

26 | fund, moneys available for investments under ss. 215.44-215.53
27 | may be invested as follows:

28 | (10) (a) As used in this subsection, the term "pecuniary
29 | factor" means a factor that the State Board of Administration
30 | prudently determines is expected to have a material effect on
31 | the risk or returns of an investment based on appropriate
32 | investment horizons consistent with applicable investment
33 | objectives and funding policy. The term does not include the
34 | consideration of the furtherance of any social, political, or
35 | ideological interests.

36 | (b) Notwithstanding any other law except for ss. 215.471,
37 | 215.4725, ~~and 215.473,~~ and 215.4735, when deciding whether to
38 | invest and when investing the assets of any fund, the State
39 | Board of Administration must make decisions based solely on
40 | pecuniary factors and may not subordinate the interests of the
41 | participants and beneficiaries of the fund to other objectives,
42 | including sacrificing investment return or undertaking
43 | additional investment risk to promote any nonpecuniary factor.
44 | The weight given to any pecuniary factor must appropriately
45 | reflect a prudent assessment of its impact on risk or returns.

46 | (c) Investments made by the State Board of Administration
47 | shall be designed to maximize the financial return to the fund
48 | consistent with the risks incumbent in each investment and shall
49 | be designed to preserve an appropriate diversification of the
50 | portfolio. The board shall discharge its duties with respect to

51 a plan solely in the interest of its participants and
 52 beneficiaries. The board in performing the above investment
 53 duties shall comply with the fiduciary standards set forth in
 54 the Employee Retirement Income Security Act of 1974 at 29 U.S.C.
 55 s. 1104(a)(1)(A) through (C). Except as provided in paragraph
 56 (b), in case of conflict with other provisions of law
 57 authorizing investments, the investment and fiduciary standards
 58 set forth in this paragraph prevail.

59 Section 2. Section 215.4735, Florida Statutes, is created
 60 to read:

61 215.4735 Prohibited foreign investments.-

62 (1) As used in this section, the term:

63 (a) "Board" means the State Board of Administration.

64 (b) "China" means the government of the People's Republic
 65 of China, the Chinese Communist Party, the Chinese military, or
 66 any instrumentality thereof, or any combination thereof.

67 (c) "Chinese company" means a company that is publicly
 68 known to be majority-owned by China.

69 (d) "Company" means a sole proprietorship, an
 70 organization, an association, a corporation, a partnership, a
 71 joint venture, a limited partnership, a limited liability
 72 partnership, a limited liability company, or any other entity or
 73 business association, including all wholly owned subsidiaries,
 74 majority-owned subsidiaries, and parent companies, or an
 75 affiliate of such entity or business association which exists

76 for the purpose of making a profit.

77 (e) "Direct holdings" in a company means all securities of
 78 that company which are held directly by the Florida Retirement
 79 System Trust Fund or in an account or fund in which the Florida
 80 Retirement System Trust Fund owns all shares or interests. The
 81 term does not include indirect holdings in actively managed
 82 investment funds, including a private equity fund, or holdings
 83 in exchange-traded funds.

84 (f) "Florida Retirement System Trust Fund" means all
 85 assets of the Florida Retirement System held by the board in its
 86 capacity as a fiduciary pursuant to part I of chapter 121.

87 (g) "Indirect holdings" in a company means all securities
 88 of that company which are held in a commingled fund or other
 89 collective investment, such as a mutual fund, in which the
 90 Florida Retirement System Trust Fund owns shares or interests,
 91 together with other investors not subject to this section.

92 (h) "Majority-owned" means to have ownership of 50.1
 93 percent or more of the outstanding equity interests of a
 94 company.

95 (2) (a) The board may not acquire, on behalf of the Florida
 96 Retirement System Trust Fund, direct holdings in a Chinese
 97 company.

98 (b) The board must:

99 1. Initiate, no later than June 1, 2024, a review of all
 100 current direct holdings to determine which direct holdings, if

HB 7071

2024

101 any, include securities of a Chinese company.

102 2. Develop, no later than September 1, 2024, a divestment
103 plan for all direct holdings in Chinese companies. The
104 divestment plan must be developed and implemented consistent
105 with the fiduciary standards set forth in s. 215.47(10).

106 3. Complete divestment from direct holdings in Chinese
107 companies included in the divestment plan developed pursuant to
108 subparagraph 2. no later than September 1, 2025, or at such
109 later time if necessary for the board to implement the
110 divestment plan consistent with the fiduciary standards set
111 forth in s. 215.47(10).

112 (3) The board's actions taken in compliance with this
113 section, including all good faith determinations regarding
114 companies as required by this section, must be adopted and
115 incorporated into the investment policy statement as provided in
116 s. 215.475.

117 Section 3. This act shall take effect upon becoming a law.