

1 STATE OF OKLAHOMA

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

3 POLICY COMMITTEE  
4 RECOMMENDATION

5 FOR

6 HOUSE BILL NO. 1561

By: Duel

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8 POLICY COMMITTEE RECOMMENDATION

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

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

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

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

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. This act shall become effective November 1, 2025.

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