AN ACT CONCERNING COLLATERAL FOR SECURITIES LENDING BY THE STATE TREASURER.

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

Section 1. Subsection (a) of section 3-13d of the general statutes is repealed and the following is substituted in lieu thereof (Effective July 1, 2010):

(a) Notwithstanding any other provision in the general statutes, [or elsewhere to the contrary,] the Treasurer shall invest as much of the state's trust funds as are not required for current disbursements in accordance with the provisions of section 45a-203 or the provisions of this part. Notwithstanding the provisions of this section or any other provision in the general statutes, [or elsewhere to the contrary,] the Treasurer shall not invest more than sixty per cent of the market value of each such trust fund in common stock, except in the event of a stock market fluctuation that causes the common stock percentage to increase and the Treasurer deems it in the best interest of such trust fund to maintain a higher percentage of equities, provided the Treasurer shall not allow the market value of each such trust fund in common stock to exceed sixty-five per cent for more than six months.
after such fluctuation occurs. On and after January 1, 2001, or on and
after the first adoption of an investment policy statement under section
3-13b, whichever is later, all trust fund investments shall be made in
accordance with the investment policy statement adopted under
section 3-13b. In order to increase the income for each such combined
investment fund established pursuant to section 3-31b, the Treasurer
may enter into repurchase agreements or lend securities from each
such fund, provided that at the time of the execution of the repurchase
agreement or the loan at least one hundred per cent of the market
value of the security sold or lent shall be received as consideration in
the form of cash or securities guaranteed by (1) the United States
government or any agency of the United States government, [in the
case of a repurchase agreement or secured by cash or such securities in
the case of a loan] or (2) a sovereign country that is a participant in the
General Arrangements to Borrow, known generally as the Group of
Ten, or G10, and is rated "AA" or better by at least one nationally-
recognized statistical rating organization. At all times during the term
of each such repurchase agreement or the term of each such loan the
consideration received or the collateral shall be equal to not less than
ninety-five per cent of the full market value of the security and said
consideration received or said collateral shall not be more than one
hundred thousand dollars less than the full market value of the
security. The Treasurer may sell call options which would give the
holders of such options the right to purchase securities held by the
Treasurer at the date the call is sold for investment purposes, under
such terms and conditions as the Treasurer may determine. Among the
factors to be considered by the Treasurer with respect to all securities
may be the social, economic and environmental implications of
investments of trust funds in particular securities or types of securities.
In the investment of the state's trust funds the Treasurer shall consider
the implications of any particular investment in relation 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 | July 1, 2010 | 3-13d(a) |

**Statement of Purpose:**
To expand the category of collateral that may serve as consideration for the lending of securities from combined investment funds established by the Treasurer.

*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.*