

Amendment No.

CHAMBER ACTION

Senate

House

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Representative Schenck offered the following:

Amendment (with directory and title amendments)

Remove lines 657-664 and insert:

(5) With no more than 25 percent of any fund in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States ~~of America~~ or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the board.

(20) Notwithstanding the provisions in subsection (5) limiting such investments to 25 percent of any fund, the board may invest no more than 35 percent of any fund in corporate obligations and securities of any kind of a foreign corporation

483335

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Amendment No.

17 or a foreign commercial entity having its principal office
18 located in any country other than the United States or its
19 possessions or territories, not including United States dollar-
20 denominated securities listed and traded on a United States
21 exchange that are a part of the ordinary investment strategy of
22 the board.

23 Section 10. Section 215.4754, Florida Statutes, is created
24 to read:

25 215.4754 Ethics requirements for investment advisers and
26 managers and members of the Investment Advisory Council.—The
27 intent of this section is to promote independence and the
28 avoidance of conflicts and improper influence by certain
29 investment advisers and managers without creating unnecessary
30 barriers to the board performing its investment duties
31 consistent with its fiduciary standards, investment performance,
32 and business relationships.

33 (1) A contract under which an investment adviser or
34 manager has been retained to exercise investment authority on
35 behalf of the board for direct holdings shall require that the
36 investment adviser or manager abide by a standard of conduct
37 pursuant to s. 215.4755. Any such contract may be terminated by
38 the board if the investment adviser or manager violates such
39 standard of conduct.

40 (2) An Investment Advisory Council member or any business
41 organization or any affiliate thereof that is owned by or
42 employs such member may not directly or indirectly contract with
43 or provide any services for the investment of trust funds

483335

Approved For Filing: 4/16/2010 1:54:36 PM

Amendment No.

44 invested by the board during the time of such member's service
45 on the council or for 2 years thereafter.

46 Section 11. Section 215.4755, Florida Statutes, is created
47 to read:

48 215.4755 Certification and disclosure requirements for
49 investment advisers and managers.-

50 (1) An investment adviser or manager who has discretionary
51 investment authority for direct holdings and who is retained as
52 provided in s. 215.44(2)(c) shall agree pursuant to contract to
53 annually certify in writing to the board that:

54 (a) All investment decisions made on behalf of the trust
55 funds and the board are made in the best interests of the trust
56 funds and the board and not made in a manner to the advantage of
57 such investment adviser or manager, other persons, or clients to
58 the detriment of the trust funds and the board.

59 (b) Appropriate policies, procedures, or other safeguards
60 have been adopted and implemented to ensure that relationships
61 with any affiliated persons or entities do not adversely
62 influence the investment decisions made on behalf of the trust
63 funds and the board.

64 (c) A written code of ethics, conduct, or other set of
65 standards, which governs the professional behavior and
66 expectations of owners, general partners, directors or managers,
67 officers, and employees of the investment adviser or manager,
68 has been adopted and implemented and is effectively monitored
69 and enforced. The investment advisers' and managers' code of
70 ethics shall require that:

483335

Approved For Filing: 4/16/2010 1:54:36 PM

Amendment No.

71 1. Officers and employees involved in the investment
72 process refrain from personal business activity that could
73 conflict with the proper execution and management of the
74 investment program over which the investment adviser or manager
75 has discretionary investment authority or that could impair
76 their ability to make impartial decisions with respect to such
77 investment program; and

78 2. Officers and employees refrain from undertaking
79 personal investment transactions with the same individual with
80 whom business is conducted on behalf of the board.

81 (d) The investment adviser or manager has proactively and
82 promptly disclosed to the board, notwithstanding subsection (2),
83 any known circumstances or situations that a prudent person
84 could expect to create an actual, potential, or perceived
85 conflict of interest, including specifically:

86 1. Any material interests in or with financial
87 institutions with which officers and employees conduct business
88 on behalf of the trust funds and the board; and

89 2. Any personal financial or investment positions of the
90 investment advisor or manager that could be related to the
91 performance of an investment program over which the investment
92 adviser or manager has discretionary investment authority on
93 behalf of the board.

94 (2) At the board's request, an investment adviser or
95 manager who has discretionary investment authority over direct
96 holdings and who is retained as provided in s. 215.44(2)(c)
97 shall disclose in writing to the board:

483335

Approved For Filing: 4/16/2010 1:54:36 PM

Amendment No.

98 (a) Any nonconfidential, nonproprietary information or
99 reports to substantiate the certifications required under
100 subsection (1).

101 (b) All direct or indirect pecuniary interests that the
102 investment adviser or manager has in or with any party to a
103 transaction with the board, if the transaction is related to any
104 discretionary investment authority that the investment adviser
105 or manager exercises on behalf of the board.

106 (3) An investment adviser or manager certification
107 required under subsection (1) shall be provided annually, no
108 later than January 31, for the reporting period of the previous
109 calendar year on a form prescribed by the board.

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D I R E C T O R Y A M E N D M E N T

115 Remove lines 623-624 and insert:
116 215.47, Florida Statutes, are amended, paragraph (o) is added to
117 subsection (1) of that section, and subsection (20) is added to
118 that section, to read:

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T I T L E A M E N D M E N T

123 Remove lines 35-36 and insert:
124 alternative minimum tax; providing funds that may be invested in
125 a foreign entity; creating s. 215.4754, F.S.; providing intent;
483335

Amendment No.

126 requiring that the contract for an investment adviser or manager
127 include a standard of conduct; providing for termination of the
128 contract of an adviser or manager who violates the standard of
129 conduct; prohibiting a member of the council from contracting
130 with or providing services for the investment of certain funds
131 during his or her service on the council and for a specified
132 period thereafter; creating s. 215.4755, F.S.; requiring that an
133 investment advisor or manager annually certify to the state
134 board certain activities regarding investment decisions and
135 standards of behavior; requiring that certain disclosures be
136 made at the request of the state board regarding pecuniary
137 interests of an investment adviser or manager; amending s.
138 215.52,

483335

Approved For Filing: 4/16/2010 1:54:36 PM

Page 6 of 6