

No. 86

AN ACT

SB 703

Amending the act of June 1, 1959 (P.L.350), entitled "An act relating to the retirement of public school employes; amending, revising, consolidating and changing the laws relating thereto," authorizing the purchase of preferred and common stock for investment purposes.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 502, act of June 1, 1959 (P.L.350), known as the "Public School Employes' Retirement Code of 1959," is amended by adding a subsection to read:

Section 502. Management of Fund and Accounts.—

* * *

(7) Preferred and common stock of any corporation organized under the laws of the United States or of any commonwealth or state thereof or of the District of Columbia shall be an authorized investment of the fund, regardless of any other provision of law if:

(i) purchased in the exercise of that degree of judgment and care under the circumstances then prevailing which men of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation, but in regard to the permanent disposition of the funds, considering the probable income to be derived therefrom as well as the probable safety of their capital; and

(ii) in the case of any stock other than stock of a bank or insurance company, the stock is listed or traded (or if unlisted or not entitled to trading privileges shall be eligible for listing and application for such listing shall have been made) on the New York Stock Exchange or any other exchange approved by the Secretary of Banking.

No investment in common stock shall be made which at that time would cause the book value of the investments in common stock to exceed ten (10) percent of the total assets of the fund. No more than two (2) percent of the total assets of the fund shall be invested in common stocks in any one (1) year, provided that any unused portion may be used in subsequent years, but in no event shall more than eight (8) percent of such assets be invested in common stocks in any one (1) year. The amount invested in the common stock of any one (1) company shall not exceed at cost one (1) percent of the book value of the assets of the fund at the time of purchase and shall not exceed two and one-half (2 1/2) percent of the issued and outstanding common stock of that company. In no event shall the total amount invested in common stocks at any time be in excess of fifty (50) percent of the total amount of the fund invested in mortgage loans on real estate located in the

Commonwealth of Pennsylvania which are insured by the Federal Housing Administration or the Veterans' Administration. No sale or other liquidation of any investment shall be required solely because of any change in market values whereby the percentages of stocks hereinabove set forth are exceeded.

"Corporation" as used in this subsection shall include a voluntary association, a joint-stock association or company, a business trust, a Massachusetts trust, a common-law trust and any other organization organized and existing for any lawful purpose and which like a corporation, continues to exist, notwithstanding changes in the personnel of its members or participants and conducts its affairs through a committee, a board or some other group acting in a representative capacity.

"Common stock" as used in this subsection shall include the stock certificates, certificates of beneficial interests or trust participation certificates issued by any corporation or unincorporated association included under the definition of "corporation" in the preceding paragraph.

Section 2. This act shall take effect immediately.

APPROVED—The 26th day of May, A. D. 1972.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly No. 86.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive, flowing style with a large initial "C" and "T".

Secretary of the Commonwealth.