

Eligible funds broadened; tax-exempt bond purchase specified; minimum quality standard and maximum level of purchases set.  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

**17:16-18.3 Limitations**

Not more than two percent of the assets of any eligible fund described in N.J.A.C. 17:16-18.2 shall be invested in the obligations of any one public authority.

Amended by R.1982 d.192, effective June 4, 1982.  
See: 13 N.J.R. 526(b), 14 N.J.R. 663(b).  
Added "pension and annuity group".  
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 funds broadened.

**17:16-18.4 Legal papers**

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

1. A written opinion from Moody's Investors Service to the effect that such obligations qualify as legal investments for savings banks of this State; and
2. A written opinion from the Attorney General that the purchase of such obligations is authorized by the provisions of Chapter 270, P.L. 1950, as amended and supplemented.

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

1. An unqualified approving opinion of recognized bond counsel to the effect that the obligations have been duly authorized and issued and are the legal, valid and binding obligations of the issuer;
2. Such other documents or opinions which the Attorney General may require; and
3. A written approving opinion from the Attorney General to the effect that all such documents and opinions received by the Director are satisfactory as to form and substance.

Amended by R.1972 d.75, effective April 19, 1972.  
See: 4 N.J.R. 109(a).

**SUBCHAPTER 19. COLLATERALIZED NOTES AND MORTGAGES**

**17:16-19.1 Permissible investments**

(a) Subject to the limitations contained in this subchapter, the Director may invest or reinvest the moneys of any pension and annuity group, and the Cash Management Fund, in securities which are fully collateralized by high quality mortgage-backed securities; credit card receivables; bank loans; automobile loans; home equity loans; and other forms of collateral provided:

1. The obligor is not in default as to the payment of principal or interest upon any of its outstanding obligations;
2. The collateral:
  - i. Must be mortgage-backed securities, credit card receivables, automobile loans, home equity loans, bank loans or other forms of receivables originated in the United States;
  - ii. Must be fully maintained and not under the direct control of the originator of the collateral underlying the obligation, but under the control of a trustee, special purpose vehicle or other independent entity incorporated in the United States;
3. No amount in excess of one-third of any one issue may be purchased. For the purpose of this limitation, the issue size shall be considered as the principal amount issued pursuant to all classes of securities payable from the returns generated by the underlying collateral;
4. Not more than two percent of the assets of any one fund at the time of purchase shall be invested in the obligations of any one issue;
5. Not more than 10 percent of the assets of any one fund at the time of purchase shall consist of collateralized notes and mortgages purchased pursuant to this rule; and
6. The issue must be rated BBB or better by Standard & Poor's Corporation and Moody's Investors Service, Inc., excepting that one rating is sufficient if only one rating is available.

As amended, R.1982 d.191, eff. June 21, 1982.  
See: 13 N.J.R. 528(a), 14 N.J.R. 663(c).  
(a) "debt" added; (a)2i: deleted "be of ... regulations" and replaced with "consist outstanding".  
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)4, substituted "of" for "or".  
Amended by R.2003 d.329, effective August 4, 2003.  
See: 35 N.J.R. 1869(a), 35 N.J.R. 3605(a).  
Rewrote the section.  
Amended by R.2004 d.32, effective January 20, 2004.  
See: 35 N.J.R. 4832(a), 36 N.J.R. 441(a).  
In (a), inserted "and the Cash Management Fund" in the introductory paragraph.

**17:16-19.2 Legal papers**

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

1. A prospectus or offering circular describing the issue;
2. A certification signed by two members of the Division's staff and endorsed by the Director stating that each proviso enumerated under N.J.A.C. 17:16-19.1 had been checked by them and that in their opinion the security under consideration qualified as a satisfactory investment as outlined by N.J.A.C. 17:16-19.1; and
3. In the case of an issue not registered with the Securities and Exchange Commission, the Director shall obtain, in addition to the above, such other documents or opinions which the Attorney General may require.

Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
Amended by R.2003 d.329, effective August 4, 2003.  
See: 35 N.J.R. 1869(a), 35 N.J.R. 3605(a).  
In (a)3, undesignated i and deleted ii.

