

1 ENGROSSED HOUSE  
2 BILL NO. 1294

By: McCall and Lepak of the  
House

3 and

4 Treat of the Senate  
5  
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7 An Act relating to public finance; enacting the  
8 Foreign Adversary Divestment Act of 2024; stating  
9 purpose; defining terms; prohibiting certain actions  
10 with respect to investments; requiring certain  
11 divestment; imposing duty on State Treasurer;  
12 requiring identification of certain entities;  
13 providing for scope of enactment; providing for  
14 codification; and providing an effective date.

14 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

15 SECTION 1. NEW LAW A new section of law to be codified  
16 in the Oklahoma Statutes as Section 11001 of Title 62, unless there  
17 is created a duplication in numbering, reads as follows:

18 This act shall be known and may be cited as the "Foreign  
19 Adversary Divestment Act of 2024".

20 SECTION 2. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 11002 of Title 62, unless there  
22 is created a duplication in numbering, reads as follows:

23 The Foreign Adversary Divestment Act will ensure that Oklahoma  
24 public investment dollars are not put at risk in countries of

1 concern and do not fund the development of the military technologies  
2 and surveillance tools of foreign adversaries that impede the  
3 furthering of Oklahoma's interests and the interests of the United  
4 States of America, by requiring the divestment of public pension  
5 dollars and university endowment funds from countries of concern.

6 SECTION 3. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 11003 of Title 62, unless there  
8 is created a duplication in numbering, reads as follows:

9 As used in this act:

10 1. "Company" shall mean any sole proprietorship, organization,  
11 association, corporation, partnership, joint venture, limited  
12 partnership, limited liability partnership, limited liability  
13 company, or other entity or business association, including wholly  
14 owned subsidiaries, majority-owned subsidiaries, parent companies,  
15 or affiliates of those entities or business associations, that exist  
16 for the purpose of making profit;

17 2. "Divestment" shall mean the sale or otherwise contractual  
18 end of any current or planned investments;

19 3. "Domicile" shall mean either the country in which a company  
20 is registered, where the company's affairs are primarily completed,  
21 or where the majority of ownership share is held;

22 4. "Foreign adversary" shall mean any country designated by the  
23 United States Secretary of State as hostile or a Country of  
24 Particular Concern (CPC);

1           5. "Investment" shall mean any transfer of funds in any active  
2 or passive, direct or indirect structure which seeks to generate  
3 revenue or accomplish any other gain, including non-monetary;

4           6. "Official government capacity" shall mean any role, elected  
5 or appointed, in a government or its subsidiaries;

6           7. "State-managed fund" shall mean any short- or long-term  
7 investment structure which is state-managed, state-run, state-  
8 controlled, or otherwise overseen by Oklahoma, a state agency, or  
9 any political subdivision within Oklahoma or agency controlled by  
10 the same, in which the state or subdivision has primary discretion  
11 over or vested interest in. Nothing in this definition shall be  
12 construed so as to not apply to any fund which is subject to the  
13 purview or direction of Oklahoma or applicable subdivision, and  
14 populated, wholly or in part, with state funds, but managed by a  
15 third-party entity, such as a fiduciary. This shall include, but is  
16 not limited to:

17           a. public pension funds, public retirement funds, or  
18 other state-sponsored funds, that is sponsored,  
19 maintained, or contributed to or required to be  
20 contributed to by Oklahoma or any locality within  
21 Oklahoma, or any subsidiaries of such;

22           b. City, county, or other local or municipal entity  
23 investment funds, "rainy day funds," or other  
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1 political subdivision-controlled investment  
2 structures; and

3 c. University or college endowments, trusts, or other  
4 structure which constitutes, wholly or in part, a  
5 public institution of higher education's investable  
6 assets; and

7 8. "State-owned enterprise" shall mean any company owned or  
8 controlled, in whole or in part, by a government or by individuals  
9 acting in official government capacities in any form.

10 SECTION 4. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 11004 of Title 62, unless there  
12 is created a duplication in numbering, reads as follows:

13 A. All state and local managed funds are prohibited from  
14 holding investments in any foreign adversary, state-owned enterprise  
15 of a foreign adversary, company domiciled within a foreign  
16 adversary, or company owned or controlled by a foreign adversary,  
17 state-owned enterprise of a foreign adversary, company domiciled  
18 within a foreign adversary, or other entity within a foreign  
19 adversary.

20 B. All state and local managed funds are prohibited from  
21 investing or depositing public funds in any bank that is domiciled  
22 or has its principal place of business in a foreign adversary.  
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1 SECTION 5. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 11005 of Title 62, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. All state-managed funds are required to immediately in good  
5 faith begin divestment of any holdings prohibited in this act, with  
6 total divestment achieved by January 1, 2027, or two (2) years after  
7 enactment of this act, whichever is earliest.

8 B. For purposes of this section, "total divestment" shall mean  
9 reducing the value of prohibited investments to no more than five-  
10 hundredths of one percent (0.0005) of the market value of all assets  
11 under management by a state or locally managed fund.

12 SECTION 6. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 11006 of Title 62, unless there  
14 is created a duplication in numbering, reads as follows:

15 A. No later than six (6) months after the effective date of  
16 this act, the State Treasurer shall identify all companies that are  
17 state-owned enterprises of, are domiciled within, whose primary  
18 affairs are conducted within, or whose majority ownership is held  
19 within a foreign adversary, and include those companies in a list of  
20 restricted companies to be distributed to each state or locally-  
21 managed fund. These efforts shall include, but are not limited to  
22 the following:

23 a. reviewing and relying on publicly available  
24 information regarding companies that are state-owned

1 enterprises of, are domiciled within, whose primary  
2 affairs are conducted within, or whose majority  
3 ownership share is held within a foreign adversary,  
4 including information provided by non-profit  
5 organizations, research firms, and government  
6 entities;

7 b. contacting asset managers and fund managers contracted  
8 by a state-managed fund that invest in companies and  
9 in funds that are state-owned enterprises of, are  
10 domiciled within, whose primary affairs are conducted  
11 within, or whose majority or plurality ownership share  
12 is held within a foreign adversary;

13 c. contacting other institutional investors that have  
14 divested from or engaged with companies that are  
15 state-owned enterprises of, are domiciled within,  
16 whose primary affairs are conducted within, or whose  
17 majority ownership share is held within a foreign  
18 adversary; and

19 d. retaining an independent research firm to identify  
20 companies that are directly or indirectly investment  
21 holdings of a state or local fund that are state-owned  
22 enterprises of, are domiciled within, whose primary  
23 affairs are conducted within, or whose majority or  
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1 plurality ownership share is held within a foreign  
2 adversary.

3 SECTION 7. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 11007 of Title 62, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. Nothing in this act shall be construed so as to inhibit,  
7 conflict, impede, or otherwise interfere with any required financial  
8 safeguards, fiduciary requirements, and other sound investment  
9 criteria which any state-managed fund is subject to, nor any  
10 applicable state or federal law.

11 SECTION 8. This act shall become effective November 1, 2024.

12 Passed the House of Representatives the 12th day of March, 2024.

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Presiding Officer of the House  
of Representatives

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Passed the Senate the \_\_\_ day of \_\_\_\_\_, 2024.

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Presiding Officer of the Senate

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