Occupational Licensing Board Review Testimony
Division of Securities, Ohio Department of Commerce

Senate Government Oversight and Reform Committee
March 25, 2026

Chair Manchester, Vice Chair Brenner, Ranking Member Weinstein, and members of the Government Oversight and Reform Committee, thank you for the opportunity to provide information on the Ohio Department of Commerce's Division of Securities. My name is Andrea Seidt and I am the Commissioner of the Division.

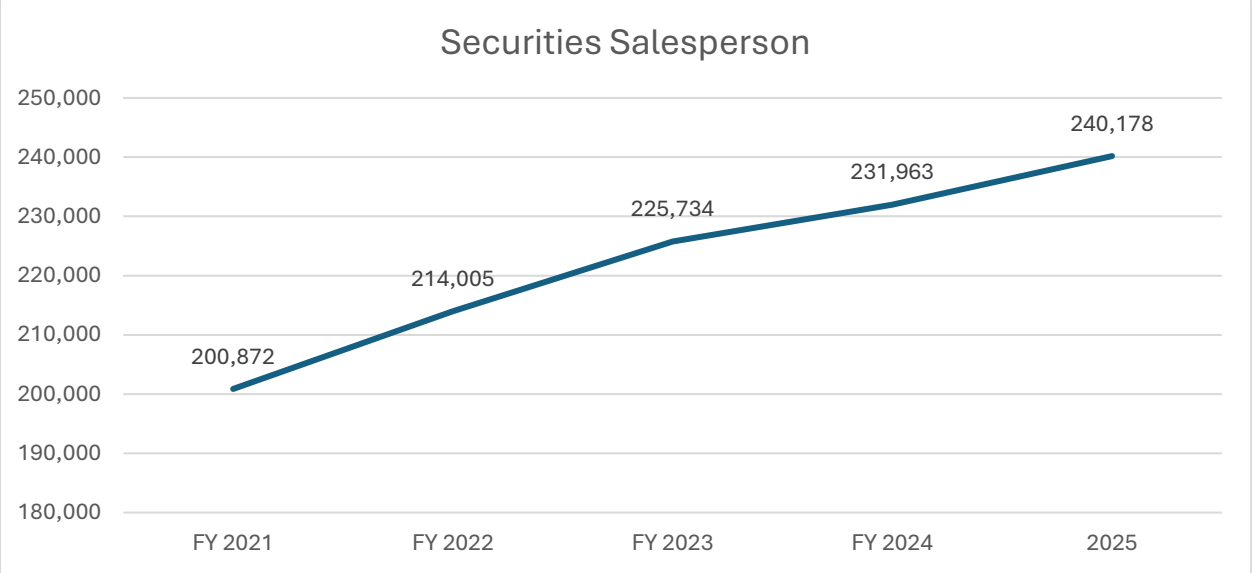
The Division's mission is to administer and enforce the Ohio Securities Act in order to protect Ohio's investors while promoting capital formation. The Division seeks to achieve these goals by making Ohio a welcome home for securities professionals and other market participants; facilitating access to capital; and preserving the wealth and working capital of Ohio families and businesses through policy, examination, and enforcement.

The Division's authority is set forth in the Ohio Securities Act, found in Chapter 1707 of the Ohio Revised Code, and associated rules found in Chapter 1301:6-3 of the Ohio Administrative Code. The Ohio Securities Act has required the licensure of firms and professionals engaged in the securities markets for well over a century. The Division's licensing laws and rules cover three primary areas: (1) the qualifications and competencies required for licensed firms and professionals; (2) the compliance obligations for ongoing licensure; and (3) the bases for discipline when the rules are violated.

