

Regular Session, 2010

HOUSE BILL NO. 516

BY REPRESENTATIVE ARNOLD

RETIREMENT/STATE SYSTEMS: Makes permanent certain requirements that state retirement systems direct portions of certain types of investments through La. broker-dealers

1 AN ACT

2 To amend and reenact R.S. 11:266.1(D) and to repeal R.S. 11:266.1(E), relative to the  
3 investments of state retirement systems; to make permanent certain provisions  
4 requiring investments through Louisiana incorporated and domiciled broker-dealers  
5 or dealers with their principal trading operations in Louisiana; to provide an effective  
6 date; and to provide for related matters.

7 Notice of intention to introduce this Act has been published  
8 as provided by Article X, Section 29(C) of the Constitution  
9 of Louisiana.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. R.S. 11:266.1(D) is hereby amended and reenacted to read as follows:

12 §266.1. Investment through Louisiana incorporated and domiciled broker-dealer

13 \* \* \*

14 ~~D. The provisions of Subsections A, B, C, and D of this Section shall be~~  
15 ~~implemented as a temporary pilot program and shall be null, void, and of no effect~~  
16 ~~after June 30, 2010. An interim cost analysis of the provisions of this Section shall~~  
17 ~~be performed by the systems and shall be presented to the speaker of the House of~~  
18 ~~Representatives, the president of the Senate, the chairmen of the House of~~  
19 ~~Representatives and Senate committees on retirement, the Public Retirement~~

1        ~~Systems' Actuarial Committee, and the Commission on Public Retirement at least~~  
2        ~~fourteen days before the convening of the regular legislative session in 2007, and~~  
3        ~~again at least fourteen days before the convening of the regular legislative session~~  
4        ~~in 2010.~~

5                E. Each system to which this Section applies shall submit to the House and  
6        Senate committees on retirement quarterly and annual progress reports detailing the  
7        system's investments which comport with the provisions of this Section. Such  
8        reports shall ~~continue notwithstanding the June 30, 2010, expiration of Subsections~~  
9        ~~A, B, C, and D of this Section and shall~~ be submitted as follows:

10                (1) An annual report for the year ending June 30, 2004, to be submitted on  
11        or before July 30, 2004.

12                (2) Quarterly reports beginning with the quarter ending September 30, 2004,  
13        to be submitted no more than thirty days after the end of the quarter.

14                (3) Annual reports beginning with the year ending June 30, 2005, to be  
15        submitted no more than thirty days after the end of the year.

16        Section 2. R.S. 11:266.1(E) is hereby repealed in its entirety.

17        Section 3. This Act shall become effective on July 1, 2010; if vetoed by the governor  
18        and subsequently approved by the legislature, this Act shall become effective on July 1,  
19        2010, or on the day following such approval by the legislature, whichever is later.

---

#### DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

---

Arnold

HB No. 516

**Abstract:** Removes a termination date on requirement that the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Pension and Retirement System (LSPRS) direct 10% of commissions on certain domestic equity trades and 10% of certain fixed-income trades through certain La. broker-dealers.

Present law (R.S. 11:266.1(B)) requires that each of the four state retirement systems (LASERS, TRSL, LSERS, LSPRS) direct at least 10% of the commissions on all trades of domestic equities in separately, actively managed portfolios through broker-dealers who are selected on a best bid and offer basis and who have been incorporated and domiciled in La.

for at least two years or who have had their principal trading operations in La. for at least two years and who are registered and in good standing with the National Association of Securities Dealers, and who have demonstrated the ability to execute institutional domestic equity and fixed-income transactions. Present law further requires each such system to direct 10% of all trades of domestic investment grade fixed-income investments in separately managed accounts through such broker-dealers selected on a best bid and offer basis.

Present law (R.S. 11:266.1(B)) requires these broker-dealers to negotiate commission recapture agreements with the systems. Provides that the commissions recaptured under any such agreement shall not be a majority of the total value of the commissions required to be directed to the broker-dealers under present law.

Present law (R.S. 11:266.1(C)) specifies that all trades shall be subject to best efforts and best executions as defined by the Securities and Exchange Commission and the National Association of Securities Dealers.

Present law (R.S. 11:266.1(D)) provides that the provisions of present law, except for the reporting requirement, shall be implemented as a temporary pilot program until June 30, 2010. Specifies that each system shall perform an interim cost analysis of the provisions of present law which shall be presented to the speaker of the House of Representatives, the president of the Senate, the chairmen of the House of Representatives and Senate committees on retirement, the Public Retirement Systems' Actuarial Committee, and the Commission on Public Retirement at least 14 days before the convening of the 2010 R.S.

Proposed law repeals the pilot program termination date of June 30, 2010, and extends the requirements of present law indefinitely. Proposed law further repeals the requirements for an interim cost analysis by the systems.

Present law (R.S. 11:266.1(E)) requires each system to submit to the House and Senate committees on retirement quarterly and annual progress reports detailing the system's investments which comport with the provisions of present law. Provides that the reports shall be submitted as follows:

- (1) An annual report for the year ending June 30, 2004, to be submitted on or before July 30, 2004.
- (2) Quarterly reports beginning with the quarter ending Sept. 30, 2004, to be submitted no more than 30 days after the end of the quarter.
- (3) Annual reports beginning with the year ending June 30, 2005, to be submitted no more than 30 days after the end of the year.

Proposed law retains the reporting requirements of present law.

Effective July 1, 2010.

(Amends R.S. 11:266.1(D); Repeals R.S. 11:266.1(E))