16-41.4 (Reserved)

SUBCHAPTER 42. COMMON STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCKS (TRUST FUNDS)

17:16-42.1 Permissible investments
 17:16-42.2 Applicable funds in the trust group
 17:16-42.3 Limitations
 17:16-42.4 (Reserved)
 17:16-42.5 through 17:16-42.6 (Reserved)

SUBCHAPTER 43. COVERED CALL OPTIONS

17:16-43.1 Definition

RULES OF THE STATE INVESTMENT COUNCIL

- 17:16-43.2 Permissible transactions
- 17:16-43.3 Applicable funds
- 17:16-43.4 Limitations

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

- 17:16-44.1 Permissible investments
- 17:16-44.2 Applicable funds
- 17:16-44.3 Limitations

SUBCHAPTER 45. COVERED PUT OPTIONS

- 17:16-45.1 Definition
- 17:16-45.2 Permissible transactions
- 17:16-45.3 Applicable funds
- 17:16-45.4 Limitations

SUBCHAPTER 46. COMMON AND PREFERRED STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCK OF INTERNATIONAL CORPORATIONS IN EMERGING MARKETS AND GLOBAL, REGIONAL OR COUNTRY FUNDS

- 17:16-46.1 Definition of emerging markets
- 17:16-46.2 Permissible investments
- 17:16-46.3 Applicable funds
- 17:16-46.4 Limitations

SUBCHAPTER 47. EQUITY FUTURES CONTRACTS

- 17:16-47.1 Definition
- 17:16-47.2 Permissible investments
- 17:16-47.3 Limitations

SUBCHAPTERS 48 THROUGH 52. (RESERVED)

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

- 17:16-53.1 Definition
- 17:16-53.2 General provision
- 17:16-53.3 Limitations
- 17:16-53.4 Legal papers

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

- 17:16-54.1 Definitions
- 17:16-54.2 General provision
- 17:16-54.3 Limitations
- 17:16-54.4 Legal papers

SUBCHAPTER 55. TITLE II FEDERAL HOUSING ADMINISTRATION HOSPITAL MORTGAGES

- 17:16-55.1 Definition
- 17:16-55.2 General provision
- 17:16-55.3 Limitations
- 17:16-55.4 Legal papers

SUBCHAPTERS 56 THROUGH 57. (RESERVED)

SUBCHAPTER 58. MORTGAGE BACKED SECURITIES—PRIVATE PASSTHROUGH

- 17:16-58.1 Permissible investments
- 17:16-58.2 Pension and annuity group; static group; trust group
- 17:16-58.3 Legal papers

SUBCHAPTERS 59 THROUGH 60. (RESERVED)

SUBCHAPTER 61. STATE OF NEW JERSEY CASH MANAGEMENT FUND

- 17:16-61.1 Definition
- 17:16-61.2 Participation in the State of New Jersey Cash Management Fund
- 17:16-61.3 Distribution of income
- 17:16-61.4 Participating funds
- 17:16-61.5 Permissible investments
- 17:16-61.6 Units of participation
- 17:16-61.7 Valuation
- 17:16-61.8 Date of valuation
- 17:16-61.9 Calculation of daily income per participating unit
- 17:16-61.10 Reinvestment of daily income per participating unit
- 17:16-61.11 Admission and withdrawal of participating units
- 17:16-61.12 Amendments
- 17:16-61.13 Liquidation
- 17:16-61.14 Guidelines on error correction

SUBCHAPTER 62. COMMON PENSION FUND A

- 17:16-62.1 General provision
- 17:16-62.2 Permissible investments
- 17:16-62.3 Certificates of ownership
- 17:16-62.4 Units of participation
- 17:16-62.5 Valuation
- 17:16-62.6 Date of valuation
- 17:16-62.7 Method of valuation
- 17:16-62.8 Valuation of units
- 17:16-62.9 Admission date
- 17:16-62.10 Amendments
- 17:16-62.11 Distribution of realized appreciation
- 17:16-62.12 Limitations
- 17:16-62.13 Liquidation

SUBCHAPTER 63. COMMON PENSION FUND B

- 17:16-63.1 General provisions
- 17:16-63.2 Permissible investments
- 17:16-63.3 Certificates of ownership
- 17:16-63.4 Units of participation
- 17:16-63.5 Valuation
- 17:16-63.6 Date of valuation
- 17:16-63.7 Method of valuation
- 17:16-63.8 Valuation of units
- 17:16-63.9 Admission date
- 17:16-63.10 Amendments
- 17:16-63.11 Distribution of realized appreciation
- 17:16-63.12 Limitations
- 17:16-63.13 Liquidation

