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June 30, 2023

Governor Mike DeWine
Riffe Center, 30th Floor
77 South High Street
Columbus, OH 43215

Re: Support for Ohio Revised Code Clarifying Amendments on Non-listed REITs and BDCs in Conference Cmte Report on HB 33

Dear Governor DeWine:

The Alternative and Direct Investment Securities Association (“ADISA”)¹ appreciates the Ohio Legislature’s inclusion of language in the Conference Committee Report for HB 33 relating to the registration requirements for non-listed real estate investment trusts (REITs) and business development companies (BDCs). We ask that you support these amendments as well.

Non-listed REITs and BDCs create opportunities for retail investors to invest in what are typically institutional quality investments and are used by those investors to diversify their investment portfolios. The equity securities issued by these vehicles are generally registered with the United States Securities and Exchange Commission (SEC) for public sale.

The amendments to ORC Section 1707.091 would ensure that equity offerings by non-listed REITs are registered by coordination in Ohio, so that such offerings are registered and available for sale to investors in Ohio at the time the SEC registration is declared effective. This new language provides that ORC Section 1707.09 is not applicable to non-listed REITs, which was the case and which has caused delays in the registration process of these offerings in Ohio even after these offerings have been declared effective by the SEC and thus available for sale across the U.S. This additional process has typically caused higher costs to be incurred by these REITs and thus the REITs’ investors.

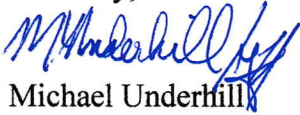
¹ ADISA (Alternative & Direct Investment Securities Association), is the nation’s largest trade association for the non-traded alternative investment space (i.e., retail vs. institutional). Through its 4,500 financial industry members (close to 900 firms), ADISA reaches over 220,000 finance professionals, with sponsor members raising in excess of \$200 billion in 2021-2 alone, serving more than 1 million investors. ADISA is a non-profit organization (501c6), registered to lobby, and also hosts a related 501c3 charitable non-profit (ADISA Foundation) assisting with scholarships and educational efforts.

The amendments to ORC Section 1707.092 also ensure that BDCs are included with all registered investment companies (as defined by the Investment Company Act of 1940 – the “1940 Act”). BDCs opt out of the 1940 Act and then elect to comply with Sections 54-64 of that Act, which brings in many if not most of the 1940 Act’s shareholder protection provisions. The inclusion of BDCs in ORC Section 1707.92 will serve to avoid the same delays in the registration process of these offerings and the associated higher costs of that registration process born by the BDCs and thus the BDCs’ investors.

Please note that these changes will not serve to diminish investor protections as these offerings remain highly regulated by the SEC . Further, these amendments do not diminish the ability of the Ohio Division of Securities to pursue enforcement actions.

As a result, ADISA supports these amendments to the Ohio Revised Code and respectfully asks that you support these amendments as well.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Underhill", is written over the typed name.

Michael Underhill
President

cc: Drafting committee—ADISA L&R: Catherine Bowman, John H. Grady