

STATE OF CALIFORNIA  
THE DEPARTMENT OF BUSINESS OVERSIGHT  
TITLE 10. INVESTMENT

1. Amend Chapter 1 to read:

Chapter 1. Commissioner of ~~Financial Institutions~~ Business Oversight, Division of  
Financial Institutions

2. Amend Section 1.1 to read:

§ 1.1. Scope.

(a) This Subchapter contains general provisions relating to this Chapter. This Article contains regulations relating to the citation, construction, and waiver of provisions of this Chapter. Article 2 (commencing with Section 1.1000) of this Subchapter contains definitions for this Chapter.

(b) This Subchapter shall be deemed to be issued under all laws administered by the Commissioner as in effect on, or at any time after, the effective date of this Subchapter.

Note: Authority cited: Sections ~~215, 31101 and 33202~~ 321, 326, 334, Financial Code.

Reference: Sections 321, 326 and 334, ~~Divisions 1, 15 and 16~~, Financial Code.

3. Amend Section 1.2 to read:

§ 1.2. Citation.

This Chapter shall be known and may be cited as the “Regulations of the Commissioner of ~~Financial Institutions~~ Business Oversight, Division of Financial Institutions.”

Note: Authority cited: Sections ~~215~~ 321, 326, 334, and 4831~~31101 and 33202~~, Financial Code. Reference: Sections 321, 326, 334 and 4831~~Divisions 1, 1.5, 15 and 16~~, Financial Code.

4. Amend Section 1.1005 to read:

§ 1.1005. Banking Law.

“Banking Law” means Division ~~1~~ 1.1 (commencing with Section ~~99~~ 1000) of the Financial Code. ~~However, “Banking Law” does not include the Corporate Name Approval Law, the Transmitters Law, or the Travelers Checks Act. (The Corporate Name Approval Law, the Transmitters Law, and the Travelers Checks Act are all within Division 1 of the Financial Code and within the meaning of the term “Banking Law,” as defined in Financial Code Section 99. However, for convenience of reference, the term “Banking Law,” as defined in this Section for purposes of this Chapter, is limited to those provisions of Division 1 of the Financial Code other than the Corporate Name Approval Law, the Transmitters Law, and the Travelers Checks Act.)~~

Note: Authority cited: Sections ~~215, 4831, 31101 and 33202~~ 321, 326 and 334, Financial Code. Reference: ~~Divisions 1, 1.5, 15 and 16~~ Sections 321, 326 and 334, Financial Code.

5. Amend Section 1.1009.5 to read:

§ 1.1009.5. Commissioner.

“Commissioner” means:

(a) The Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California;

(b) Whenever the Chief Deputy Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California has all of the powers and duties of the Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California pursuant to Financial Code

Section ~~235~~ 356, such Chief Deputy Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California; or

(c) Any person to whom the Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California or the Chief Deputy Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California, as the case may be, delegates the authority to act for him or her in the particular matter.

Note: Authority cited: Sections ~~215~~ 321, 326 and 334, Financial Code. Reference: Sections ~~210, 210.5, 230 and 231~~320, 321, 350 and 352, Financial Code.

6. Amend Section 1.1010 to read:

§ 1.1010. Corporate Name Approval Law

“Corporate Name Approval Law” means Chapter ~~23~~ 9 (commencing with Section ~~3900~~730), Division 1 of the Financial Code.

Note: Authority cited: Sections 321, 326 and 334, Financial Code. Reference: Sections 730, 731, 732, 733 and 734, Financial Code.

7. Amend Section 1.1013 to read:

§ 1.1013. Department

“Department” means the Department of ~~Financial Institutions~~ Business Oversight of the State of California.

Note: Authority cited: Sections ~~215~~ 321, 326 and 334, Financial Code. Reference: Sections ~~200~~ 300 and ~~210.5~~ 321, Financial Code.

8. Amend Section 1.1018 to read:

§ 1.1018. Law Administered by the Commissioner.

“Law administered by the Commissioner” means any law (other than this Chapter) which the Commissioner is authorized or required to administer, execute, enforce, or follow, whether in whole or in part (but if in part, then only such part), whether with respect to all persons generally or with respect to certain persons, classes of persons, or circumstances (but if with respect to certain persons, classes of persons, or circumstances, then only with respect to such persons, classes of persons, or circumstances). “Law administered by the Commissioner” includes:

- (a) The Banking Law;
- (b) The Business and Industrial Development Corporations Law;
- (c) The Corporate Name Approval Law;
- (d) The Credit Union Law;
- (e) The Depository Corporation Sale, Merger, and Conversion Law;
- (f) The Industrial Loan Law;
- (g) ~~Payment Instruments Law~~ The Money Transmission Act; and
- (h) The Savings Association Law; .
- (i) ~~The Transmitters Law~~; and
- (j) ~~The Travelers Checks Act~~.

Note: Authority cited: Sections ~~215~~ 321, 326 and 334, Financial Code. Reference: Sections ~~200 and 210.5~~ 300, 321, 326 and 334, Financial Code.

9. Repeal Section 1.1021 to read:

~~§ 1.1021. Payment Instruments Law.~~

~~“Payment Instruments Law” means Division 16 (commencing with Section 33000) of the Financial Code.~~

10. Amend Section 1.1027 to read:

§ 1.1027. ~~Transmitters Law~~ Money Transmission Act.

~~“Transmitters Law~~ Money Transmission Act” means Article 3 Chapter 1 (commencing with Section 1800 2000), Chapter 14, Division 4 1.2 of the Financial Code.

Authority cited: Sections 321, 326 and 334, Financial Code. Reference: Section 2000, Financial Code.

11. Repeal Section 1.1028 to read:

~~§ 1.1028. Travelers Checks Act.~~

~~“Travelers Checks Act” means Chapter 14A (commencing with Section 1851), Division 1 of the Financial Code.~~

12. Amend Section 5.3 to read:

§ 5.3. Payment of Fees, Assessments, and Penalties.

Fees, assessments, and penalties payable to the Commissioner may be paid by means of check made payable to the order of “Commissioner of ~~Financial Institutions~~ Business Oversight,” or the “Department of ~~Financial Institutions~~ Business Oversight.” Such checks need not be certified.

Note: Authority cited: Sections ~~215, 4831, 31101 and 33202~~ 321, 326 and 334, Financial Code. Reference: Sections 321, 326 and 334, Financial Code.

13. Amend Section 5.3009 to read:

§ 5.3009. Time of Filing.

~~(a) This section does not apply to any application which is subject to the Permit Reform Act of 1981 (Chapter 3 (commencing with Section 15374), Part 6.7, Division 3, Title 2 of the Government Code).~~

~~(b)~~ a) Except as otherwise provided in subdivisions ~~(e)~~ (b) and ~~(d)~~ (c) of this section, whenever the Commissioner, this Chapter, or any law administered by the Commissioner provides that a document be filed with the Commissioner, such document shall be deemed to be filed with the Commissioner on the day on which it is received at an office of the Commissioner.

~~(e)~~ b) Except as otherwise provided in subdivision ~~(d)~~ (c) of this section, a document which is an application shall, unless the Commissioner rejects it for filing within ten business days after the day on which it is received at an office of the Commissioner, be deemed to be filed with the Commissioner on such day.

~~(d)~~ c) (1) In case the day on which a document is received at an office of the Commissioner is a holiday or in case a document is received after the close of business of such office, such document shall be deemed to be filed with the Commissioner on the next succeeding day which is not a holiday.

(2) In case the Commissioner, this Chapter, or any law administered by the Commissioner requires that a document, when filed with the Commissioner, be accompanied by a specified fee or that a specified fee be paid for filing a document with the Commissioner, and if such a document, when received at an office of the Commissioner, is not accompanied by such

specified fee, the document shall not be deemed to be filed with the Commissioner until such time as the specified fee is received at an office of the Commissioner.

(3) In case the Commissioner, this Chapter, or any law administered by the Commissioner provides with respect to a document otherwise than as provided in subdivision ~~(b)~~ (a) or ~~(e)~~ (b) of this section, such document shall be deemed to be filed at the time when the Commissioner, such provision of this Chapter, or such law so provides. It is hereby provided ~~that no copy of by laws or of an amendment of by laws shall be deemed to be filed with the Commissioner for purposes of Financial Code Sections 400(a) or 601 until specially filed by the Commissioner and~~ that no copy of an agreement of merger or certificate of ownership certified by the Secretary of State shall be deemed to be filed with the Commissioner for purposes of Financial Code Section ~~2072 or 2094~~ 4887 until specially filed by the Commissioner.

(4) In case a person who submits a document to the Commissioner requests that such document be filed otherwise than as provided in subdivision ~~(b)~~ (a) or ~~(e)~~ (b) of this section, the document shall not be deemed to be filed with the Commissioner until such time as it is specially filed by the Commissioner.

Note: Authority cited: Sections ~~215, 4831, 31101 and 33202~~ 321, 326 and 334, Financial Code. Reference: Sections ~~200, 215, 300, 31100 and 33200~~ 321, 326 and 334, Financial Code.

14. Amend Section 5.3109 to read:

§ 5.3109. Deficiencies.

Whenever an application, when received at an office of the Commissioner, is deficient in that it fails to comply in any respect with the requirements prescribed by the Commissioner, this Chapter, or any law administered by the Commissioner:

(a) At any time within ten business days after the day on which the application was received at an office of the Commissioner, the Commissioner may reject the application for filing. ~~However, this subdivision (a) does not apply to any application which is subject to the Permit Reform Act of 1981 (Chapter 3 (commencing with Section 15374), Part 6.7, Division 3, Title 2 of the Government Code).~~

(b) At any time, the Commissioner may, by notice served on the applicant, request that the applicant correct the deficiencies in the application and fix the time within which the applicant shall correct the deficiencies in the application. If the applicant fails to correct the deficiencies in the application within such time, the Commissioner may order the application to be abandoned.

Note: Authority cited: Sections ~~215, 4831, 31101 and 33202~~ 321, 326 and 334, Financial Code. Reference: Sections ~~200, 215, 31100 and 33200~~ 321, 326 and 334, Financial Code.

## ARTICLE 6. HEARINGS

15. Amend Section 5.5000 to read:

§ 5.5000. Scope.

This Article governs the conduct of all Division of Financial Institutions hearings held in connection with matters pending before the Commissioner.

Note: Authority cited: Sections ~~215, 4831, 31101 and 33202~~ 321, 326 and 334, Financial Code. Reference: Sections 321 and 371, Financial Code.

## SUBCHAPTER 10. BANKS



## ARTICLE 1. GENERAL PROVISIONS

16. Amend Section 10.3 to read:

§ 10.3. Unsafe and Unsound Acts.

Any act which is designated in this Subchapter as an “unsafe and unsound act” is an act which, in the usual or typical circumstances encountered, constitutes conducting business in an unsafe and injurious manner within the meaning of Financial Code Sections ~~1912~~ 580 and ~~1913~~ 581 and in an unsafe manner within the meaning of Financial Code Section ~~3400~~ 592. However, it is impossible to foresee or provide for all of the varying circumstances which may arise in a particular case. Also, the acts designated in this Subchapter as “unsafe and unsound acts” are not intended to constitute a complete compilation of all the acts which constitute conducting business in an unsafe or injurious manner within the meaning of Financial Code Sections ~~1912~~ 580 and ~~1913~~ 581 or in an unsafe manner within the meaning of Financial Code Section ~~3400~~ 592. Therefore, the Commissioner may, if and when warranted in any particular case, upon application or on his own initiative, decide that in such case an act which is designated in this Subchapter as an “unsafe and unsound act” does not constitute conducting business in an unsafe or injurious manner within the meaning of Financial Code Sections ~~1912~~ 580 and ~~1913~~ 581 or in an unsafe manner within the meaning of Financial Code Section ~~3400~~ 592. Also, the Commissioner may decide that an act which is not designated in this Subchapter as an “unsafe and unsound act” constitutes conducting business in an unsafe or injurious manner within the meaning of Financial Code Sections ~~1912~~ 580 and ~~1913~~ 581 or in an unsafe manner within the meaning of Financial Code Section ~~3400~~ 592.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections 550, 580, 585, 590 and 592, Financial Code.

17. Amend Section 10.101 to read:

§ 10.101. Definitions in Banking Law.

Subject to additional definitions contained in this subchapter which are applicable to specific provisions of this subchapter and unless the context otherwise requires, the definitions in sections ~~422~~ 99 to ~~454~~ 217, inclusive, of the Financial Code apply throughout this subchapter.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~200~~ 300 and ~~245~~ 326, Financial Code.

18. Amend Section 10.111 to read:

§ 10.111. Bank.

“Bank” has the meaning set forth in Financial Code Section ~~402~~ 103. “Bank” includes state banks, national banks, and foreign banks; also, “bank” includes commercial banks and trust companies. However, “bank” does not include international banking corporations.

Note: Authority cited: Section 326, Financial Code. Reference: Section 103 , Financial Code.

19. Amend Section 10.117 to read:

§ 10.117. Commercial Bank.

“Commercial bank” has the meaning set forth in Financial Code Section ~~405~~ 107.

Note: Authority cited: Section 326, Financial Code. Reference: Section 107, Financial Code.

20. Amend Section 10.124 to read:

§ 10.124. Court Trust.

“Court trust” has the meaning set forth in Financial Code Section ~~4584~~ 1601.

Note: Authority cited: Section 326, Financial Code. Reference: Section 1601, Financial Code.

21. Amend Section 10.126 to read:

§ 10.126. Depository Agency.

