



SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300

Sioux Falls, SD 57106-3784 USA

Phone: (605) 362-2820

January 14, 2019

Executive Board
c/o Jason Hancock, Director
Legislative Research Council
500 E. Capitol Ave.
Pierre, SD 57501

South Dakota Codified Law 4-5-58 states that by January fifteenth of each calendar year, the State Investment Council shall submit a report to the Executive Board of the Legislative Research Council regarding compliance with SDCL 4-5-48 to 4-5-60, Iran Divestiture. The items to be addressed in the report as outlined in the law are listed below. The actions taken by the Council are in italics.

1. A copy of the most recent list of scrutinized companies;
§4-5-49 instructs the Council to identify all scrutinized companies in which it has direct holdings from publicly available information. *The Council references lists produced by the State of Colorado and Florida.*
§4-5-50 requires the Council to assemble a list of scrutinized companies in which it has direct holdings from the list developed. *This was originally completed at the 8/23/10 Council meeting.*
§4-5-51 states that the Council shall update the scrutinized companies list each quarter based on continuing information. *The memorandums to the Investment Council dated January 18, 2018, March 29, 2018, August 6, 2018 and November 13, 2018 are attached. These memorandums included staff recommendations to update the scrutinized companies list that were approved by the Council. The Council approved the current list (attached) at their August 27, 2018 meeting. The scrutinized company list will continue to be updated as new information is received.*
2. A summary of correspondence with companies engaged by the State Investment Council pursuant to §4-5-52 (Procedures with respect to companies on the scrutinized companies list);
No new companies were added to the scrutinized companies list in which a direct position was held.
3. A list of all investments sold, redeemed, divested, or withdrawn in compliance with §4-5-53 (Divestiture of securities in companies with scrutinized business operations);
No direct holdings were sold, redeemed, divested or withdrawn as a result of the Iran divestiture law.
4. A list of all prohibited investments pursuant to §4-5-54 (Acquisition of securities in companies with scrutinized business operations prohibited);
The internal managers and direct external managers have been provided the updated scrutinized companies list and instructed not to purchase any company on the list. The most recent notification was emailed on August 28, 2018. The

Investment Council's investment accounting department monitors the various account holdings.

5. A description of any progress made pursuant to §4-5-57 (Indirect holdings in actively managed investment funds).

Notifications were made and staff will continue to monitor.

On July 1, 2010 the President of the United States signed H.R.2194: Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2009 which amended the Iran Sanctions Act of 1996. The State of South Dakota is subject to the federal law if it enacted divestiture legislation "before, on or after the date of the enactment of this Act". Both the state and federal law went into effect on July 1, 2010. The Federal requirements must be met to be granted safe harbor from legal action under the "Authority to Divest" provision.

Compliance with the federal law includes:

1. Providing written notice of the South Dakota law to the US Attorney General in the Department of Justice.
Wade Hubbard, then counsel for SDRS, made the required notification in 2010.
2. Providing written notice to each company to which the South Dakota law applies.
Letter notifications were sent as per §4-5-52.
3. Divestiture cannot apply to a company earlier than the date that is 90 days after the date of the written notice.
The 90 day requirements are concurrent with the 90 day state law requirements in §4-5-52. No companies were sold for divestment purposes during the 90 day period.
4. Opportunity provided for companies to demonstrate that the measure shall not apply.
Companies were given 90 days from notification to demonstrate in writing that the divestment requirements should not apply.
5. Make every effort to avoid erroneously targeting a company and verify that the company has targeted activities in Iran.
§4-5-22 requires that a scrutinized company on the list be given the opportunity to clarify its scrutinized business operations in writing before divestment can occur.

Any changes to the Federal sanctions law, or its application, will be monitored to determine the effect on the Iran scrutinized companies list.

Sincerely,



Matthew L. Clark
State Investment Officer

MLC/tvo
Enclosures
Cc: South Dakota Investment Council



SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300
Sioux Falls, SD 57106-3784 USA
Phone: (605) 162-2820

MEMORANDUM

TO: South Dakota Investment Council

FROM: Tammy V. Otten, CPA CFA *TVO*
Assistant Investment Officer Fixed Income/Derivative

Matthew L. Clark, CFA *MLC*
State Investment Officer

DATE: November 13, 2018

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes two public lists, Colorado and Florida, to determine the South Dakota list of Iran scrutinized companies. The Colorado list is generally used with select additions from the Florida list.

