

LIST OF ADDITIONAL POLICIES TO BE UPDATED THROUGH ADMINISTRATIVE PROCESS

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Inflation Assets	Attachment A (Commodities Program), Section D. 1., and Section E.2.	<p>Strike section D.1.</p> <p>Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A3" as defined by Moody's Investor Service, "A" by Standard & Poor's and "A" by Fitch. The use of counterparties holding a split rating with one of the ratings below A3/A is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that unconditionally guarantees payment and meets the above credit standards.</p> <p>Strike Section E.2.</p> <p>Legal risk will be minimized by engaging in over the counter (OTC) derivative transactions only where such transactions are enforceable under the laws of the governing jurisdiction and will be governed by an International Swaps and Derivatives Association, Inc. (ISDA) agreement where applicable.</p>
Statement of Investment Policy for Inflation Assets	Attachment B (Inflation Linked Bond Program), Section V.A.,	<p>Strike paragraph under Section V.A.</p> <p>Derivatives with risk and return characteristics substantially similar to bonds or bond indices included in the Program benchmark are permitted. Any use of derivatives shall be in compliance with the CalPERS Derivatives Investment Policy as stated in Section IX of the CalPERS Dollar Denominated Fixed Income Program Policy.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Barclays Aggregate Program	Section VI.A. and VI.C.	<p>Adjust first paragraph under section VI.A. to the following:</p> <p>All transactions involving derivatives and <u>leverage</u> are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies Global Derivatives and Counterparty Risk (“Derivatives and Counterparty Risk Policy”). In addition to the restrictions defined in the Derivatives and Counterparty Risk Policy, the following conditions apply:</p> <p>Strike section VI.C.</p> <p>C. Counterparty Exposure for Options, Swaps and Futures</p> <p>1. _____</p> <p>The greater of \$500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives (e.g., swaps, caps, floors, and options).</p> <p>1. _____</p> <p>Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. who have a short term debt rating by at least two of the following three rating agencies:</p> <p>A1 (S&P) and P1 (Moody’s), or F1 (Fitch Ratings), or rated on a long term basis A3 (Moody’s) A- (S&P), or A- (Fitch Ratings Services). The internal research staff shall actively review these brokers.</p>
Statement of Investment Policy for Currency Overlay Program	Attachment B (Externally Managed Currency Overlay Program), Section III.B.2.a	<p>Insert the following in place of the language under Section III.B.2.a:</p> <p>Statement of Investment Policy for Global Derivatives and Counterparty Risk; and,</p>
Statement of Investment Policy for Currency Overlay Program	Attachment B (Externally Managed Currency Overlay Program), Section IV.B.	<p>Strike Section VI.B. of Attachment B</p> <p>B. Counterparty Exposure for Forwards, Options, and Swaps</p> <p>1. The greater of \$500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.</p> <p>2. Transactions shall be executed with counterparties rated A- (S&P), or A- (Fitch) or A3 (Moody’s) or higher by at least 1 of 3 rating agencies.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Currency Overlay Program	Attachment C (Internally Managed Passive Currency Overlay Program), Section II.B.7.a, and Section III.B.	<p>Insert the following in place of the language under Section II.B.7.a:</p> <p>Statement of Investment Policy for Global Derivatives and Counterparty Risk; and,</p> <p>Strike Section III.B. of Attachment C</p> <p>B. Counterparty Exposure for Forwards, Options, and Swaps</p> <p>1. The greater of \$500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.</p> <p>2. Transactions shall be executed with counterparties rated A (S&P), or A (Fitch) or A3 (Moody's) or higher by at least 1 of 3 rating agencies.</p>