“Depository agency,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~4700(e)~~ 1750(e). In addition, “depository agency” includes any foreign (other state) office of a foreign (other nation) bank which is substantially equivalent to a depository agency, as defined in Financial Code Section ~~4700(e)~~ 1750(e).

“Depository agency” includes any federal agency of a foreign (other nation) bank.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: ~~Division 4~~ Section 1750, Financial Code.

22. Amend Section 10.134 to read:

§ 10.134. Foreign (Other Nation).

(a) “Foreign (other nation),” when used with respect to a bank, means any bank (including any commercial bank, merchant bank, or other institution that engages in banking

activities which are usual in connection with the business of banking in the nations where such institution is organized or operating) other than (1) a state bank or (2) a national bank which maintains its head office in a state of the United States.

(b) “Foreign (other nation),” when used with respect to an office of a bank, means an office which is located in a place other than a state of the United States.

(c) “Foreign (other nation),” when used with respect to any corporation other than a bank, means a corporation which is organized under the laws of a foreign nation.

(d) “Foreign (other nation),” when used with respect to a deposit, means a deposit of the kind described in Financial Code Section ~~1755(a)(2)~~ 1805(a)(2).

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: ~~Division 4~~ Sections 1753 and 1805, Financial Code.

23. Amend Section 10.136 to read:

§ 10.136. Head Office.

“Head office,” when used with respect to a bank, has the meaning set forth in Financial Code Section ~~110~~ 121.

Note: Authority cited: Section 326, Financial Code. Reference: Section 121, Financial Code.

24. Amend Section 10.140.5 to read:

§ 10.140.5. Limited Branch Office.

“Limited branch office,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(n)~~ 1750(j). In addition, “limited branch office”

includes any foreign (other state) office of a foreign (other nation) bank which is substantially equivalent to a limited branch office, as defined in Financial Code Section ~~1700(n)~~ 1750(j).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 4~~Sections 1750 and 1753, Financial Code.

25. Amend Section 10.143 to read:

§ 10.143. Nondepository Agency.

“Nondepository agency,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(e)~~ 1750(k). In addition, “nondepository agency” includes any foreign (other state) office of a foreign (other nation) bank which is substantially equivalent to a nondepository agency, as defined in Financial Code Section ~~1700(e)~~ 1750(k). “Nondepository agency” does not include any federal agency of a foreign (other nation) bank.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 4~~Sections 1750 and 1753, Financial Code.

26. Amend Section 10.147 to read:

§ 10.147. Office.

(a) “Office,” when used with respect to a bank, has the meaning set forth in Financial Code Section ~~440~~ 121.

(b) “Office,” when used with respect to a foreign bank, means any agency, branch office, or representative office.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 1~~Sections 121 and 1750, Financial Code.

27. Amend Section 10.153 to read:

§ 10.153. Person.

“Person” has the meaning set forth in Section 1.1022 of this Chapter. However, “person,” when used with respect to acquiring control of or controlling a bank, has the meaning set forth in Financial Code Section ~~700(d)~~ 1250(d), and when used with respect to foreign (other nation) deposits, has the meaning set forth in Financial Code Section ~~1755(a)(2)~~ 1805(a)(2).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 1~~Sections 1250 and 1805, Financial Code.

28. Amend Section 10.155.5 to read:

§ 10.155.5. Primary Office.

“Primary office,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(q)~~ 1750(m).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 1~~Section 1750, Financial Code.

29. Amend Section 10.157 to read:

§ 10.157. Private Trust.

“Private trust” has the meaning set forth in Financial Code Section ~~1581~~ 1601.

Note: Authority cited: Section 326, Financial Code. Reference: Section 1601, Financial Code.

30. Amend Section 10.161.5 to read:

§ 10.161.5. Representative Office.

“Representative office,” when used with respect to a foreign bank, has the meaning set forth in Financial Code Section ~~1700(r)~~ 1750(n). In addition, “representative office” includes any foreign (other state) office of a foreign bank which is substantially equivalent to a representative office, as defined in Financial Code Section ~~1700(r)~~ 1750(n).

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: ~~Division 4, Section 1750~~, Financial Code.

31. Amend Section 10.162.5 to read:

§ 10.162.5. Retail Branch Office.

“Retail branch office,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(s)~~ 1750(o). In addition, “retail branch office” includes any foreign (other state) office of a foreign (other nation) bank which is substantially equivalent to a retail branch office, as defined in Financial Code Section ~~1700(s)~~ 1750(o).

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: ~~Division 4, Section 1750~~, Financial Code.

32. Amend Section 10.165 to read:

§ 10.165. Security.

“Security” has the meaning set forth in Corporations Code Section 25019. However, “security,” when used to denote a security issued by a bank, has the meaning set forth in Financial Code Section ~~690(e)~~ 1200(c).

Note: Authority cited: Section 326, Financial Code. Reference: Section 1200, Financial Code.

33. Amend Section 10.177 to read:

§ 10.177. Trust Business.

“Trust business” has the meaning set forth in Financial Code Section ~~106~~ 115.

Note: Authority cited: Section 326, Financial Code. Reference: Section 115, Financial Code.

34. Amend Section 10.178 to read:

§ 10.178. Trust Company.

“Trust company” has the meaning set forth in Financial Code Section ~~107~~117, and includes a depositary trust company and an independent trust company.

Note: Authority cited: Section ~~215~~326, Financial Code. Reference: ~~Division 1,~~Section 117, Financial Code.

35. Amend Section 10.182 to read:

§ 10.182. Wholesale Branch Office.

“Wholesale branch office,” when used with respect to a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(u)~~ 1750(p). In addition, “wholesale branch



office” includes any foreign (other state) office of a foreign (other nation) bank which is substantially equivalent to a wholesale branch office, as defined in Financial Code Section ~~1700(a)~~ 1750(p).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: ~~Division 4, Sections~~ 1750 and 1753, Financial Code.

#### ARTICLE 4. ESTABLISHMENT OF CALIFORNIA STATE BANKS

36. Amend Section 10.3000 to read:

§ 10.3000. Scope.

This Article contains regulations relating to the establishment of California state banks. This Subarticle contains general provisions relating to the establishment of California state banks. Subarticle 2 (commencing with Section 10.3100) of this Article contains regulations relating to the establishment of a California state commercial bank or of a California state independent trust company pursuant to Chapter ~~31~~ (commencing with Section ~~350~~ 1000) of the Banking Law. Subarticle 3 (commencing with Section 10.3700) of this Article contains regulations relating to the establishment of a trust department by a California state commercial bank pursuant to Financial Code Section ~~1500.1~~ 1551. (Subarticle 4 of this Article is reserved.) Subarticle 5 (commencing with Section 10.4300) of this Article contains regulations relating to the conversion of a California national bank into a California state bank pursuant to Article 2 (commencing with Section 4940) of Chapter 5 of the Depository Corporation Sale, Merger, and Conversion Law of the Financial Code.

Note: Authority cited: Sections ~~215~~ 326 and 4831, Financial Code. Reference: ~~Chapter 3, Division 1, Section 1500.1, and Article 2, Chapter 5, and Division 1.5, Sections 321, 326, 334 and 1551~~, Financial Code.

37. Amend Section 10.3100 to read:

§ 10.3100. Definition of “Subject Institution” and Scope.

(a) In this Subarticle, “subject institution” means a California state bank which is or is proposed to be a commercial bank or an independent trust company.

(b) This Subarticle contains regulations relating to the establishment of a subject institution pursuant to Chapter ~~3~~ 1 (commencing with Section ~~350~~ 1000) of the Banking Law. This Part contains general provisions relating to the establishment of a subject institution. Part 2 (commencing with Section 10.3150) of this Subarticle contains regulations relating to an application for authority to organize a subject institution. Part 3 (commencing with Section 10.3300) of this Subarticle contains regulations which set forth administrative standards and procedures relating to an application for authority to organize a subject institution. Part 4 (commencing with Section 10.3350) of this Subarticle contains regulations relating to the pre-incorporation period in the establishment of a subject institution. Part 5 (commencing with Section 10.3450) of this Subarticle contains regulations relating to the post-incorporation period in the establishment of a subject institution.

Note: Authority cited: Section 326, Financial Code. Reference: Section 1001, Financial Code.

38. Amend Section 10.3101 to read:

§ 10.3101. Other Definitions.

In this Subarticle:

(a) “Post-incorporation pre-opening funds account” means the deposit account called for in Section 10.3480 of this Chapter.

(b) “Pre-incorporation pre-opening funds account” means the deposit account called for in Section 10.3405 of this Chapter.

(c) “Pre-opening capital expenditures” means pre-opening expenditures which may be capitalized in conformity with generally accepted accounting principles and practices then applicable.

(d) “Pre-opening expenditure” has the meaning set forth for “preopening expenditure” in Financial Code Section ~~399(a)~~ 1040.

(e) “Pre-opening funds” means any money or other thing of value solicited or accepted by a proposed director, proposed officer, or organizer of a proposed subject institution or by a subject institution at any time before such subject institution commences business, for the purposes of paying the pre-opening expenditures of such subject institution. However, “pre-opening funds” does not include any proceeds from the sale by a subject institution, after incorporation, of any security issued by it under authority of a permit or of an exemption from Financial Code Section ~~691~~ 1201 issued by the Commissioner or any income or gain derived from any such proceeds.

(f) “Pre-opening noncapital expenditure” has the meaning set forth for “preopening noncapital expenditure” in Financial Code Section ~~399(b)~~ 1040.

(g) “Proposed subject institution” means a subject institution which is proposed to be organized but which has not yet been incorporated.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section 1040,  
Financial Code.

39. Amend Subpart (f) of Section 10.3162 to read:

§ 10.3162. Information Regarding Proposed Controlling Persons and Proposed 25  
Percent (Including Consociates) Equity Security Owners.

.....

(f) There is hereby exempted from the provisions of Financial Code Section ~~704~~ 1251 as not being comprehended within the purposes of ~~Article~~ Chapter 7 (commencing with Section ~~700~~ 1250), ~~Chapter 5~~ of the Banking Law and the regulation of which is not necessary or appropriate in the public interest or for the protection of subject institutions, controlling persons of subject institutions, or the depositors, creditors, or shareholders of subject institutions or of controlling persons of subject institutions, the acquisition of control of a subject institution in accordance with the application for authority to organize such subject institution, as approved by the Commissioner.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~360~~ 1020,  
Financial Code.

40. Amend Section 10.3376 to read:

§ 10.3376. Definitions.

In this Subpart:

(a) “Offer” or “offer to sell” has the meaning set forth in Financial Code Section ~~690(a)~~  
1200(a).

(b) “Sale” or “sell” has the meaning set forth in Financial Code Section ~~690(b)~~ 1200(b).

(c) “Security” has the meaning set forth in Financial Code Section ~~690(e)~~ 1200(c).

Note: Authority cited: Section 326, Financial Code. Reference: Section 1200, Financial Code.

41. Amend Section 10.3378 to read:

§ 10.3378. Exemptions.

There are hereby exempted from the provisions of Section 10.3377 of this Chapter and, to the extent applicable, the provisions of Financial Code Section ~~694~~ 1201 as not being comprehended within the purposes of Section 10.3377 of this Chapter or of Financial Code Section ~~694~~ 1201 and the regulation of which is not necessary or appropriate in the public interest or for the protection of investors, the following transactions and securities:

(a) The offer (but not the sale) by a proposed director, proposed officer, or organizer of a proposed subject institution to any proposed director, proposed officer, or organizer of such proposed subject institution of any security to be issued by the subject institution or of any right or option to subscribe for or purchase any such security, provided:

(1) No advertisement shall be published regarding the security or such right or option.

(2) No consideration for the security or the right or option shall be accepted.

(b) The offer and sale by a proposed director, proposed officer, or organizer of a proposed subject institution to any proposed director, proposed officer, or organizer of such proposed subject institution of any right or option to subscribe for or purchase any security to be issued by the subject institution, provided:

(1) No advertisement shall be published regarding the right or option.

(2) The total number of purchasers shall not exceed 25.

(3) No consideration for such right or option shall be accepted except in accordance with the provisions of Subpart 3 (commencing with section 3.500) of this Part for the purpose of paying pre-opening expenses of the proposed subject institution.

(c) The offer (but not the sale) by any proposed director, proposed officer, or organizer of a proposed subject institution to any commercial bank of a security interest in any security to be issued by such subject institution or in any right or option to subscribe for or purchase any such security.

Note: Authority cited: Section 326, Financial Code. Reference: Section 1201, Financial Code.

42. Amend Section 10.3400 to read:

§ 10.3400. Scope.

(a) This Subpart contains regulations relating to the solicitation and acceptance, before a subject institution is incorporated, of pre-opening funds for such proposed subject institution.

(b) This Subpart does not apply to any offer or sale by a subject institution, after incorporation, of any security issued by it under authority of a permit or of an exemption from Financial Code Section ~~694~~ 1201 issued by the Commissioner or the proceeds of any such sale.

(c) This Subpart does not apply in any case where pre-opening funds for a proposed subject institution are provided exclusively by an organizer of such proposed subject institution which is a bank, a registered bank holding company, or a person which will be required to become a registered bank holding company on account of the establishment of the proposed subject institution.

(d) Nothing in this Subpart shall affect the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000), Title 4 of the Corporations Code) or any regulation adopted pursuant thereto.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections 321, 326 and 334, Financial Code.

43. Amend Section 10.3475 to read:

§ 10.3475. Scope.

