



February 16, 2026

Department of Financial Protection and Innovation
Legal Division

By e-mail to regulations@dfpi.ca.gov

Attn: Diana Pha, Regulations Coordinator
651 Bannon Street, Suite 300, Sacramento, California 95811.

Subject: Comments on PRO 07-24: Second Invitation for Comments on Proposed Rulemaking Under the California Consumer Financial Protection Law Regarding Registration and Reporting of Covered Persons

To Whom It May Concern:

This letter is submitted by the California Financial Service Providers (“CFSP”) in response to the Second Invitation for Comments on Proposed Rulemaking Under the California Consumer Financial Protection Law (the “CCFPL”) Regarding Registration and Reporting of Covered Persons January 12, 2026. CFSP is a trade association representing business entities licensed and/or operating under the Consumer Financing Law, the California Deferred Deposit Transactions Law, the Check Cashers Law, and the Money Transmitters Law. CFSP has been serving our members since 1956, and currently represents over 50 separate business entities holding several hundred licenses issued by the Department. CFSP appreciates the opportunity to comment on the Proposal, but deplors the necessity to do so.

Initial Comment: As a preliminary matter, we note that several California statutes *require* credit reporting by various entities. For example, the California Financing Law requires its licenses to report certain small loans to national credit bureaus. (Likewise, both Civil Code § 1954.06 (Senate Bill 1177) and 1054.07 (Those licensees are exempt from the registration requirements of the CCFPL, at least for now.) Assembly Bill 2747) require certain landlords to report certain rental payments. It seems unfair for that the Legislature first to require certain categories of persons to make reports to credit reporting agencies, and for the Department then to require an elaborate and burdensome registration and reporting scheme for those entities.

Consumer and market concerns

1. What acts or practices by consumer-reporting providers provide benefits to consumers?

Comment: Although the credit reporting structure in the United States is deeply flawed, it is the only credit reporting system we have. People who are not included in the credit reporting system are essentially non-persons when it comes to obtaining credit, bank accounts, housing rentals, and numerous other essential services. Therefore, the more credit reporting there is, the better. Even where there are non-equivalencies in credit reports, the credit reporting analysis systems are

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sophisticated and continuously evolving, so that such issues are generally quickly resolved in the favor of accurate reporting.

2. What acts or practices by consumer-reporting providers cause harm to consumers?

Comment: Both failures to report reportable transactions and incorrect reporting can cause harm to consumers. The first is generally, a matter of contract or internal decision. With regard to the second, there is a vigorous body of federal statutory, and law requiring correction of errors upon notice to the reporting entity.

3. What concerns do consumer-reporting providers present to consumers or the financial marketplace that warrant prioritizing the supervision of this industry over others?

Comment: In California, at the present time, none.

4. Do any market segments, such as specialty consumer reporting, require particular attention? If so, why?

Comment: In California, at the present time, none.

5. To the extent the CCFPL covers other participants in the consumer-data industry, such as data brokers, aggregators, or other intermediaries, what concerns do these providers present to consumers or the financial marketplace?

Comment: This is apples and oranges: those entities are not generally in the credit reporting business.

6. How might rulemaking by the Department address the consumer and market concerns identified above?

Comment: Generally, and specifically, in the space, rulemaking by the Department will only increase the already intolerable regulatory burden upon businesses engaged in the consumer finance space, and provide no additional benefit to consumers. Thus, the squeeze upon the California economy will continue to increase.

Definitions

7. How does the definition in Financial Code section 90005, subdivision (k)(9), compare with existing definitions in state or federal law, including the federal Consumer Financial Protection Act of 2010, the federal Fair Credit Reporting Act (FCRA), and the Consumer Credit Reporting Agencies Act (CCRAA) (Civ. Code, § 1785.1 et seq.)? How do any similarities or differences

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affect the Department’s ability to achieve the purposes of the CCFPL?¹ How can regulations under the CCFPL address any gaps or ambiguities in the law?

Comment: This is an area which both the California Legislature and the Department have been quite inconsistent. In some instances, federal law is adopted or deferred to. And other instances, there is duplicative legislation, or rule making. In some instances, federal regulations are actually adopted into California law by either statute or regulation: in clear violation of California Administrative Procedures Act.

8. Should the Department define any terms relevant to consumer reporting that are not currently defined in the CCFPL? If so, why and how?

Comment: No. the definitions in the federal Fair Credit Reporting Act are adequate, well understood, and applicable on a national scale.

9. Should the Department define “consumer report,” “consumer report information,” or “account information” in Financial Code section 90005, subdivision (k)(9)? If so, why and how?

Comment: No. the definitions in the federal Fair Credit Reporting Act and in the various applicable provisions of California law are adequate, well understood, and applicable on a national scale.

10. Should the Department clarify what “information” is described in Financial Code section 90005, subdivision (k)(9)(A)(ii)? If so, why and how?

