

NOAA/NMFS, Financial Services Division  
1315 East-West Highway  
Silver Spring, MD 20910-3282  
Phone: (301) 427-8784

**CAPITAL CONSTRUCTION FUND (CCF) PROGRAM**  
**INVESTMENT GUIDE**

**ALLOWED**

A. **Interest Bearing Securities**

1. Obligations of the U.S. Government including any agency or instrumentality thereof.

2. Obligations of a state or local government including any agency or instrumentality thereof.

3. Domestic corporate bonds (except those of the CCF Agreementholder or related party).

**Requirements:** Must be rated by Moody's Investors Service, Inc., as "Baa" or better, or by Standard & Poors Corporation as "BBB" or better.

4. Bankers' acceptances, negotiable certificates of deposit, and short-term commercial notes.

**Requirements:** Must be readily marketable and rated in the highest grade by Dun & Bradstreet, Inc. or in one of the two highest grades by Standard & Poors Corporation.

5. Money Market certificates, certificates of deposit, and other such instruments issued by Banks and Credit Unions.

**Requirements:** Must be insured by FDIC, SIPC, NCUA or similar.

B. **Common and Preferred Stocks.** No more than 60 percent of the CCF assets--based on current fair market value-- may be invested in common or preferred stocks. Assets may not be invested in any stock of an Agreementholder or related party, within the meaning of Section 482 of the Internal Revenue Code.

1. Common stock of domestic corporations.

2. Preferred stock of domestic corporations.

**Requirements:** Common stock must be fully listed and registered on an exchange registered with the Securities and Exchange Commission as a national securities exchange.

C. **Options.**

**Requirements:** Put and call options on permissible portfolio securities may be purchased. Writing limited to secured put and covered call options. Option transactions on securities indices on financial futures contracts are not allowed.

**D. Mutual Funds.**

**Requirements:** Investment is permissible in those mutual funds whose investment objectives and policies restrict investments to only those that Agreementholders are allowed by statute— Section 607 (c) of the Merchant Marine Act, 1936, as amended (see below)—to invest in directly. Investment in the securities of other registered investment companies is not allowed. CCF Agreementholders are cautioned that when they purchase mutual fund shares they are actually and derivatively purchasing shares in the investments made by that fund. Therefore, they must limit their investment in mutual funds and/or stock so that not more than 60 percent of their total CCF assets is invested in stock either directly and/or indirectly through the purchase of shares of a mutual fund which invests in stocks.

**E. Money Market Funds.**

**Requirements:** Same as Mutual Funds

\*\*\*\*\*

**NOT ALLOWED**

- A. Annuities
- B. Repurchase Agreements
- C. Precious Metals, Investment Stones, Art, Real Estate, Commodities, Antiques, etc.
- D. Foreign Securities.
- E. Other investment practices not specifically mentioned in this CCF Investment Guide including but not limited to purchasing securities on "margin" or selling them "short", purchasing and selling financial future contracts, and pledging and loaning of portfolio securities.

**Section 607 (c) of the Merchant Marine Act, 1936**

*"(c) Requirements as to Investments."*  
 "Amounts in any fund established under this section shall be kept in the depository or depositories specified in the agreement and shall be subject to such trustee and other fiduciary requirements as may be specified by the Secretary of Commerce. They may be invested only in interest-bearing securities approved by the Secretary of Commerce; except that, if the Secretary of Commerce consents thereto, an agreed percentage (not in excess of 60 percent) of the assets of the fund may be invested in the stock of domestic corporations. Such stock must be currently fully listed and registered on an exchange registered with the Securities and Exchange Commission as a national securities exchange, and must be stock which would be acquired by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and the preservation of their capital. If at any time the fair market value of the stock in the fund is more than the agreed percentage of the assets in the fund, any subsequent investment of amounts deposited in the fund, and any subsequent withdrawal from the fund, shall be made in such a way as to tend to restore the fund to a situation in which the fair market value of the stock does not exceed such agreed percentage. For purposes of this subsection, if the common stock of a corporation meets the requirement of this subsection and if the preferred stock of such corporation would meet such requirements but for the fact that it cannot be listed and registered as required because it is nonvoting stock, such preferred stock shall be treated as meeting the requirements of this subsection."