Subject to the limitations contained in this subchapter, the Director may invest and reinvest the moneys of any eligible fund in the non-convertible preferred stock of a U.S. corporation provided that:

1. (No change.)

2. The company has a market capitalization or contributed capital of at least $100 million. Subsequent to purchase, if capitalization or contributed capital falls below $100 million, the investment does not have to be sold; and

3. (No change.)

(b) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of Common Pension Fund B in corporate obligations of U.S. based corporations, international corporate obligations, collateralized notes and mortgages, [bank loans] global diversified credit investments, non-convertible preferred stock, and mortgage backed passthrough securities that do not meet the minimum credit ratings set forth in N.J.A.C. 17:16-12.2, 16.2, 19.2, 23.2, this section, and N.J.A.C. 17:16-58.2, respectively; provided, however, the market value of such investments shall not exceed [five] eight percent of the combined assets of all of the Pension and Annuity Funds.

(c) Notwithstanding the restrictions in (a) above, the Director may invest and reinvest the moneys of Common Pension Fund B in corporate obligations of U.S. based corporations, international corporate obligations, and non-convertible preferred stock of companies that do not meet the minimum market capitalization or contributed capital set forth in N.J.A.C. 17:16-12.2 and 16.2 and this section, respectively; provided, however, the market value of such investments shall not exceed one percent of the combined assets of all the Pension and Annuity Funds.

(d) (No change.)

The agency proposal follows:

Summary

N.J.A.C. 17:16-42 sets forth the permissible investments and limitations for certain trust funds.

The proposed amendment to N.J.A.C. 17:16-42.2(a) deleting paragraph (a)1 is required due to an amendment to N.J.S.A. 52:18A-115, which provides that common stocks and securities purchased for the Supplemental Annuity Collective Trust Fund shall be traded on a securities exchange in the United States or over-the-counter market. See P.L. 2011, c. 78. Paragraph (a)1 reflected the statute’s pre-amendment requirement that the common stock for the Supplemental Annuity Collective Trust Fund shall be listed on a securities exchange in the United States. The proposed amendment also corrects a spelling error.

Because the Division is providing a 60-day comment period on this notice of proposal, this notice is exempted from the rulemaking calendar requirement pursuant to N.J.A.C. 1:30-3.3(a)5.