(a) This Subpart contains regulations relating to the solicitation and acceptance by a subject institution, after incorporation, of pre-opening funds.

(b) Nothing in this Subpart shall apply to or affect any offer or sale by a subject institution, after incorporation, of any security issued by it under authority of a permit or of an exemption from Financial Code Section ~~694~~ 1201 issued by the Commissioner or the proceeds of any such sale.

(c) This Subpart does not apply in any case where pre-opening funds for a subject institution are provided exclusively by an organizer of such subject institution which is a bank, a registered bank holding company, or a person which will be required to become a registered bank holding company on account of the establishment of the subject institution.

(d) Nothing in this Subpart shall affect the Corporate Securities Law of 1968 (Division 1 (commencing with Section 25000), Title 4 of Corporations Code) or any regulation adopted pursuant thereto.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections 321, 326 and 334, Financial Code.

44. Amend Section 10.3483 to read:

§ 10.3483. Disposition.

In case the right to organize a subject institution automatically terminates pursuant to Financial Code Section ~~404~~ 1045 or in case a subject institution commences business, such subject institution shall, after making all disbursements authorized under the terms of agreements with persons from whom pre-opening funds were accepted, including any agreement called for in Section 10.3402(a)(3) or 10.3477(a)(3) of this Chapter, if applicable, pay the balance of its post-incorporation pre-opening funds account on a pro rata basis to the persons from whom pre-opening funds were accepted by the subject institution and, in case any pre-opening funds were transferred from the pre-incorporation pre-opening funds account for the subject institution to the post-incorporation pre-opening funds account, the persons from whom pre-opening funds were accepted before incorporation of the subject institution by the then proposed directors, proposed officers, or organizers of the then proposed subject institution, and, after making such payments, close such account.

Note: Authority cited: Section 326, Financial Code. Reference: Section 1045, Financial Code.

45. Amend Section 10.3518 to read:

§ 10.3518. Time for Completing Organization.

(a) For purposes of Financial Code Section ~~404~~ 1045, no subject institution shall be deemed to have filed evidence of incorporation and organization with the Commissioner



pursuant to Financial Code Section ~~400~~ 1041 unless such subject institution shall have filed with the Commissioner:

(1) Copy of its articles of incorporation certified by the Secretary of State.

(2) Reports called for in Section 10.3515 of this Chapter.

(b) An application by a subject institution for an extension of time for completing organization shall contain:

(1) Date on which the time for completing organization is scheduled to expire.

(2) Description of progress to date in the organization of the subject institution.

(3) Proposed timetable for completing the organization of the subject institution.

(4) Amount of additional time requested for completing the organization of the subject institution.

(5) Statement of reasons why such additional time is required for completing the organization of the subject institution.

(c) In case the right to organize a subject institution automatically terminates pursuant to Financial Code Section ~~404~~ 1045, such subject institution shall be wound up and dissolved, and it shall file with the Commissioner:

(1) Copy of a certificate of election to wind up and dissolve filed with the Secretary of State pursuant to Corporations Code Section 1901, certified by the Secretary of State.

(2) Either (A) a copy of a certificate of dissolution filed with Secretary of State pursuant to Corporations Code Section 1905, certified by the Secretary of State, or (B) a copy of an order entered by a superior court pursuant to Corporations Code Section 1907, certified by the clerk of such superior court.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~400~~ 1041, ~~404~~ 1045, and ~~4934~~ 455, Financial Code.

46. Amend Section 10.3520 to read:

§ 10.3520. Deposit Insurance.

No subject institution which is a commercial bank shall commence business unless it is an insured bank.

Note: Authority cited: Sections 326 and 334, Financial Code. Reference: Section 181, Financial Code.

47. Amend Section 10.3525 to read:

§ 10.3525. Winding Up and Dissolution.

In case the right of a subject institution to transact business automatically terminates pursuant to Financial Code Section ~~405~~ 1046, such subject institution shall promptly surrender its certificate of authorization to the Commissioner for cancellation. Also, the subject institution shall be promptly wound up and dissolved, and the subject institution shall file with the Commissioner:

(a) Copy of a certificate of election to wind up and dissolve filed with the Secretary of State pursuant to Corporations Code Section 1901, certified by the Secretary of State.

(b) Either (1) a copy of a certificate of dissolution filed with the Secretary of State pursuant to Corporations Code Section 1905, certified by the Secretary of State, or (2) a copy of an order entered by a superior court pursuant to Corporations Code Section 1907, certified by the clerk of such superior court.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~405~~ 1046,  
Financial Code.

48. Amend Section 10.3700 to read:

§ 10.3700. Definition of “Applicant” and Scope.

(a) In this Subarticle, “applicant” means a California state commercial bank which applies to the Commissioner for authority to engage in trust business.

(b) This Subarticle contains regulations relating to the establishment by an applicant of a trust department pursuant to Financial Code Section ~~1500.1~~ 1551. This Part contains general provisions relating to the establishment by an applicant of a trust department. Part 2 (commencing with Section 10.3750) of this Subarticle contains regulations relating to an application by an applicant for authority to engage in trust business. Part 3 (commencing with Section 10.3800) of this Subarticle contains regulations which set forth administrative standards and procedures relating to an application by an applicant for authority to engage in trust business. Part 4 (commencing with Section 10.3850) of this Subarticle contains regulations relating to matters after an application by an applicant for authority to engage in trust business is approved by the Commissioner.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1500.1~~ 1551,  
Financial Code.

49. Amend Section 10.3752 to read:

§ 10.3752. Information Regarding Proposed Locations.

(a) (1) State the address or vicinity of, or otherwise identify (such as by reference to an office of the applicant), each place at which the applicant proposes to establish a trust administration office.

(2) No applicant shall propose to establish a trust administration office at any place other than a place at which it maintains its head office or a branch office unless:

(A) Prior to or concurrently with the filing of the application for authority to engage in trust business, such applicant files with the Commissioner an application for authority to establish a branch office at such place. (For regulations relating to an application for authority to establish a branch office, refer to Part 2 (commencing with Section 10.6700), Subarticle 3, of this Subchapter.)~~;~~ ~~or~~.

~~(B) The establishment by the applicant of a branch office at such place is exempt from the authorization requirement of Financial Code Section 500(b) pursuant to Financial Code Section 490.~~

(b) (1) State the address or vicinity of, or otherwise identify (such as by reference to an office of the applicant), each place (other than a trust administration office) at which the applicant proposes to engage in trust business, and describe the trust business which the applicant proposes to conduct at such place.

(2) No applicant shall propose to engage in trust business at any place (other than a trust administration office) unless:

(A) Such applicant maintains its head office, a branch office, or, if the trust business proposed to be conducted at such place does not constitute branch banking business, a place of business at such place;

(B) Prior to or concurrently with the filing of the application for authority to engage in trust business, the applicant files with the Commissioner an application for authority to establish a branch office or a place of business, as the case may be, at such place (For regulations relating to an application for authority to establish a branch office, refer to Part 2 (commencing with Section 10.6700), Subarticle 3, of this Subchapter. For regulations relating to an application for authority to establish a place of business, refer to Part 2 (commencing with Section 10.9100), Subarticle 4, Article 5 of this Subchapter.); ~~or~~.

~~(C) The establishment by the applicant of a branch office or a place of business, as the case may be, at such place is exempt from the authorization requirement of Financial Code Section 500(b) or 541 pursuant to Financial Code Section 490.~~

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1500.1~~ 1551, Financial Code.

50. Amend Section 10.4351 to read:

§ 10.4351. Included Application.

An application for approval to convert into a subject institution shall, unless otherwise provided in such application, be deemed to include an application for authority pursuant to ~~Article 2~~ Chapter 4 (commencing with Section ~~500~~ 1070), ~~Chapter 4~~ of the Banking Law for the subject institution to establish a branch office at the location of each approved but unopened branch office of the applicant, ~~unless the establishment of the branch office is exempt pursuant to Financial Code Section 490 from the authorization requirement of Financial Code Section 500.~~ Approval of an application for approval to convert into a subject institution shall, unless otherwise provided in such approval, be deemed to include approval of such included

application. Such subject institution shall, with respect to establishing any branch office pursuant to such approval, comply with the provisions of Subpart 10 (commencing with Section 10.6950), Part 2, Subarticle 3, Article 5 of this Subchapter.

Note: Authority cited: Section 4831, Financial Code. Reference: Sections 4835 and 4944, Financial Code.

51. Amend Subpart (f) of Section 10.4360 to read:

§ 10.4360. Information Regarding Affiliates.

...

(f) There is hereby exempted from the provisions of Financial Code Section ~~704~~1251 as not being comprehended within the purposes of ~~Article 7~~ Chapter 7 (commencing with Section ~~700~~ 1250), ~~Chapter 5~~ of the Banking Law and the regulation of which is not necessary or appropriate in the public interest or for the protection of subject institutions, controlling persons of subject institutions, or the depositors, creditors, or shareholders of subject institutions or of controlling persons of subject institutions, the acquisition of control of an applicant in accordance with its application for authority to convert into a subject institution, as approved by the Commissioner.

Note: Authority cited: Section 4831, Financial Code. Reference: Sections ~~708~~ 1260, 4835 and 4944, Financial Code.

## ARTICLE 5. OFFICES OF CALIFORNIA STATE BANKS

52. Amend Section 10.6000 to read:

§ 10.6000. Definition of “Subject Institution” and Scope.

(a) In this Article, “subject institution” means a California state bank.

(b) This Article contains regulations relating to offices of subject institutions. This Subarticle contains general provisions relating to offices of subject institutions. ~~Subarticle 1.5 (commencing with Section 10.6050 of this Article contains regulations relating to exemptions from the authorization and approval requirements of Financial Code Sections 500, 507, 541, and 546.~~ Subarticle 2 (commencing with Section 10.6100) of this Article contains regulations relating to head offices of subject institutions. Subarticle 3 (commencing with Section 10.6600) of this Article contains regulations relating to branch offices of subject institutions. Subarticle 4 (commencing with Section 10.9000) of this Article contains regulations relating to places of business of subject institutions. Subarticle 5 (commencing with Section 10.11000) of this Article contains regulations relating to extensions of offices of subject institutions. Subarticle 6 (commencing with Section 10.11700) of this Article contains regulations relating to foreign offices of representatives of subject institutions. ~~Subarticle 7 (commencing with Section 10.11800) of this Article contains regulations relating to automated teller machine branch offices.~~

Note: Authority cited: ~~Section 215~~ 326, Financial Code. Reference: Sections ~~419, 420, 421, 490, 500, 501, 503, 504, 505, 506, 507, 509, 510, 511, 512, 540, 541, 542, 543, 544, 545, 546, 547, 550, 551, 552, 557, 558 and 559,~~ 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078 1079, 1080, and 1081, Financial Code.

53. Amend Section 10.6001 to read:

§ 10.6001. Other Definitions.

In this Article:

(a) “Approved but unopened,” when used with respect to an office of a California bank, means:

(1) In case such bank is a state bank, an office which the bank has applied to the Commissioner for authority to establish, and the status of the matter is that the Commissioner has approved the application but the bank has not yet established the office.

(2) In case such bank is a national bank, an office which the bank has applied to the Comptroller of the Currency for authority to establish, and the status of the matter is that the Comptroller of the Currency has approved the application but the bank has not yet established the office.

~~(b) “Automated teller machine branch office” has the meaning set forth in Financial Code Section 550(b).~~

(e b) “Branch banking business,” when used with respect to a subject institution, means, in the case of a subject institution which is a commercial bank, the business of receiving deposits, paying checks, or making loans or, in the case of a subject institution which is a trust company, the business of receiving fiduciary assets or administering fiduciary accounts.

However, “branch banking business” does not include the business of receiving deposits or fiduciary assets solely by means of either or both of the following:

(1) The United States mail addressed to a post office box; or

(2) A messenger who is an independent contractor or an employee of the bank.

~~(d c)~~ “Branch office,” when used with respect to a subject institution, does not include an automated teller machine branch office.



(e d) To “discontinue,” when used with respect to an office of a subject institution, means to discontinue the operations of, or to close, such office.

(f e) “Domiciliary bank” means:

(1) When used with respect to a foreign nation (other than a territory of the United States), a bank which is organized under the laws of such foreign nation.

(2) When used with respect to a territory of the United States, a bank which is organized under the laws of such territory or a national bank which maintains its head office in the territory.

(3) When used with respect to a state of the United States other than the State of California, a state bank which is organized under the laws of such state or a national bank which maintains its head office in the state.

(g f) “Foreign office of representative,” when used with respect to a subject institution, means an office located in a state of the United States other than the State of California or in a foreign nation which a person maintains for the purpose of engaging in the business of representing such subject institution. (A foreign office of a representative of a subject institution does not constitute an office of such subject institution for purposes of the Banking Law or this Chapter. However, for the sake of convenience, regulations relating to foreign offices of representatives of subject institutions are included in this Article.)

(h g) “Intermittent branch office,” when used with respect to a subject institution, means a place at which such subject institution transacts branch banking business during intermittent periods which are determined according to calendar time (for example, on certain dates of each year), according to specified events (for example, during a specified county fair), or otherwise and which occur at least as frequently as annually but less frequently than weekly.

(~~h~~) “New site,” when used with respect to an office of a subject institution which is proposed to be or which has been relocated, means the site to which such office is proposed to be or has been, as the case may be, relocated.

(~~j~~) “Non-domiciliary bank” means any bank other than a domiciliary bank.

(~~k~~) “Old site,” when used with respect to an office of a subject institution which is proposed to be or which has been relocated, means the site from which such office is proposed to be or has been, as the case may be, relocated.