The Florida and Colorado lists have not been updated since the August 27, 2018 Council meeting. Florida last updated their list on June 13, 2018, while Colorado has not updated their list since January 19, 2018.

The Council passed motions in April and June of 2012 to keep three companies not on the Colorado list on the South Dakota list until removed from the Florida list. The three companies are Sinopec, CNOOC Ltd. and China Oilfield Services Ltd. These companies remain on the June 13, 2018 Florida list and therefore will continue to be included on the South Dakota list. Subsequently, the subsidiaries of these three companies have been added to the South Dakota list.

The law allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor the Federal sanctions law, including its application, to determine the effect on the South Dakota Iran Scrutinized Companies List.

STAFF RECOMMENDATION: *Staff recommends no change to the South Dakota Iran Scrutinized Companies List at the November 29, 2018 Council meeting.*



SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300
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Phone: (605) 362-2820

MEMORANDUM

TO: South Dakota Investment Council

FROM: Tammy V. Otten, CPA CFA *TVO*
Assistant Investment Officer Fixed Income/Derivative

Matthew L. Clark, CFA *MLC*
State Investment Officer

DATE: August 6, 2018

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes two public lists, Colorado and Florida, to determine the South Dakota list of Iran scrutinized companies. The Colorado list is generally used with select additions from the Florida list.

Florida updated their list on June 13, 2018, while Colorado last updated their list on January 19, 2018.

The Council passed motions in April and June of 2012 to keep three companies not on the Colorado list on the South Dakota list until removed from the Florida list. The three companies are Sinopec, CNOOC Ltd. and China Oilfield Services Ltd. These companies remain on the June 13, 2018 Florida list and therefore will continue to be included on the South Dakota list.

Florida added one CNOOC Ltd. subsidiary, COSL Finance (BVI) Ltd, and three Petronas subsidiaries, Engen Botswana, Malaysia Marine & Heavy Engineering Holdings Bhd, and Putrajaya Holdings Snd Bhd, to their Iran Scrutinized Companies List.

The law allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor the Federal sanctions law, or its application, to determine the effect on the South Dakota Iran Scrutinized Companies List.

STAFF RECOMMENDATION: *Staff recommends adding the one CNOOC subsidiary and the three Petronas subsidiaries to the South Dakota Iran Scrutinized Companies List at the August 27, 2018 Council meeting.*

Iran Scrutinized Companies List Comparison

South Dakota Investment Council List

(proposed new list, with changes denoted by **)

China National Petroleum Corp (CNPC)

Bank of Kunlun Co (sub of CNPC)

China Natural Gas Corp Ltd (sub of CNPC)

China Petroleum Engineering Corp (sub of CNPC)

CNPC Capital Co Ltd (sub of CNPC)

CNPC General Capital Ltd (sub of CNPC)

CNPC HK Overseas Capital Ltd (sub of CNPC)

Kunlun Energy Co Ltd (sub of CNPC)

Kunlun Financial Leasing Co Ltd (sub of CNPC)

PetroChina Co Ltd (sub of CNPC)

China National Offshore Oil Corp Ltd (CNOOC)

China BlueChemical Ltd (sub of CNOOC)

China Oilfield Services Ltd (sub of CNOOC)

CNOOC Curtis Funding No.1 Pty Ltd (sub of CNOOC)

CNOOC Finance Limited (sub of CNOOC)

CNOOC Nexen Finance (sub of CNOOC)

COSL Finance (BVN) Ltd (sub of CNOOC)

Offshore Oil Engineering Co (sub of CNOOC)

China Petroleum & Chemical Corp (CPCC Sinopec)

Sinopec Capital 2013 Ltd (sub of CPCC Sinopec)

Sinopec Engineering Group Co Ltd (sub of CPCC Sinopec)

Sinopec Group Overseas Development 2012-2016 (sub of CPCC Sinopec)

Sinopec Kantons Holdings Ltd (sub of CPCC Sinopec)

Sinopec Oilfield Equipment (sub of CPCC Sinopec)

Sinopec Oilfield Service Corp (sub of CPCC Sinopec)

Sinopec Shanghai Petrochemical (sub of CPCC Sinopec)

Daelim Industrial Co., Ltd

Gazprom OAO

Gazprom Neft

MTN Group Ltd

Oil & Natural Gas Corp (ONGC)

