

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH30043-MU-22

Short Title: NC Digital Assets Investments Act.

(Public)

Sponsors: Representative Ross.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE STATE TREASURER TO INVEST IN QUALIFYING  
3 DIGITAL ASSETS.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Article 6 of Chapter 147 of the General Statutes is amended by adding  
6 a new section to read:

7 "**§ 147-69.2E. Investments in digital assets.**

8 (a) The following definitions apply in this section:

9 (1) Digital asset. – A virtual currency, cryptocurrency, native electronic asset,  
10 stablecoin, nonfungible token, or any other asset that is only digital and that  
11 confers economic, proprietary, or access rights or powers.

12 (2) Exchange-traded product. – A security, as defined in G.S. 78A-2, that meets  
13 any of the following requirements:

14 a. The security is listed, or authorized for listing, on the New York Stock  
15 Exchange, the American Stock Exchange, or the National Association  
16 of Securities Dealers Automated Quotations national market system  
17 (NASDAQ), or any successor to these entities.

18 b. The security is listed, or authorized for listing, on a national securities  
19 exchange or system, or on a tier or segment of the exchange or system,  
20 designated by the United States Securities and Exchange Commission  
21 in 17 C.F.R. § 230.146(b).

22 c. The security is listed, or authorized for listing, on a national securities  
23 exchange or system, or on a tier or segment of the exchange or system,  
24 that has listing standards that the North Carolina Secretary of State, on  
25 its own initiative or on the basis of an application, determines by rule  
26 are substantially similar to the listing standards applicable to securities  
27 described in sub-subdivision a. of this subdivision.

28 d. The security is a security of the same issuer that is equal in seniority  
29 to, or that is senior to, a security described in sub-subdivisions a.  
30 through c. of this subdivision.

31 (3) Private key. – A unique element of cryptographic data used for signing  
32 transactions on a blockchain that is known to the owner of the unique element.

33 (4) Secure custody solution. – A technological product or a blended product and  
34 service that has all of the following characteristics:

35 a. The private keys that secure digital assets are exclusively known and  
36 accessible by the State Treasurer.



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- 1            b. The private keys that secure digital assets are exclusively contained  
 2            within an encrypted environment and are accessible only via  
 3            end-to-end encrypted channels.  
 4            c. The private keys that secure digital assets are never contained by,  
 5            accessible by, or controllable via a smartphone.  
 6            d. Any hardware that contains the private keys that secure digital assets  
 7            is maintained in at least two geographically diversified, specially  
 8            designated secure data centers.  
 9            e. The secure custody solution enforces a multi-party governance  
 10           structure for authorizing transactions, enforces user access controls,  
 11           and logs all user-initiated actions.  
 12           f. The provider of the secure custody solution has implemented a disaster  
 13           recovery protocol that ensures customer access to digital assets in the  
 14           event the provider becomes unavailable.  
 15           g. The secure custody solution undergoes regular code audits and  
 16           penetration testing from audit firms, and any identified vulnerabilities  
 17           are promptly remedied.

18           (b) The State Treasurer may invest the cash of the funds described in G.S. 147-69.1(b)  
 19           and G.S. 147-69.2(a) in digital assets that satisfy both of the following requirements:

- 20           (1) The digital assets are an exchange-traded product.  
 21           (2) The average market capitalization of the digital assets over the preceding 12  
 22           months is at least seven hundred fifty billion dollars (\$750,000,000,000), as  
 23           determined by the State Treasurer using a commercially reasonable method.

24           (c) An investment in digital assets from any of these funds shall not exceed, in the  
 25           aggregate, ten percent (10%) of the balance of the fund at the time of the investment.

26           (d) If the State Treasurer chooses to internally manage any digital assets, the State  
 27           Treasurer shall use a secure custody solution."

28           **SECTION 2.** G.S. 147-69.1 reads as rewritten:

29           **"§ 147-69.1. Investments authorized for General Fund and Highway Funds assets.**

30           (a) The Governor and Council of State, with the advice and assistance of the State  
 31           Treasurer, shall adopt ~~such rules and regulations as shall be necessary and appropriate to~~  
 32           implement the provisions of this section.

33           (b) This section applies to funds held by the State Treasurer to the credit ~~of~~ of each of the  
 34           following:

- 35           (1) The General ~~Fund;~~ Fund.  
 36           (2) The Highway Fund and Highway Trust Fund.