(~~h~~) “Pending but not approved,” when used with respect to an office of a California bank, means:

(1) In case such bank is a state bank, an office which the bank has applied to the Commissioner for authority to establish and the status of the matter is that the Commissioner has not yet decided the application.

(2) In case such bank is a national bank, an office which the bank has applied to the Comptroller of the Currency for authority to establish and the status of the matter is that the Comptroller of the Currency has not yet decided the application.

(~~m~~) “Popular name” means:

(1) When used with respect to a branch office of a subject institution, the name or other designation assigned to such office by such subject institution, ~~pursuant to Financial Code Section 509.~~

(2) When used with respect to a branch office of a California national bank, the name or other designation assigned to such office by such bank pursuant to applicable requirements of the Comptroller of the Currency.

(~~m~~) “Proposed,” when used with respect to an office of a California bank, means:

(1) In case such bank is a state bank, an office which the bank has applied to the Commissioner for authority to establish, and the status of the matter is that the Commissioner has either approved or not yet decided the application, and the bank has not yet established the office.

(2) In case such bank is a national bank, an office which the bank has applied to the Comptroller of the Currency for authority to establish, and the status of the matter is that the Comptroller of the Currency has either approved or not yet decided the application and the bank has not yet established the office.

(en) “Special branch office,” when used with respect to a subject institution, means an intermittent branch office or any other branch office designated as a special branch office in this Chapter or by the Commissioner.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~419, 420, 421, 490, 500, 501, 503, 504, 505, 506, 507, 509, 510, 511, 512, 540, 541, 542, 543, 544, 545, 546, 547, 550, 551, 552, 557, 558, and 559,~~ 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, and 1081, Financial Code.

54. Repeal Section 10.6050 to read:

~~§ 10.6050. Scope.~~

~~This Subarticle contains regulations relating to exemptions from the authorization and approval requirements of Financial Code Sections 500(b), 507, 541, and 546.~~

Note: Authority cited: Section ~~215~~, Financial Code. Reference: Chapter 4, Division 1, ~~Financial Code.~~

55. Repeal Section 10.6051 to read:

~~§ 10.6051. Definition.~~

~~In this Subarticle, “eligible,” when used with respect to a subject institution, means:~~

~~(a) In case the subject institution is a California state commercial bank, that the composite rating of the subject institution in the most recent report of examination issued by the Department or the appropriate federal bank regulatory agency was “1” or “2” under the Uniform Financial Institutions Rating System.~~

~~(b) In case the subject institution is a California state independent trust company, that the composite rating of the subject institution in the most recent report of examination issued by the Department was “1” or “2” under the Uniform Financial Institutions Rating System or “satisfactory” on the basis of capital, operations, management, and earnings.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Chapter 4, Division 1, Financial Code.~~

56. Repeal Section 10.6052 to read:

~~§ 10.6052. Exemption Establishment of Branch Office.~~

~~(a) There is exempted from the authorization requirement of Financial Code Section 500(b), as not being necessary or appropriate to regulate under Section 500(b), the establishment of a branch office by a subject institution, if the following requirements are met:~~

~~(1) Not less than 30 days before establishing the branch office, the subject institution shall file with the Commissioner a report which shall be in the form of Department Form 25 (see~~

~~Section 95.25), which shall contain the information called for in the Form and in the instructions for the Form, and which shall be signed as required in the Form and instructions.~~

~~(2) The subject institution shall be eligible at the time when the report called for in Paragraph (1) of this Subdivision (a) is filed.~~

~~(3) The Commissioner does not reject the report called for in Paragraph (1) of this Subdivision (a) within 15 days after filing.~~

~~(4) The subject institution shall establish the branch office within one year after filing the report called for in Paragraph (1) of this Subdivision (a) or such extended period as the Commissioner may approve.~~

~~(b) The Commissioner may reject a report filed under Paragraph (1) of Subdivision (a) of this Section if the Commissioner finds that it is necessary or appropriate to regulate the establishment of the branch office under Section 500(b) or for other good cause.~~

~~(c) In case a subject institution establishes a branch office pursuant to the exemption set forth in Subdivision (a) of this Section, the subject institution shall comply with Sections 10.6952, 10.6954, and 10.6955 of this Article as if the subject institution has applied for and obtained authorization under Section 500(b) to establish the branch office.~~

~~(d) The exemption set forth in Subdivision (a) of this Section does not apply in a case where a subject institution simultaneously relocates its head office and establishes a branch office at the location of the old site of the head office.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 490 and 500, Financial Code.~~

57. Repeal Section 10.6053 to read:

~~§ 10.6053. Exemption – Relocation of Branch Office.~~

~~(a) There is exempted from the authorization requirement of Financial Code Section 507, as not being necessary or appropriate to regulate under Section 507, the relocation by a subject institution of a branch office within the same vicinity, if the following requirements are met:~~

~~(1) Not less than 30 days before relocating the branch office, the subject institution shall file with the Commissioner a report which shall be in the form of Department Form 25, which shall contain the information called for in the Form and in the instructions for the Form, and which shall be signed as required in the Form and instructions.~~

~~(2) The subject institution shall be eligible at the time when the report called for in Paragraph (1) of this Subdivision (a) is filed.~~

~~(3) The Commissioner does not reject the report called for in Paragraph (1) of this Subdivision (a) within 15 days after filing.~~

~~(4) The subject institution shall relocate the branch office within one year after filing the report called for in Paragraph (1) of this Subdivision (a) or such extended period as the Commissioner may approve.~~

~~(b) The Commissioner may reject a report filed under Paragraph (1) of Subdivision (a) of this Section if the Commissioner finds that it is necessary or appropriate to regulate the establishment of the branch office under Section 507 or for other good cause.~~

~~(c) In case a subject institution relocates a branch office pursuant to the exemption set forth in Subdivision (a) of this Section, the subject institution shall comply with Sections 10.7526, 10.7527, 10.7529 and 10.7530 of this Article as if the subject institution had applied for and obtained authorization under Section 507 to relocate the branch office.~~

Note: Authority cited: Section 215, Financial Code. Reference: Sections 490 and 507, Financial Code.

58. Repeal Section 10.6054 to read:

~~§ 10.6054. Exemption Establishment of Place of Business.~~

~~(a) There is exempted from the authorization requirement of Financial Code Section 541, as not being necessary or appropriate to regulate under Section 541, the establishment of a place of business by a subject institution, if the following requirements are met:~~

~~(1) Not less than 30 days before establishing the place of business, the subject institution shall file with the Commissioner a report which shall be in the form of Department Form 25, which shall contain the information called for in the Form and in the instructions for the Form, and which shall be signed as required in the Form and instructions.~~

~~(2) The subject institution shall be eligible at the time when the report called for in Paragraph (1) of this Subdivision (a) is filed.~~

~~(3) The Commissioner does not reject the report called for in Paragraph (1) of this Subdivision (a) within 15 days after filing.~~

~~(4) The subject institution shall establish the place of business within one year after filing the report called for in Paragraph (1) of this Subdivision (a) or such extended period as the Commissioner may approve.~~

~~(b) The Commissioner may reject a report filed under Paragraph (1) of Subdivision (a) of this Section if the Commissioner finds that it is necessary or appropriate to regulate the establishment of the place of business under Section 541 or for other good cause.~~

~~(e) In case a subject institution establishes a place of business pursuant to the exemption set forth in Subdivision (a) of this Section, the subject institution shall comply with Sections 10.9202, 10.9204, and 10.9205 of this Article as if the subject institution has applied for and obtained authorization under Section 541 to establish the place of business.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 490 and 541, Financial Code.~~

59. Repeal Section 10.6055 to read:

~~§ 10.6055. Exemption—Relocation of Place of Business.~~

~~(a) There is exempted from the approval requirement of Financial Code Section 546 the relocation by a subject institution of a place of business within the same vicinity, if the following requirements are met:~~

~~(1) Not less than 30 days before relocating the place of business, the subject institution shall file with the Commissioner a report which shall be in the form of Department Form 25, which shall contain the information called for in the Form and in the instructions for the Form, and which shall be signed as required in the Form and instructions.~~

~~(2) The subject institution shall be eligible at the time when the report called for in Paragraph (1) of this Subdivision (a) is filed.~~

~~(3) The Commissioner does not reject the report called for in Paragraph (1) of this Subdivision (a) within 15 days after filing.~~

~~(4) The subject institution shall relocate the place of business within one year after filing the report called for in Paragraph (1) of this Subdivision (a) or such extended period as the Commissioner may approve.~~



~~(b) The Commissioner may reject a report filed under Paragraph (1) of Subdivision (a) of this Section if the Commissioner finds that it is necessary or appropriate to regulate the establishment of the place of business under Section 546 or for other good cause.~~

~~(c) In case a subject institution relocates a place of business pursuant to the exemption set forth in Subdivision (a) of this Section, the subject institution shall comply with Sections 10.9701, 10.9702, 10.9704 and 10.9705 of this Article as if the subject institution has applied for and obtained approval under Section 546 to relocate the place of business.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 490 and 546, Financial Code.~~

60. Amend Section 10.6602 to read:

§ 10.6602. Change in Popular Name.

Not less than ten business days after a subject institution changes the popular name of a branch office, such subject institution shall file with the Commissioner a report containing the following information:

(a) Identify the branch office, including the new and old popular names.

(b) State the date on which the popular name of the branch office was changed.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections~~509~~ 455 and 10761934, Financial Code.

61. Amend Section 10.6701 to read:

§ 10.6701. Applicability.

(a)(1) Subpart 2 (commencing with Section 10.6725) of this Part does not apply to an application for authority to establish a branch office in a case where the applicant proposes simultaneously to relocate its head office and to establish such branch office at the location of the old site of the head office. (For regulations relating to such an application, refer to Subpart 4 (commencing with Section 10.6400) of Part 3 of Subarticle 5 of this Article.)

(2) An application of the type described in Paragraph (1) of this Subdivision (a) is subject to this Subpart as well as Subpart 9 (commencing with Section 10.7500) and Subpart 10 (commencing with Section 10.7525) of this Part.

~~(b) Except as otherwise provided in Section 10.6052 of this Article or by order of the Superintendent, this Part does not apply in a case where the establishment of a branch office by a subject institution is exempt from the authorization requirement of Financial Code Section 500(b) pursuant to Financial Code Section 490.~~

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections 490, 500, 501, 503, 504, and 505, Financial Code.

62. Amend Section 10.6954 to read:

§ 10.6954. Certificate of Authority: Issuance and Expiration.

(a) Not less than one business day before establishing a branch office, an applicant shall file with the Commissioner an application for the issuance of a certificate of authority authorizing such applicant to establish and maintain such branch office. Such application shall contain the following information:

(1) Identify the branch office.

(2) State the date on which the applicant proposes to establish the branch office.

(b) An applicant may establish a branch office on or after the date on which the certificate of authority authorizing such applicant to establish and maintain such branch office is issued. ~~However, such certificate of authority shall expire on the earlier of the following dates unless the applicant shall have established the branch office on or before such date:~~

~~(1) Date on which the Commissioner's approval of the application for authority to establish the branch office expires pursuant to Financial Code Section 505.~~

~~(2) Thirtieth day after the date of the issuance of the certificate of authority.~~

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~504 and 505~~ 1071, Financial Code.

63. Amend Section 10.7301 to read:

§ 10.7301. Applicability.

(a)(1) Subpart 2 (commencing with Section 10.7325) of this Part does not apply to any application for approval to relocate a branch office which is deemed to be included in the application for authority to establish such branch office pursuant to Section 10.6702 of this Chapter.

(2) Each application for approval to relocate a branch office which is deemed to be included in the application for authority to establish such branch office pursuant to Section 10.6702 of this Chapter is subject to this Subpart as well as Subpart 9 (commencing with Section 10.7500) and Subpart 10 (commencing with Section 10.7525) of this Part.

~~(b) Except as otherwise provided in Section 10.6053 of this Article or by order of the Superintendent, this Part does not apply in a case where the relocation of a branch office by a~~

~~subject institution is exempt from the authorization requirement of Financial Code Section 507 pursuant to Financial Code Section 490.~~

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section 507, Financial Code.

64. Repeal Section 10.9101 to read:

~~§ 10.9101. Applicability.~~

~~Except as otherwise provided in Section 10.6054 of this Article or by order of the Superintendent, this Part does not apply in a case where the establishment of a place of business that is exempt from the authorization requirement of Financial Code Section 541 pursuant to Financial Code Section 490.~~

Note: Authority cited: Section 215, Financial Code. Reference: Sections 490, 540, 541, 542, 543, 544 and 545, Financial Code.

