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A BILL FOR AN ACT

To amend section 1006 of title 53 of the Code of the Federated States of Micronesia, as amended, in order to provide greater diversity in investments for the Federated States of Micronesia Social Security Retirement Fund by allowing investments denominated or to be paid in currencies other than the United States dollars, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1           Section 1.   Section 1006 of title 53 of the Code of the  
2 Federated States of Micronesia, as amended, is hereby amended to  
3 read as follows:

4           "Section 1006.   Authorized investments.

5           Investments may be made in:

6           (1) Government obligations.   Obligations issued or  
7 guaranteed as to principal and interest by the National  
8 Government and/or the State governments of the Federated  
9 States of Micronesia or by the government of the United  
10 States, or any state, territory or commonwealth thereof,  
11 or obligations of any other government or economic  
12 community, whether denominated in [~~PROVIDED that the~~  
13 ~~principal interest on each obligation are payable in the~~  
14 ~~currency of the~~] United States dollars or any other  
15 currency.

16           (2) Corporate obligations and mortgage backed  
17 securities.   Obligations of any public or private entity

1 corporation created or existing under the laws of the  
2 Federated States of Micronesia or of the United States  
3 or any state, territory or commonwealth thereof, or  
4 obligations or any other government or economic  
5 community [~~which are payable in United States dollars~~],  
6 or pass through and other mortgaged backed securities,  
7 provided that:

8 (a) The obligation is on an agency of the United  
9 States Government, or

10 (b) The obligation is of an agency of the  
11 Federated States of Micronesia Government, or

12 (c) The obligation is investment grade rated by  
13 one of two nationally recognized rating agencies; and

14 (d) No investment under this heading exceeds ten  
15 percent of the market value of the Fund or ten percent  
16 of the outstanding value of the issue at the time of  
17 purchase.

18 (e) Preferred and common stocks of any  
19 corporation created or existing under the laws of the  
20 Federated States of Micronesia or under the laws of the  
21 United States or any state, territory or commonwealth  
22 thereof, or any other nation, may be purchased, provided  
23 that:

24 (i) The purchase of such shares shall be  
25 considered reasonable and prudent by the investment

1 advisor at that time of purchase;

2 (ii) Not more than five percent of the market  
3 value of the Fund shall be invested in the stock of any  
4 one corporation; and

5 (iii) Not more than twenty five percent of the  
6 market value of the Fund shall be invested in any one  
7 industry group.

8 (iv) Such shares are readily marketable and  
9 actively traded on a recognized national or regional  
10 stock exchange, physical or electronic.

11 (3) Insurance company obligations. Contracts and  
12 agreements supplemental thereto providing for  
13 participation in one or more accounts or a life  
14 insurance company authorized to do business in the  
15 Federated States of Micronesia or in any state,  
16 territory or commonwealth of the United States, provided  
17 that the total market value of these investments at no  
18 time shall exceed ten percent of the total market value  
19 of all investment of the Fund."

20 Section 2. This act shall become law upon approval by the  
21 President of the Federated States of Micronesia or upon its  
22 becoming law without such approval.

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24 Date: 11/26/13 Introduced by: for /s/ Joseph J. Urusemal  
25 Florencio S. Harper  
(by request)