Comment: No. The Department should concentrate on getting its own administrative and financial house in order before it takes on additional regulatory tasks for which it has neither experience, expertise, nor mandate.

11. Should the Department clarify the definition of “consumer financial product or service” in Financial Code section 90005, subdivision (e), as applied in the consumer-reporting context—in particular, the phrase “provided for use by consumers”?

Comment: No. The Department should concentrate on getting its own administrative and financial house in order before it takes on additional regulatory tasks for which it has neither experience, expertise, nor mandate.

12. Should the Department clarify the definition of “covered person” in Financial Code section 90005, subdivision (f), as applied in the consumer-reporting context—in particular, the phrase “providing a consumer financial product or service to a resident of this state”?

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Comment: No. Any such additional definitional language is likely to be excessively broad and impose further burdens upon California businesses

Financial Code sections 90002 and 90005, subdivision (k)(9)(A) and (k)(9)(B), provide exemptions or exclusions from the CCFPL. Should the Department clarify their scope or application to consumer-reporting companies, data brokers, or other participants in the consumer-data industry? If so, why and how?

Comment: Even if we assume that regulatory action is advisable in the space, this question is backward. The Department should first determine what its aims and purposes are in such regulation, and then determine whether it is advisable to exempt entities that are either not covered by those aims and purposes, or are already adequately regulated: to the extent that any such regulation is necessary at all.

13. Certain data brokers, aggregators, and other participants in the consumer-data industry appear to provide the service described in Financial Code section 90005, subdivision (k)(9), and would be subject to registration. Should the Department clarify the application of the CCFPL to these entities in light of any of the following provisions?

a. The Data Broker Registration law, which is administered by the California Privacy Protection Agency (CPPA) and under which “data broker” means “a business that knowingly collects and sells to third parties the personal information of a consumer with whom the business does not have a direct relationship” but does not include an entity to the extent it is covered by the FCRA. (Civ. Code, § 1798.99.80, subd. (c); see Cal. Code Regs., tit. 11, § 7601, subd. (a).)

b. Financial Code section 90009, subdivision (a)(2)(B), which precludes the Department from requiring the registration of a “covered person who is licensed or registered by another agency unless the covered person is offering or providing a financial product or service that is not regulated by the agency licensing or registering the covered person.”

c. Financial Code section 90002, subdivision (a), which exempts from the CCFPL “a licensee . . . of any state agency other than the Department of Financial Protection and Innovation to the extent that licensee . . . is acting under the authority of the other state agency’s license.”

d. If you believe that data brokers, aggregators, or other participants in the consumer-data industry are not covered by the CCFPL or would not be subject to CCFPL registration, explain why.

Comment: What are we getting at here? This appears to be leading up to more duplicative regulation of data brokers by the CCPA and the Department? If so, why can’t those two entities cooperate to implement and already existing statutory scheme, rather than imposing a duplicative burden on business entities: even business entities that the Department does not like? In any event, the first thing that needs to happen here is the Department needs to tell the public what it means by “the consumer data industry.”

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15. Are resellers—entities that assemble and merge consumer information from other consumer-reporting companies to furnish such information to third parties—covered persons under the CCFPL? Should they be? Why or why not?

Comment: This looks like a solution in search of a problem. These entities' activities are governed by the federal FCRA, which should suffice.

16. Are furnishers—entities that furnish information relating to consumers to one or more consumer-reporting companies for inclusion in a consumer report—covered persons under the CCFPL? Should they be? Why or why not?

Comment: This question is so open-ended as to appear to be a trap. The Department needs to give the public some clue as to what its intent or thought process is here. The Department should first tell the public whom it is proposing to regulate, and then the public can tell the Department whether we think those entities need regulation or not. tell us who you are proposing regulate, and will tell you whether we think they need regulation or not. They probably don't need regulation. This regulatory creep could conceivably encompass a huge swath of small businesses and otherwise-regulated businesses, and is unnecessary in view of existing federal law requiring accurate credit reporting.

Registration, reporting, and oversight requirements

17. Should the Department consider any changes to the current registration rules (Cal. Code Regs., tit. 10, §§ 1000-1053), such as application requirements and processes or the annual registration fee?

Comment: Yes. If the Department is interested in promoting innovation in the consumer finance space – and all evidence suggests it is not – then it should implement a single registration for all covered persons. That would enable a business entity to add additional activities can be added without increasing the multiplicity of individual reporting requirements.

18. Should the Department clarify what is gross income from consumer-reporting services? (See Cal. Code Regs., tit. 10, §§ 1022, subd. (f), 1040, subd. (a).)

Comment: What does this mean? Is it Department under the impression that reporters of credit transactions are paid for that reporting? That's news. This means a lot more clarification.

19. Should the Department require consumer-reporting providers to maintain certain records? (Fin. Code, § 90009, subd. (b).) If so, what records and why?

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Comment: No: If those records are so important, the Department can get them from the credit reporting agencies themselves instead of imposing another duplicative administrative burden on business entities.