## SUBCHAPTER 20. INTERNATIONAL GOVERNMENT AND AGENCY OBLIGATIONS

### 17:16-20.1 Permissible investments

(a) Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any pension and annuity group fund except the Consolidated Police and Firemen's Pension Fund, in:

1. Direct obligations of sovereign governments;
2. Obligations of political subdivisions of an approved sovereign government;
3. Obligations of the sovereign's agencies which are unconditionally guaranteed as to principal and interest by the sovereign's full faith and credit;
4. Obligations of international agencies which are directly backed by the collective credit of regional countries; and
5. Obligations of agencies of the Canadian Government or Canadian Provinces which qualify under N.J.A.C. 17:16-16.

(b) The Director shall submit a list of international governments to the Council for its approval. Such list may be amended or enlarged from time to time by the Council and shall constitute the "Approved List of International Governments."

Amended by R.1991 d.386, effective August 5, 1991.  
See: 23 N.J.R. 1775(b), 23 N.J.R. 2344(a).

In (a)2, added Common Pension Fund D.  
Amended by R.1992 d.274, effective July 6, 1992.  
See: 24 N.J.R. 1690(a), 24 N.J.R. 2464(a).

Revised text.  
Amended by R.2004 d.249, effective July 6, 2004.  
See: 36 N.J.R. 1739(a), 36 N.J.R. 3269(b).

In (b), deleted "their subdivisions and their agencies, and international agencies" in the first sentence and deleted "and Agencies" in the second sentence; deleted (c).

### 17:16-20.2 Limitations

(a) Not more than one percent of the assets of any pension and annuity group fund shall be invested in any one issuer of obligations under this subchapter, whether direct or guaranteed.

(b) All obligations under this subchapter must be rated at least double-A by either Moody's Investors Service, Inc. or Standard & Poor's Corporation or have equivalent ratings. Subsequent to purchase, if ratings fall below double-A for such issues, they do not have to be sold.

(c) The total amount of debt issues purchased or acquired of any one issuer shall not exceed two percent of the outstanding debt of the issuer, and not more than 10 percent of any one issue may be purchased at the time of issue, except that these requirements may be waived by the State Investment Council.

Amended by R.1991 d.386, effective August 5, 1991.  
See: 23 N.J.R. 1775(b), 23 N.J.R. 2344(a).

Deleted prior (a); recodified (b)-(d) as (a)-(c). In (a), added "any one issuer of". In (b), changed rating from "Aaa/AAA" to "Aa/AA".  
Amended by R.1994 d.445, effective September 6, 1994.  
See: 26 N.J.R. 2751(a), 26 N.J.R. 3742(a).  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).  
Amended by R.2004 d.249, effective July 6, 2004.  
See: 36 N.J.R. 1739(a), 36 N.J.R. 3269(b).

In (a), substituted "any one issuer of obligations under this subchapter, whether" for "any one issuer of international government and agency obligations, whether"; rewrote (b); in (c), deleted "on the Approved List".

### 17:16-20.3 Legal papers

(a) Prior to any commitment to purchase obligations of the type described in this subchapter, the Director shall have obtained a public prospectus or circular describing the issue.

(b) In the case of an issue which is privately placed, the Director shall obtain, in addition to the requirements of (a) above:

1. Such other documents or opinions which the Attorney General may require; and
2. A written approving opinion from the Attorney General to the effect that all such documents and opinions received by the Director are satisfactory as to form and substance.

Amended by R.1992 d.274, effective July 6, 1992.  
See: 24 N.J.R. 1690(a), 24 N.J.R. 2464(a).  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

### 17:16-20.4 (Reserved)

## SUBCHAPTER 21. U.S. TREASURY FUTURES CONTRACTS

### 17:16-21.1 Definition of U.S. Treasury Futures Contract

As used in this subchapter, a "U.S. Treasury Futures Contract" is a legal agreement between a buyer and a seller in which the seller agrees to deliver and the buyer agrees to take delivery of a specified quantity of treasury securities at a specified price (futures price) at a stated time in the future (delivery date). Prices are determined by competitive bids on the floor of the Chicago Board of Exchange. The terms of the contract are standardized and the Chicago Board of Exchange Clearinghouse takes the opposite side to each cleared transaction.

(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).

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

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

25 percent deleted, replaced by 35 percent in subsection (a).

Amended by R.1985 d.582, effective November 18, 1985.

See: 17 N.J.R. 2239(b), 17 N.J.R. 2784(c).

“40 percent” substituted for “35 percent”; deleted “1837 Surplus Revenue Fund”.

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

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

(c) “five” amended to “10”.

