

Effective 5/1/2024

49-11-306 Definitions -- Scrutinized companies investment report -- Content -- Reporting -- Exceptions.

(1) As used in this section:

- (a) "Active business operations" means all business operations that are not inactive business operations.
- (b)
 - (i) "Business operations" means investing, with actual knowledge on or after August 5, 1996, in Iran's petroleum sector which investment directly and significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.
 - (ii) "Business operations" does not include the retail sale of gasoline and related consumer products.
- (c) "Company" means any foreign sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or any other foreign entity or business association, including all wholly-owned subsidiaries, majority-owned subsidiaries or parent companies or affiliates of these entities or business associations, that exists for the purpose of making a profit.
- (d)
 - (i) "Direct holdings" means all publicly traded equity securities of a company that are held directly by the investment fund or in an account or fund in which the investment fund owns all shares or interests.
 - (ii) "Direct holdings" does not include publicly traded equity securities of a company held as part of a passive indexing investment strategy.
- (e) "Inactive business operations" means the continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for that purpose.
- (f) "Investment fund" means the Utah State Retirement Investment Fund created in Section 49-11-301.
- (g) "Iran" means the Islamic Republic of Iran.
- (h) "Petroleum resources" means petroleum or natural gas.
- (i) "Scrutinized business operations" means any active business operations that:
 - (i) are subject to or liable for sanctions under Public Law 104-172, the Iran Sanctions Act of 1996, as amended; and
 - (ii) involve the maintenance of:
 - (A) the company's existing assets or investments in Iran; or
 - (B) the deployment of new investments to Iran that meet or exceed the threshold referred to in Public Law 104-172, the Iran Sanctions Act of 1996, as amended.
- (j) "Scrutinized company" means any company engaging in scrutinized business operations.

(2)

- (a)
 - (i) The Utah State Retirement Office shall identify the scrutinized companies in which the investment fund has direct holdings.
 - (ii) In making the determination, the board shall review and rely on publicly available information regarding companies with business operations in Iran, including information provided by nonprofit organizations, research firms, international organizations, and government entities.
- (b) The office shall assemble a list of all identified scrutinized companies.

- (c) The office shall update the list, on an annual basis, with information provided and received from those entities listed in Subsection (2)(a).
- (3) The office shall prepare an annual report of investment fund investments in scrutinized companies.
- (4) The report shall include amounts and other data and statistics designed to explain the past and current extent to which public fund investments in scrutinized companies:
 - (a) are present; and
 - (b) are being prevented under Subsection (6).
- (5) The report shall be provided to the governor, the board, the president of the Senate, the speaker of the House of Representatives, and to each member and staff of the Retirement and Independent Entities Committee created under Section 63E-1-201.
- (6) Using the most current list assembled under Subsection (2), the office shall prevent the investment of investment fund's direct holdings in a scrutinized company:
 - (a) for funds managed within the office, by not investing in direct holdings in a scrutinized company; and
 - (b) for funds managed by contract by a professional investment manager:
 - (i) for existing contracts, by requesting that no more direct holdings be acquired in a scrutinized company; and
 - (ii) for future contracts, by stipulating in the contract that no new direct holdings be acquired in a scrutinized company.
- (7) The provisions of this section do not apply to:
 - (a) money invested in a defined contribution plan as defined under Section 49-11-102; or
 - (b) investments in a company that is primarily engaged in:
 - (i) supplying goods or services intended to relieve human suffering in Iran; or
 - (ii) promoting health, education, religious, welfare, or journalistic activities in Iran.

Amended by Chapter 421, 2024 General Session