

NOTICE OF RULEMAKING

TITLE 10. California Department of Financial Protection and Innovation

NOTICE IS HEREBY GIVEN (Gov. Code, § 11346.5, subd. (a)(1))

The Commissioner of Department of Financial Protection and Innovation (“Commissioner”) proposes to amend Sections 80.4119 and 80.5200.1 of Title 10 of the California Code of Regulations (“C.C.R.”). These proposed regulations amend the officer certification requirement for money transmission receipt approval under Financial Code Section 2100.

AUTHORITY (Gov. Code, § 11346.5, subd. (a)(2))

Section 334 of the Financial Code.

REFERENCE (Gov. Code, § 11346.5, subd. (a)(2))

Sections 334 and 2100 of the Financial Code.

PUBLIC HEARINGS (Gov. Code, § 11346.5, subd. (a)(17))

No public hearing is scheduled. Any interested person or his or her duly authorized representative may request, in writing, a public hearing pursuant to section 11346.8(a) of the Government Code. The request for hearing must be received by the Department’s contact person designated below no later than 15 days prior to the close of the written comment period.

WRITTEN COMMENT PERIOD (Gov. Code, § 11346.5, subd. (a)(15))

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Department of Financial Protection and Innovation (“Department”), addressed as follows, by any of these means:

Postal Mail

Department of Financial Protection and Innovation
Attn: Diana Pha
651 Bannon St., Ste. 300
Sacramento, CA 95811

Electronic Mail

Comments may be submitted electronically to regulations@dfpi.ca.gov. Please identify the comments as PRO 05-24 in the subject line.

Time for Comments

Comments may be submitted until July 15, 2025. If the final day for acceptance of comments is a Saturday, Sunday, or state holiday, the comment period will close on the next business day.

INFORMATIVE DIGEST (Gov. Code, § 11346.5, subd. (a)(3))

Policy Statement and Specific Benefits Anticipated from Regulatory Action (Gov. Code, § 11346.5, subd. (a)(3)(C))

The objective of this rulemaking action is to clarify existing regulations and provide greater flexibility to money transmitter licensees and applicants such that any corporate officer may execute the officer's certification when applying for money transmission receipt approval.

The specific benefits anticipated by the proposed amendments include greater flexibility for the money transmitter industry. The proposed amendments will allow applicants to easily understand the officer certification requirement when submitting a proposed receipt for the Commissioner's approval. The proposed regulatory action will remove a cross-reference that created confusion as to whether *only* a secretary could sign the officer certification.

Summary of Existing Laws and Regulations, and Effect of Proposed Action (Gov. Code, § 11346.6, subd. (a)(3)(A))

Effective January 1, 2011, the Legislature enacted the Money Transmission Act (Fin. Code, § 2000 et seq.) which provides for the regulation and licensure by the Commissioner of persons in the business of money transmission, defined to mean the selling or issuing of payment instruments or stored value and the receiving of money for transmission.

Existing law mandates certain consumer disclosures and Department review of such disclosures. These disclosures include receipts for money received for transmission. Existing law mandates that each applicant certifies the receipt by an officer of the applicant.

This proposed regulatory action will amend the regulation to allow any officer of the applicant to certify the receipt.

Existing Federal Regulation or Statute (Gov. Code, § 11346.5, subd. (a)(3)(B))

Money transmission is largely subject to state law and therefore there is no existing comparable federal regulation or statute. To the extent there are some federal regulations that overlap certain areas of money transmission activities, such as consumer disclosure and anti-money laundering, there is no significant difference between the proposed action and the federal regulations. Those regulations are United States Bank Secrecy Act Regulations (31 C.F.R. Chapter X) and Regulation E (12 C.F.R. Part 1005).

Existing State Regulations (Gov. Code, § 11346.5, subd. (a)(3)(D))

The Department has conducted an evaluation of whether the proposed regulation is consistent with existing regulations and has concluded that the proposed amendment is consistent with existing regulations. Existing regulations implement the Money Transmission Act. Since the proposed amendments seek to clarify existing regulations and provide greater flexibility to licensees and applicants, the proposed amendments are neither inconsistent nor incompatible with existing state regulations.