Hindustan Petroleum Corp Ltd (sub of ONGC)

Mangalore Refinery & Petrochemicals Ltd (sub of ONGC)

ONGC Mangalore Petrochemicals Ltd (sub of ONGC)

ONGC Videshi Limited (sub of ONGC)

Petrolim Nasional Bhd (Petronas)

Engen Botswana

Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)

KLCC Property Holdings Bhd (sub of Petronas)

Malaysia Marine & Heavy Engineering Holdings Bhd (sub of Petronas)

Midciti Resources Sdn Bhd (sub of Petronas)

MISC Berhad (sub of Petronas)

MISC Capital Ltd (sub of Petronas)

Petronas Capital Ltd (sub of Petronas)

Petronas Chemicals Group Bhd (sub of Petronas)

Petronas Dagangan Bhd (sub of Petronas)

Petronas Gas Bernad (sub of Petronas)

Petronas Global Sukuk (sub of Petronas)

Putrajaya Holdings Sdn Bhd (sub of Petronas)

Putrajaya Management Sdn Bhd

Colorado List 01/19/18

(changes denoted by #)

China National Petroleum Corporation (CNPC)

Bank of Kunlun Co Ltd

China Petroleum Engineering Corp

CNPC Capital Company Ltd

CNPC General Capital Ltd

CNPC HK Overseas Capital Ltd

Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)

Kunlun Financial Leasing Co Ltd

PetroChina Co Ltd

China National Offshore Oil Corp Ltd (CNOOC)

China BlueChemical Ltd

China Oilfield Services Ltd (COSL)

CNOOC Curtis Funding No.1 Pty Ltd

CNOOC Finance Limited

CNOOC Nexen Finance

COSL Finance (BVN) Limited

Offshore Oil Engineering Co (CNOOC Ltd)

China Petroleum & Chemical Corp (CPCC) Sinopec

Sinopec Capital 2013 Ltd

Sinopec Engineering Group Co Ltd

Sinopec Overseas Development 2012-2016 (sub of CPCC Sinopec)

Sinopec Kantons Holdings Ltd

Sinopec Oilfield Equipment Corporation (fka Kingdream PLC)

Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)

Sinopec Shanghai Petrochemical

Daelim Industrial Co., Ltd

Gazprom OAO

Gazprom Neft

Indian Oil Corp Ltd (IOCL)

Mosenergo

Oil & Natural Gas Corp (ONGC)

Hindustan Petroleum Corp Ltd (sub of ONGC)

Mangalore Refinery & Petrochemicals Ltd (sub of ONGC)

ONGC Mangalore Petrochemicals Ltd (sub of ONGC)

ONGC Videshi Limited (sub of ONGC)

Petrolim Nasional Bhd (Petronas)

Engen Botswana

Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)

KLCC Property Holdings Bhd (sub of Petronas)

Malaysia Marine & Heavy Engineering Holdings Bhd

MISC Berhad

Petronas Capital Limited

Petronas Chemicals Bhd

Petronas Dagangan Bhd

Petronas Gas Bernad

Petronas Global Sukuk (sub of Petronas)

Putrajaya Management Sdn Bhd

Florida List 06/13/18

(changes denoted by **)

China National Petroleum Corporation (CNPC)

Bank of Kunlun Co Ltd

China Petroleum Engineering Corp

CNPC Capital Company Ltd

CNPC General Capital Ltd

CNPC HK Overseas Capital Ltd

Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)

Kunlun Financial Leasing Co Ltd

PetroChina Co Ltd

China National Offshore Oil Corp Ltd (CNOOC)

China BlueChemical Ltd

China Oilfield Services Ltd (COSL)

CNOOC Curtis Funding No.1 Pty Ltd

CNOOC Finance Limited

CNOOC Nexen Finance

COSL Finance (BVN) Limited

Offshore Oil Engineering Co (CNOOC Ltd)

China Petroleum & Chemical Corp (CPCC) Sinopec

Sinopec Capital 2013 Ltd

Sinopec Engineering Group Co Ltd

Sinopec Overseas Development 2012-2016 (sub of CPCC Sinopec)

Sinopec Kantons Holdings Ltd

Sinopec Oilfield Equipment Corporation (fka Kingdream PLC)

Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)

Sinopec Shanghai Petrochemical

Daelim Industrial Co., Ltd

Gazprom OAO

Gazprom Neft

Indian Oil Corp Ltd (IOCL)

