

**PERAC REGULATIONS**

PERAC has provided Boards with two Memos on this subject (#27/2012 and #49/2012). The overall impact of the changes noted in those Memos is that the following regulations are superseded by the noted provisions of Chapter 176 and will no longer be enforced:

- 1. 840 CMR 16.01 - Definitions
- 2. 840 CMR 16.02 - Employment of a Qualified Investment Manager
- 3. 840 CMR 16.03 – Authority of Investment Manager to Invest Funds
- 4. 840 CMR 16.06 – Petitions for Additions to the Legal List
- 5. 840 CMR 16.08 – Procurement of Investment Related Services
- 6. 840 CMR 16.10 – Investment of Funds by Exempt Boards
- 7. 840 CMR 19.01 – Effect of Existing Exemptions
- 8. 840 CMR 19.02 – Complete Exemption by Commission
- 9. 840 CMR 19.03 – Revocation of Exemption
- 10. 840 CMR 19.04 – Determination of Qualifications of Investment Manager; Review of Application
- 11. 840 CMR 19.05 – Rating of Investment Performance and Qualifications
- 12. 840 CMR 21.01 - (1), (2), (3), (4), (5), (6)
- 13. 840 CMR 26.01 – Application for Approval by the Public Employee Retirement Administration Commission
- 14. 840 CMR 26.02 – Determination of Consultant Qualifications
- 15. 840 CMR 26.03 – Rating of Qualifications of Consultant
- 16. 840 CMR 26.04 – Approval by Commission
- 17. 840 CMR 26.05 – Change of Consultant
- 18. 840 CMR 26.06 – Revocation of Approval by the Commission

**PERAC INVESTMENT GUIDELINES**

The same provisions of the new law impact the status of PERAC Investment Guidelines.

INVESTMENT GUIDELINE 99-1

This Guideline relates to the use of interest rate financial futures and options for the purpose of managing duration in fixed income portfolios. Although such use would otherwise be prohibited by 840 CMR 21.01 Prohibited Investments, Section 40 of Chapter 176 amended Chapter 32, Section 23(2)(b) to streamline the filings needed for a retirement board to proceed with an investment. The provisions of 840 CMR 21.01 that would otherwise preclude the investments outlined in PERAC Investment Guideline 99-1 contradict the statute and are no longer in effect. As a result this Guideline is no longer needed.

INVESTMENT GUIDELINE 99-3

Section 23B of Chapter 32 provides that all procurements for investment services meet the requirements of that Section. Consequently, PERAC Investment Guideline 99-3, which allowed for retirement boards to commit funds to new partnerships offered by alternative investment managers with whom they have already invested without an RFP and a competitive process contradicts the statute and is no longer in effect.