

Sec. 742.104. (A) The board of trustees of the police and fire pension fund shall designate a person who is a licensed state retirement system investment officer to be the chief investment officer for the police and fire pension fund. The board shall notify the division of securities of the department of commerce in writing of its designation and of any change in its designation within ten calendar days of the designation or change.

(B) The chief investment officer shall reasonably supervise the licensed state retirement system investment officers and other persons employed by the police and fire pension fund with a view toward preventing violations of Chapter 1707, of the Revised Code, the "Commodity Exchange Act," 42 Stat. 998, 7 U.S.C. and following, the "Securities Act of 1933," 48 Stat. 74, 15 U.S.C. and following, and the "Securities Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78a, and following, and the rules and regulations promulgated under those statutes. This duty of reasonable supervision shall include the adoption, implementation, and enforcement of written policies and procedures reasonably designed to prevent persons employed by the police and fire pension fund from misusing material, nonpublic information in violation of those laws, rules, and regulations.

For purposes of this division, no chief investment officer shall be considered to have failed to satisfy the officer's duty of reasonable supervision if the officer has done all of the following:

(1) Adopted and implemented written procedures, and a system for applying the procedures, that would reasonably be expected to prevent and detect, insofar as practicable, any violation by its licensed investment officers and other persons employed by the police and fire pension fund;

(2) Reasonably discharged the duties and obligations incumbent on the chief investment officer by reason of the established procedures and the system for applying the procedures when the officer had no reasonable cause to believe that there was a failure to comply with the procedures and systems;

(3) Reviewed, at least annually, the adequacy of the policies and procedures established pursuant to this section and the effectiveness of their implementation.

(C) The chief investment officer shall establish and maintain a policy to monitor and evaluate the effectiveness of securities transactions executed on behalf of the board. No chief investment officer shall be considered to have failed to satisfy the officer's duty under this division if the officer has done both of the following:

(1) Implemented the policy adopted by the board under section 742.114 of the Revised Code that outlines the criteria used to select agents that execute securities transactions on behalf of the police and fire pension fund.

(2) Reviewed, at least annually, the performance of broker-dealers that execute securities transactions on behalf of the police and fire pension fund.