



Interested Party Testimony on HB 263
before the
Senate Transportation, Commerce and Workforce Committee
by the
Securities Industry and Financial Markets Association (SIFMA)
on
December 8, 2020

Chair McColley, Vice Chair Johnson, Ranking member Antonio and members of the Senate Transportation, Commerce and Workforce Committee, thank you for the opportunity to provide interested party testimony on HB 263, sponsored by Rep. Kyle Koehler (R-Springfield).

My name is Tony Fiore and I serve as legislative counsel for the Securities Industry and Financial Markets Association (SIFMA)¹ in Ohio. SIFMA brings together the shared interests of broker-dealers, investment bankers and asset managers across the country, including 13,900 financial advisors in Ohio. On behalf of our industry's nearly one million employees, we advocate for legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy discussion and professional development.

SIFMA believes that HB 263 is a well-intended bill, but also believe that professional licenses under the Ohio Division of Securities should be exempt from its provisions. I've attached language that would accomplish this request, which I believe is also consistent with the Division of Securities request.

In the financial services industry, employees are entrusted with the care and custody of their client's funds— funds which represent the hard work, successes, dreams and life savings of many Ohio residents. A securities professional with access to client funds who has committed fraud, embezzled funds under their control, or illegally laundered money, for example, poses a direct threat to these savings. It is important that these and other crimes be taken into consideration in the professional licensing process.

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry's nearly 1 million employees, we advocate for legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.



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The securities industry is highly regulated, at both the federal and state level which is wholly appropriate given the importance of protecting clients and their assets. Any effort to weaken the role of state securities regulators in investor/client protection is one that I believe should be reconsidered.

Chair McColley thank you for the opportunity to provide interested party testimony on HB 263 to the committee.

Lines 213-232

Sec. 9.79. (A) As used in this section:

(1) "License" means an authorization evidenced by a license, certificate, registration, permit, card, or other authority that is issued or conferred by a licensing authority to an individual by which the individual has or claims the privilege to engage in a profession, occupation, or occupational activity over which the licensing authority has jurisdiction.

(2) "Licensing authority" means a state agency that issues licenses under Title XLVII or any other provision of the Revised Code to practice an occupation or profession, other than licenses issued under Chapter 1707 of Title XVII.

(3) "Offense of violence" has the same meaning as in section 2901.01 of the Revised Code.

(4) "Sexually oriented offense" has the same meaning as in section 2950.01 of the Revised Code.

(5) "State agency" has the same meaning as in section 1.60 of the Revised Code.

(6) "Community control sanction" has the same meaning as in section 2929.01 of the Revised Code.

(7) "Post-release control sanction" has the same meaning as in section 2967.01 of the Revised Code.

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Lines 4285-4338

Sec. 1707.19. (A)~~(4)~~ An original license, or a renewal thereof, applied for by a dealer or salesperson of securities, or by an investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer, may, except as provided in division (A)(2) of this section, be refused, and any such license granted may be suspended and, after notice and hearing in accordance with Chapter 119. of the Revised Code, may be revoked, by the division of securities, if the division determines that the applicant or the licensed dealer, salesperson, investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer:

- (1) ~~(a)~~ Is not of good business repute;



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- (2) ~~(b)~~ Is conducting an illegitimate or fraudulent business;
- (3) ~~(c)~~ Is, in the case of a dealer or investment adviser, insolvent;
- (4) ~~(d)~~ Has knowingly violated any provision of sections 1707.01 to 1707.45 of the Revised Code, or any regulation or order made thereunder;
- (5) ~~(e)~~ Has knowingly made a false statement of a material fact or an omission of a material fact in an application for a license, in a description or application that has been filed, or in any statement made to the division under such sections;
- (6) ~~(f)~~ Has refused to comply with any lawful order or requirement of the division under section 1707.23 of the Revised Code;
- (7) ~~(g)~~ Has been guilty of any fraudulent act in connection with the sale of any securities or in connection with acting as an investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer;
- (8) ~~(h)~~ Conducts business in purchasing or selling securities at such variations from the existing market as in the light of all the circumstances are unconscionable;
- (9) ~~(i)~~ Conducts business in violation of such rules and regulations as the division prescribes for the protection of investors, clients, or prospective clients;
- (10)(a) ~~(j)~~ Has failed to furnish to the division any information with respect to the purchases or sales of securities within this state that may be reasonably requested by the division as pertinent to the protection of investors in this state.
- (b) ~~(k)~~ Has failed to furnish to the division any information with respect to acting as an investment adviser, investment adviser representative, bureau of workers' compensation chief investment officer, or state retirement system investment officer within this state that may be reasonably requested by the division.

~~(2) The division of securities shall not refuse to issue an original license to an applicant under division (A)(1) of this section because of a criminal conviction unless the refusal is in accordance with section 9.79 of the Revised Code.~~