**Before the Senate Financial Institutions and Technology Committee
Proponent Testimony on Senate Bill 199**

January 23, 2024

Chairman Wilson, Vice Chair Hackett, Ranking Member Smith, and members of the Senate Financial Institutions and Technology Committee, thank you for the opportunity to testify on behalf of the Ohio Chamber of Commerce as a proponent of SB 199.

SB 199 has become necessary due in part to the lack of regulatory reasonableness and movement by the administration on amending rules surrounding registration by qualification, which is a more strident requirement than required by the SEC at the federal level.

As other witnesses have or will testify on the particular investment products impacted by this law, these are sophisticated investment products that are recommended by investment advisors acting as fiduciaries for clients. These products are not ordinary investments available on a store shelf or even the listed on the stock exchange. However, they are registered and regulated by the SEC.

After registration of the product deemed acceptable by the SEC, the product can be sold under federal law. Currently however, Ohio does not follow the federal structure and instead uses a rule to place these products under additional scrutiny and undergo registration by qualification. The General Assembly attempted to correct this during the last budget cycle (HB 33), but the governor vetoed that language.

Ohio's administrative practice makes Ohio less competitive as investors look to other states for development of these financial products and offerings to sophisticated investors that need to diversify portfolios. SB 199 corrects this current administrative landscape while maintaining the ability of the state to go after bad actors and enforce sanctions against those bad actors and protect investors.

The Ohio Chamber encourages this committee to favorable report SB 199 to make Ohio's landscape equal with peer states using these products to attract investment and investors. I will now try to answer questions you have for me.