

STATEMENT OF REASONS
WHY CHANGES IN THE REGULATIONS
AS SET FORTH IN CHAPTER 1, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
ARE CHANGES WITHOUT REGULATORY EFFECT

As required by title 1, California Code of Regulations, section 100 of the rules the Commissioner of the Department of Business Oversight (Commissioner) sets forth below the reasons for the nonsubstantive amendments to Chapter 1, title 10, California Code of Regulations and why the changes do not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of any California Code of Regulations provision.

On July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight. The Department of Business Oversight (Department) has all of the powers, authority, enforcement, jurisdiction, laws and regulations that were under the former Department of Corporations and former Department of Financial Institutions.

The Department of Business Oversight licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as mortgage loan originators, deferred deposit providers, securities broker-dealers, investment advisers and certain fiduciaries and lenders, franchises and the offer and sale of securities. The Department of Business Oversight also oversees the operations of state-licensed financial institutions under the jurisdiction of the former Department of Financial Institutions, including banks, credit unions, industrial banks, savings associations, trust companies, foreign banking organizations, business and industrial development corporations, and money transmitters.

Nonsubstantive Changes for Purposes of Clarity and Consistency with Existing Law

Throughout the proposed text, the amendments to Chapter 1, title 10 of the California Code of Regulations make the following nonsubstantive changes for the purposes of clarity and consistency with existing law to: the title of Chapter 1; Section 1.2; Section 1.1009.5; Section 5.3; Section 5.5000; Section 10.13278; Section 10.14180; Section 40.503; Section 40.600; Section 40.1300; Section 40.1703; Section 50.3306; Section 50.9002; Section 95.25; Section 95.1010; and Section 95.1025. The amendments do the following:

- Amends the references to the Commissioner of Financial Institutions to the Commissioner of Business Oversight;
- Amends the references to the Department of Financial Institutions to the Department of Business Oversight;

- Amends certain references to the Department of Financial Institutions to refer to the Division of Financial Institutions;
- Amends various forms to delete Department of Financial Institutions from the title portion of the forms and replaces the former titles with Department of Business Oversight.
- Amends reference to the Department of Financial Institutions former website: www.dfi.ca.gov to the Department's new website: www.dbo.ca.gov.
- Makes nonsubstantive changes related to grammar, editing, and punctuation.
- Makes nonsubstantive changes related to renumbering, relocating, deleting regulatory provisions for which all statutory authority has been repealed, and changes "Authority" and "Reference" citations for regulations.

Repeal of Regulation Sections

The following Sections are also repealed due to repeal of the authorizing statutes for these Sections: Section 1.1021; Section 1.1028; Subarticle 1.5 of Article 5, Subchapter 10; Section 10.6050; Section 10.6051; Section 10.6052; Section 10.6053; Section 10.6054; Section 10.6055; Section 10.9101; Section 10.9602; Subarticle 7 of Article 5, Subchapter 10; Section 10.11800; Section 10.11825; Section 10.11826; Section 10.11850; Section 10.11851; Section 10.11875; Section 10.11876; Part 2 of Subarticle 2 of Article 7, Subchapter 10; Section 10.14802; Section 10.19090; Section 10.19091; Section 10.19092; Part 4 of Subarticle 2, Article 7, Subchapter 10, Chapter 1, title 10 of the California Code of Regulations; Section 95.4010; Section 95.4020; Section 95.4030.

Financial Code Section 772 Regulations: Repeal and Nonsubstantive Amendments

Financial Code Section 772 was added by Statutes 1969, Chapter 895 Section 1; Amended by Statutes 1973, Chapter 858 Section 11; Statutes 1982, Chapter 1196 Section 6; Statutes 1996, Chapter 1064 Section 162 (AB3351), operative July 1, 1997. Repealed: Statutes 2008, Chapter 125 Section 48 (AB1301), effective January 1, 2009. The repealed sections related to the investments in equity or securities of corporations, limited liability corporations, or other similar business organizations. Partial reinstatement of the Statute was enacted as Financial Code Section 1470(c) added by Statutes 2011, Chapter 243 Section 3 (SB 664), effective January 1, 2012 and Financial Code Section 1472 added by Statutes 2011, Chapter 243 Section 3, effective January 1, 2012.

The following subarticles and sections were repealed due to the repeal of the authorizing statute, Financial Code Section 772: Section 10.19053; Section 10.19054; Section 10.19056; Sections 10.19060, 10.19061, 10.19070, 10.19071, 10.19072, 10.19073, 10.19080, 10.19081, 10.19082, 10.19083, 10.19084, 10.19085, 10.19090, Section 10.19091, Section 10.19092; Part 4 of Subarticle 2, Article 7,

Subchapter 10, Chapter 1, title 10 of the California Code of Regulations, including Sections 10.19120, 10.19130, 10.19131, 10.19132, 10.19133, 10.19134, 10.19135, 10.19140, 10.19141, 10.19142, and 10.19143.

Throughout the proposed text, the repeal of Financial Code Section 772, enactment of Financial Code Sections 1470(c) and 1472, reinstating part of Financial Code Section 772 makes the following nonsubstantive changes to the title of Subarticle 2 of Article 7 of Subchapter 10, Section 10.19050; Section 10.19051; Section 10.19052; title of Subpart 2, Part 2, Subarticle 2, Article 7, Subchapter 10; Section 10.19103; Section 10.19104; Section 10.19107.