Mosenergo

Oil & Natural Gas Corp (ONGC)

Hindustan Petroleum Corp Ltd (sub of ONGC)

Mangalore Refinery & Petrochemicals Ltd (sub of ONGC)

ONGC Mangalore Petrochemicals Ltd (sub of ONGC)

ONGC Videshi Limited (sub of ONGC)

Petrolim Nasional Bhd (Petronas)

Engen Botswana

Gas District Cooling Putrajaya Sdn Bhd (sub of Petronas)

KLCC Property Holdings Bhd (sub of Petronas)

Malaysia Marine & Heavy Engineering Holdings Bhd

MISC Berhad

Petronas Capital Limited

Petronas Chemicals Bhd

Petronas Dagangan Bhd

Petronas Gas Bernad

Petronas Global Sukuk (sub of Petronas)

Putrajaya Management Sdn Bhd



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MEMORANDUM

TO: South Dakota Investment Council

FROM: Tammy V. Otten, CPA CFA *TVO*
Assistant Investment Officer Fixed Income/Derivative

Matthew L. Clark, CFA *MLC*
State Investment Officer

DATE: March 29, 2018

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes two public lists, Colorado and Florida, to determine the South Dakota list of Iran scrutinized companies. The Colorado list is generally used with select additions from the Florida list.

Colorado's recently updated the list on January 19, 2018 and Florida on March 7, 2018.

The Council passed motions in April and June of 2012 to keep three companies not on the Colorado list on the South Dakota list until removed from the Florida list. The three companies are Sinopec, CNOOC Ltd. and China Oilfield Services Ltd. These companies remain on the March 7, 2018 Florida list and therefore will continue to be included on the South Dakota list.

Florida added to their list three Sinopec subsidiaries: Sinopec Group Overseas Development 2012 Ltd, Sinopec Group Overseas Development 2014 Ltd and Sinopec Oilfield Equipment Corp. and three China National Petroleum Corporation (CNPC) subsidiaries: Bank of Kunlun Co Ltd, China Petroleum Engineering Corp and Kunlun Financial Leasing Co Ltd.

Gazprom OAO and Gazprom Neft were removed from the Colorado lists but remain on the Florida list. Removal of these companies from the South Dakota list is not recommended at this time pending further evaluation of the reasons for removal of the companies by Colorado and the continued inclusion by Florida.

The law allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor changes to the Federal sanctions law, or its application, to determine the effect on the South Dakota Iran scrutinized companies list.

STAFF RECOMMENDATION: *Staff recommends adding the three Sinopec subsidiaries and the three China National Petroleum Corp subsidiaries to the South Dakota Iran scrutinized companies list at the April 19, 2018 Council meeting.*

Iran Scrutinized Companies List Comparison

South Dakota Investment Council List
(effective 04/19/18; with changes denoted by ^^)

China National Petroleum Corporation (CNPC)
China Natural Gas Corp (CNPC sub)
CNPC Capital Company Ltd
CNPC General Capital Ltd
CNPC HK Overseas Capital Ltd
Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)
PetroChina Co Ltd
Bank of Kunlun Co Ltd
China Petroleum Engineering Corp
Kunlun Financial Leasing Co Ltd
China National Offshore Oil Corp Ltd (CNOOC)
China BlueChemical Ltd
China Oilfield Services Ltd
CNOOC Curtis Funding No.1 Pty Ltd
CNOOC Finance Limited
CNOOC Nexen Finance
Offshore Oil Engineering Co (CNOOC Ltd)

Colorado List 01/19/18
(changes denoted by ##)

China National Petroleum Corporation (CNPC)
CNPC HK Overseas Capital Ltd
Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)
PetroChina Co Ltd

Florida List 03/07/18
(changes denoted by **)