37           ~~It shall be the duty of the~~ The State Treasurer to shall invest the cash of the funds  
 38           enumerated in subsection (b) of this section in excess of the amount required to meet the current  
 39           needs and demands on ~~such~~ these funds, selecting from among the following:

- 40           ...  
 41           (11) Digital assets in accordance with G.S. 147-69.2E.

42           (d) Unless otherwise provided by law, the interest or income received and accruing from  
 43           all deposits or investments of ~~such~~ the cash balances shall be paid into the State's General Fund,  
 44           except that all interest or income received and accruing on the monthly balance of the Highway  
 45           Fund and Highway Trust Fund shall be paid into the State Highway Fund and Highway Trust  
 46           Fund. The cash balances of the several funds may be combined for deposit or investment  
 47           purposes; and when ~~such~~ combined deposits or investments are made, the interest or income  
 48           received and accruing from all deposits or investments shall be prorated among the funds in  
 49           conformity with applicable ~~law and law,~~ including the rules ~~and regulations~~ adopted by the  
 50           Governor and Council of State.

51           ...."

1           **SECTION 3.** G.S. 147-69.2 reads as rewritten:

2   "**§ 147-69.2. Investments authorized for special funds held by State Treasurer.**

3       (a) This section applies to funds held by the State Treasurer to the credit of each of the  
4 following:

- 5           (1) The Teachers' and State Employees' Retirement System of North Carolina.
- 6           (2) The Consolidated Judicial Retirement System of North Carolina.
- 7           (3) The State Health Plan for Teachers and State Employees.
- 8           (4) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- 9           (5) The Disability Salary Continuation Income Plan of North Carolina.
- 10          (6) The North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.
- 11          (7) The North Carolina Local Governmental Employees' Retirement System.
- 12          (8) The Legislative Retirement System of North Carolina.
- 13          (9) The Escheat Fund.
- 14          (10) The Legislative Retirement Fund.
- 15          (11) The State Education Assistance Authority.
- 16          (12) The State Property Fire Insurance Fund.
- 17          (13) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- 18          (14) Repealed by Session Laws 2016-55, s. 1.3, effective January 31, 2017.
- 19          (15) The State Public Education Property Insurance Fund.
- 20          (15a) Repealed by Session Laws 2020-69, s. 9(b), effective July 1, 2020.
- 21          (16) The Liability Insurance Trust Fund.
- 22          (16a) The University of North Carolina Hospitals at Chapel Hill funds, except  
23 appropriated funds, deposited with the State Treasurer pursuant to  
24 G.S. 116-350.40.
- 25          (17) Trust funds of The University of North Carolina and its constituent institutions  
26 deposited with the State Treasurer pursuant to G.S. 116-36.1.
- 27          (17a) North Carolina Veterans Home Trust Fund.
- 28          (17b) North Carolina National Guard Pension Fund.
- 29          (17c) Retiree Health Benefit Fund.
- 30          (17d) The Election Fund.
- 31          (17e) The North Carolina State Lottery Fund.
- 32          (17f) Funds deposited with the State Treasurer by public hospitals pursuant to  
33 G.S. 159-39(g).
- 34          (17g) Funds deposited with the State Treasurer by Local Government Other  
35 Post-Employment Benefits Trusts pursuant to G.S. 159-30.1.
- 36          (17h) The Local Government Law Enforcement Special Separation Allowance  
37 Fund.
- 38          (17i) The North Carolina Conservation Easement Endowment Fund.
- 39          (17j) The Conservation Grant Fund.
- 40          (17k) The Wildlife Endowment Fund.
- 41          (17l) The Ecosystem Restoration Fund.
- 42          (17m) The Needs-Based Public School Capital Fund.
- 43          (17n) The Riparian Buffer Restoration Fund.
- 44          (18) Any other special fund created by or pursuant to law for purposes other than  
45 meeting appropriations made pursuant to the Executive Budget Act.
- 46          (19) The Swain County Settlement Trust Fund.
- 47          (20) Institutional funds of the colleges of the North Carolina Community College  
48 System.
- 49          (21) The Disability Income Plan of North Carolina.

1 (22) Repealed by Session Laws 2022-74, s. 20.4(b), as amended by Session Laws  
2 2023-46, s. 22(a), and as amended by Session Laws 2024-3, s. 9.1(a), effective  
3 retroactively to July 1, 2022.

