

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 COMMITTEE SUBSTITUTE

4 FOR

5 HOUSE BILL NO. 1561

By: Duel

6
7 COMMITTEE SUBSTITUTE

8 An Act relating to public finance; enacting the
9 Foreign Adversary Divestment Act of 2025; making
10 findings; defining terms; prohibiting certain
11 entities from owning certain investments; prescribing
12 procedures for divestment; prescribing duties for the
13 State Treasurer; providing for construction of act;
14 providing immunity from certain liability for
15 specific pension systems; providing for affirmative
16 defense; providing for indemnification; providing for
17 codification; and providing an effective date.

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

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

22 This act shall be known and may be cited as the "Foreign
23 Adversary Divestment Act of 2025".

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

1 The Foreign Adversary Divestment Act of 2025 will ensure that
2 Oklahoma public investment dollars are not put at risk in countries
3 of concern and do not fund the development of the military
4 technologies and surveillance tools of foreign adversaries that
5 impede the furthering of Oklahoma's interests and the interests of
6 the United States of America, by requiring the divestment of public
7 pension dollars and university endowment funds from countries of
8 concern.

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

12 As used in this act:

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

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

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

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

4 5. "Investment" shall mean any transfer of funds in any active
5 or passive, direct or indirect structure which seeks to generate
6 revenue or accomplish any other gain, including nonmonetary;

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

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

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

1 b. city, county, or other local or municipal entity
2 investment funds, "rainy day funds", or other
3 political-subdivision-controlled investment
4 structures, and

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

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

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

15 A. All state and local managed funds are prohibited from
16 holding investments in any:

- 17 1. Foreign adversary;
- 18 2. Company owned or controlled by a foreign adversary;
- 19 3. State-owned enterprise of a foreign adversary;
- 20 4. Company domiciled within a foreign adversary; or
- 21 5. Other entity within a foreign adversary.

22 B. All state and local managed funds are prohibited from
23 investing or depositing public funds in any bank that is domiciled
24 or has its principal place of business in a foreign adversary.

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, 2028, or two (2) years after
7 the effective date 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. The State Treasurer shall develop a notification system to
16 be able to identify foreign adversaries and countries of particular
17 concern. Such information shall be available to the entities
18 subject to the provisions of this act.

19 B. No later than six (6) months after the effective date of
20 this act, the entities subject to the provisions of this act shall
21 identify all companies that are state-owned enterprises of, are
22 domiciled within, whose primary affairs are conducted within, or
23 whose majority ownership is held within a foreign adversary, and
24 companies owned or controlled by a foreign adversary. The

1 identification process shall include, but are not limited to the
2 following:

3 1. Reviewing and relying on publicly available information
4 regarding companies that are state-owned enterprises of, are
5 domiciled within, whose primary affairs are conducted within, or
6 whose majority ownership share is held within a foreign adversary,
7 including information provided by nonprofit organizations, research
8 firms, and government entities;

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

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

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

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

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

9 SECTION 8. NEW LAW A new section of law to be codified
10 in the Oklahoma Statutes as Section 11008 of Title 62, unless there
11 is created a duplication in numbering, reads as follows:

12 A. As used in this section, "public pension system" means the:

- 13 1. Oklahoma Firefighters Pension and Retirement System;
- 14 2. Oklahoma Police Pension and Retirement System;
- 15 3. Uniform Retirement System for Justices and Judges;
- 16 4. Oklahoma Law Enforcement Retirement System;
- 17 5. Teachers' Retirement System of Oklahoma; and
- 18 6. Oklahoma Public Employees Retirement System.

19 B. No public pension system shall be liable in any action for
20 damages based upon the loss or alleged loss of value in pension
21 system assets based upon the provisions of this act. The provisions
22 of this subsection shall also be applicable to any action filed
23 naming the governing board of a public pension system, one or more
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1 members of the governing board of a public pension system, or any of
2 its employees as defendants.

3 C. In any action filed naming a public pension system or any
4 other person described in subsection B of this section as
5 defendants, it shall be a defense to the action that the value of
6 pension system assets increased at any time after the date of the
7 alleged decrease in the value of pension system assets resulting
8 from failure to comply with the provisions of this act. The
9 provisions of this subsection shall be applicable with regard to an
10 increase in the value of pension system assets occurring at any time
11 after such date including the date as of which the action is filed.
12 For purposes of this section, any increase in the value of pension
13 system assets occurring during the pendency of an appeal from a
14 final judgment or other order establishing liability for damages may
15 also be used in defense of the claim for damages and the time period
16 shall be inclusive of any period during which a case is remanded
17 from an appellate court to a district court.

18 SECTION 9. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 11009 of Title 62, unless there
20 is created a duplication in numbering, reads as follows:

21 A. The State of Oklahoma, public pension system plans as
22 defined in this act, as well as officers, board members, and
23 employees of the state or the public pension systems are immune from
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1 civil liability for any act or omission related to any provision
2 under this act.

3 B. In addition to the immunity provided under subsection A of
4 this section, officers, board members, and employees of the state or
5 the public pension system plans are entitled to indemnification from
6 the public pension system for all losses, costs and expenses,
7 including reasonable attorney fees, associated with defending
8 against any claim or suit related to any provision of this act.

9 SECTION 10. This act shall become effective November 1, 2025.

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