Alert: Investment Policy Statutory Code References for 2027 Updates

California local agencies are advised to review and update their investment policies to ensure all references to California Government Code sections remain accurate and current. Recent statutory revisions, due to take effect January 1,2027, will result in the renumbering of several key code sections governing public investments, including those related to the prudent investor standard and permissible investment instruments.

Investment policies typically cite specific Government Code sections—such as those addressing the prudent investor standard and authorized investments (formerly Sections 53600.3, 53601, 53635, etc.)—to define fiduciary responsibilities and eligible securities. Agencies should carefully review their policies and update all statutory citations to align with the new numbering and language to ensure ongoing compliance and clarity for staff, auditors, and the public.

ACTIONS RECOMMENDED:

- Identify and update all Government Code references in your agency's investment policy, especially those related to the prudent investor standard and lists of authorized investments.
- Consult Table 1 and upcoming 2027 Local Agency Investment Guidelines for correct citations.
- Ensure your policy review and approval process is completed prior to your next annual adoption or as soon as practical.

Staying current with statutory changes helps safeguard public funds and supports best practices in public agency investment management.

For more information, refer to the list below and upcoming 2027 Local Agency Investment Guidelines or contact us at cdiac@treasurer.ca.gov. DL

Table 1.

GOVERNMENT CODE RENUMBERING CROSSWALK (OLD → NEW SECTIONS)

TOPIC	OLD CODE SECTION	NEW CODE SECTION	NOTES FOR AGENCIES
Prudent Investor Standard	53600.3	53602(b)	Relocated fiduciary duty.
Investment Objectives (Safety–Liquidity–Return)	53600.5	53602(a)	Relocated objectives and prudence section.
Authorized Investments (Entire List)	53601	53603	All permissible instruments renumbered into §53603.
Delivery / Custody Requirements	53601 (intro)	53602(c)	Relocated third-party delivery and bookentry standards.
Percentage Limitation, Date of Purchase	53601 (intro)	53602(d)	Relocated percentage concentration limits that apply at the time of purchase.
Maturity Limits / FiveYear Rule	53601 (intro)	53602(e)	Relocated settlement-date definition; forward settlement ≤45 days.
Credit Union Conflict Limitations	53601(i)	53602(f)	Relocated governance-related restrictions.
Pool Portfolio "Base Value" Definition	53601(j)(5)(E)	53602(g)	Relocated.
Investments; Qualified Purchase Agent	53601.5	53602(h)	Relocated approved institutions list.
Prohibited Instruments	53601.6	53602(i)	Relocated inverse floaters, range notes, zero/negative-accrual restrictions.
Legal Investments for Savings Banks	53602	53602(j)	Relocated.
Direct Purchase of Securities	53603	53602(k)	Relocated.
Sale / Exchange of Securities; Reinvestment of Proceeds	53604	53602(l)	Relocated.
Application of Proceeds	53605	53602(m)	Relocated.
Cancellation of Bonds Issued by Purchaser; Resale of Own Bonds	53606	53602(n)	Relocated.
Delegation of Duties to Treasurer; Monthly Report	53607	53602(o)	Relocated.
Deposit of Securities; Receipt	53608	53602(p)	Relocated.
Deferred Compensation Investments	53609	53602(q)	Relocated.
Futures & Options	53601.1	53603(s)	Relocated.
Prop. 1A Receivables – Definition	53610(a)	53600(d)	Relocated to definitions section.
Prop. 1A Receivables – Investment Rules	53610(b)–(c)	53603(t)	Relocated.
Legislative Findings; solvency and creditworthiness	53600.6	53601	Relocated.
Deposit Placement Services	53601.8	53604	Relocated.