FORMS INCORPORATED BY REFERENCE (Cal. Code Regs., tit. 1, § 20, subd. (c)(3))

There are no forms incorporated by reference in the proposed regulatory action.

DISCLOSURES REGARDING THE PROPOSED ACTION (Gov. Code, § 11346.5, subd. (a)(5), (6), and (12)(A))

- Mandate on local agencies and school districts: None
- Cost or savings to any state agency: None
- Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630: None
- Other nondiscretionary cost or savings imposed on local agencies: None
- Cost or savings in federal funding to the state: None
- Significant effect on housing costs: None

ECONOMIC IMPACT ON BUSINESS (Gov. Code, § 11346.5, subd. (a)(8))

The Commissioner has made an initial determination that the proposed regulatory action will not have a significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

EFFECT ON SMALL BUSINESS (Title 1, California Code of Regulations, Section 4)

Under Government Code section 11342.610, subdivision (b), a money transmitter is not a small business. Therefore, this rulemaking action will not have an impact on small businesses.

COST IMPACTS ON REPRESENTATIVE PRIVATE PERSON OR BUSINESS (Gov. Code, § 11346.5, subd. (a)(9))

The Department is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

RESULTS OF THE ECONOMIC IMPACT (Gov. Code, § 11346.5, subd. (a)(10))

The Department has determined that:

- The proposed action will not create or eliminate jobs within California;
- The proposed action will not create new businesses or eliminate existing businesses within this state;
- The proposed action will not affect the expansion of businesses currently doing business within California; and
- No benefits or adverse impacts to the health and welfare of California residents, worker safety or to the state's environment are anticipated from this regulatory action

CONSIDERATION OF ALTERNATIVES (Gov. Code, § 11346.5, subd. (a)(13))

The Department must determine that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of the law.

AVAILABILITY OF THE NOTICE, STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS AND RULEMAKING FILE (Gov. Code, § 11346.5, subds. (a)(16) and (20), and (b))

As of the date this Notice is published, the rulemaking file consists of this Notice, the Initial Statement of Reasons, and the Proposed Text of the regulation. The Notice, the Initial Statement of Reasons, and the Proposed Text are available by contacting the person designated below:

Department of Financial Protection and Innovation

Attn: Diana Pha
651 Bannon St., Ste. 300
Sacramento, CA 95811
Telephone: (279) 236-5285
Email: regulations@dfpi.ca.gov

The Notice, Initial Statement of Reasons, and Proposed Text are also available on the Department's website at <https://dfpi.ca.gov/laws-and-regulations-money-transmitters/>.

As required by the Administrative Procedure Act, the Department's Legal Division maintains the rulemaking file. The rulemaking file is available for public inspection and copying throughout the rulemaking process at the Department of Financial Protection and Innovation, Legal Division, 2101 Arena Blvd, Sacramento, CA 95834.

AVAILABILITY OF CHANGED OR MODIFIED TEXT (Gov. Code, § 11346.5, subd. (a)(18))

If the Department makes changes which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Department adopts, amends or repeals the regulations as revised. A request for a copy of any modified regulation(s) should be addressed to the contact person designated below. The Department will accept written comments on the modified regulations for at least 15 days after the date on which they are made available.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS (Gov. Code, § 11346.5, subd. (a)(19))

Upon its completion, the Final Statement of Reasons will be available, and copies may be requested from the contact person named in this notice or may be accessed on the website listed above.

CONTACT PERSON (Gov. Code, § 11346.5, subd. (a)(14))

Inquiries regarding the proposed regulation may be directed to:

Department of Financial Protection and Innovation
Attn: Lara Verwer
651 Bannon St., Ste. 300
Sacramento, CA 95811
Telephone: (279) 236-5414
Email: lara.verwer@dfpi.ca.gov

The backup contact person is:

Department of Financial Protection and Innovation

Attn: Diana Pha
651 Bannon St., Ste. 300
Sacramento, CA 95811
Telephone: (279) 236-5285
Email: regulations@dfpi.ca.gov

Dated: May 30, 2025
Sacramento, California