

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 at least A+ from A.M. Best Company; or

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 short term debt rating of at least P1 from Moody's Investor's Service, Inc.

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

17:16-36.2 Other limitations

The investment in a guaranteed income contract is limited to a term of 10 years or less.

17:16-36.3 Legal papers

Prior to any commitment to purchase a guaranteed income contract, the Division of Investment shall ascertain 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.

SUBCHAPTER 37. MONEY MARKET FUNDS

Authority

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

Source and Effective Date

R.2003 d.331, effective August 4, 2003.
See: 35 N.J.R. 1870(a), 35 N.J.R. 3606(a).

17:16-37.1 Permissible investments

(a) Permissible investments include money market funds which invest primarily in money market securities authorized pursuant to N.J.A.C. 17:16-11 and 17:16-31 through 36 and are in compliance with Rule 2a-7 under the Investment Company Act of 1940 as promulgated by the U.S. Securities and Exchange Commission.

(b) The Director shall submit a list of money market funds to the Council for its approval. Such list may be amended or enlarged from time to time subject to the Council's approval and shall be designated the "Approved List of Money Market Funds."

(c) The Director shall only select money market funds from the "Approved List of Money Market Funds."

17:16-37.2 Other limitations

(a) The Director may purchase money market funds for any fund, including the State of New Jersey Cash Management Fund.

(b) Not more than 10 percent of the book value of any fund shall be invested in money market funds.

(c) The total amount of shares or units purchased or acquired of any one money market fund shall not exceed five percent of the shares or units outstanding.

17:16-37.3 Legal papers

(a) Prior to any commitment to purchase shares or units in a money market fund described in this subchapter, the Director shall have obtained:

1. A prospectus describing the issue; and
2. The most recent annual and semiannual reports for the money market fund.

SUBCHAPTERS 38 THROUGH 40. (RESERVED)

SUBCHAPTER 41. U.S. COMMON AND PREFERRED STOCKS AND ISSUES CONVERTIBLE INTO COMMON STOCKS

17:16-41.1 Permissible investments

(a) The stock shall be issued by a company or bank incorporated or organized under the laws of the United States or any state thereof or of the District of Columbia, or by any international company that is included in the S&P 500 Composite Index.

(b) Permissible investments include exchange-traded funds which invest in companies incorporated or organized under the laws of the United States, are traded on the New York or American Stock Exchanges, or the over-the-counter markets, and have a minimum market capitalization of \$100 million. For the purposes of this subchapter, exchange-traded funds shall be considered as common stocks in determining all applicable limitations contained within this subchapter.

(c) The Director shall submit a list of common stocks and exchange-traded funds to the Council for its approval. Such lists may be amended or enlarged from time to time subject to the Council's approval and shall be designated the "Approved Common and Preferred Stock and Convertible Securities List" and the "Approved List of Domestic Equity Exchange-traded Funds," respectively.

(d) The Director shall only select issues of common stocks from the "Approved Common and Preferred Stock and Convertible Securities List" or exchange-traded funds from the "Approved List of Domestic Equity Exchange-traded Funds" to be purchased by the pension funds.

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

1. Exercise the conversion privileges in the common stock of any security acquired under this subchapter or under N.J.A.C. 17:16-12;
2. Purchase the preferred stock, whether convertible or not, of a company, the stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List";
3. Purchase the convertible issue of a company, the common stock of which qualifies for investment and is on the "Approved Common and Preferred Stock and Convertible Securities List"; and
4. Purchase up to one percent of any eligible fund's assets in new public offerings of companies without prior approval of the State Investment Council provided, however, approval will be sought at the next regularly scheduled Council meeting. In the event approval is not granted, the securities will be sold within three months of the Council's disapproval.

Amended by R.1973 d.44, eff. Feb. 8, 1973.

See: 5 N.J.R. 94(b).

Amended by R.1986 d.356, effective September 8, 1986.

See: 18 N.J.R. 1353(a), 18 N.J.R. 1838(a).

Subchapter 8 amended to 7.

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

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

Amended by R.1995 d.385, effective July 17, 1995.

See: 27 N.J.R. 1767(a), 27 N.J.R. 2703(b).

Amended by R.2000 d.181, effective May 1, 2000.

See: 32 N.J.R. 743(a), 32 N.J.R. 1526(a).

Added (d)4.

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 "Approved Common and Preferred Stock and Convertible Securities List" for "Approved Common Stock List"; in (d)1, updated the N.J.A.C. reference.

Amended by R.2003 d.332, effective August 4, 2003.

See: 35 N.J.R. 1871(a), 35 N.J.R. ().

Added new (b); recodified former (b) through (d) as new (c) through (e); rewrote new (c) and (d).

17:16-41.2 Applicable funds

(a) Applicable funds are as follows:

1. Police and Firemen's Retirement System.
2. Public Employees' Retirement System.
3. State Police Retirement System.
4. Teachers' Pension and Annuity Fund.
5. Common Pension Fund A.
6. Judicial Retirement System of New Jersey.

Amended by R.1983 d.107, eff. April 18, 1983.

See: 15 N.J.R. 133(a), 15 N.J.R. 627(a).

Deleted reference to 1837 Surplus Revenue Fund.

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

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

Deferred Compensation Equity Fund added.

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

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

Deleted Consolidated Police and Firemen's Pension Fund.

Amended by R.1998 d.29, effective January 5, 1998.

See: 29 N.J.R. 4409(b), 30 N.J.R. 106(a).

Added (a)9.

Amended by R.2000 d.181, effective May 1, 2000.

See: 32 N.J.R. 743(a), 32 N.J.R. 1526(a).

Added (a)10.

Amended by R.2000 d.249, effective June 19, 2000.

See: 32 N.J.R. 1324(a), 32 N.J.R. 2257(b).

In (a), deleted a former 6, recodified former 7 as 6, deleted former 8 and 9, and recodified former 10 as 7.

Administrative change.

See: 32 N.J.R. 2602(b).

17:16-41.3 Limitations

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

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

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

Amended by R.1973 d.44, eff. Feb. 8, 1973.

See: 5 N.J.R. 94(b).