65. Repeal Section 10.9602 to read:

~~§ 10.9602. Fee.~~

~~An application for approval to relocate a place of business shall be accompanied by the fee prescribed in Financial Code Section 546.~~

66. Repeal Subarticle 7 to read:

~~SUBARTICLE 7. AUTOMATED TELLER MACHINE BRANCH OFFICES~~

~~PART 1. GENERAL PROVISIONS~~

67. Repeal Section 10.11800 to read:

~~§ 10.11800. Scope.~~

~~This Subarticle contains regulations relating to automated teller machine branch offices of subject institutions. This Part contains general provisions relating to automated teller machine branch offices of subject institutions. Part 2 (commencing with Section 10.11825) of this Subarticle contains regulations relating to the establishment by a subject institution of an automated teller machine branch office pursuant to Article 4 (commencing with Section 550) of Chapter 4 of the Banking Law. (Part 3 of this Subarticle is reserved.) Part 4 (commencing with Section 10.11850) of this Subarticle contains regulations relating to the relocation by a subject institution of an automated teller machine branch office pursuant to Financial Code Section 557. Part 5 (commencing with Section 10.11875) of this Subarticle contains regulations relating to the discontinuance by a subject institution of an automated teller machine branch office pursuant to Financial Code Section 558.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 550, 551, 552, 557, 558 and 559, Financial Code.~~

68. Repeal Part 2 to read:

~~Part 2. Establishment of Automated Teller Machine Branch Office~~

69. Repeal Section 10.11825 to read:

~~§ 10.11825. Scope.~~

~~This Part contains regulations relating to the establishment by a subject institution of an automated teller machine branch office.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 551 and 552, Financial Code.~~

70. Repeal Section 10.11826 to read:

~~§ 10.11826. Notice.~~

~~A notice to establish an automated teller machine branch office shall be in the form of Department Form 25, shall contain the information called for in the Form and in the instructions for the Form, and shall be signed as required in the Form and the instructions.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 552, Financial Code.~~

71. Repeal Part 4 to read:

~~Part 4. Relocation of Automated Teller Machine Branch Office~~

72. Repeal Section 10.11850 to read:

~~§ 10.11850. Scope.~~

~~This Part contains regulations relating to the relocation by a subject institution of an automated teller machine branch office from one location to another in the same vicinity.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 557, Financial Code.~~

73. Repeal Section 10.11851 to read:

~~§ 10.11851. Notice.~~

~~A notice to relocate an automated teller machine branch office shall be in the form of Department Form 25, shall contain the information called for in the Form and in the instructions for the Form, and shall be signed as required in the Form and the instructions.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 557, Financial Code.~~

74. Repeal Part 5 to read:

~~Part 5. Discontinuance of Automated Teller Machine Branch Office~~

75. Repeal Section 10.11875 to read:

~~§ 10.11875. Scope.~~

~~This Part contains regulations relating to the discontinuance by a subject institution of an automated teller machine branch office.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 558, Financial Code.~~

76. Repeal Section 10.11876 to read:

~~10.11876. Notice.~~

~~A notice to discontinue an automated teller machine branch office shall be in the form of Department Form 25, shall contain the information called for in the Form and in the instructions for the Form, and shall be signed as required in the Form and the instructions.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 558, Financial Code.~~

ARTICLE 6. CALIFORNIA STATE OFFICES OF FOREIGN (OTHER NATION) BANKS

77. Amend Section 10.13001 to read:

§ 10.13001. Definitions.

In this Article:

(a) “Approved but unopened,” when used with respect to a California state office of a foreign (other nation) bank, means an office for which an application for approval to establish has been filed with and approved by the Commissioner but which has not yet been established.

(b) “Domiciliary bank” means:

(1) When used with respect to a foreign nation (other than a territory of the United States), a bank which is organized under the laws of such foreign nation.

(2) When used with respect to a territory of the United States, a bank which is organized under the laws of such territory or a national bank which maintains its head office in the territory.

(3) When used with respect to a state of the United States, a state bank which is organized under the laws of such state or a national bank which maintains its head office in the state.

(c) “Domiciliary jurisdiction” means:

(1) When used with respect to a bank which is organized under the laws of a foreign nation, such foreign nation.

(2) When used with respect to a bank which is organized under the laws of a state of the United States, such state.

(3) When used with respect to a foreign (other nation) bank which is a national bank, the United States.



(d) “Executive officer,” when used with respect to a foreign (other nation) bank or a controlling person of a foreign (other nation) bank, has the meaning set forth in Financial Code Section ~~1700(f)~~ 1750(f).

(e) “Non-domiciliary bank” means any bank other than a domiciliary bank.

(f) “Popular name,” when used with respect to a California state office of a foreign bank, means the designation assigned to such office by such bank pursuant to Financial Code Section ~~1713~~ 1765.

(g) “Proposed,” when used with respect to a California state office of a foreign (other nation) bank, means an office for which an application for approval to establish has been filed with the Commissioner but which has not yet been established.

(h) “Reporting company (Bank Holding Company Act)” means a person (other than an individual) which is required to file reports with the Board of Governors of the Federal Reserve System pursuant to Section 225.5 of Regulation Y of the Board (12 C.F.R. Section 225.5) and which has filed all reports so required to be filed for the last three years (or, if the person was subject to such requirements for less than the last three years, for such lesser period).

(i) “Reporting company (Securities Exchange Act)” means a person (other than an individual) which is required to file reports with, or to furnish reports to, a federal agency pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and which has filed or furnished all reports so required to be filed or furnished for the last three years (or, if the person was subject to such requirements for less than the last three years, for such lesser period).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~1700~~ 1750, ~~1713~~ 1765, ~~1726~~ 1781, ~~1753~~ 1803 and ~~1761~~ 1811, Financial Code.

78. Amend Section 10.13003 to read:

§ 10.13003. Identification of Office.

Whenever this Article requires that a California state office of a foreign (other nation) bank be identified, the following information shall be furnished with respect to such office:

(a) Address of the office.

(b) Class of the office, as specified in Financial Code Section ~~1701~~ 1753.

(c) Popular name of the office.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~1703~~ 1756 and ~~1705~~ 1758, Financial Code.

79. Amend Section 10.13200 to read:

§ 10.13200. Definition of “Applicant” and Scope.

(a) In this Part, “applicant” means a foreign (other nation) bank which applies to the Commissioner for approval to establish a California state representative office.

(b) This Part contains regulations relating to the establishment of a California state representative office pursuant to Financial Code Section ~~1726~~ 1781.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~1726~~ 1781, Financial Code.

80. Amend Section 10.13226 to read:

§ 10.13226. Included Application.

An application for approval to establish a California state representative office which proposes that the applicant establish such office in temporary quarters and subsequently relocate

the office to permanent quarters shall, unless otherwise provided in such application, be deemed to include an application for approval to relocate pursuant to Financial Code Section ~~4727~~ 1782. Approval to establish a California state representative office in such a case shall, unless otherwise provided, be deemed to include approval to relocate the office.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~4703~~ 1756, ~~4726~~ 1781 and ~~4727~~ 1782, Financial Code.

81. Amend Section 10.13278 to read:

§ 10.13278. Appointment of Commissioner as Attorney for Service of Process.

Not less than five business days before the license for a California state representative office is to be issued, the applicant shall, unless it has already done so, file with the Commissioner:

(a) Appointment of Commissioner of ~~Financial Institutions~~ Business Oversight as Attorney for Service of Process, in the form of Department Form 75, completed and signed in accordance with the instructions for such Form.

(b) Copy of a resolution of the board of the applicant, authorizing the signing of the Appointment called for in Subdivision (a) of this Section. Such copy of the resolution of the board of the applicant shall be certified by an officer of the applicant who is assigned to the head office of the applicant and who is not proposed to be assigned to the representative office, and the signature of such officer on such certification shall be acknowledged.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~4740~~ 1762 and ~~4726~~ 1781, Financial Code.

82. Amend Section 10.14100 to read:

§ 10.14100. Definitions of “Applicant” and “Subject Office” and Scope.

(a) In this Part:

(1) “Applicant” means a foreign (other nation) bank which applies to the Commissioner for approval to establish a California state agency or branch office.

(2) “Subject office” means the California state agency or branch office which an applicant proposes to establish.

(b) This Part contains regulations relating to the establishment of a subject office pursuant to Financial Code Section ~~1753~~ 1803.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~1753~~ 1803, Financial Code.

83. Amend Section 10.14126 to read:

§ 10.14126. Included Application.

An application for approval to establish a subject office which proposes that the applicant establish such office in temporary quarters and subsequently relocate the office to permanent quarters shall, unless otherwise provided in such application, be deemed to include an application for approval to relocate pursuant to Financial Code Section ~~1754~~ 1804. Approval to establish a subject office in such a case shall, unless otherwise provided, be deemed to include approval to relocate the office.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~1703~~ 1756, ~~1753~~ 1803 and ~~1754~~ 1804, Financial Code.

84. Amend Section 10.14180 to read:

§ 10.14180. Appointment of Commissioner as Attorney for Service of Process.

Except as otherwise provided in Section 10.14176 of this Chapter, not less than five business days before the license for a subject office is to be issued, the applicant shall file with the Commissioner:

(a) Appointment of Commissioner of ~~Financial Institutions~~ Business Oversight as Attorney for Service of Process in the form of Department Form 85, completed and signed in accordance with the instructions for such Form.

(b) Copy of a resolution of the board of the applicant, authorizing the signing of the Appointment called for in Subdivision (a) of this Section. Such copy of the resolution of the board of the applicant shall be certified by an officer of the applicant who is assigned to the head office of the applicant and who is not proposed to be assigned to the subject office, and the signature of such officer on such certification shall be acknowledged.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~1740~~ 1762 and ~~1753~~ 1803, Financial Code.

85. Amend Section 10.14183 to read:

§ 10.14183. Agreement.

(a) Except as otherwise provided in Section 10.14176 of this Chapter, not less than five business days before the license for a subject office is to be issued, the applicant shall file with the Commissioner:

(1) Agreement of the applicant, agreeing, in consideration of the issuance of the license, as follows:

(A) That any bank regulatory agency having information or records regarding the applicant, including any bank regulatory agency of the domiciliary jurisdiction of the applicant, of the United States, of any state of the United States, or of any foreign nation, may furnish to the Commissioner such information, and permit him to inspect and copy such records, as the Commissioner may request from time to time.

(B) That, in case any violation of law relating to the business of the applicant in the State of California is committed or is suspected of having been committed by an individual who was, at the time of such violation or suspected violation, an officer or employee of the applicant, the applicant, so long as it maintains a California state office, will, if the Commissioner requests that it do so and except to the extent that it is prohibited from doing so by the laws of its domiciliary jurisdiction, use its best efforts to

(i) assist any proper authorities of the United States, of the State of California, or of any political subdivision of the State of California to gain access to such individual,

(ii) assist any such authorities to obtain information which may relate, directly or indirectly, to such violation or suspected violation, and

(iii) otherwise cooperate with any such authorities in enforcing the laws of the United States, of the State of California, and of political subdivisions of the State of California pertaining to such violation or suspected violation.

(C) That an amendment or revocation of the agreement shall be effective unless such revocation or amendment shall have first been approved in writing by the Commissioner.

(D) That any failure by the applicant to comply with any provision of the agreement shall, for purposes of the provisions of Article 5 (commencing with Section ~~4780~~ 1830), Chapter ~~13.5~~ 20, Division ~~4~~ 1.1 of, and Sections ~~1912~~ 580 and ~~1913~~ of, the Financial Code, as such

provisions may be amended from time to time, or any statutes of similar import which may be enacted from time to time, be deemed to be a violation of a law of the State of California and of an order issued under Division 1 (commencing with Section 99) of the Financial Code.

(2) Copy of a resolution of the board of the applicant, authorizing the applicant to make the agreement called for in Paragraph (1) of this Subdivision (a).

(b)(1) The agreement called for in Paragraph (1) of Subdivision (a) of this Section shall be signed in the name of the applicant by an officer of the applicant who is assigned to the head office of the applicant and is not proposed to be assigned to the subject office, and the signature of the applicant on the agreement shall be acknowledged.

(2) The copy of the resolution of the board of the applicant called for in Paragraph (2) of Subdivision (a) of this Section shall be certified by an officer of the applicant who is assigned to the head office of the applicant and who is not proposed to be assigned to the subject office, and the signature of such officer on such certification shall be acknowledged.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Sections ~~1705, 1753, 1780, 1781, 1782, 1785, 1900, 1912 and 1913,~~ 500, 580, 1758, 1803, 1830, 1831, 1832 and 1835, Financial Code.

86. Amend Section 10.14185 to read:

§ 10.14185. Deposit of Eligible Assets.

(a) The definitions set forth in Section 10.16001 and the instructions set forth in 10.16002 apply to this Section.

(b) Except as otherwise provided in Section 10.14176 of this Chapter, not less than two business days before the license for a subject office is to be issued, the applicant shall deposit

eligible assets with its approved depository in accordance with Financial Code Section ~~4761~~ 1811 and Part 10 (commencing with Section 10.16000) of this Subarticle, and such approved depository shall file with the Commissioner a report which is verified by an officer of the approved depository and which contains the following information:

- (1) Describe each eligible asset in the pledge deposit.
- (2) State the total value of the eligible assets in the pledge deposit.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~4753~~ 1803 and ~~4761~~ 1811, Financial Code.

87. Amend Section 10.14730 to read:

§ 10.14730. Place for Books, Accounts, and Other Records -Blanket Approval.

Pursuant to Financial Code Section ~~4706~~ 1759, approval is granted for books, accounts, and other records relating to the business of a subject office of a subject institution to be made, kept, and preserved at a place other than such office, as follows:

(a) In case a subject institution maintains two or more subject offices, books, accounts and other records relating to the business of any office other than the primary office may be made, kept, and preserved at the primary office.

(b) A subject institution may have a person which provides data processing services make, keep, and preserve books, accounts, and other records relating to the business of its subject offices, provided that, unless such person is a California state bank, the person shall file with the Commissioner an agreement that its performance of data processing services and the making, keeping, and preserving of such books, accounts, and other records shall be subject to regulation and examination by the Commissioner to the same extent as if the services were being



performed and the books, accounts, and other records made, kept, and preserved by the subject institution itself at its subject offices.

