AN ACT
relating to the presentation of the investment policy of certain
governmental entities to a business organization that conducts
investment transactions for the entity.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Sections 2256.005(k) and (l), Government Code,
are amended to read as follows:
(k) A written copy of the investment policy shall be
presented to any business organization offering to engage
in an investment transaction with an investing entity or to an
investment management firm under contract with an investing entity
to invest or manage the entity's investment portfolio. For
purposes of this subsection and Subsection (l), "business
organization" means an investment pool or an investment management firm under
contract with an investing entity to invest or manage the entity's
investment portfolio that has been granted authority granted by the
entity under the contract to exercise investment discretion in
regard to the investing entity's funds. Nothing in this subsection
relieves the investing entity of the responsibility for monitoring
the investments made by the investing entity to determine that they
are in compliance with the investment policy. The qualified
representative of the business organization offering to engage in
an investment transaction with an investing entity shall execute a
written instrument in a form acceptable to the investing entity and
the business organization substantially to the effect that the
business organization has:

(1) received and reviewed the investment policy of the
entity; and

(2) acknowledged that the business organization has
implemented reasonable procedures and controls in an effort to
preclude investment transactions conducted between the entity and
the organization that are not authorized by the entity's investment
policy, except to the extent that this authorization:

(A) is dependent on an analysis of the makeup of
the entity's entire portfolio;

(B) [or]

requires an interpretation of
subjective investment standards; or

(C) relates to investment transactions of the
entity that are not made through accounts or other contractual
arrangements over which the business organization has accepted
discretionary investment authority.

(1) The investment officer of an entity may not acquire or
otherwise obtain any authorized investment described in the
investment policy of the investing entity from a business
organization that [person who] has not delivered to the entity the
instrument required by Subsection (k).

SECTION 2. The changes in law made by this Act apply only to
a contract for an investment transaction entered into with a
business organization under Chapter 2256, Government Code, on or
after the effective date of this Act. A contract entered into before
the effective date of this Act is subject to the law in effect at the
time the contract was entered into, and the former law is continued
in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2017.
H.B. No. 1701

President of the Senate

Speaker of the House

I certify that H.B. No. 1701 was passed by the House on April 20, 2017, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1701 was passed by the Senate on May 12, 2017, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: ______________________

Date

Governor