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

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

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

Administrative correction to (b).

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

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

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

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

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

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

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

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

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

In (b) substituted market value for book value.

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

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

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

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

In (b), deleted “limitation for the Trustees for the Support of Public Schools shall be 10 percent. This” preceding “four”.

Amended by R.2004 d.254, effective July 6, 2004.

See: 36 N.J.R. 1742(b), 36 N.J.R. 3271(a).

In (a), deleted “or its Executive Committee” in the second sentence.

**17:16-41.4 (Reserved)**

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

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

Rewrote section.

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)1, substituted “Domestic” for “National”.

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

See: 35 N.J.R. 1871(a), 35 N.J.R. 3606(b).

Added (c).

Repealed by R.2004 d.254, effective July 6, 2004.

See: 36 N.J.R. 1742(b), 36 N.J.R. 3271(a).

Section was “Approved Common Stock and Exchange-traded Funds List”.

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

**17:16-42.1 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) The common stock and securities must trade on an exchange in the United States or over-the-counter market, except that the common stock and securities for the Supplemental Annuity Collective Trust Fund shall be listed on a securities exchange in the United States, as required by N.J.S.A. 52:18A-115.

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

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

1. Exercise the conversion privileges into common stock of any security acquired under this Subchapter;
2. Purchase the convertible issue of a company, the common stock of which qualifies for investment under this subchapter;
3. Purchase up to one percent of any eligible fund’s assets in new public offerings of companies without prior approval of the State Investment Council provided, however, approval will be sought at the next regularly scheduled Council meeting in the event the security does not subsequently meet the requirements of this subchapter. If approval is not granted, the securities will be sold within three months of the Council’s disapproval; and
4. Retain any distribution received as a result of a corporate action, even if the security does not meet the requirements of this subchapter.

Recodified from N.J.A.C. 17:16-42.2 and amended by R.2000 d.250, effective June 19, 2000.

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

Rewrote the section. Former N.J.A.C. 17:16-42.1, Definition, repealed.

Amended by R.2004 d.255, effective July 6, 2004.

See: 36 N.J.R. 1744(a), 36 N.J.R. 3271(b).

Rewrote the section.

**17:16-42.2 Applicable funds in the trust group**

(a) Applicable funds in the trust group are:

1. University of Medicine and Dentistry of New Jersey—Endowment Funds;
2. Supplemental Annuity Collective Trust;
3. Trustees for the Support of Public Schools;

4. The Deferred Compensation Equity Fund;
5. The Deferred Compensation Small Capitalization Equity Fund; and
6. New Jersey Better Educational Savings Trust.

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

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

Recodified from N.J.A.C. 17:16-42.3 by R.2000 d.250, effective June 19, 2000.

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

Former N.J.A.C. 17:16-42.3, Applicable funds in the trust group, recodified to N.J.A.C. 17:16-42.2. In (a), added 3 through 6.

#### 17:16-42.3 Limitations

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

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

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

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

In (a) substituted market value for book value.

Recodified from N.J.A.C. 17:16-42.4 by R.2000 d.250, effective June 19, 2000.

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

Former N.J.A.C. 17:16-42.3, Applicable funds in the trust group, recodified to N.J.A.C. 17:16-42.2.

#### 17:16-42.4 (Reserved)

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

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

Rewrote section.

Recodified from N.J.A.C. 17:16-42.6 by R.2000 d.250, effective June 19, 2000.

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

Former N.J.A.C. 17:16-42.4, Limitations, recodified to N.J.A.C. 17:16-42.3.

Repealed by R.2004 d.255, effective July 6, 2004.

See: 36 N.J.R. 1744(a), 36 N.J.R. 3271(b).

Section was "Approved Common Stock and Convertible Securities List".

#### 17:16-42.5 (Reserved)

Repealed by R.2000 d.250, effective June 19, 2000.

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

Section was "Legal papers".

#### 17:16-42.6 (Reserved)

Recodified to N.J.A.C. 17:16-42.4 by R.2000 d.250, effective June 19, 2000.

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

### SUBCHAPTER 43. COVERED CALL OPTIONS

#### 17:16-43.1 Definition

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

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

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

In section name, deleted "; covered call options".

#### 17:16-43.2 Permissible transactions

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

(b) Any option purchased or sold shall be listed on the Chicago Board Option Exchange, the American Stock Exchange, the Philadelphia Stock Exchange or the Pacific Stock Exchange.