(c) A subject institution may have any responsible storage facility within the United States preserve any books, accounts, and other records relating to the business of its subject offices which are not needed for the transaction of current business, provided that, whenever ordered to do so by the Commissioner, such subject institution shall at its own expense transfer such books, accounts, and other records to such of its subject offices or to such other place within the State of California as may be specified in the Commissioner's order.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1706~~ 1759, Financial Code.

88. Amend Section 10.14775 read:

§ 10.14775. Definitions of “Subject Institution” and “Subject Office” and Scope.

(a) In this Subpart:

(1) “Subject institution” means a foreign (other nation) bank which maintains one or more California state depository agencies, limited branch offices, or wholesale branch offices.

(2) “Subject office” means any California state depository agency, limited branch office, or wholesale branch office of a subject institution.

(b) This Subpart contains regulations relating to the notice which a subject institution is required to give under Financial Code Section ~~1758~~ 1808.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1758~~ 1808, Financial Code.

89. Amend Section 10.14779 to read:

§ 10.14779. Deposit Documents.

(a) A subject institution shall set forth conspicuously on the face side or facing page, as the case may be, of each signature card and any other contract for a deposit at its subject offices and of each passbook, certificate, or other document which evidences, or constitutes a receipt for, a deposit at its subject offices a notice stating, in substance, that such deposit is not insured by the Federal Deposit Insurance Corporation.

(b) Subdivision (a) of this Section shall not be deemed to require that a subject institution set forth on any negotiable certificate of deposit in the sum of ~~\$100,000~~ \$250,000 or more a notice that such deposit is not insured by the Federal Deposit Insurance Corporation, provided that such subject institution gives the depositor at or before the time when the deposit is made a written notice stating, in substance, that the deposit is not insured by the Federal Deposit Insurance Corporation.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1758~~ 1808, Financial Code.

90. Amend Section 10.14800 to read:

§ 10.14800. Definitions of “Subject Institution” and “Subject Office” and Scope.

(a) In this Subpart:

(1) “Subject institution” means a foreign (other nation) bank which maintains one or more California state agencies, limited branch offices, or wholesale branch offices that are not subject to Regulation Q of the Board of Governors of the Federal Reserve System (12 C.F.R.

Part 217), or Part 329 of the regulations of the Federal Deposit Insurance Corporation (12 C.F.R. Part 329).

(2) “Subject office” means any California state agency, limited branch office, or wholesale branch office of a subject institution.

(b) This Part contains regulations relating to the interest that a subject institution may pay on deposits at its subject offices and related matters.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1759~~ 1809, Financial Code.

91. Repeal Section 10.14802 to read:

~~§ 10.14802. Compliance with Federal Regulations.~~

~~A subject institution shall, with respect to deposits at its subject offices, comply with Regulation Q of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 217) as in effect on April 1, 1986 to the same extent and in the same manner as if such subject institution were a California state member commercial bank.~~

Note: Authority cited: Section ~~215~~, Financial Code. Reference: Section ~~1759~~, Financial Code.

92. Amend Section 10.15225 to read:

§ 10.15225. Scope.

This Subpart contains regulations relating to determining, for purposes of Financial Code Section ~~1755(a)(2)~~ 1805 and of this Part, whether a person is a foreign (other nation) person.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1755~~ 1805, Financial Code.

93. Amend Section 10.15226 to read:

§ 10.15226. Residence, Domicile, and Principal Place of Business.

In determining, for purposes of Financial Code Section ~~1755~~ 1805(a)(2) and of this Party whether a person is a foreign (other nation) person:

(a) A person shall be deemed to maintain his or her principal place of business at the place where he or she primarily conducts his or her affairs.

(b) An individual shall be deemed to reside at the place where he or she dwells, whether or not he or she intends to dwell there permanently.

(c) An individual shall be deemed to be domiciled at the place where he or she maintains his or her principal home with the intent of remaining there indefinitely and to which, if absent, he or she has a general intent to return.

(d) A corporation shall be deemed to be domiciled at the place under the laws of which it is incorporated, and shall be deemed to reside at the place where it maintains its principal place of business.

(e) An estate shall be deemed to have the residence, domicile, and principal place of business of the executor or administrator of such estate or, in case there is more than one executor or administrator of the estate, of each executor or administrator.

(f) A trust shall be deemed to have the residence, domicile, and principal place of business of the trustee of such trust or, in case there is more than one trustee of the trust, of each trustee.

(g) A firm, partnership, association, company, syndicate, business trust, or organization of any other kind shall be deemed to reside and be domiciled at the place where it maintains its principal place of business.

(h) A branch or division of a person shall be deemed to reside and be domiciled at the place where such branch or division maintains its principal place of business.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4755~~ 1805, Financial Code.

94. Amend Section 10.15227 to read:

§ 10.15227. Branch or Division.

For purposes of Financial Code Section ~~4755~~ 1805(a)(2) and of this Part:

(a) In case a person qualifies as a foreign (other nation) person under Subdivisions (a) to (g), inclusive, of Section 10.15226 of this Chapter, any branch or division of such person, including a branch or division located in the United States, is also a foreign (other nation) person.

(b) In case a person does not qualify as a foreign (other nation) person under Subdivisions (a) to (g), inclusive, of Section 10.15226 of this Chapter, a subject institution may not accept at a subject office deposits from the head office of such person or from any branch or division of the person other than a branch or division which qualifies as a foreign (other nation) person under Subdivision (h) of Section 10.15226 of this Chapter.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4755~~ 1805, Financial Code.

95. Amend Section 10.15626 to read:

§ 10.15626. Deposits of ~~\$100,000~~ \$250,000 or More.

For purposes of determining the amount of the deposit of a depositor at the subject offices of a subject institution under Financial Code Section ~~1755~~ 1805(a)(4)(B), “deposit” shall be deemed to be the first deposit of such depositor at such offices. In case the first deposit is placed in separate deposit accounts, “deposit” includes all such deposit accounts, even if the deposit accounts are of different types, provided that all the deposit accounts are held by the depositor in the same right and capacity.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~1755~~ 1805, Financial Code.

96. Amend Section 10.15627 to read:

§ 10.15627. Non-Retail Deposits.

Pursuant to Financial Code Section ~~1755~~ 1805(a)(4)(C), the following deposits are determined to be deposits the acceptance of which by a subject institution at its subject offices does not constitute engaging in domestic retail deposit activities requiring deposit insurance protection:

(a) Deposits of the type described in 12 C.F.R. § 346.6(a).

(b) Deposits accepted at a branch office which is exempted from the requirement of federal deposit insurance by the Federal Deposit Insurance Corporation pursuant to 12 C.F.R. s § 346.6(b).

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~1755~~ 1805, Financial Code.

97. Amend Section 10.16000 to read:

§ 10.16000. Definition of “Subject Institution” and Scope.

(a) In this Part, “subject institution” means a foreign (other nation) bank which:

(1) Maintains one or more California state agencies or branch offices;

(2) Has one or more approved but unopened California state agencies or branch offices;

or

(3) Has closed one or more California state agencies or branch offices with respect to which it is still required to maintain eligible assets on deposit with an approved depository.

(b) This Part contains regulations relating to the deposit by a subject institution of eligible assets with an approved depository pursuant to Financial Code Section ~~4764~~ 1811.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4764~~ 1811, Financial Code.

98. Amend Section 10.16001 to read:

§ 10.16001. Other Definitions.

In this Part:

(a) “Adjusted liabilities” has the meaning set forth in Financial Code Section ~~4764~~ 1811

(a)(1).

(b) “Applicable minimum” has the meaning set forth in Financial Code Section ~~4764~~

1811 (a)(2).

(c) “Approved depository” has the meaning set forth in Financial Code Section ~~4764~~

1811 (a)(3).

(d) “Computation period” means the period commencing with the 16th day of the third month of a calendar quarter and ending with the 15th day of the third month of the next succeeding calendar quarter, both inclusive.

(e) “Eligible assets” has the meaning set forth in Financial Code Section ~~4764~~ 1811(a)(4).

(f) “Maintenance period” means a calendar quarter or, in the case of a subject institution which is subject to Financial Code Section ~~4764~~ 1811 for only part of a calendar quarter, such part.

(g) “Pledge deposit,” when used with respect to a subject institution, means the eligible assets which such subject institution maintains on deposit with an approved depository pursuant to Financial Code Section ~~4764~~ 1811.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4764~~ 1811, Financial Code.

99. Amend Section 10.16051 to read:

§ 10.16051. Valuation.

For purposes of Financial Code Section ~~4764~~ 1811(b)(2), the market value of an eligible asset shall be determined as follows:

(a) In the case of an eligible asset which is being or is proposed to be deposited and received in or withdrawn and released from a pledge deposit, as of the current date.

(b) In the case of an eligible asset which is held in a pledge deposit and which is not being or proposed to be withdrawn and released from such pledge deposit, as of a reasonably current date. For purposes of this Subdivision (b), no determination of market value which is more than one month old shall be deemed to be as of a reasonably current date.



Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1761~~ 1811, Financial Code.

100. Amend Section 10.16102 to read:

§ 10.16102. Increase or Decrease in Applicable Minimum.

If the applicable minimum for a subject institution changes from one maintenance period (hereafter in this Section referred to as the “old maintenance period”) to the next maintenance period (hereafter in this section referred to as the “new maintenance period”):

(a) In case the applicable minimum increases and the applicable minimum for the new maintenance period exceeds the total value of the eligible assets which the subject institution maintains in the pledge deposit, the subject institution shall deposit in the pledge deposit additional eligible assets of sufficient value to raise the total value of the eligible assets in the pledge deposit to an amount which equals or exceeds the applicable minimum for the new maintenance period and the subject institution shall make such deposit before the close of business on the last day of the old maintenance period so that the subject institution will be in compliance with Financial Code Section ~~1761~~ 1811(c) when the new maintenance period begins.

(b) In case the applicable minimum decreases and the applicable minimum for the new maintenance period is less than the total value of the eligible assets which the subject institution maintains in the pledge deposit, the subject institution may not withdraw eligible assets from the pledge deposit so as to reduce the total value of the eligible assets in the pledge deposit to an amount which is less than the applicable minimum for the old maintenance period until the old maintenance period has ended and the new maintenance period begins.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1761~~ 1811, Financial Code.

101. Amend Section 10.16128 to read:

§ 10.16128. Documentation.

Whenever a subject institution deposits, and the approved depository of such subject institution receives, an eligible asset in a pledge deposit, the subject institution shall provide to the approved depository, and the approved depository shall obtain from the subject institution, such documentation as may be necessary to enable the approved depository to transfer title to the eligible asset to the Commissioner pursuant to Financial Code Section ~~1761~~ 1811(h).

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~1761~~ 1811, Financial Code.

102. Amend Section 10.16131 to read:

§ 10.16131. Deficiencies -Subject Institution.

(a) A subject institution shall monitor its pledge deposit at least once each month to ensure that it is in compliance with the requirements of Financial Code Section ~~1761~~ 1811 and this Part, including the requirements that all assets in such pledge deposit be eligible assets and that the total value of the eligible assets in the pledge deposit be no less than the applicable minimum.

(b) Whenever a subject institution finds that the total value of the eligible assets in its pledge deposit is less than the applicable minimum, it shall immediately report the matter to the Commissioner by telephone, immediately deposit in its pledge deposit eligible assets having a

value sufficient to correct the deficiency, and promptly thereafter serve a written report regarding the matter on the Commissioner.

(c) Whenever a subject institution finds that any asset in its pledge deposit is not an eligible asset:

(1) In case, after deducting the value of such non-eligible asset, the total value of the eligible assets in the pledge deposit is less than the applicable minimum, the subject institution shall comply with the provisions of Subdivision (b) of this Section and, in addition, shall promptly withdraw the non-eligible asset from the pledge deposit.

(2) In any other case, the subject institution shall promptly withdraw the non-eligible asset from the pledge deposit.

Note: Authority cite: Section ~~245~~ 326, Financial Code. Reference: Sections ~~4705~~ 1758 and ~~4764~~ 1811, Financial Code.

103. Amend Section 10.16177 to read:

§ 10.16177. Blanket Approval.

Pursuant to Financial Code Section ~~4764(d)~~ 1811(d), approval is granted for a subject institution to withdraw, and for the approved depository of such subject institution to release, eligible assets from a pledge deposit during a maintenance period, provided that the subject institution and such approved depository comply with the provisions of Sections 10.16178 and 10.16179 of this Chapter.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4764~~ 1811, Financial Code.

104. Amend Section 10.16202 to read:

§ 10.16202. Conditions of Specific Approval.

Any specific approval which the Commissioner grants pursuant to Financial Code Section ~~1761(d)~~1811(d) for a subject institution to withdraw and for the approved depository of such subject institution to release, an eligible asset from a pledge deposit shall, unless otherwise provided in such specific approval, be subject to the following conditions:

(a) That no other eligible asset shall have been withdrawn or released from the pledge deposit during the period beginning on the date of the application called for in Section 10.16201 of this Chapter and ending at the time of the withdrawal and release authorized under the specific approval.

(b) That the specific approval shall expire at the end of the maintenance period during which it is issued.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~1761~~ 1811, Financial Code.

105. Amend Article 7 to read:

ARTICLE 7. ACQUIRING AND HOLDING EQUITY SECURITIES ~~OF~~ AND  
CORPORATIONS

106. Amend Subarticle 2 to read:

SUBARTICLE 2. INVESTING IN REGULATED CORPORATIONS ~~UNDER FINANCIAL~~  
~~CODE SECTION 772~~

107. Amend Section 10.19050 to read:

§ 10.19050. Definition of “Subject Institution” and Scope.