4 (23) The Catawba Unit No. 1 Decommissioning Trust Fund and the Catawba Unit  
5 No. 2 Decommissioning Trust Fund established by North Carolina Municipal  
6 Power Agency Number 1, as described in G.S. 159B-18(b)(6).

7 (24) Funds deposited with the State Treasurer by charter schools pursuant to  
8 G.S. 115C-218.15(f).

9 (b) ~~It shall be the duty of the~~ The State Treasurer ~~to shall~~ invest the cash of the funds  
10 enumerated in subsection (a) of this section in excess of the amount required to meet the current  
11 needs and demands on these funds. The State Treasurer may invest the funds as provided in this  
12 subsection in the manner authorized by subsection (e) of this section. If an investment was  
13 authorized by this subsection at the time the investment was made or contractually committed to  
14 be made, then that investment ~~shall continue~~ continues to be authorized by this subsection, and  
15 none of the percentage or other limitation on investments set forth in this subsection shall be  
16 construed to require the State Treasurer to subsequently dispose of the investment or fail to honor  
17 any contractual commitments as a result of changes in market values, ratings, or other investment  
18 qualifications. For purposes of computing market values on which percentage limitations on  
19 investments in this subsection are based, all investments shall be valued as of the last date of the  
20 most recent fiscal quarter. Notwithstanding anything in this section to the contrary, the State  
21 Treasurer shall categorize investment management arrangements according to the primary  
22 investment type or primary strategy utilized under the arrangement authorized under subsection  
23 (e) of this section. No investment management arrangement may be categorized in more than one  
24 of the subdivisions of this section. The State Treasurer shall select from among the following  
25 investments subject to the following limitations and requirements:

26 ...

27 (13) Digital assets in accordance with G.S. 147-69.2E.

28 ...

29 (e) Investments made pursuant to this section may be made as internally managed  
30 investments by the State ~~Treasurer~~ Treasurer, or may be made through third-party investment  
31 management arrangements, under the following conditions:

32 (1) Internally managed portfolios shall be subject to industry standard portfolio  
33 guidelines developed with periodic consultation by the Investment Advisory  
34 Committee.

35 (2) In assessing whether to invest directly or to utilize indirect third-party  
36 investment management arrangements, the State Treasurer shall consider all  
37 material factors he or she considers relevant to the decision consistent with  
38 the Treasurer's fiduciary duties under G.S. 147-69.7, including financial,  
39 operational, and investment expertise and resources, alignment of interests  
40 and investor protections, transparency and repeatability of investment process,  
41 risk controls, and cost-effectiveness.

42 (3) For any third-party investment management arrangements, the investment  
43 manager ~~must~~ shall have total assets under management of at least one  
44 hundred million dollars (\$100,000,000) at the inception of the investment  
45 management arrangement with the State Treasurer.

46 (4) Third-party investment management arrangements may be with persons and  
47 legal entities located ~~within~~ inside or outside the United States, including  
48 through any of the following:

49 a. Contractual arrangements in which the investment manager has  
50 delegated discretion and authority to invest assets.

1                   b.     Investment companies as defined under United States generally  
2                             accepted accounting principles as promulgated by the Financial  
3                             Accounting Standards Board, including without limitation entities  
4                             registered under the Investment Company Act of 1940; individual,  
5                             common, or collective trust funds of banks and trust companies;  
6                             limited partnerships; limited liability companies or other limited  
7                             liability investment vehicles; and insurance contracts that provide for  
8                             participation in individual or pooled separate accounts of insurance  
9                             companies.

10                            Any limited liability investment vehicles organized by the State  
11                            Treasurer ~~shall be~~ are deemed investment companies for the purposes  
12                            of this subsection.

13                   (5)     Investment companies shall provide annual audited financial statements to the  
14                             State Treasurer, unless the State Treasurer waives the requirement after  
15                             conducting a cost-benefit analysis.

16                   (6)     In connection with any investment otherwise authorized under this section,  
17                             the State Treasurer may enter into an indemnification agreement ~~provided~~  
18                             ~~that, so long as,~~ under any agreement, the liability of the State Treasurer ~~will~~  
19                             ~~be is~~ limited to the amount of the State Treasurer's contractual investment."

20                   **SECTION 4.** This act is effective when it becomes law.