

This rule was file as SIC Rule 91-1.

TITLE 2 PUBLIC FINANCE
CHAPTER 60 INVESTMENT AND DEPOSIT OF PUBLIC FUNDS
PART 32 COMPLIANCE RULES

2.60.32.1 ISSUING AGENCY: State Investment Council.
[Recompiled 10/01/01]

2.60.32.2 SCOPE: [RESERVED]
[Recompiled 10/01/01]

2.60.32.3 STATUTORY AUTHORITY: [RESERVED]
[Recompiled 10/01/01]

2.60.32.4 DURATION: [Permanent.]
[Recompiled 10/01/01]

2.60.32.5 EFFECTIVE DATE: February 1, 1992
[Recompiled 10/01/01]

2.60.32.6 OBJECTIVE: [RESERVED]
[Recompiled 10/01/01]

2.60.32.7 DEFINITIONS: [RESERVED]
[Recompiled 10/01/01]

2.60.32.8 COMPLIANCE RULES:

A. The compliance rules set forth below are only applicable to purchase, sale, and short sale of (i.e., trades in) certain securities and securities-oriented options and warrants (derivatives). Compliance with these rules is required of all employees of the state investment office, including the state investment officer. All employees of the state investment office will be required to sign a statement attesting to their having read and understood the compliance rules and will at all times adhere to them. Such statements must be signed within ten working days of adoption of these rules or within ten working days of the start of an employment period, whichever is applicable. Failure to do so may be deemed cause for dismissal from employment.

B. The state investment officer shall appoint an employee of the state investment office to serve as compliance officer. The compliance officer shall monitor trading activities of all state investment office employees for adherence to the compliance rules. The compliance officer shall immediately report, in writing, to the state investment officer any infraction of the compliance rules. Such infraction may be deemed cause for dismissal from employment.

C. The compliance officer shall maintain a restricted list of company names. A company's name shall be added to the restricted list immediately upon:

- (1) recommendation by a state investment office employee for inclusion of that company name on the state investment office securities buy/sell list; or
- (2) recommendation by the advisor(s) to the state investment office for inclusion of that company name on the state investment office securities buy/sell list.

D. A company's name shall be removed from the restricted list:

- (1) immediately upon rejection of a recommendation for inclusion of that company name on the state investment office securities buy/sell list; or
- (2) after two full market days following completion of a state investment office trade program in that company's securities in accordance with the securities buy/sell list.

E. There are eight compliance rules:

- (1) A state investment office employee shall not trade in the securities or derivatives of companies whose names are on the restricted list for his (her) own account(s), or any family member account(s), or any account(s) in which he (she) holds a direct or indirect beneficial interest, or any account(s) in which he (she) has

discretionary investment authority or power of attorney, nor shall he (she), for any account, advise on trading in the securities or derivatives of companies whose names are on the restricted list.

(2) It shall be the responsibility of a state investment office employee intending to trade securities or derivatives of any company to ascertain if that company's name is on the restricted list.

(3) A state investment office employee shall submit to the compliance officer, no later than the 30th day following the end of every quarter, a copy of the quarterly security statements or the period's three monthly security statements for his (her) own accounts, and any family member account(s), and any account(s) in which he (she) holds a direct or indirect beneficial interest, and any account(s) in which he (she) has discretionary investment authority or power of attorney.

(4) A state investment office employee shall at no time disclose to any person outside of the state investment office any of the contents of the state investment office securities buy/sell list or the contents of the restricted list except as is necessary in the normal course of business.

(5) a state investment office employee shall disqualify himself (herself) from participation in any official act affecting securities in which he (she) has a financial interest.

(6) No state investment office employee shall acquire a financial interest at a time when he (she) believes or has reason to believe that it will be directly affected by his (her) official act.

(7) No state investment office employee shall use confidential information acquired by virtue of his (her) state employment for his (her) or another's private gain.

(8) The compliance officer shall, during the month of January, submit to the secretary of state, in writing, a complete list of the securities and derivatives owned in all appropriate accounts of state investment office employees.

F. Note: For Rules V and VI [now Paragraphs 5 and 6 of Subsection E of 2.60.32.8 NMAC], "official act" means an official decision, approval, disapproval, or any other action which involves the use of discretionary authority, except the term does not mean an act of the legislature or an act of general applicability.

G. Adopted by the state investment council in an open meeting on December 18, 1991, to be effective February 1, 1992.

(1) State Investment Council

(2) By: State Investment Officer

(3) Date: January 24, 1992

[Recompiled 10/01/01]

HISTORY OF 2.60.32 NMAC:

Pre-NMAC History: The material in this Part was derived from that previously filed with the State Records Center and Archives:

SIC Rule 91-1, Compliance Rules, 2-01-92.

History of Repealed Material: [RESERVED]