SUBCHAPTER 64. (RESERVED)

SUBCHAPTER 65. DEFERRED COMPENSATION PLAN

- 17:16-65.1 Definition
- 17:16-65.2 Participation in the State of New Jersey Deferred Compensation Plan
- 17:16-65.3 Distribution of income
- 17:16-65.4 Permissible investments
- 17:16-65.5 Units of participation
- 17:16-65.6 Date of valuation
- 17:16-65.7 Valuation
- 17:16-65.8 Guidelines for valuation of securities
- 17:16-65.9 Reinvestment of income earned
- 17:16-65.10 Admission and withdrawal of units of participation
- 17:16-65.11 Errors and omissions
- 17:16-65.12 Amendments
- 17:16-65.13 Liquidation

SUBCHAPTER 66. (RESERVED)

SUBCHAPTER 67. COMMON PENSION FUND D

- 17:16-67.1 Definition

- 17:16-67.2 Permissible investments
- 17:16-67.3 Certificates of ownership
- 17:16-67.4 Units of participation
- 17:16-67.5 Valuation
- 17:16-67.6 Date of valuation
- 17:16-67.7 Method of valuation
- 17:16-67.8 Valuation of units
- 17:16-67.9 Admission date
- 17:16-67.10 Amendments
- 17:16-67.11 Distribution of realized appreciation
- 17:16-67.12 Limitations
- 17:16-67.13 Liquidation

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

- 17:16-68.1 Definition
- 17:16-68.2 Participation in the NJBEST Plan
- 17:16-68.3 Distribution of income
- 17:16-68.4 Permissible investments
- 17:16-68.5 Units of participation
- 17:16-68.6 Date of valuation
- 17:16-68.7 Valuation
- 17:16-68.8 Guidelines for valuation of securities
- 17:16-68.9 Reinvestment of income earned
- 17:16-68.10 Admission and withdrawal of units of participation
- 17:16-68.11 Errors and omissions
- 17:16-68.12 Amendments
- 17:16-68.13 Liquidation
- 17:16-68.14 Classification of the fund

SUBCHAPTERS 69 THROUGH 70. (RESERVED)

SUBCHAPTER 71. REAL ESTATE EQUITY

- 17:16-71.1 Permissible investment for pension and annuity group
- 17:16-71.2 Market appraisals
- 17:16-71.3 Limit on investment

SUBCHAPTERS 72 THROUGH 80. (RESERVED)

SUBCHAPTER 81. PURCHASE AND SALE OF INTERNATIONAL CURRENCY

- 17:16-81.1 Permissible investments
- 17:16-81.2 Objectives
- 17:16-81.3 Limitations
- 17:16-81.4 Definitions

SUBCHAPTERS 1 THROUGH 2. (RESERVED)

SUBCHAPTER 3. CLASSIFICATION OF FUNDS

17:16-3.1 General provisions

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

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

5. Trust Group.

As amended, R.1982 d.397, effective November 1, 1982.
 See: 14 N.J.R. 329(a), 14 N.J.R. 1220(d).
 List of classification groups added.
 Recodified by R.1991 d.274, effective June 3, 1991.
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).
 Stylistic changes.

17:16-3.2 Approved list

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

Amended by R.1982 d.397, effective November 1, 1982.
 See: 14 N.J.R. 329(b), 14 N.J.R. 1220(d).
 Pension and annuity groups changed to an approved list.
 Recodified by R.1991 d.274, effective June 3, 1991.
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).
 Reference to Council approval deleted.

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

SUBCHAPTER 4. STATE INVESTMENT COUNCIL'S POLICY CONCERNING POLITICAL CONTRIBUTIONS AND PROHIBITIONS ON INVESTMENT MANAGEMENT BUSINESS

Authority

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

Source and Effective Date

R.2005 d.123, effective April 18, 2005.
 See: 36 N.J.R. 4695(a), 37 N.J.R. 1223(a).

17:16-4.1 Purpose

(a) It is the policy of the State Investment Council to ensure that the selection of investment management firms to provide investment management services to the State pension funds is based on the merits of such firms and not on the political contributions made by such firms. This subchapter is designed to protect the beneficiaries of the pension funds, the State taxpayers and the public interest by:

1. Prohibiting investment management firms from being engaged to provide investment management services to the State if certain political contributions have been made; and
2. Requiring investment management firms that provide or are applying to provide investment management services to the State to disclose certain political contributions, as well as other information, thereby allowing meaningful public scrutiny of the selection of investment management firms.