(a) In this Subarticle, “subject institution” means:

(1) Any California state bank~~, or~~

(2) Any foreign (other nation) bank which is licensed under Article 3 (commencing with Section 1750) of Chapter 13.5 of the Banking Law to maintain one or more California state depository agencies or branch offices, with respect to such agencies or branch offices.

(b) This Subarticle contains regulations relating to investments by subject institutions in corporations under Financial Code Section ~~772~~ 1472.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

108. Amend Section 10.19051 to read:

§ 10.19051. Other Definitions.

(a) In this Subarticle:

~~(1) “Eligible,” when used with respect to a subject institution, means that the Commissioner has granted eligibility to the subject institution for purposes of this Subarticle and that the eligibility remains in full force and effect.~~

~~(2) “Gross capital” means the sum of shareholders' equity, capital notes, and allowance for possible loan losses.~~

~~(3) “Interim,” when used with respect to an investment in a corporation which a subject institution owns, means that the investment was made by the subject institution under Financial Code Section ~~772~~ between January 1, 1983 and the effective date of Part 4 (commencing with~~

~~Section 10.19120) of this Subarticle.~~

~~(4)~~(1) To “invest,” when used with respect to a corporation, means:

- (A) To invest in equity securities of the corporation;
- (B) To become or be the owner of any other securities of the corporation;
- (C) To make a loan or otherwise extend credit to or for the benefit of the corporation; or
- (D) To become or be an obligee of the corporation with respect to the payment of money.

~~(5)~~(2) To “invest in equity securities,” when used with respect to a corporation, means:

- (A) To become or be the owner of any equity securities of the corporation;
- (B) To make a contribution to the capital of the corporation; or
- (C) To effect any transaction which constitutes in substance, though not in form,

becoming the owner of equity securities of the corporation or making a contribution to the capital of the corporation.

~~(6) “Pre-1983,” when used with respect to an investment in a corporation which a subject institution owns, means that the investment was made by the subject institution under Financial Code Section 772, as in effect before January 1, 1983.~~

~~(7)~~(3) “Regulated corporation” means any corporation in which a subject institution invests under Financial Code Section ~~772~~ 1472 and which the subject institution controls, unless the Commissioner designates the corporation as a non-regulated corporation.

~~(8) “Transition date” means that date which is three months after the effective date of Part 4 (commencing with Section 10.19120) of this Subarticle or, if that date is not a business day, the next date which is a business day.~~

(b) For purposes of this Subarticle, a subject institution shall be deemed to “control” a corporation in which it invests under Financial Code Section ~~772~~ 1472 in any of the following

cases:

(1) In case the subject institution owns, directly or indirectly, a majority of the voting power of the corporation.

(2) In case the subject institution owns, directly or indirectly, 25 percent or more (but less than a majority) of the voting power of the corporation, unless the Commissioner determines, upon application, that the subject institution does not control the corporation.

(3) In case the Commissioner determines, with the consent of the subject institution and the corporation, that it is appropriate or necessary that the subject institution be treated as controlling the corporation, and that the corporation be treated as controlled by the subject institution, for purposes of Part 3 (commencing with Section 10.19090) of this Subarticle.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

109. Amend Section 10.19052 to read:

§ 10.19052. Calculation of Total Amount Invested.

In this Subarticle, for purposes of calculating the total amount invested in a corporation by a subject institution, there shall be included not only amounts invested in the corporation by the subject institution under Financial Code Section ~~772~~ 1472 but also any amounts otherwise invested in the corporation by the subject institution. Thus, there shall be included all securities (both equity and non-equity securities) of the corporation owned by the subject institution, all contributions to the capital of the corporation made by the subject institution, all loans made or credit otherwise extended by the subject institution to or for the benefit of the corporation, and any other obligations of the corporation to pay money to the subject institution.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

110. Repeal Section 10.19053 to read:

~~§ 10.19053. Not Applicable to Specified Cases.~~

~~(a) Neither Financial Code Section 772 nor this Subarticle applies to a case where a subject institution invests in the equity securities of a corporation under any other statute or regulation.~~

~~(b) Neither Financial Code Section 772 nor this Subarticle applies to a case where a subject institution makes an investment in a corporation as trustee or agent for another and where the subject institution has no beneficial interest in the investment.~~

Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.

111. Repeal Section 10.19054 to read:

~~§ 10.19054. Relationships to Other Provisions of Law.~~

~~(a) Nothing in Financial Code Section 772 or in this Subarticle shall be deemed to prohibit a subject institution from, or to limit a subject institution in, making a loan to, otherwise extending credit to, investing in the non-equity securities of, or otherwise transacting business with, any corporation other than a corporation in which the subject institution has invested under Financial Code Section 772.~~

~~(b) Nothing in this Subarticle shall be deemed to exempt a subject institution from any prohibition or restriction applicable under any other law. For example, no limitation imposed by~~



~~this Subarticle on the amount of obligations of a corporation that a subject institution may own shall be deemed to exempt the subject institution from the restrictions of Financial Code Section 1221.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

112. Repeal Section 10.19056 to read:

~~§ 10.19056. Permit Reform Act of 1981~~

~~The time periods for processing an application for eligibility or an application for specific authorization under this Subarticle are as follows:~~

~~(a) The initial review period (i.e., the period dating from receipt of an application, within which the Commissioner must inform the applicant in writing either that the application is complete and is accepted for filing or that the application is deficient and what specific information is required to complete it) is two weeks.~~

~~(b) The decision period (i.e., the period dating from the filing of a completed application, within which the Commissioner must reach a decision) is two months.~~

~~Note: Authority cited: Section 15376, Government Code. Reference: Section 15376, Government Code.~~

113. Repeal Part 2 to read:

~~Part 2. Authorization to Invest~~

114. Repeal Subpart 1 to read:

## Subpart 1. General Provisions

115. Repeal Section 10.19060 to read:

~~§ 10.19060. Scope.~~

~~This Part contains regulations relating to authorization for a subject institution to invest in a corporation under Financial Code Section 772.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

116. Repeal Section 10.19061 to read:

~~§ 10.19061. Requirement for Authorization~~

~~(a) No subject institution shall invest in a corporation under Financial Code Section 772 except as authorized in this Subarticle.~~

~~(b) In this Subarticle, there are two types of authorization for investing in a corporation under Financial Code Section 772; namely, general authorization and specific authorization. In order to invest in a corporation under Financial Code Section 772 pursuant to a general authorization, a subject institution must be eligible, and the investment must comply with the requirements of the general authorization. If a subject institution is not eligible, the subject institution must apply for and obtain specific authorization in order to invest in a corporation under Financial Code Section 772. Also, if a subject institution is eligible but an investment that it proposes to make in a corporation under Financial Code Section 772 does not meet the requirements of any general authorization, the subject institution must apply for and obtain specific authorization in order to make the investment. An eligible subject institution need not~~

~~and may not apply for specific authorization for an investment under Financial Code Section 772 if the investment complies with the requirements of a general authorization; in such a case, the subject institution may make the investment pursuant to the general authorization.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

117. Repeal Subpart 2 to read:

~~Subpart 2. General Authorization~~

118. Repeal Section 10.19070 to read:

~~§ 10.19070. Scope:~~

~~This Subpart contains regulations relating to general authorization for a subject institution to invest in a corporation under Financial Code Section 772.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

119. Repeal Section 10.19071 to read:

~~§ 10.19071. Eligibility~~

~~(a) An application by a subject institution for eligibility shall contain the following information:~~

~~(1) Briefly describe the lines of business of the corporations in which the subject institution proposes to invest pursuant to the general authorization set forth in Section 10.19072 of this Chapter.~~

~~(2) State the approximate amount which the subject institution proposes to invest in corporations in each of the lines of business.~~

~~(3) Confirm that the board of the subject institution has adopted a policy setting forth guidelines for investing in corporations under Financial Code Section 772 and for managing such investments.~~

~~(b)(1) An application by a subject institution for eligibility shall be deemed to be approved by the Commissioner, and eligibility granted to the subject institution, on the 16th day after the application is filed with the Commissioner unless the Commissioner earlier decides the application, requests the applicant to provide additional information, or extends the period for deciding the application. If, before the 16th day after the application is filed with the Commissioner, the Commissioner requests the applicant to provide additional information, the application shall be deemed to be approved by the Commissioner, and eligibility granted to the subject institution, on the 31st day after the additional information is received unless the Commissioner earlier decides the application or extends the period for deciding the application.~~

~~(2) For purposes of paragraph (1) of this subdivision (b), an application shall be deemed to be filed with the Commissioner on the date when the application, substantially in compliance with the requirements of subdivision (a) of this section and other applicable provisions of this Chapter, is received by the Commissioner.~~

~~(e) As an administrative standard, the Commissioner will approve an application by a subject institution for eligibility if the Commissioner finds both of the following:~~

~~(1) That the capital, assets, management, earnings, and liquidity of the subject institution are, on a composite basis, satisfactory.~~

~~(2) That the subject institution has sufficient managerial resources to make investments~~

~~pursuant to the general authorization set forth in Section 10.19072 of this Chapter and to manage such investments.~~

~~(d)(1) The Commissioner may by order suspend or revoke the eligibility of a subject institution if the Commissioner finds any of the following:~~

~~(A) That the capital, assets, management, earnings, and liquidity of the subject institution are on a composite basis, or that any of such factors is on an individual basis, not satisfactory.~~

~~(B) That it would be unsafe or unsound for the subject institution to make additional investments in equity securities of corporations pursuant to the general authorization set forth in Section 10.19072 of this Chapter.~~

~~(2) The eligibility of a subject institution shall be automatically revoked upon the happening of any of the following events:~~

~~(A) If the Commissioner issues an order against the subject institution under Financial Code Section 662, 1912, or 1913.~~

~~(B) If the Commissioner finds on the basis of an examination of the subject institution, and informs the subject institution in writing, that the subject institution is in unsatisfactory condition.~~

~~(C) If the subject institution agrees or consents in writing to the termination of its eligibility.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

120. Repeal Section 10.19072 to read:

~~§ 10.19072. General Authorization~~

~~An eligible subject institution may invest in the equity securities of a corporation under Financial Code Section 772 if all of the following requirements are met:~~

~~(a)(1) At the time of the investment in the equity securities of the corporation and, unless the Commissioner provides otherwise in any particular case, at all times thereafter so long as the subject institution owns the equity securities, no affiliate of the subject institution nor any individual who is a director executive officer of the subject institution or of any affiliate of the subject institution shall be a ten percent (including associates) equity security owner of the corporation.~~

~~(2) None of the consideration paid by the subject institution for the equity securities of the corporation shall be paid, directly or indirectly, to any affiliate of the subject institution, any individual who is a director or executive officer of the subject institution or of any affiliate of the subject institution, or to any associate of any of the foregoing persons.~~

~~(b) Unless the Commissioner provides otherwise in any particular case, at the time of the investment in the equity securities of the corporation and taking the investment into account:~~

~~(1) The total amount invested by the subject institution in the equity securities of the corporation shall not exceed ten percent of the gross capital of the subject institution.~~

~~(2) The total amount invested by the subject institution in the corporation shall not exceed 25 percent of the gross capital of the subject institution.~~

~~(3) The total amount invested by the subject institution in the equity securities of all corporations under Financial Code Section 772 shall not exceed 25 percent of the gross capital of the subject institution.~~

~~(c) Unless the Commissioner provides otherwise in any particular case, the subject institution shall not make any investment in the corporation other than the investment in the~~

~~equity securities of the corporation which is made pursuant to the general authorization set forth in this Section if, at the time of the other investment and taking the other investment into account, the total amount invested by the subject institution in the corporation would exceed 25 percent of the gross capital of the subject institution.~~

~~(d) In case the corporation is a bank, bank holding company, savings and loan association, or savings and loan holding company, unless the Commissioner provides otherwise in any particular case, at the time of the investment in the equity securities of the corporation, taking the investment into account, and at all times thereafter so long as the subject institution owns the securities, the subject institution shall not be a five percent (including associates) equity security owner of the corporation.~~

~~(e) Within 30 days after investing in the equity securities of the corporation, if the corporation is a regulated corporation or if the total amount invested by the subject institution in the equity securities of the corporation is three percent or more of the gross capital of the subject institution, the subject institution shall make a Report of Investment in Corporation. The Report of Investment in Corporation shall be in the form of Department Form 702, shall contain the information called for in the Form and in the instructions for the Form, shall be signed as required in the Form and instructions, and shall be verified if and as required in the Form and instructions. If the corporation is a regulated corporation, the subject institution shall file the Report of Investment in Corporation with the Commissioner within 30 days after investing in the equity securities of the corporation. If the corporation is not a regulated corporation, the subject institution shall retain the Report of Investment in Corporation in its records for a period of not less than two years.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 772, 1705, 1934,~~

and 1938, Financial Code.

