

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By

1 AMEND House Committee Substitute for House Bill Nos. 2619, 2365, 2448 & 2569, Page 1,  
2 Section A, Line 2, by inserting after all of the said section and line the following:

3  
4 "1.2020. 1. This section shall be known and may be cited as the "Foreign Adversary  
5 Divestment Act".

6 2. As used in this section, the following terms shall mean:

7 (1) "Company", any sole proprietorship, organization, association, corporation, partnership,  
8 joint venture, limited partnership, limited liability partnership, limited liability company, or other  
9 entity or business association, including wholly owned subsidiaries, majority-owned subsidiaries,  
10 parent companies, or affiliates of those entities or business associations, that exists for the purpose  
11 of making profit;

12 (2) "Divestment", the sale, forfeit, or otherwise contractual end of any current or planned  
13 investments;

14 (3) "Domicile", either the country in which a company is registered, where the company's  
15 affairs are primarily completed, or where the majority of ownership is held;

16 (4) "Foreign adversary", the People's Republic of China, the Russian Federation, the Islamic  
17 Republic of Iran, the Democratic People's Republic of Korea, the Republic of Cuba, the Venezuelan  
18 regime of Nicolás Maduro, the Syrian Arab Republic, or any other entity designated by the governor  
19 in consultation with the attorney general;

20 (5) "Official government capacity", any role, elected or appointed, in a government or its  
21 subsidiaries;

22 (6) "State-managed fund", any short- or long-term investment structure that is state  
23 managed, state run, state controlled, or otherwise overseen by the state of Missouri, a state agency,  
24 or any political subdivision of this state, including any agency controlled by such political  
25 subdivision, over or in which the state or political subdivision has primary discretion or vested  
26 interest. "State-managed fund" shall include, but not be limited to:

27 (a) Public pension funds, public retirement funds, or other state-sponsored funds that are  
28 sponsored, maintained, or contributed to or required to be contributed to by the state of Missouri or  
29 any of its political subdivisions;

Action Taken \_\_\_\_\_ Date \_\_\_\_\_

1           (b) City, county, or other local or municipal entity investment funds, reserve funds, or other  
2 political subdivision-controlled investment structures; and

3           (c) University or college endowments, trusts, or other structure that constitutes, wholly or in  
4 part, a public institution of higher education's investable assets;

5           (7) "State-owned enterprise", any company owned or controlled, in whole or in part, by a  
6 government or by individuals acting in official governmental capacities in any form.

7           3. (1) All state-managed funds shall be prohibited from holding investments in any foreign  
8 adversary, state-owned enterprise of a foreign adversary, company domiciled within a foreign  
9 adversary, or a company owned or controlled by a foreign adversary, state-owned enterprise of a  
10 foreign adversary, company domiciled within a foreign adversary, or other entity within a foreign  
11 adversary.

12           (2) All state-managed funds are prohibited from investing or depositing public funds in any  
13 bank that is domiciled or has its principal place of business within a foreign adversary.

14           4. (1) All state-managed funds are required to immediately, in good faith, begin divestment  
15 of any holdings prohibited in subsection 3 of this section, with total divestment achieved two years  
16 after the effective date of this section.

17           (2) For purposes of this section, "total divestment" shall mean reducing the value of  
18 prohibited investments to no more than five-hundredths of a percent of the market value of all assets  
19 under management by a state-managed fund.

20           5. No later than six months after the effective date of this section, the state treasurer shall  
21 identify all companies that are state-owned enterprises of, are domiciled within, whose primary  
22 affairs are conducted within, or whose majority ownership is held within a foreign adversary and  
23 include those companies in a list of restricted companies to be distributed to each state-managed  
24 fund. In compiling the list, the state treasurer shall, at a minimum:

25           (1) Review and rely on publicly available information regarding companies that are state-  
26 owned enterprises of, are domiciled within, whose primary affairs are conducted within, or whose  
27 majority ownership share is held within a foreign adversary, including information provided by  
28 nonprofit organizations, research firms, and government entities;

29           (2) Contact asset managers and fund managers contracted by a state-managed fund that  
30 invests in companies and in funds that are state-owned enterprises of, are domiciled within, whose  
31 primary affairs are conducted within, or whose majority ownership share is held within a foreign  
32 adversary;

33           (3) Contact other institutional investors that have divested from or engaged with companies  
34 that are state-owned enterprises of, are domiciled within, whose primary affairs are conducted  
35 within, or whose majority ownership share is held within a foreign adversary; and

36           (4) Retain an independent research firm to identify companies that are directly or indirectly  
37 investment holdings of a state or local fund that are state-owned enterprises of, are domiciled within,  
38 whose primary affairs are conducted within, or whose majority ownership share is held within a  
39 foreign adversary.

1           6. Nothing in this section shall be construed to inhibit, conflict, impede, or otherwise  
2 interfere with any required financial safeguards, fiduciary requirements, or other sound investment  
3 criteria to which any state-managed fund is subject."; and

4  
5 Further amend said bill by amending the title, enacting clause, and intersectional references  
6 accordingly.