

PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT ACT (EXCERPT)
Act 314 of 1965

38.1140e Loan of securities by investment fiduciary.

Sec. 20e.

(1) An investment fiduciary may loan bonds, stocks, or other securities if at the time the loan is executed, at least 102% of the full market value of the security loaned is secured by collateral of cash to be invested in 1 or more of the following:

(a) Securities graded in the top 4 major grades as determined by at least 1 national rating service, but not graded below the top 4 grades as determined by any of the national rating services, or determined by the investment fiduciary to be of comparable quality in the case of unrated securities.

(b) Repurchase agreements collateralized by securities graded in the top 4 major grades as determined by at least 1 national rating service, but not graded below the top 4 grades as determined by any of the national rating services, or determined by the investment fiduciary to be of comparable quality in the case of unrated securities.

(c) Irrevocable bank letters of credit.

(d) Securities issued or guaranteed by the United States government or an agency of the United States government.

(2) At all times during the term of a loan under subsection (1), the collateral shall be equal to not less than 100% of the full market value of the security loaned.

History: Add. 1982, Act 55, Imd. Eff. Apr. 6, 1982 ;-- Am. 1996, Act 485, Imd. Eff. Dec. 27, 1996 ;-- Am. 2000, Act 307, Imd. Eff. Oct. 16, 2000