



General Assembly

January Session, 2009

**Raised Bill No. 6499**

LCO No. 3657

\*03657\_\_\_\_\_FIN\*

Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

**AN ACT CONCERNING COLLATERAL FOR SECURITIES LENDING.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 3-13d of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

4 (a) Notwithstanding any other provision in the general statutes or  
5 elsewhere to the contrary, the Treasurer shall invest as much of the  
6 state's trust funds as are not required for current disbursements in  
7 accordance with the provisions of section 45a-203 or the provisions of  
8 this part. Notwithstanding the provisions of this section or any other  
9 provision in the general statutes or elsewhere to the contrary, the  
10 Treasurer shall not invest more than sixty per cent of the market value  
11 of each such trust fund in common stock, except in the event of a stock  
12 market fluctuation that causes the common stock percentage to  
13 increase and the Treasurer deems it in the best interest of such trust  
14 fund to maintain a higher percentage of equities, provided the  
15 Treasurer shall not allow the market value of each such trust fund in  
16 common stock to exceed sixty-five per cent for more than six months

17 after such fluctuation occurs. On and after January 1, 2001, or on and  
18 after the first adoption of an investment policy statement under section  
19 3-13b, whichever is later, all trust fund investments shall be made in  
20 accordance with the investment policy statement adopted under  
21 section 3-13b. In order to increase the income for each such combined  
22 investment fund established pursuant to section 3-31b, the Treasurer  
23 may enter into repurchase agreements or lend securities from each  
24 such fund, provided that at the time of the execution of the repurchase  
25 agreement or the loan at least one hundred per cent of the market  
26 value of the security sold or lent shall be received as consideration in  
27 the form of cash or securities, including, but not limited to, securities  
28 guaranteed by the United States government or any agency of the  
29 United States government in the case of a repurchase agreement or  
30 secured by cash or such securities in the case of a loan. At all times  
31 during the term of each such repurchase agreement or the term of each  
32 such loan the consideration received or the collateral shall be equal to  
33 not less than ninety-five per cent of the full market value of the  
34 security and said consideration received or said collateral shall not be  
35 more than one hundred thousand dollars less than the full market  
36 value of the security. The Treasurer may sell call options which would  
37 give the holders of such options the right to purchase securities held  
38 by the Treasurer at the date the call is sold for investment purposes,  
39 under such terms and conditions as the Treasurer may determine.  
40 Among the factors to be considered by the Treasurer with respect to all  
41 securities may be the social, economic and environmental implications  
42 of investments of trust funds in particular securities or types of  
43 securities. In the investment of the state's trust funds the Treasurer  
44 shall consider the implications of any particular investment in relation  
45 to the foreign policy and national interests of the United States.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	3-13d(a)

**Statement of Purpose:**

To allow additional types of collateral as security for repurchase agreements and securities lending, thereby allowing the combined investment funds to generate additional interest income of more than three million dollars annually.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*