China National Petroleum Corporation (CNPC)
CNPC Capital Company Ltd
CNPC General Capital Ltd
CNPC HK Overseas Capital Ltd
Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)
PetroChina Co Ltd
Bank of Kunlun Co Ltd
China Petroleum Engineering Corp
Kunlun Financial Leasing Co Ltd
China National Offshore Oil Corp Ltd (CNOOC)
China BlueChemical Ltd
China Oilfield Services Ltd (COSL)
CNOOC Curtis Funding No.1 Pty Ltd
CNOOC Finance Limited
CNOOC Nexen Finance
Offshore Oil Engineering Co (CNOOC Ltd)
COSL Finance (BV) Limited
China Petroleum & Chemical Corp (CPCC) Sinopec
Sinopec Capital 2013 Ltd
Sinopec Engineering Group Co Ltd
Sinopec Group Overseas Development 2013 Ltd
Sinopec Group Overseas Development 2016 Ltd
Sinopec Kantons Holdings Ltd
Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)
Sinopec Shanghai Petrochemical
Sinopec Group Overseas Development 2012 Ltd
Sinopec Group Overseas Development 2014 Ltd
Sinopec Oilfield Equipment Corporation (fka Kingdream PLC)
Daelim Industrial Co., Ltd.
Gazprom OAO
Gazprom Neft
Indian Oil Corp Ltd (IOCL)
Mosenergo

Oil & Natural Gas Corp (ONGC)

Mangalore Refinery & Petrochemicals Ltd
ONGC Mangalore Petrochemicals Ltd
ONGC Videsh Limited
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
MISC Berhad
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)
Engen Botswana
Malaysia Marine & Heavy Engineering Holdings Bhd
Putrajaya Management Sdn Bhd

China Petroleum & Chemical Corp (CPCC) Sinopec
Sinopec Capital 2013 Ltd
Sinopec Engineering Group Co Ltd
Sinopec Group Overseas Development 2013 Ltd
Sinopec Group Overseas Development 2016 Ltd
Sinopec Kantons Holdings Ltd
Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)
Sinopec Shanghai Petrochemical
Sinopec Group Overseas Development 2012 Ltd
Sinopec Group Overseas Development 2014 Ltd
Sinopec Oilfield Equipment Corporation (fka Kingdream added ^^
Daelim Industrial Co., Ltd.
Gazprom OAO
Gazprom Neft

Daelim Industrial Co., Ltd.
Gazprom Neft
Indian Oil Corp Ltd (IOCL)
Mosenergo

Oil & Natural Gas Corp (ONGC)
Mangalore Refinery & Petrochemicals Ltd
ONGC Mangalore Petrochemicals Ltd
ONGC Videsh Limited
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
MISC Berhad
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)
Engen Botswana
Malaysia Marine & Heavy Engineering Holdings Bhd
Putrajaya Management Sdn Bhd

Oil & Natural Gas Corp (ONGC)
Mangalore Refinery & Petrochemicals Ltd
ONGC Mangalore Petrochemicals Ltd
ONGC Videsh Limited
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
MISC Berhad
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)
Engen Botswana
Malaysia Marine & Heavy Engineering Holdings Bhd
Putrajaya Management Sdn Bhd

MTN Group Ltd
MTN Group Ltd
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
Midciti Resources Sdn Bhd
MISC Berhad
MISC Capital Ltd
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)

MTN Group Ltd
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
Midciti Resources Sdn Bhd
MISC Berhad
MISC Capital Ltd
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad

Oil & Natural Gas Corp (ONGC)
Mangalore Refinery & Petrochemicals Ltd
ONGC Mangalore Petrochemicals Ltd
ONGC Videsh Limited
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
MISC Berhad
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)
Engen Botswana
Malaysia Marine & Heavy Engineering Holdings Bhd
Putrajaya Management Sdn Bhd

Oil & Natural Gas Corp (ONGC)
Mangalore Refinery & Petrochemicals Ltd
ONGC Mangalore Petrochemicals Ltd
ONGC Videsh Limited
Petrolim Nasional (Petronas)
Gas District Cooling (Putrajaya) Sdn Bhd
KLCC Property Holdings Bhd
MISC Berhad
Petronas Capital Limited
Petronas Chemicals Bhd
Petronas Dagangan Bhd
Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)
Engen Botswana
Malaysia Marine & Heavy Engineering Holdings Bhd
Putrajaya Management Sdn Bhd



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MEMORANDUM

TO: South Dakota Investment Council

FROM: Tammy V. Otten, CPA CFA *TVO*
Assistant Investment Officer Fixed Income/Derivative

Matthew L. Clark, CFA *MLC*
State Investment Officer

DATE: January 18, 2018

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes two public lists, Colorado and Florida, to determine the South Dakota list of Iran scrutinized companies. The Colorado list is generally used with select additions from the Florida list.

Florida updated their list on December 13, 2017, while Colorado last updated their list on March 6, 2017.

