



Senate Bill No. 431

Public Act No. 10-150

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 Subsection (a) of section 3-13d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):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

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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.

Approved June 8, 2010