

CHAPTER 16

RULES OF THE STATE INVESTMENT COUNCIL

Authority

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

Source and Effective Date

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

Executive Order No. 66(1978) Expiration Date

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

Chapter Historical Note

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

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 Subchapter 1 was repealed by R.1991 d.274, effective June 3, 1991.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

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 Subchapter 2 was repealed by R.1991 d.274, effective June 3, 1991.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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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)

SUBCHAPTERS 4 THROUGH 10. (RESERVED)

SUBCHAPTER 11. UNITED STATES TREASURY AND GOVERNMENT AGENCY OBLIGATIONS

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

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

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

As amended, R.1972 d.75, eff. April 19, 1972.
 See: 4 N.J.R. 109(a).
 As amended, R.1974 d.323, eff. November 20, 1974.
 See: 6 N.J.R. 496(a).
 As amended, R.1975 d.97, eff. April 8, 1975.
 See: 7 N.J.R. 241(a).
 Amended by R.1985 d.552, effective November 4, 1985.
 See: 17 N.J.R. 2093(a), 17 N.J.R. 2674(b).
 Amended (a): added (a)1.-(a)3.
 Recodified by R.1991 d.274, effective June 3, 1991.
 See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).
 Title changed.

SUBCHAPTER 12. CORPORATE OBLIGATIONS

17:16-12.1 Permissible investments

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

17:16-67.9 Admission date

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

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

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

17:16-67.10 Amendments

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

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

17:16-67.11 Distribution of realized appreciation

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

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

the percentage of such appreciation of principal declared shall be deducted from the total principal in the Common Fund and distributed monthly or quarterly in cash and/or units; and/or

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

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

17:16-67.12 Limitations

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

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

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

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

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

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

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

17:16-67.13 Liquidation

The Director, Division of Investment, subject to the approval of the State Investment Council and the State Treasurer, may, upon two months' notice, liquidate the aforementioned Common Fund. In the event of such liquidation, the owners of the units shall share proportionately, according to units owned, in each investment held by the Common Fund. When such proportionate distribution is impracticable in the judgment of the Director, he or she may instead distribute on liquidation, cash or temporary investments held by the Common Fund. Distribution upon liquidation shall occur within 15 days after the valuation date and shall be based upon the principal value

per unit determined upon such valuation date. No liquidation will be effectuated without the approval by the State Investment Council of a plan of distribution of the assets of the Common Fund.

SUBCHAPTERS 68 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 designed as "The Approval 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 29 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 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.

17:16-71.2 Market appraisals

The sponsor of any real estate pools or buildings purchased under N.J.A.C. 17:16-45.1 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.

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).