As you can see from the schedule today, there are 7 different securities license types available in Ohio. Those include licenses for: (1) broker-dealer firms; (2) the salespersons that work at those broker-dealer firms; (3) investment adviser firms, which included both state-registered Ohio firms as well as SEC-registered firms that notice file in Ohio; (4) investment adviser representatives that work at those investment adviser firms; (5) state retirement system investment officers who direct investments for Ohio's state-run pension funds; (6) the investment officer who directs investments

for the Bureau of Workers Compensation; and (7) funding portal operators. The last license type – funding portal operator - is a category that was created since the last Committee review but has not at this point attracted any applicants.

Licensing numbers at the start of this fiscal year (July 1, 2025) were: 1,775 broker-dealer firms; 240,178 salespersons; 3,380 investment adviser firms; 21,859 investment adviser representatives; 85 state retirement system investment officers; 1 investment officer at the Bureau of Workers Compensation; and 0 funding portal operators. Altogether, the Division oversees the activities of more than 267,000 financial professionals and firms. The Division is second only to Ohio's Nursing Board in the number of professional licenses that it issues and the Division's licensee population continues to grow, driven by substantial year-over-year increases in the salesperson category.



The Division reviews the competency and disciplinary history of applicants prior to registration, using standardized forms and a national database shared by all state and federal regulators for the brokerage and investment adviser industry. The Division prioritizes its examination resources on on-site examinations of state-registered investment advisers, where the Division is the sole regulator. The Division does a limited set of targeted on-site examinations and questionnaires for broker-dealer firms, to complement the oversight provided by our federal regulatory partners (the SEC and FINRA). The Division's exam team also conducts for-cause reviews for any licensee

when there is suspicion of fraud or criminal wrongdoing. Violations are forwarded onto the Division's Enforcement section.

The Division's licensing requirements are very similar to those in place and followed by other states. Generally speaking, all license types require a combination of the following elements: completion of an application form, payment of the application fee, proof of minimum competency (which is accomplished through credential or a passing score on a licensing exam), completion of a background check, and compliance with relevant conduct and practice standards. So long as the applicant meets the criteria, they are issued a license. The Division extends occupational reciprocity to federally-registered FINRA and SEC firms and occupational reciprocity to individual investment adviser representatives and securities salespersons who hold or have held the same license in another state within two years of filing their application in Ohio. The Division recently proposed a rule change (1301:6-3-15.1) that would extend the reciprocity period even further, from two years to five years, if approved by JCARR.

In addition to its licensure activities, the Division is the only regulatory authority in Ohio responsible for regulating the sale of securities products in Ohio and investigating securities crimes and violations of the Ohio Securities Act. Last year, the Division processed over 9,000 filings to facilitate the sale of mutual funds, private placements, and other exempt and registered offerings and also referred and assisted in the criminal prosecution of 20 individuals who scammed millions of dollars away from Ohio investors. The Division's enforcement work yielded 5 convictions and restitution awards to victims totaling more than $3.5 million. On the administrative front, the Division initiated 23 administrative actions and 1 civil action. Since the Committee's last review, the Division has created a new Investor Recovery Fund, which has awarded more than $2 million in restitution to Ohio victims.

While the licensing and enforcement demands placed on the Division are significant and growing, the Division's staff has remained efficient and relatively flat over the last five-year period.

The Division's ability to ensure the basic competence of securities-market participants and monitor compliance with securities regulations through occupational licensure, serves a meaningful, defined public interest. With cryptocurrencies and evolving digital forms of investment assets, the licensee population and products, practices, and schemes are constantly

evolving. It is more important now than ever that Ohio investors have trust and confidence in the securities firms and professionals with whom they do business. State securities regulators, like the Division, are the closest regulators to our licensees and the investing public and we are proud of the critical role that we play to promote and protect the prosperity of Ohio families.

In closing, I ask you to please support the continued occupational licensure under the Ohio Division of Securities. We believe we can continue to regulate our licensees in a fair and effective manner while maintaining high standards of public protection. Chair Manchester and members of the Committee, I thank you for the opportunity to present information on the Division and would be happy to answer any questions you have.