Statement of Investment Policy for Currency Overlay Program	Attachment D (Internally Managed Active Currency Overlay Program) Section III.B.	<p>Strike Section III.B. of Attachment D</p> <p>B. Counterparty Exposure for Forwards, Options, and Swaps</p> <p>1. The greater of \$500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives.</p> <p>2. Transactions shall be executed with counterparties rated A (S&P), or A (Fitch) or A3 (Moody's) or higher by at least 1 of 3 rating agencies</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Low Duration Fixed Income Program</p>	<p>Attachment A1 (High Quality Libor Program), Section II.D.3., Section IV., and Section IV.C.</p>	<p>Strike and insert the following in Section II.D.3. of Attachment A1:</p> <p>3. Repurchase Agreements and Tri-Party Repurchase Agreements (repos and tri-party repos) collateralized at 102% by debt obligations of the U.S. Government or its agencies (this does not include mortgage-backed securities). Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by A3/A- or higher rated corporate debt or AAA structured securities or commercial paper with a minimum A1/P1 rating. Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by common stock of companies included in one of the following indices: Nasdaq composite, Russell 3000, or the S&P 500. Individual common stock concentration is limited to 5% per issuer. Repurchase agreements and Tri-Party Repurchase agreements must be marked-to-market daily. Repurchase agreements and Tri-Party Repurchase agreements must be with counterparties rated at least A1/P1. Mortgage-backed securities are prohibited. Collateral for Tri-party repurchase agreements must be a minimum of \$1 million in size. Guidelines for Eligible Repo Counterparties can be found in Attachment A3 in the Statement of Investment Policy for Global Derivatives and Counterparty Risk.</p> <p>Adjust first paragraph Section IV. to the following:</p> <p>All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program.</p> <p>Strike Section IV.C.</p> <p>Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Low Duration Fixed Income Program</p>	<p>Attachment A2 (Short Duration Program), Section II.D.3. , Section IV., and Section IV.C.</p>	<p>Strike and insert the following in Section II.D.3. of Attachment A1:</p> <p>3. Repurchase Agreements and Tri-Party Repurchase Agreements (repos and tri-party repos) collateralized at 102% by debt obligations of the U.S. Government or its agencies (this does not include mortgage-backed securities). Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by A3/A- or higher rated corporate debt or AAA structured securities or commercial paper with a minimum A1/P1 rating. Repurchase agreements and Tri-Party Repurchase agreements collateralized at 105% by common stock of companies included in one of the following indices: Nasdaq composite, Russell 3000, or the S&P 500. Individual common stock concentration is limited to 5% per issuer. Repurchase agreements and Tri-Party Repurchase agreements must be marked-to-market daily. Repurchase agreements and Tri-Party Repurchase agreements must be with counterparties rated at least A1/P1. Mortgage-backed securities are prohibited. Collateral for Tri-party repurchase agreements must be a minimum of \$1 million in size.</p> <p>Guidelines for Eligible Repo Counterparties can be found in Attachment A3 in the Statement of Investment Policy for Global Derivatives and Counterparty Risk.</p> <p>Adjust first paragraph Section IV. to the following:</p> <p>All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program.</p> <p>Strike Section IV.C.</p> <p>Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long term at least A3 (Moody's) and at least A (S&P). CalPERS internal research staff shall actively review these brokers.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Low Duration Fixed Income Program</p>	<p>Attachment A3 (Limited Liquidity Enhanced Return Program), Section IV. and Section IV.C.</p>	<p>Adjust first paragraph Section IV. to the following:</p> <p>All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies Global Derivatives Strategies and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the HQL Program.</p> <p>Strike Section IV.C.</p> <p>Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.</p>

