

HB 2159 STAFF MEASURE SUMMARY**Carrier:** Sen. Lieber**Senate Committee On Rules**

Action Date: 03/14/23
Action: Do pass.
Vote: 4-0-1-0
Yeas: 4 - Hansell, Knopp, Lieber, Manning Jr
Exc: 1 - Steiner
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: Leslie Porter, LPRO Analyst
Meeting Dates: 3/7, 3/14

WHAT THE MEASURE DOES:

Changes supplemental reporting requirements for State Treasurer and specified employees of office of State Treasurer to be based on best practices for state investment funds and comparable in scope to disclosure requirements for investment advisors under federal law, including under Rule 204A-1 and Investment Advisers Act of 1940. Amends list of employees required to submit quarterly statement of investment activity.

ISSUES DISCUSSED:

- The maturation of the office of State Treasurer as an investor
- Outdated statute subject to interpretation
- The necessity of modernizing statutes
- Good governance

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Under current statute, the State Treasurer, Deputy State Treasurer, chief of staff for the office of the State Treasurer, and the directors of the Investment, Cash Management, and Debt Management divisions must file a quarterly trading statement listing all stocks, bonds, and other types of securities purchased or sold during the preceding quarter.

According to the U.S. Securities and Exchange Commission, advisers are required, under section 204A-1 of the Investment Advisers Act of 1940, to maintain and enforce written policies and procedures reasonably designed to prevent the firm or its employees from misusing material nonpublic information. Policies must also include requirements that certain advisory personnel report personal securities trading to provide a mechanism for the adviser and examiners to identify improper trades or patterns of trading. Under the Investment Advisers Act of 1940, both holdings and transactional data are required to be reported.

House Bill 2159 requires the State Treasurer to establish by policy the content of a supplemental quarterly statement of investment activity to be based on the best practices for state investment funds and be comparable in scope to disclosure requirements for investment advisors under federal law, including under Rule 204A-1 and the Investment Advisers Act of 1940. The measure also requires an expanded list of Treasury employees to file this supplemental statement.