

SECTION 1. In Colorado Revised Statutes, add part 2 to article 54.8 of title 24 as follows:

24-54.8-202. Definitions. AS USED IN THIS PART 2, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- (1) "COMPANY" HAS THE SAME MEANING AS IN SECTION 17 24-54.8-102 (3).
- (2) "DIRECT HOLDINGS" HAS THE SAME MEANING AS IN SECTION 19 24-54.8-102 (5).
- (3) "INDIRECT HOLDINGS" HAS THE SAME MEANING AS IN SECTION 21 24-54.8-102 (8).
- (4) "IRAN-RESTRICTED COMPANY" MEANS A COMPANY THAT HAS BUSINESS OPERATIONS THAT INVOLVE CONTRACTS WITH OR PROVISION OF SUPPLIES OR SERVICES TO THE GOVERNMENT OF IRAN, COMPANIES IN WHICH THE GOVERNMENT OF IRAN HAS ANY DIRECT OR INDIRECT EQUITY SHARE, CONSORTIUMS OR PROJECTS COMMISSIONED BY THE GOVERNMENT OF IRAN, OR COMPANIES INVOLVED IN CONSORTIUMS OR PROJECTS COMMISSIONED BY THE GOVERNMENT OF IRAN AND:
 - (a) MORE THAN TEN PERCENT OF THE COMPANY'S REVENUES PRODUCED IN OR ASSETS LOCATED IN IRAN INVOLVE OIL-RELATED ACTIVITIES OR MINERAL-EXTRACTION ACTIVITIES; LESS THAN SEVENTY-FIVE PERCENT OF THE COMPANY'S REVENUES PRODUCED IN OR ASSETS LOCATED IN IRAN INVOLVE CONTRACTS WITH OR PROVISION OF OIL-RELATED OR MINERAL-EXTRACTION PRODUCTS OR SERVICES TO THE GOVERNMENT OF IRAN OR A PROJECT OR CONSORTIUM CREATED EXCLUSIVELY BY THAT GOVERNMENT; AND THE COMPANY HAS FAILED TO TAKE SUBSTANTIAL ACTION; OR
 - (b) THE COMPANY HAS, ON OR AFTER AUGUST 5, 1996, MADE AN INVESTMENT OF TWENTY MILLION DOLLARS OR MORE, OR ANY COMBINATION OF INVESTMENTS OF AT LEAST TEN MILLION DOLLARS EACH THAT IN THE AGGREGATE EQUALS OR EXCEEDS TWENTY MILLION DOLLARS IN ANY TWELVE-MONTH PERIOD, THAT DIRECTLY OR SIGNIFICANTLY CONTRIBUTES TO THE ENHANCEMENT OF IRAN'S ABILITY TO DEVELOP PETROLEUM RESOURCES OF IRAN.
- (5) "MINERAL-EXTRACTION ACTIVITIES" INCLUDE EXPLORING, EXTRACTING, PROCESSING, TRANSPORTING, OR WHOLESALE SELLING OR TRADING OF ELEMENTAL MINERALS OR ASSOCIATED METAL ALLOYS OR OXIDES (ORE), INCLUDING GOLD, COPPER, CHROMIUM, CHROMITE, DIAMONDS, IRON, IRON ORE, SILVER, TUNGSTEN, URANIUM, AND ZINC.
- (6) "OIL-RELATED ACTIVITIES" INCLUDE, BUT ARE NOT LIMITED TO, OWNING RIGHTS TO OIL BLOCKS; EXPORTING, EXTRACTING, PRODUCING, REFINING, PROCESSING, EXPLORING FOR, TRANSPORTING, SELLING, OR TRADING OF OIL; AND CONSTRUCTING, MAINTAINING, OR OPERATING A PIPELINE, REFINERY, OR OTHER OIL-FIELD INFRASTRUCTURE. THE MERE RETAIL SALE OF GASOLINE AND RELATED CONSUMER PRODUCTS IS NOT CONSIDERED AN OIL-RELATED ACTIVITY.
- (7) "PRIVATE MARKET FUND" MEANS ANY PRIVATE EQUITY FUND, PRIVATE EQUITY FUNDS OF FUNDS, VENTURE CAPITAL FUND, HEDGE FUND, HEDGE FUND OF FUNDS, REAL ESTATE FUND, OR OTHER INVESTMENT VEHICLE THAT IS NOT PUBLICLY TRADED.

(8) "PUBLIC FUND" HAS THE SAME MEANING AS IN SECTION 10 24-54.8-102 (14).

24-54.8-203. Transactions prohibited by public funds - Iran-restricted companies.