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Statement of Investment Policy for Low Duration Fixed Income Program	Attachment A4 (Eligible Repo Counterparties)	<p>Strike the entire A4 Attachment:</p> <p>ELIGIBLE REPO COUNTERPARTIES Effective September 14, 2006 Repo counterparties may include the following:</p> <ol style="list-style-type: none"> 1. Any bank or broker/dealer explicitly rated A1/P1/F1 by at least two of the three rating agencies. In the case of split ratings, measure against the lowest of the three ratings. 2. Any bank branch whose parent is rated A1/P1/F1 (by at least two out of the three agencies). 3. Any subsidiary of a parent entity rated A1/P1/F1 carrying a guarantee of the parent. 4. If an entity is not explicitly rated, is not a bank branch, and does not carry a parental guaranty, then the entity must be a Primary Government Securities Dealer (as listed on the Federal Reserve Bank of New York's Primary Dealer List located at: http://www.ny.frb.org/markets/pridealers_current.html), and The parent entity must be rated A1/P1/F1 by two of the three rating agencies. In all cases, ratings must be issued by two out of the three agencies; in the case of split ratings, measure against the lowest of the three ratings. <p>SPECIFIC REPO COUNTERPARTIES</p> <table border="1"> <thead> <tr> <th data-bbox="1014 873 1654 963">Eligible Counterparties include the names listed below. These may be amended at any time provided they comply with above guidelines. Explicit Rating</th> <th data-bbox="1661 873 1780 930">Primary Dealer</th> <th data-bbox="1787 873 1976 930">Parent Rating</th> </tr> </thead> <tbody> <tr> <td data-bbox="1014 967 1654 992">Banc of America Securities, LLC.</td> <td data-bbox="1661 967 1780 992">A1+/P1</td> <td data-bbox="1787 967 1976 992">Yes A1+/P-1</td> </tr> <tr> <td data-bbox="1014 997 1654 1021">Barclays Capital Inc.</td> <td data-bbox="1661 997 1780 1021">No</td> <td data-bbox="1787 997 1976 1021">Yes A1+/P1</td> </tr> <tr> <td data-bbox="1014 1026 1654 1050">BNP Paribas Securities Corp.</td> <td data-bbox="1661 1026 1780 1050">No</td> <td data-bbox="1787 1026 1976 1050">Yes A1+/P-1</td> </tr> <tr> <td data-bbox="1014 1055 1654 1079">Citigroup Global Markets Inc.</td> <td data-bbox="1661 1055 1780 1079">A1+/P1</td> <td data-bbox="1787 1055 1976 1079">Yes A1+/P-1</td> </tr> <tr> <td data-bbox="1014 1084 1654 1109">Credit Suisse Securities (USA) LLC</td> <td data-bbox="1661 1084 1780 1109">No</td> <td data-bbox="1787 1084 1976 1109">Yes A1+/P1</td> </tr> <tr> <td data-bbox="1014 1114 1654 1138">Deutsche Bank Securities Inc.</td> <td data-bbox="1661 1114 1780 1138">P1</td> <td data-bbox="1787 1114 1976 1138">Yes A1+/P-1</td> </tr> <tr> <td data-bbox="1014 1143 1654 1167">Dresdner Kleinwort Wasserstein Securities LLC</td> <td data-bbox="1661 1143 1780 1167">No</td> <td data-bbox="1787 1143 1976 1167">Yes A-1/P-1</td> </tr> <tr> <td data-bbox="1014 1172 1654 1245">Goldman, Sachs & Company</td> <td data-bbox="1661 1172 1780 1245">A1+/P-1</td> <td data-bbox="1787 1172 1976 1245">Yes A-1+/P1</td> </tr> <tr> <td data-bbox="1014 1250 1654 1274">HSBC Securities (USA) Inc.</td> <td data-bbox="1661 1250 1780 1274">No</td> <td data-bbox="1787 1250 1976 1274">Yes A-1+/P1</td> </tr> <tr> <td data-bbox="1014 1279 1654 1304">JP Morgan Securities Inc.</td> <td data-bbox="1661 1279 1780 1304">No</td> <td data-bbox="1787 1279 1976 1304">Yes A-1+/P1</td> </tr> <tr> <td data-bbox="1014 1308 1654 1333">Merrill Lynch Government Securities Inc.</td> <td data-bbox="1661 1308 1780 1333">No</td> <td data-bbox="1787 1308 1976 1333">Yes A1/P1</td> </tr> <tr> <td data-bbox="1014 1338 1654 1362">Morgan Stanley & Co. Incorporated</td> <td data-bbox="1661 1338 1780 1362">No</td> <td data-bbox="1787 1338 1976 1362">Yes A1+*/P1</td> </tr> <tr> <td data-bbox="1014 1367 1654 1391">RBS/Greenwich Capital Markets, Inc.</td> <td data-bbox="1661 1367 1780 1391">No</td> <td data-bbox="1787 1367 1976 1391">Yes A1+/P-1</td> </tr> <tr> <td data-bbox="1014 1396 1654 1421">UBS Securities LLC</td> <td data-bbox="1661 1396 1780 1421">A1+</td> <td data-bbox="1787 1396 1976 1421">Yes A1+/P-1</td> </tr> </tbody> </table> <p>As of December 15, 2008 * Morgan Stanley S&P A-1+ rating is on negative watch</p>	Eligible Counterparties include the names listed below. These may be amended at any time provided they comply with above guidelines. Explicit Rating	Primary Dealer	Parent Rating	Banc of America Securities, LLC.	A1+/P1	Yes A1+/P-1	Barclays Capital Inc.	No	Yes A1+/P1	BNP Paribas Securities Corp.	No	Yes A1+/P-1	Citigroup Global Markets Inc.	A1+/P1	Yes A1+/P-1	Credit Suisse Securities (USA) LLC	No	Yes A1+/P1	Deutsche Bank Securities Inc.	P1	Yes A1+/P-1	Dresdner Kleinwort Wasserstein Securities LLC	No	Yes A-1/P-1	Goldman, Sachs & Company	A1+/P-1	Yes A-1+/P1	HSBC Securities (USA) Inc.	No	Yes A-1+/P1	JP Morgan Securities Inc.	No	Yes A-1+/P1	Merrill Lynch Government Securities Inc.	No	Yes A1/P1	Morgan Stanley & Co. Incorporated	No	Yes A1+*/P1	RBS/Greenwich Capital Markets, Inc.	No	Yes A1+/P-1	UBS Securities LLC	A1+	Yes A1+/P-1