In (a), changed N.J.A.C. reference; and in (b), substituted a reference to 22 percent for a reference to 20 percent.
Amended by R.2004 d.259, effective July 6, 2004.
See: 36 N.J.R. 1749(a), 36 N.J.R. 3273(b).
Added (c).

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 a 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.

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

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

17:16-68.1 Definition

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

17:16-68.2 Participation in the NJBEST Plan

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

17:16-68.3 Distribution of income

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

17:16-68.4 Permissible investments

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

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

(c) With respect to the NJBEST Fund, not more than 80 percent of the market value of the Fund as of the most

recent audited report may be invested in the common stocks, preferred stocks and securities convertible into common stock as are permitted under N.J.A.C. 17:16-42.

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

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

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

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

17:16-68.5 Units of participation

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

17:16-68.6 Date of valuation

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

17:16-68.7 Valuation

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

17:16-68.8 Guidelines for valuation of securities

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

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

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

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

17:16-68.9 Reinvestment of income earned

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

17:16-68.10 Admission and withdrawal of units of participation

Admission to or withdrawal from the Fund shall be permitted as of the first business day of each month, subject to the requirements of N.J.A.C. 9:9-8. All admissions and withdrawals will be made in cash.

17:16-68.11 Errors and omissions

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

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

17:16-68.12 Amendments

This subchapter may be amended from time to time by regulation of the State Investment Council in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and N.J.A.C. 1:30. Any amendment adopted by such Council shall be binding upon all participants and beneficiaries thereof.

17:16-68.13 Liquidation

The Director, Division of Investment, upon direction of the New Jersey Higher Education Assistance Authority Board and with the approval of the State Investment Council, shall liquidate the aforementioned common trust fund.

17:16-68.14 Classification of the fund

With respect to the NJBEST Fund, it shall be classified as a trust fund for the purpose of this chapter.

SUBCHAPTERS 69 THROUGH 70. (RESERVED)

SUBCHAPTER 71. REAL ESTATE EQUITY**17:16-71.1 Permissible investment for pension and annuity group**

(a) The Director may invest the moneys of any pension and annuity fund, with the exception of the Consolidated Police and Firemen's Pension Fund, in real estate equity in any of the following ways:

1. Participation in pooled equity real estate funds, including pools holding participating mortgages, is permissible provided:

i. The Director shall submit a list of such pools to the Council for its approval under (a)1 above. Such list may be amended or enlarged from time to time subject to the Council's approval and shall be designated as "The Approved List of Real Estate Equity Investment Pools."

ii. The Director may not purchase more than 10 percent of the units of participation in such pool.

iii. The sponsor of the pool has a record of managing real estate pooled investments aggregating at least \$500 million in each of the last five years prior to purchase.

2. Participation in special pooled equity real estate investment is permissible, subject to the provision that the Division may not purchase more than 50 percent of the units of participation in such a special pool, and further provided that such special pool shall be established under the following terms and conditions:

i. The plan sponsor has a record of managing at least \$500 million of equity real estate in each of the last five years prior to purchase and has a demonstrated capacity for real estate property management.

ii. The fund shall own at least 90 percent of any property owned by the fund.

iii. The properties owned by the fund shall be developed and substantially leased and shall consist of office buildings, shopping centers or hotels and, after the initial two years of the pool's operation the appraised value of such a class of property, at the time of any purchase of a property, may not exceed 60 percent of the appraised value of all properties in the pool.

iv. After the initial three years of the operation of the pool, no more than 50 percent of the book value of properties held by the fund can be in any one region of the United States, such regions being defined as (1) New England, New York, New Jersey, Pennsylvania, Ohio and Delaware; (2) Minnesota, Wisconsin, Illinois, Kentucky, Indiana, West Virginia and Michigan; (3) Virginia, Louisiana, and all states south of Kentucky and east of the Mississippi River; (4) California, Arizona, New Mexico, Texas, Oklahoma, Arkansas, Nevada and Hawaii, and (5) all other states.

v. No property in the pool may assume a mortgage in excess of 67 percent of the purchase price, and any mortgage assumed must have a fixed interest rate, provide no recourse to the equity holder and have no equity or escalation features.

vi. The pool shall pay an annual cash return to the plan participants equal to at least six and one-half percent of the aggregate book value of the units of participation in the pool.

vii. No individual real estate investment in the pool can exceed the greater of \$75 million or 20 percent of the book value of the fund and no single investment shall be less than \$10 million.

viii. Any investor in the pool may request liquidation after three years of existence of the pool of up to 25 percent of his total investment upon six months' notice and the pool sponsor will use his best efforts to honor the request. Any investor may mandate liquidation of up to 25 percent of his maximum aggregate investment upon 18 months' notice after three years of existence of the pool.

