STATE OF NEW YORK

10636

IN ASSEMBLY

June 20, 2024

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Rajkumar) -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to prohibiting investing in the common retirement fund using investment managers

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 424-a of the retirement and social security law, as added by chapter 203 of the laws of 2018, is amended to read as follows:

§ 424-a. Use of [~~placement agents or intermediaries~~] **investment managers** prohibited. 1. [~~The~~] **(a) Beginning on the effective date of the chapter of the laws of two thousand twenty-four which amended this subdivision, the** fund shall not **enter into any contract to** engage, hire, invest with or commit to an investment manager [~~that is using the services of a placement agent or intermediary~~] to assist [~~such investment manager~~] in obtaining investments**, other than real property,** by the fund [~~nor shall the fund engage, hire, invest with or commit to an investment manager without obtaining from such investment manager a certification in the form and manner prescribed by the fund stating that such investment manager has not used the services of a placement agent or other intermediary to assist such investment manager in obtaining investments by the fund~~].

(b) Beginning on the effective date of the chapter of the laws of two thousand twenty-four which amended this subdivision, the fund shall not renew any existing contracts to engage, hire, invest with or commit to an investment manager to assist in obtaining investments by the fund.

2. For the purposes of this section[~~:~~

~~(a)~~]**,** "investment manager" shall mean any person, other than an employee of the comptroller, or entity engaged by the common retirement fund to manage a part or all of an investment portfolio of the fund**, other than real property owned by the fund**. "Manage" shall include, but is not limited to, the analysis of portfolio holdings, and the purchase, sale, and lending thereof. Any investment made by the fund pursuant to subdivision seven of section one hundred seventy-seven of this chapter

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD14094-03-4

shall be deemed to be the investment of the fund in such investment entity rather than in the assets of such investment entity.

[~~(b) "placement agent or intermediary" shall mean any person or entity, including registered lobbyists, directly or indirectly engaged and compensated by an investment manager, other than an employee of the investment manager, to assist the investment manager in obtaining investments by the fund whether compensated on a flat fee, a contingent fee, or any other basis. Employees of an investment manager and its affiliates are excluded from this definition unless they are employed principally for the purpose of securing or influencing the decision to secure a particular investment transaction or investment by the fund.~~]

§ 2. This act shall take effect on the first of January next succeeding one year after it shall have become a law.