Eligible Counterparties include the names listed below. These may be amended at any time provided they comply with above guidelines. Explicit Rating	Primary Dealer	Parent Rating																																													
Banc of America Securities, LLC.	A1+/P1	Yes A1+/P-1																																													
Barclays Capital Inc.	No	Yes A1+/P1																																													
BNP Paribas Securities Corp.	No	Yes A1+/P-1																																													
Citigroup Global Markets Inc.	A1+/P1	Yes A1+/P-1																																													
Credit Suisse Securities (USA) LLC	No	Yes A1+/P1																																													
Deutsche Bank Securities Inc.	P1	Yes A1+/P-1																																													
Dresdner Kleinwort Wasserstein Securities LLC	No	Yes A-1/P-1																																													
Goldman, Sachs & Company	A1+/P-1	Yes A-1+/P1																																													
HSBC Securities (USA) Inc.	No	Yes A-1+/P1																																													
JP Morgan Securities Inc.	No	Yes A-1+/P1																																													
Merrill Lynch Government Securities Inc.	No	Yes A1/P1																																													
Morgan Stanley & Co. Incorporated	No	Yes A1+*/P1																																													
RBS/Greenwich Capital Markets, Inc.	No	Yes A1+/P-1																																													
UBS Securities LLC	A1+	Yes A1+/P-1																																													

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Global Fixed Income Program</p>	<p>Attachment A (Dollar Denominated Fixed Income Program), Section III.A. and Section III.C.</p>	<p>Adjust the first paragraph in Section III.A. to the following:</p> <p>All transactions involving derivatives and leverage are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies or CalPERS Statement of Investment Policy for Derivative External Money Managers (collectively “Derivatives Policies”). Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Global Derivatives Policies and Counterparty Risk Policy, the following conditions apply:</p> <p>Strike Section III.C.</p> <p>G. Counterparty Exposure for Options, Swaps and Futures</p> <p>1. The greater of \$500 million or 25% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange-traded derivatives (e.g., swaps, caps, floors, and options).</p> <p>2. Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. who have a short term debt rating by at least two of the following three rating agencies:</p> <p>A1 (S&P) and P1 (Moody’s), or F1 (Fitch Ratings), or rated on a long term basis A3 (Moody’s) A- (S&P), or A- (Fitch Ratings Services). The CalPERS internal research staff shall actively review these brokers.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Global Fixed Income Program</p>	<p>Attachment B (International Fixed Income Program), Section III. and Section III.B.</p>	<p>Adjust the first paragraph in Section III. to the following:</p> <p>All transactions involving derivatives managed by both internal and external managers are governed by CalPERS Statement of Investment Policy for Derivatives – External Money Managers Global Derivatives and Counterparty Risk, except that leverage and shorting will be permitted in accordance with this Policy as outlined in Sections II, B and C.</p> <p>Strike Section III.B.</p> <p>B. Counterparty Exposure for Options, Swaps, and Futures</p> <p>1. A maximum 33% of the total notional derivative exposure can be maintained with any one counterparty for non-exchange traded derivatives (e.g., swaps, caps, floors, and options). An exception is allowed if total derivative exposure in the International Program is less than \$100 million. Where netting agreements approved by CalPERS Chief Investment Officer or his or her authorized designee are in place with the counterparty, only the net amount applies toward the \$100 million limit.