As amended, R.1982 d.193, eff. June 21, 1982.

See: 13 N.J.R. 750(b), 14 N.J.R. 663(d).

(b): Added "the Philadelphia . . . Pacific Stock Exchange."

(c) deleted.

#### 17:16-43.3 Applicable funds

(a) Applicable funds include:

1. Common Pension Fund A;
2. Supplemental Annuity Collective Trust;
3. Deferred Compensation Plan—Equity Fund; and
4. Deferred Compensation Plan—Small Capitalization Equity Fund.

As amended, R.1982 d.192, eff. June 4, 1982.

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

(a)2 added.

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

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

Added Deferred Compensation Plan—Equity Fund.

Amended by R.1998 d.30, effective January 5, 1998.

See: 29 N.J.R. 4410(a), 30 N.J.R. 106(b).

Added (a)4.

#### 17:16-43.4 Limitations

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

As amended, R.1982 d.193, eff. June 21, 1982.

See: 13 N.J.R. 750(b), 14 N.J.R. 663(d).

"10" percent was "5".

Amended by R.1986 d.30, effective February 18, 1986.

See: 17 N.J.R. 2968(a), 18 N.J.R. 428(a).

Added text "; except in the . . . P.L. 1985, c.308."

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

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

Deleted exception for holdings subject to divestment under P.L. 1985, c.308.

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

#### 17:16-44.1 Permissible investments

(a) Subject to the limitations contained in this subchapter, permissible investments include stock issued by a company or bank incorporated or organized under the laws of the countries:

1. Listed on the Approved List of International Government and Agency Obligations set forth in N.J.A.C. 17:16-20;

2. That compose more than five percent of the market capitalization of the stocks included in the Morgan Stanley Capital International EAFE (MSCI EAFE) Index;

3. That have a minimum market capitalization of \$US250 million. Subsequent to purchase, if capitalization falls below \$US250 million, the investment does not have to be sold; or

4. That trade on an exchange or over-the-counter market.

(b) International equity exchange-traded funds or closed-end global, regional or country funds must have a minimum market capitalization of \$US100 million. For the purposes of this subchapter, exchange-traded funds or closed-end global, regional or country funds shall be considered as common stock in determining all applicable limitations contained within this subchapter.

(c) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of common stocks and issues convertible into common stock of international corporations or international equity exchange-traded funds or closed-end global, regional or country funds on a case-by-case basis.

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

1. Exercise the conversion privileges in the common stock of any security acquired under this subchapter;

2. Purchase the preferred stock, whether convertible or not, of a company, the stock of which qualifies for investment under this subchapter;

3. Purchase the convertible issue of a company, the common stock of which qualifies for investment under this subchapter;

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 the security does not subsequently meet the requirements of this subchapter. If approval is not granted, the securities will be sold within three months of the Council's disapproval; and

5. Retain any distribution received as a result of a corporate action, even if the security does not meet the requirements of this subchapter.

Recodified by R.1991 d.274, effective June 3, 1991.  
See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).  
Citations corrected.  
Amended by R.1996 d.222, effective May 6, 1996.  
See: 28 N.J.R. 1366(a), 28 N.J.R. 2397(a).

Deleted requirements relating to regular dividends, long term debt, and current assets and liabilities.

Amended by R.2000 d.180, effective May 1, 2000.  
See: 32 N.J.R. 744(b), 32 N.J.R. 1526(c).

Added (d)4.  
Amended by R.2001 d.119, effective April 2, 2001.  
See: 33 N.J.R. 372(b), 33 N.J.R. 1115(a).

Administrative correction.  
See: 33 N.J.R. 2280(a).  
Amended by R.2003 d.20, effective January 6, 2003.  
See: 34 N.J.R. 3071(a), 35 N.J.R. 230(b).

Rewrote (a).  
Amended by R.2003 d.333, effective August 4, 2003.  
See: 35 N.J.R. 1872(a), 35 N.J.R. 3607(a).

Added new (c); recodified former (c) and (d) as new (d) and (e); in new (d), inserted "or international equity exchange-traded funds from the "Approved List of International Equity Exchange-traded Funds" preceding "to be purchased".

Amended by R.2004 d.256, effective July 6, 2004.  
See: 36 N.J.R. 1745(a), 36 N.J.R. 3272(a).

Rewrote the section.