THE PUBLIC FUND SHALL ADHERE TO THE FOLLOWING PROCEDURES FOR COMPANIES ON THE LIST OF IRAN-RESTRICTED COMPANIES:

- (1) THE PUBLIC FUND SHALL IDENTIFY THOSE COMPANIES ON THE LIST OF IRAN-RESTRICTED COMPANIES IN WHICH THE PUBLIC FUND OWNS DIRECT HOLDINGS AND INDIRECT HOLDINGS.
- (2) THE PUBLIC FUND SHALL INSTRUCT ITS INVESTMENT ADVISORS TO SELL, REDEEM, DIVEST, OR WITHDRAW ALL DIRECT HOLDINGS OF IRAN-RESTRICTED COMPANIES FROM THE PUBLIC FUND'S ASSETS UNDER MANAGEMENT IN AN ORDERLY AND FIDUCIARILY RESPONSIBLE MANNER WITHIN TWELVE MONTHS AFTER THE COMPANY'S MOST RECENT APPEARANCE ON THE LIST OF IRAN-RESTRICTED COMPANIES.
- (3) THE PUBLIC FUND MAY NOT ACQUIRE SECURITIES OF IRAN-RESTRICTED COMPANIES.
- (4) THE PROVISIONS OF THIS SUBSECTION DO NOT APPLY TO THE PUBLIC FUND'S INDIRECT HOLDINGS OR PRIVATE MARKET FUNDS.

24-54.8-205. Severability. IF ANY PROVISION OF THIS PART 2 OR THE APPLICATION THEREOF TO ANY PERSON OR CIRCUMSTANCE IS HELD INVALID, SUCH INVALIDITY DOES NOT AFFECT OTHER PROVISIONS OR APPLICATIONS OF THIS PART 2 THAT CAN BE GIVEN EFFECT WITHOUT THE INVALID PROVISION OR APPLICATION, AND TO THIS END THE PROVISIONS OF THIS PART 2 ARE DECLARED TO BE SEVERABLE.

SECTION 2. In Colorado Revised Statutes, 24-54.8-101, amend 9 (1) (r) and (3) as follows:

24-54.8-101. Legislative declaration - post-enactment review.

(1) The general assembly hereby finds and declares that:

(r) It is the judgment of the general assembly that this PART 1 should remain in effect only insofar as it continues to be consistent with, and does not unduly interfere with, the foreign policy of the United States as determined by the federal government.

(s) PARAGRAPH (r) OF THIS SUB-SECTION SHALL NOT APPLY TO PART 2 AS IT RELATES TO THE ISLAMIC REPUBLIC OF IRAN.

(3) The general assembly further finds and declares that the desired result of this PART 1 for the purpose of post-enactment review is that all public funds sell, redeem, divest, or withdraw investments in scrutinized companies with active business operations in Sudan and maintain communication with scrutinized companies with inactive business operations in Sudan, in accordance with the provisions of this PART 1.

SECTION 3. In Colorado Revised Statutes, 24-54.8-102, amend introductory portion and (16) (c) as follows:

24-54.8-102. Definitions. As used in this PART 1, unless the context otherwise requires:

(16) "Scrutinized company" means a company that meets any of the following criteria:

(c) The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict, such as through post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization. Notwithstanding any provision of this PART 1 to the contrary, a social development company that is not complicit in the Darfur genocide shall not be considered a scrutinized company.

SECTION 4. In Colorado Revised Statutes, 24-54.8-104, amend (1) (b), (5), and (6) as follows:

24-54.8-104. Required actions. (1) Engagement. A public fund shall adhere to the following procedures for companies on the scrutinized companies list:

(b) For each company identified pursuant to paragraph (a) of this subsection (1) with only inactive business operations, the public fund shall send a written notice informing the company of this PART 1 and encouraging it to continue to refrain from initiating active business operations in Sudan until it is able to avoid scrutinized business operations. The public fund shall continue such correspondence on a semi-annual basis.

(5) Excluded securities. Notwithstanding any other provision of this PART 1, subsections (2) and (3) of this section do not apply to indirect holdings in actively managed investment funds. A public fund shall, however, submit letters to the managers of such investment funds containing companies with scrutinized active business operations requesting that they consider removing such companies from the fund or create a similar actively managed fund with indirect holdings devoid of such companies. If the manager creates a similar fund and if the public fund determines investment in the similar fund is consistent with prudent investment standards, the public fund shall replace all applicable investments with investments in the similar fund in an expedited time. In addition, notwithstanding any other provision of this article, for passively managed indirect holdings, if the manager does not remove such companies or create a similar fund consistent with prudent investment standards by October 1, 2008, or nine months after the date the public fund first requests the manager to act, whichever is later, then the scrutinized companies with active business operations shall be removed from the indirect passively managed assets of the public fund.

(6) Defined contribution plans. Notwithstanding any other provision of this PART 1, public funds, when discharging their responsibility for operation of a defined contribution plan, shall engage the manager of the investment offerings in such plans requesting that they consider removing scrutinized companies from the investment offerings or create an alternative investment offering devoid of scrutinized companies. If

the manager creates an alternative investment offering and the offering is deemed consistent with prudent investor standards by the public fund, the public fund shall consider including such investment offering in the plan.

SECTION 5. In Colorado Revised Statutes, 24-54.8-106, amend (1) introductory portion and (1) (c) as follows:

24-54.8-106. Provisions for repeal. (1) This PART 1 is repealed upon the occurrence of any one of the following:

(c) The congress or president of the United States, through legislation or executive order, declares that mandatory divestment of the type provided for in this PART 1 interferes with the conduct of United States foreign policy.

(d) PARAGRAPH (C) OF THIS SUB-SECTION SHALL NOT APPLY TO PART 2 AS IT RELATES TO THE ISLAMIC REPUBLIC OF IRAN.