Nonsubstantive Changes Due to Reorganization of the Financial Code and Renumbering of Division, Chapter, Article and Section Numbers of the Financial Code

Throughout the proposed text, the amendments to Chapter 1, title 10 of the California Code of Regulations make the following nonsubstantive changes due to reorganization and renumbering of Financial Code Sections. to: Section 1.2; Section 1.1005; Section 1.1009.5; Section 1.1010; Section 1.1013; Section 1.1018; Section 5.3; Section 5.3009; Section 5.3109; Section 5.5000; Section 10.13278; Section 10.3; Section 10.101; Section 10.111; Section 10.117; Section 10.124; Section 10.126; Section 10.134; Section 10.136; Section 10.140.5; Section 10.143; Section 10.147; Section 10.153; Section 10.155.5; Section 10.157; Section 10.161.5; Section 10.162.5; Section 10.165; Section 10.177; Section 10.178; Section 10.182; Section 10.3000; Section 10.3100; Section 10.3101; Section 10.3162; Section 10.3376; Section 10.3378; Section 10.3400; Section 10.3475; Section 10.3483; Section 10.3518; Section 10.3520; Section 10.3525; Section 10.3700; Section 10.3752; Section 10.4351; Section 10.4360; Section 10.6000; Section 10.6001; Section 10.6300; Section 10.6491; Section 10.6602; Section 10.6701; Section 10.6703; Section 10.6954; Section 10.7301; Section 10.9926; Section 10.13001; Section 10.13003; Section 10.13200; Section 10.13226; Section 10.14100; Section 10.14126; Section 10.14180; Section 10.14183; Section 10.14185; Section 10.14730; Section 10.14775; Section 10.14779; Section 10.14800; Section 10.15225; Section 10.15226; Section 10.15227; Section 10.15626; Section 10.15627; Section 10.16000; Section 10.16001; Section 10.16051; Section 10.16102; Section 10.16128; Section 10.16131; Section 10.16177; Section 10.16202; Section 10.19302; Section 10.19401; Section 10.19402; Section 10.19901; Section 50.3306; Section 50.9002.

The amendments do the following:

- Renumbers certain Division, Chapter, Article and Section numbers of the Financial Code referred to in certain Regulations.

Nonsubstantive Changes Due to Renumbering of Financial Code Sections Cited in the “Notes: Authority Cited” at the End of Each Regulation Section.

Throughout the proposed text, the amendments to Chapter 1, title 10 of the California Code of Regulations make the following nonsubstantive changes in the “Notes” to: Section 1.2; Section 1.1005; Section 1.1009.5; Section 1.1013; Section 1.1018; Section 1.1027; Section 5.3; Section 5.3009; Section 5.3109; Section 5.5000; Section 10.13278; Section 10.3; Section 10.101; Section 10.126; Section 10.134; Section 10.140.5; Section 10.143; Section 10.147; Section 10.153; Section 10.155.5; Section 10.161.5; Section 10.162.5; Section 10.178; Section 10.182; Section 10.3000; Section 10.3101; Section 10.3162; Section 10.3400; Section 10.3475; Section 10.3483; Section 10.3518; Section 10.3525; Section 10.3700; Section 10.3752; Section 10.4351; Section 10.4360; Section 10.6000; Section 10.6001; Section 10.6300; Section 10.6491; Section 10.6602; Section 10.6701; Section 10.6954; Section 10.7301; Section 10.9926; Section 10.13001; Section 10.13003; Section 10.13200; Section 10.13226; Section 10.14100; Section 10.14126; Section 10.14180; Section 10.14183; Section 10.14185; Section 10.14730; Section 10.14775; Section 10.14779; Section 10.14800; Section 10.15225; Section 10.15226; Section 10.15227; Section 10.15626; Section 10.15627; Section 10.16000; Section 10.16001; Section 10.16051; Section 10.16102; Section 10.16128; Section 10.16131; Section 10.16177; Section 10.16202; Section 10.19050; Section 10.19051; Section 10.19052; Section 10.19100; Section 10.19102; Section 10.19103; Section 10.19104; Section 10.19107; Section 10.19302; Section 10.19401; Section 10.19402; Section 50.3306; Section 50.9002; Section 95.10; Section 95.25; Section 95.1010; Section 95.1025.

Nonsubstantive Changes in Terminology

Throughout the proposed text, the amendments to Subarticle 4, Article 5, Subchapter 10, Chapter 1, title 10 of the California Code of Regulations make the following nonsubstantive changes in terminology to the following Sections: title of Part 2, Subarticle 4, Article 5, Subchapter 10; title of Subpart 2, Part 2, Subarticle 4, Article 5, Subchapter 10; title of Part 3, Subarticle 4, Article 5, Subchapter 10; title of Part 4, Subarticle 4, Article 5, Subchapter 10, Chapter 1, title 10 of California Code of Regulations; title of Part 5, Subarticle 4, Article 5, Subchapter 10, Chapter 1, title 10 of California Code of Regulations; Section 10.9926.