The Council passed motions in April and June of 2012 to keep three companies not on the Colorado list on the South Dakota list until removed from the Florida list. The three companies are Sinopec, CNOOC Ltd. and China Oilfield Services Ltd. These companies remain on the December 13, 2017 Florida list and therefore will continue to be included on the South Dakota list.

Florida added two CNOOC Ltd. subsidiaries to their list: Curtis Funding No. 1 Pty Ltd and Nexen Finance.

The law allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor changes to the Federal sanctions law, or its application, to determine the effect on the South Dakota Iran scrutinized companies list.

STAFF RECOMMENDATION: *Staff recommends adding the two CNOOC subsidiaries to the Iran scrutinized companies list at the January 29, 2018 Council meeting.*

Iran Scrutinized Companies List Comparison

South Dakota Investment Council List
(effective 01/29/18; with changes denoted by ^M)

Colorado List 03/06/17
(changes denoted by #)

Florida List 12/13/17
(changes denoted by **)

China BlueChemical Ltd	China National Petroleum Corporation (CNPC)	China National Petroleum Corporation (CNPC)	China BlueChemical Ltd
China National Petroleum Corporation (CNPC)			
CNPC Capital Company Ltd			
CNPC General Capital Ltd			
CNPC HK Overseas Capital Ltd			
Kunlun Energy Company Ltd	Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)	Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)	Kunlun Energy Company Ltd (CNPC Hong Kong Ltd)
PetroChina Co Ltd	PetroChina Co Ltd	PetroChina Co Ltd	PetroChina Co Ltd
China Petroleum & Chemical Corp (CPCC) Sinopec			
China Oilfield Services Ltd			
CNOOC Ltd (China National Offshore Oil Corp)			
CNOOC Finance Limited	CNOOC Finance Limited	CNOOC Finance Limited	CNOOC Finance Limited
Offshore Oil Engineering Co (CNOOC Ltd)			
CNOOC Curtis Funding No.1 Pty Ltd			
CNOOC Nexen Finance	CNOOC Nexen Finance	CNOOC Nexen Finance	CNOOC Nexen Finance
COSL Finance (BV) Limited			
Daelim Industrial Co., Ltd			
Engen Botswana	Engen Botswana	Engen Botswana	Engen Botswana
Gas District Cooling (Putrajaya) Sdn Bhd			
Gazprom OAO	Gazprom OAO	Gazprom OAO	Gazprom OAO
Gazprom Neft	Gazprom Neft	Gazprom Neft	Gazprom Neft
Indian Oil Corp Ltd (IOCL)			
KLCC Property Holdings Bhd			
Malaysia Marine & Heavy Engineering Holdings Bhd			
Mangalore Refinery & Petrochemicals Ltd			
MISC Berhad	MISC Berhad	MISC Berhad	MISC Berhad
Mosepetro	Mosepetro	Mosepetro	Mosepetro
Oil & Natural Gas Corp (ONGC)			
ONGC Videsh Limited	ONGC Videsh Limited	ONGC Videsh Limited	ONGC Videsh Limited
Petroliam Nasional (Petronas)	Petroliam Nasional (Petronas)	Petroliam Nasional (Petronas)	Petroliam Nasional (Petronas)
Petronas Capital Limited	Petronas Capital Limited	Petronas Capital Limited	Petronas Capital Limited
Petronas Chemicals Bhd	Petronas Chemicals Bhd	Petronas Chemicals Bhd	Petronas Chemicals Bhd
Petronas Dagangan Bhd	Petronas Dagangan Bhd	Petronas Dagangan Bhd	Petronas Dagangan Bhd
Petronas Gas Berhad	Petronas Gas Berhad	Petronas Gas Berhad	Petronas Gas Berhad
Petronas Global Sukuk (Petronas sub)			
Putrajaya Management Sdn Bhd			
Sinopec Capital 2013 Ltd			
Sinopec Engineering Group Co Ltd			
Sinopec Group Overseas Development 2013 Ltd			
Sinopec Group Overseas Development 2016 Ltd			
Sinopec Kantons Holdings Ltd			
Sinopec Oilfield Equipment Corporation (fka Kingstream PLC)			
Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)	Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)	Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)	Sinopec Oilfield Service Corp (fka Sinopec Yizheng Chemical Fibre)
Sinopec Shanghai Petrochemical	Sinopec Shanghai Petrochemical	Sinopec Shanghai Petrochemical	Sinopec Shanghai Petrochemical

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