20. Should consumer-reporting providers be subject to bonding or other appropriate financial requirements to ensure that they can perform their obligations to consumers? If so, what is an appropriate bonding or financial requirement and why is it appropriate? (Fin. Code, § 90009, subd. (b).) Should the Department allow waivers, and, if so, what should the criteria be?

Comment: No. The overreach suggested by this question is simply breathtaking.

21. Should the Department require registrants to provide the following information in annual or special reports? (Fin. Code, § 90009, subd. (f)(2).) Why or why not? What other information should the Department collect and why? What would be the economic impact on registrants of complying with such reporting requirements?

Comment: No. Again, the overreach suggested by this question is simply breathtaking. The Department seems to have no conception of how heavy the regulatory burden on California business is in the financial services space already is. The money and staff time spent on research, the Department really has a very poor understanding of the consumer finance ecosystem. Instead of sitting at their desks, Department researchers need to get out more, observe consumer finance providers in action, and actually *talk* to the people trying to make a living at the entities the department is already over regulating. Additional reporting requirements will only increase the already intolerable regulatory burden upon businesses engaged in the consumer finance space, and provide no additional benefit to consumers. Thus, the squeeze upon the California economy will continue to increase.

Market scope and operations

i. Identifying and contact information, including name, any fictitious business names, entity type, mailing address, phone number, email address, website address, and designated contact person.

ii. Size of business, including the proportion of California business compared to total business.

iii. Number of consumer files maintained, total and specific to California residents.

iv. Number of disclosures made to consumers, total and specific to California residents, by sub-period.

iv. Information on use of alternative data, including percentage of revenue or business volume.

Consumer disputes and complaints

i. Number of disputes received or resolved, by sub-period and dispute type (e.g., inaccurate information, outdated negative information, improper use, identity theft or fraud).

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ii. Mean and median number of days to close disputes after investigation, by sub-period and dispute type.

iii. Number of disputes closed after investigation, by sub-period and result (e.g., determined to be frivolous or irrelevant, change made to consumer's file).

iv. Number of disputes concerning inaccurate information, by sub-period and information type (e.g., identifying information, credit account, account status, payment history, credit inquiries, bankruptcy).

v. Number of disputes received or resolved regarding results of previous investigations, by sub-period and result.

vi. Number of previously deleted items of information that were reinserted into consumer reports, by sub-period and information type (e.g., identifying information, credit account, account status, payment history, credit inquiries, bankruptcy).

vii. Number of complaints received or resolved, by sub-period, source (e.g., consumer, federal regulatory agency, state attorney general, state regulatory agency), complaint type, and result.

viii. Mean and median number of days to close complaints, by period and complaint type.

Miscellaneous

n. Information regarding data breaches, such as frequency, size, severity, or response time.

Comment: Read all this! What entity has the capability to add a burden like this to its business? This is absurdly oppressive. It's no wonder businesses are leaving California and moving to friendlier states.

Economic impact

Provide the following information regarding economic impact. To the extent possible, include supporting data, research, or quantitative analysis.

22. The number of nonexempt businesses covered by Financial Code section 90005, subdivision (k)(9).

Comment: How are commenters supposed to know this? What is that huge research unit the Department has been funding doing with its time: why isn't this a question for them?

23. Whether this regulatory action would have significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. If yes, describe any reasonable alternatives that would lessen adverse economic impact on business and be equally effective in achieving the purposes of the regulation.

Comment: Of course this regulatory action would have significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. Since we don't know what the purposes of the regulation are, we can't comment on what alternatives might be. And, it's interesting that the Department here confesses

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that it does have a regulation in mind, despite the purported nature of this inquiry. That seems to raise issues under the Administrative Procedures Act.

24. Whether this regulatory action would create or eliminate jobs within California.

Comment: Of course this regulatory action would eliminate jobs within California.

25. Whether this regulatory action would create new businesses or eliminate existing businesses within California.

Comment: Of course this regulatory action would eliminate existing businesses within California.

26. Whether this regulatory action would affect the expansion of businesses currently doing business within the state.

Comment: Of course this regulatory action would negatively affect the expansion of existing businesses within California.

Reasonable alternatives

27. Should a financial product or service other than consumer reporting be the subject of this rulemaking? If so, which product or service and why?

Comment: Sure: The phony credit repair operations currently purporting to operate as “nonprofit” proraters.

28. Describe any reasonable alternatives to the proposed regulatory action. Reasonable alternatives include alternatives that are proposed as less burdensome and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the authorizing statute or other law being made specific by the proposed regulation.

Comment: Again, since we don’t know what the purposes of the regulation are, we can’t comment on what alternatives might be. And, it’s interesting that the Department here again confesses that it does have a regulation in mind, despite the purported nature of this inquiry. That seems to raise issues under the Administrative Procedures Act.

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In closing, CFSP urges the Department to refrain from piling additional burdens upon California businesses.

Sincerely,



Thomas Leonard
Executive Director