ix. Investors holding at least two-thirds of the units of participation in the fund may liquidate the fund upon five years notice.

x. The fund sponsor shall be engaged initially for five years, after which the holders of two-thirds of the units of participation in the fund may change the investment manager of the fund upon six months' notice. Upon an event of default by the sponsor, the holders of one-third of the units of participation in the fund may dismiss the investment manager of the pool at any time.

xi. The fund sponsor shall pay the expenses of counsel for the purchasers, who shall be selected by investors holding a majority of the units of participation.

xii. The Director shall submit a list of such special pools to the Council for an appraisal under this paragraph. Such list may be amended or enlarged from time to time subject to the Council's approval, and shall be designated as "The Approved List of Special Real Estate Equity Pools."

3. Participation in real estate ventures consisting of commercial property, including office buildings, warehouses, and shopping centers, provided:

i. The value of the real estate venture is at least \$150 million, and the Director has received an independent appraisal of the venture's value at the time of purchase.

ii. The investment is recommended by the Director and approved by the Council.

iii. Participation may consist of up to 51 percent of the equity in the venture or up to 25 percent of the venture's senior non-subordinated debt, provided that the debt contains equity characteristics consisting of cash and/or equity ownership/participation.

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

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

Definition of eligible investment and level of ownership amended.

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

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

In (a)2ii, substituted "90" for "29".

17:16-71.2 Market appraisals

The sponsor of any real estate pools or buildings purchased under N.J.A.C. 17:16-71.1 shall provide the Division of Investment independent market appraisals for all properties, on an annual basis; and shall provide annual independently audited financial statements for such pools or buildings.

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

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

Substituted "N.J.A.C. 17:16-71.1" for "N.J.A.C. 45.1".

17:16-71.3 Limit on investment

The aggregate book value of real estate investment under this subchapter, for any eligible pension fund, shall not exceed 10 percent of the book value of all assets of such pension fund.

SUBCHAPTERS 72 THROUGH 80. (RESERVED)

SUBCHAPTER 81. PURCHASE AND SALE OF INTERNATIONAL CURRENCY

17:16-81.1 Permissible investments

Subject to the limitations contained in this subchapter, the Director may enter into foreign exchange contracts for the

currency of any of the countries listed on the Approved List of International Government and Agency Obligations Bonds or any other currency in which the obligations of those countries on the Approved List are denominated.

17:16-81.2 Objectives

(a) With respect to international bonds, the objective of the hedging program is to improve and protect the inherent returns of the international portfolio.

(b) With respect to international stocks, the portfolio should be unhedged, except in such instances in which the Director believes that unusual circumstances exist in which hedging would serve to improve and protect the inherent returns of the international portfolio.

New Rule, R.1997 d.457, effective November 3, 1997.

See: 29 N.J.R. 3778(a), 29 N.J.R. 4714(a).

Former N.J.A.C. 17:16-81.2 "Limitations", recodified to N.J.A.C. 17:16-81.3.

17:16-81.3 Limitations

(a) The following limitation applies to those investments permitted under N.J.A.C. 17:16-81.1:

1. The foreign exchange contract must be for the purpose of hedging the international portfolio.

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.391, effective August 5, 1991.

See: 23 N.J.R. 1778(a), 23 N.J.R. 2345(c).

In (a) deleted 2 requiring 75 percent of portfolio be hedged.

Recodified from N.J.A.C. 17:16-81.2 by R.1997 d.457, effective November 3, 1997.

See: 29 N.J.R. 3778(a), 29 N.J.R. 4714(a).

Former N.J.A.C. 17:16-81.3 "Definitions", recodified to N.J.A.C. 17:16-81.4.

17:16-81.4 Definitions

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

"Foreign exchange contracts" means forward contracts, to sell or buy a specified amount of a specified foreign currency at a rate fixed at the time of the transaction but with delivery at a specified future time, entered into with any U.S.-Canadian-chartered commercial bank having total assets of at least \$2,000,000,000 or its equivalent in Canadian dollars (qualified bank); any U.S. broker-dealer (or subsidiary or affiliate thereof) having a net capital of at least \$100,000,000 (qualified broker); or any other foreign exchange counterparty approved by the State Investment Council.

"Hedging" means combining a long position in an asset with a short position in the hedging instrument in order to offset fluctuations in the value of the underlying asset.

Recodified from N.J.A.C. 17:16-81.3 by R.1997 d.457, effective November 3, 1997.

See: 29 N.J.R. 3778(a), 29 N.J.R. 4714(a).