</p> <p>2. Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or U.K. who have a short term debt rating by at least two of the following three rating agencies:</p> <p>A1 (S&P) and P1 (Moody’s), or F1 (Fitch), or rated on a long-term basis A- (S&P), A3 (Moody’s), or A- (Fitch).</p> <p>3. Counterparty creditworthiness shall equal or exceed “A3” as defined by Moody’s or “A-” by S&P. The use of counterparties holding a split rating with one of the ratings below A3/A- is prohibited. External managers shall notify CalPERS if a counterparty is downgraded below A3/A- while an instrument held in the International Program is outstanding with that counterparty. The use of unrated counterparties is prohibited.</p> <p>4. Any entity acting as a counterparty shall be regulated in either the United States or the United Kingdom.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for the Liquidity Program	Attachment A (US Treasury 2-10 Year Program), Section IV. and Section IV.C.	<p>Adjust the first paragraph in Section IV. to the following:</p> <p>All transactions involving <u>derivatives and leverage</u> are governed by CalPERS Statement of Investment Policy for Development of Derivatives Strategies Global Derivatives and Counterparty Risk. In addition to the restrictions defined in the Derivatives Policy, the following conditions apply specifically to the UST Program.</p> <p>Strike Section IV.C.</p> <p>C. Counterparty Exposure for Options, Swaps and Futures Transactions shall be executed with only domestic or non-U.S. brokers registered in the U.S. or the U.K. with a short term debt rating of at least A1 (S&P) and at least P1 (Moody's), or rated on a long term at least A3 (Moody's) and at least A- (S&P). CalPERS internal research staff shall actively review these brokers.</p>
Statement of Investment Policy For Global Equity	Section V.B.2.	<p>Adjust the language in V.B.2. to the following:</p> <p>2. Investment Opportunity Set – The primary universe of allowable investment assets within Global Equity shall be publicly traded global equity securities and derivatives thereof as described in the Statement of Investment Policy for Global Derivatives and Counterparty Risk Derivatives Policy. Any potential investment involving assets identified as being primarily associated with another CalPERS asset class shall only be undertaken upon:</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for Asset Allocation Strategy</p>	<p>Section VII.C.3.a.-e. and VII.4.</p>	<p>Strike a.-e. under Section VII.C.3. and adjust the first sentence under section 3.</p> <p>3. Counterparty risk. Counterparty risk shall be managed by adherence to the following in accordance with the Statement of Investment Policy for Global Derivatives and Counterparty Risk.</p> <p>a. Non-exchange traded derivative agreements shall be made only with counterparties for which CalPERS has an executed International Swaps and Derivatives Association (ISDA) agreement.</p> <p>b. Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A" or equivalent by leading credit rating agencies. The use of counterparties holding a split rating with one of the ratings below A is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that guarantees payment and meets the above credit standards.</p> <p>c. Swaps shall be settled quarterly or more frequently.</p> <p>d. Individual counterparty exposure, for non-exchange traded derivatives, is limited to 33% of the net notional option-adjusted exposure of all Program counterparty exposures at the inception of a new position. An exception is allowed if the Program total non-exchange traded derivatives exposure is less than \$1 billion. Maximum notional exposure to a Program counterparty is \$1 billion at inception of the position.</p> <p>e. Any entity acting as counterparty shall be regulated in either the United States or the United Kingdom.</p> <p>4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission) or the FSA (Financial Services Authority) of the United Kingdom.</p> <p>Strike section VII.4.</p> <p>4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission), or the FSA (Financial Services Authority) of the United Kingdom.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