**17:16-44.2 Applicable funds**

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

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

Recodified by R.1991 d.274, effective June 3, 1991.  
See: 23 N.J.R. 983(a), 23 N.J.R. 1800(b).  
Common Pension Fund D added.

**17:16-44.3 Limitations**

(a) Not more than one percent of the market value of any pension fund shall be invested in the common and preferred stock of any one corporation. This one percent limitation shall not apply to Common Pension Fund D included in the list of applicable funds in N.J.A.C. 17:16-44.2.

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

(c) The market value of international common and preferred stock and issues convertible into common stock that can be held by a pension fund directly or through Common Pension Fund D, when combined with the market value of common and preferred domestic stock, and issues convertible into such common stocks, permitted under N.J.A.C. 17:16-41, cannot exceed 70 percent of the market value of a pension fund, with the exception of Common Pension Funds

A and D, subject to such further provisos as are contained in N.J.A.C. 17:16-41.

(d) The market value of international preferred and common stocks and issues convertible into common stocks, when combined with the market value of international government and agency obligations permitted under N.J.A.C. 17:16-20, cannot exceed 22 percent of the market value of a pension fund, subject to such further provisos as are contained in N.J.A.C. 17:16-67.

Amended by R.1991 d.389, effective August 5, 1991.  
See: 23 N.J.R. 1777(a), 23 N.J.R. 2345(a).

Deleted prior (a); recodified (b) to (c) as (a) to (b); added (c) and (d).

Amended by R.1995 d.484, effective September 5, 1995.  
See: 27 N.J.R. 2544(a), 27 N.J.R. 3378(c).

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

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

In (a) substituted market value for book value.

Amended by R.2000 d.251, effective June 19, 2000.

See: 32 N.J.R. 1325(a), 32 N.J.R. 2258(a).

In (a), added a second sentence; and in (c), substituted a reference to 70 percent for a reference to 60 percent, and inserted "with the exception of Common Pension Funds A and D," following "fund." Amended by R.2000 d.372, effective September 18, 2000.

See: 32 N.J.R. 2584(a), 32 N.J.R. 3455(a).

In (d), substituted a reference to 22 percent for a reference to 20 percent.

## SUBCHAPTER 45. COVERED PUT OPTIONS

### 17:16-45.1 Definition

As used in this subchapter, "covered put options" shall mean puts for common stocks held in the pertinent portfolio.

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

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

In section name, deleted "; covered call options".

### 17:16-45.2 Permissible transactions

(a) Puts may be purchased only for stocks held in the pertinent portfolio.

(b) Any put purchased or sold shall be listed on the Chicago Board Option Exchange, the American Stock Exchange, the Philadelphia Stock Exchange or the Pacific Stock Exchange.

### 17:16-45.3 Applicable funds

(a) The following funds are applicable for the purchase of puts:

1. Common Pension Fund A;
2. Supplemental Annuity Collective Trust;
3. Deferred Compensation Plan—Equity Fund; and

### 4. Deferred Compensation Plan—Small Capitalization Equity Fund.

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

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

Added Deferred Compensation Plan—Equity Fund.

Amended by R.1998 d.31, effective January 5, 1998.

See: 29 N.J.R. 4410(b), 30 N.J.R. 106(c).

Added (a)4.

### 17:16-45.4 Limitations

Purchases of covered put options shall not exceed 10 percent of any one common stock holding.

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

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

Deleted exception for holdings subject to divestment under P.L. 1985, c.308.

## 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

As used in this subchapter, "emerging markets" are defined as countries which are not eligible for investment under N.J.A.C. 17:16-20.

### 17:16-46.2 Permissible investments

(a) Subject to the limitations contained in this Subchapter, permissible investments include stock, or securities convertible into stock, of companies in emerging markets:

1. Which have at least \$US 1 billion of market capitalization; or
2. Which have depository receipts that are traded on the New York or American Stock Exchanges, or the over-the-counter markets.

(b) Subject to the limitations contained in this Subchapter, permissible investments shall also include global, regional or country funds which invest in emerging countries and which are traded on the New York or American Stock Exchanges, or the over-the-counter markets, and which have a minimum market capitalization of \$US 100 million.

(c) Notwithstanding the restrictions contained in this subchapter, the Council may approve the purchase of common stocks or global, regional or country funds on a case-by-case basis.

(d) Notwithstanding the restrictions in (a) through (c) above, the Director may: