

ROBERT SPRAGUE

OHIO TREASURER

Interested Party Testimony
Brandon Kern, Director of Policy and Legislative Affairs
Office of Ohio Treasurer of State
Senate Insurance and Financial Institutions Committee
June 3, 2020

Chairman Hackett, Vice Chair Hottinger, Ranking Member Craig and members of the Senate Insurance and Financial Institutions Committee, thank you for the opportunity to provide written comments as an interested party on Senate Bill 277, sponsored by Senator Schuring. As the administrator of the Ohio Pool Collateral Program the Treasurer's office wanted to be sure to offer some insight as you continue to consider this legislation.

Senate Bill 277 adds a requirement to Ohio law that if the total market value of securities pledged by a public depository becomes less than their minimum requirement under the Ohio Pooled Collateral Program, the depository has two business days to pledge additional eligible securities sufficient to satisfy the minimum requirement. There are a number of reasons public depositories can become temporarily under-collateralized. For example, the value of securities held can change due to changes in market conditions and public depositories can receive unexpected large deposits resulting in overall deposits that exceed their collateral requirements.

Our testimony isn't intended to comment on the policy that allows public depositories to hold an amount of collateral for a period of time that is less than they would otherwise be required under the Ohio Pooled Collateral Program. However, from an operational standpoint, we would like to share this new flexibility poses no additional burden or constraint on the Treasurer's administration of the program.

We are happy to provide additional feedback and answer your questions as needed. Thank you for your time and consideration.