<p>Statement of Investment Policy for the Opportunistic Program</p>	<p>Section VI.C.3.a.-e. and Section VI.C.4.</p>	<p>Strike a.-e. under Section VI.C.3. and adjust the first sentence under section 3.</p> <p>3. Counterparty risk. Counterparty risk shall be managed by adherence to the following in accordance with the Statement of Investment Policy for Global Derivatives and Counterparty Risk.</p> <p>a. Non-exchange traded derivative agreements shall be made only with counterparties for which CalPERS has an executed International Swaps and Derivatives Association (ISDA) agreement.</p> <p>b. Counterparty creditworthiness, for non-exchange traded derivatives, shall be at a minimum of "A" or equivalent by leading credit rating agencies. The use of counterparties holding a split rating with one of the ratings below A is prohibited. The use of unrated counterparties is prohibited unless the counterparty is a wholly owned affiliate of a parent company that guarantees payment and meets the above credit standards.</p> <p>c. Swaps shall be settled quarterly or more frequently.</p> <p>d. Individual counterparty exposure, for non-exchange traded derivatives, is limited to 33% of the net notional option-adjusted exposure of all Program counterparty exposures at the inception of a new position. An exception is allowed if the Program total non-exchange traded derivatives exposure is less than \$1 billion. Maximum notional exposure to a Program counterparty is \$1 billion at inception of the position.</p> <p>e. Any entity acting as counterparty shall be regulated in either the United States or the United Kingdom.</p> <p>4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission) or the FSA (Financial Services Authority) of the United Kingdom.</p> <p>Strike section VI.4.</p> <p>4. Exchange-traded derivatives used in the Program shall be traded on an exchange regulated by the SEC, CFTC (Commodities Futures Trading Commission), or the FSA (Financial Services Authority) of the United Kingdom.</p>

POLICY	SECTION	LANGUAGE ADJUSTMENT
Statement of Investment Policy for Securities Lending	Attachment A, Section I.C.1.	Adjust the language under section I.C.1. to the following: <ol style="list-style-type: none"> 1. All borrowers must be compliant with the counterparty guidelines in the Statement of Investment Policy for Global Derivatives Strategies and Counterparty risk and meet certain other financial criteria as determined by CalPERS.
Statement of Investment Policy for Securities Lending	Attachment B, Section A.2.a.	Adjust the language under section A.2.a. to the following: <ol style="list-style-type: none"> a. Repurchase agreements and Tri-Party Repurchase agreements must be compliant with the counterparty guidelines in the Statement of Investment Policy for Global Derivatives Strategies and Counterparty Risk and meet certain other financial criteria as determined by CalPERS at the time of purchase.

POLICY	SECTION	LANGUAGE ADJUSTMENT
<ol style="list-style-type: none"> 1. Statement of Investment Policy for Real Assets 2. Statement of Investment Policy For Private Equity 3. Statement of Investment Policy for Absolute Return Strategies 4. Statement of Investment Policy for Multi-Asset Class Partners Program 5. Statement of Investment Policy for The California Employers Retiree Benefit Trust Fund 6. Statement of Investment Policy for The Legislators' Retirement System (LRS) Fund 7. Statement of Investment Policy for The Long Term Care (LTC) Fund 8. Statement of Investment Policy for The Judges Retirement System II (JRS II) Fund 9. Statement of Investment Policy for the Supplemental Income Plans, CalPERS Target Retirement Date, and POFF Funds 10. Statement of Investment Policy for Terminated Agency Pool 11. Statement of Investment Policy for Public Employees' Health Care Fund 12. Statement of Investment Policy for Supplemental Income Plans 13. Statement of Investment Policy for Developmental Investment Fund 14. Statement of Investment Policy for Corporate Governance Program 15. Statement of Investment Policy for Emerging Equity Markets Principles 	Section TBD	<p>In the appropriate area within each Policy listed to the left insert the following language:</p> <p>All transactions involving derivatives are governed by CalPERS Statement of Investment Policy for Global Derivatives Strategies and Counterparty Risk.</p>