121. Repeal Section 10.19073 to read:

~~§ 10.19073. General Authorization Not Applicable to Specific Transactions~~

~~(a) The general authorization set forth in Section 10.19072 of this Chapter shall not be deemed to authorize a subject institution to accept any equity securities of a corporation as payment, directly or indirectly, on account of the principal of any loan or other extension of credit.~~

~~(b) The general authorization set forth in Section 10.19072 of this Chapter shall not be deemed to authorize a subject institution to acquire for consideration any rights, warrants, or options to subscribe for or purchase equity securities of a corporation, except in the following cases:~~

~~(1) In case the rights, warrants, or options are attached to, or purchased in units with, shares or debt securities.~~

~~(2) In case the subject institution already owns or is entitled to receive rights, warrants, or options to subscribe for or purchase either a fractional unit of an equity security or one or more whole units and a fractional unit, and the rights, warrants, or options which are acquired for consideration are necessary to enable the subject institution to subscribe for or purchase either one whole unit or one additional whole unit, as the case may be, of the equity security.~~

~~(3) In case the subject institution acquires the rights, warrants, or options as consideration for lending money or otherwise extending credit to or for the benefit of the corporation or an affiliate of the corporation. However, this paragraph (3) does not apply to any case described in subdivision (a) of this section.~~



~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

122. Repeal Subpart 3 to read:

~~Subpart 3. Specific Authorization~~

123. Repeal Section 10.19080 to read:

~~§ 10.19080. Scope.~~

~~This Subpart contains regulations relating to specific authorization for a subject institution to invest in a corporation under Financial Code Section 772.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

124. Repeal Section 10.19081 to read:

~~§ 10.19081. Specific Authorization.~~

~~A subject institution may invest in a corporation under Financial Code Section 772 if it first obtains specific authorization for the investment from the Commissioner.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

125. Repeal Section 10.19082 to read:

~~§ 10.19082. Application.~~

~~An application for specific authorization for a subject institution to invest in a corporation~~

~~under Financial Code Section 772 shall be in the form of Department Form 700, shall contain the information called for in the Form and in the instructions for the Form, shall be signed as required in the Form and instructions, and shall be verified if and as required in the Form and instructions.~~

~~Note: Authority Cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

126. Repeal Section 10.19083 to read:

~~§ 10.19083. Automatic Approval.~~

~~(a) An application for specific authorization for a subject institution to invest in a corporation under Financial Code Section 772 shall be deemed approved, and the specific authorization granted, on the 31st day after the application is filed with the Commissioner unless the Commissioner earlier decides the application or extends the period for deciding the application.~~

~~(b) For purposes of subdivision (a) of this section, an application shall be deemed to be filed with the Commissioner on the date when the application, substantially in compliance with the requirements of Section 10.19082 of this Chapter and other applicable provisions of this Chapter, is received by the Commissioner. However, if, before the application is deemed approved under subdivision (a) of this section, the Commissioner requests the applicant to provide additional material, the application shall not be deemed to be filed until the additional material is received by the Commissioner.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

127. Repeal Section 10.19084 to read:

~~§ 10.19084. Administrative Standard.~~

~~As an administrative standard, the Commissioner will approve an application for specific authorization for a subject institution to invest in a corporation under Financial Code Section 772 unless the Commissioner finds any of the following:~~

~~(a) That the capital, assets, management, earnings, and liquidity of the subject institution are, on a composite basis, unsatisfactory.~~

~~(b) That the subject institution does not have sufficient financial or managerial resources to make and manage the investment.~~

~~(c) That it would be unsafe or unsound for the subject institution to make the investment.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

128. Repeal Section 10.19085 to read:

~~§ 10.19085. Expiration.~~

~~Any specific authorization granted for a subject institution to invest in a corporation under Financial Code Section 772 shall expire six months after the date of grant, unless the subject institution makes the investment within such time period or unless the Commissioner extends the time period. However, a specific authorization for a subject institution to invest in a corporation by means of exercising a right, warrant, or option to subscribe for or purchase securities of the corporation shall not expire until the right, warrant, or option expires.~~

129. Repeal Part 3 to read:

~~Part 3. Requirements and Restrictions~~

130. Repeal Subpart 1 to read:

~~Subpart 1. General Provisions~~

131. Repeal Section 10.19090 to read:

~~§ 10.19090. Scope~~

~~This Part contains regulations relating to requirements and restrictions applicable to a corporation in which a subject institution invests under Financial Code Section 772 and to the subject institution.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

132. Repeal Section 10.19091 to read:

~~§ 10.19091. Exemptions~~

~~The Commissioner may exempt any corporation or subject institution from any provision of this Part if the Commissioner finds that the applicability of the provision is either not necessary or not appropriate in the circumstances.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

133. Repeal Section 10.19092 to read:

~~§ 10.19092. Valuation.~~

~~(a) A subject institution which has invested in the equity securities of a corporation under Financial Code Section 772 shall keep and maintain such records as may be necessary to show the current value of the equity securities.~~

~~(b) Subdivision (a) of this section does not apply to any equity security for which bid, asked, or sale prices are published regularly in The Wall Street Journal.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Sections 772, 1706 and 1936, Financial Code.~~

134. Amend Subpart 2 to read:

SUBPART PART 2. REGULATED CORPORATIONS

135. Amend Section 10.19100 to read:

§ 10.19100. Scope.

This ~~Subpart~~ Part contains regulations relating to requirements and restrictions applicable to a regulated corporation and its controlling subject institution.

Note: Authority cited: Section ~~215~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

136. Amend Section 10.19102 to read:

§ 10.19102. Agreement.

Except as otherwise provided in Sections 10.19133, 10.19141, and 10.19142 of this Chapter, before a subject institution invests in a regulated corporation under Financial Code Section ~~772~~ 1472, the regulated corporation shall file with the Commissioner an Agreement in

the form of Department Form 704, completed and signed in accordance with the instructions for the Form.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

137. Amend Section 10.19103 to read:

§ 10.19103. Appointment of Commissioner as Agent for Service of Process

Except as otherwise provided in Sections 10.19133, 10.19141, and 10.19142 of this Chapter, before a subject institution invests in a regulated corporation under Financial Code Section ~~772~~ 1472, the regulated corporation shall file with the Commissioner an Appointment of Commissioner of Financial Institutions as Agent for Service of Process in the form of Department Form 706, completed and signed in accordance with the instructions for the Form.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

138. Amend Section 10.19104 to read:

§ 10.19104. Examination.

A regulated corporation shall be subject to examination by the Commissioner in the same manner as its controlling subject institution under Financial Code Sections ~~1901 and 1907 to 1909~~ 450, 501, and 504, inclusive, and the controlling subject institution shall pay for any such examination in accordance with Financial Code Sections ~~1901~~ 501 and ~~1907~~ 504.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

139. Amend Section 10.19107 to read:

§ 10.19107. Applicable Provisions of Banking Law.

(a) Except as otherwise provided in subdivision (c) of this section, a regulated corporation shall be subject to, and both a regulated corporation and its controlling subject institution shall comply with, (i) the following provisions of the Banking Law which are applicable to the controlling subject institution, (ii) any provisions of the Banking Law which authorize exceptions to, impose sanctions for violations of, or are otherwise related to, the provisions referred to in clause (i), and (iii) any regulations issued under the provisions referred to in clause (i) or (ii), as if the regulated corporation were an operating division of the controlling subject institution and not a separate entity:

~~(1) Financial Code Section 761.~~

~~(2)(1) Financial Code Sections 1221 1481, 1225 1484 1229, and 1490. 1230, and 1232.~~

~~(3)(2) Financial Code Section 1336 1510.~~

~~(4)(3) Financial Code Sections 1951 461, and 1952.~~

~~(5)(4) Articles 1 (commencing with Section 33501320) and 2 (commencing with Section 33701360) of Chapter 1810.~~

(b) For purposes of the statutes and regulations referred to in subdivision (a) of this section, the pertinent loans and securities of, collateral held b), acceptances made by, and obligations to, a regulated corporation and its controlling subject institution shall be combined. For example, in case the controlling subject institution is a commercial bank, for purposes of Financial Code Section ~~1221~~ 1481, the obligations of any person to the regulated corporation shall be combined with any obligations of the same person to the controlling subject institution.

(c) The statutes and regulations referred to in subdivision (a) of this section which prohibit or restrict certain types of transactions between a subject institution and a person who has a specified relationship, directly or indirectly, with the subject institution (for example, a person who is a director or executive officer of the subject institution or of a bank holding company of the subject institution) shall apply to such types of transactions between a regulated corporation and a person who has such a relationship with the controlling subject institution of the regulated corporation. However, the statutes and regulations shall not apply to such types of transactions between the regulated corporation or the controlling subject institution and a person who has such a relationship with the regulated corporation but not with the controlling subject institution. For example, an extension of credit by a regulated corporation to an executive officer of the controlling subject institution of the regulated corporation would be subject to Article 2 (commencing with Section ~~3370~~ 1360) of Chapter ~~18~~ 10 of the Banking Law, but an extension of credit by a regulated corporation or by its controlling subject institution to an executive officer of the regulated corporation would not be subject to Article 2 of Chapter ~~18~~10 of the Banking Law unless the extension of credit was otherwise subject to Article 2 of Chapter ~~18~~10 of the Banking Law (e.g., unless the person was also an executive officer of the controlling subject institution).

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~772~~ 1472, Financial Code.

140. Repeal Part 4 to read:

~~Transition Provisions~~

141. Repeal Subpart 1 to read:



~~Subpart 1. General Provisions~~

142. Repeal Section 10.19120 to read:

~~§ 10.19120. Scope.~~

~~This Part contains regulations relating to investments made by a subject institution in a corporation under Financial Code Section 772 before the effective date of this Part.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

143. Repeal Subpart 2 to read:

~~Subpart 2. Pre-1983 Investments~~

144. Repeal Section 10.19130 to read:

~~§10.19130. Scope.~~

~~This Subpart contains regulations relating to pre-1983 investments.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

145. Repeal Section 10.19131 to read:

~~§ 10.19131. General Authorization to Retain.~~

~~A subject institution may retain under Financial Code Section 772 any pre-1983 equity securities of a corporation which the subject institution owns on the effective date of this Part, subject to compliance with the provisions of this Subpart.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

146. Repeal Section 10.19132 to read:

~~§ 10.19132. Options.~~

~~If a subject institution owns pre-1983 equity securities of a corporation on the effective date of this Part, the subject institution and the corporation may elect, on or before the transition date, either of the following options:~~

~~(a) Update Option: The conditions that the Commissioner imposed in granting approval for the subject institution to acquire the pre-1983 equity securities of the corporation and the agreement that the subject institution and the corporation made with the Commissioner, agreeing to comply with the conditions, shall be rescinded; the subject institution and the corporation shall be subject to the provisions of Part 3 (commencing with Section 10.19090) of this Subarticle; and all of the requirements set forth in subdivisions (a), (b), (c), and (d) of Section 10.19072 of this Chapter shall apply as if the subject institution had acquired the pre-1983 equity securities pursuant to the general authorization set forth in Section 10.19072.~~

~~(b) Grandfather Option: The conditions imposed by the Commissioner and the agreement that the subject institution and the corporation made with the Commissioner shall remain in full force and effect, but the provisions of Part 3 of this Subarticle shall not apply.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

147. Repeal Section 10.19133 to read:

~~§10.19133. Election of Update Option~~

~~If a subject institution owns pre-1983 equity securities of a corporation on the effective date of this Part:~~

~~(a) In case the subject institution and the corporation wish to elect the Update Option, as described in subdivision (a) of Section 10.19132 of this Chapter, the subject institution and the corporation shall, on or before the transition date, file with the Commissioner a Report of Election of Update Option. The Report of Election of Update Option shall be in the form of Department Form 708, shall contain the information called for in the Form and in the instructions for the Form, shall be signed as required in the Form and instructions, and shall be verified if and as required in the Form and instructions.~~

~~(b) In case the subject institution and the corporation file a Report of Election of Update Option in accordance with subdivision (a) of this section:~~

~~(1) Concurrently with the filing of the Report of Election of Update Option, the corporation, if it is a regulated corporation, shall comply with Sections 10.19102 and 10.19103 of this Chapter.~~

~~(2) As of the date of the filing of the Report of Election of Update Option, the conditions that the Commissioner imposed in granting approval for the subject institution to acquire the pre-1983 equity securities of the corporation and the agreement that the subject institution and the corporation made with the Commissioner, agreeing to comply with the conditions, shall be rescinded, and the subject institution and the corporation shall become subject to the provisions of Part 3 (commencing with Section 10.19090) of this Subarticle.~~

~~(3) All of the requirements set forth in subdivisions (a), (b), (c), and (d) of Section 10.19072 of this Chapter shall apply as if the subject institution had acquired the pre-1983 equity~~

~~securities pursuant to the general authorization set forth in Section 10.19072 on the date of the filing of the Report of Election of Update Option.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

148. Repeal Section 10.19134 to read:

~~§ 10.19134. Election of Grandfather Option.~~

~~If a subject institution owns pre-1983 equity securities of a corporation on the effective date of this Part and if the subject institution and the corporation do not file a Report of Election of Update Option in accordance with Section 10.19133 of this Chapter, the subject institution and the corporation shall be deemed to have elected the Grandfather Option, as described in subdivision (b) of Section 10.19132 of this Chapter, as of the transition date. In such a case:~~

~~(a) The conditions that the Commissioner imposed in granting approval for the subject institution to acquire the pre-1983 equity securities of the corporation and the agreement that the subject institution and the corporation made with the Commissioner, agreeing to comply with the conditions, shall remain in full force and effect, and the subject institution and the corporation shall comply with the conditions and the agreement.~~

~~(b) Part 3 (commencing with Section 10.19090) of this Subarticle shall not apply.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

149. Repeal Section 10.19135 to read:

~~§ 10.19135. Status Pending Election.~~

~~If a subject institution owns pre-1983 equity securities of a corporation on the effective date of this Part, the Grandfather Option, as described in subdivision (b) of Section 10.19132 of this Chapter, shall apply during the period from the effective date of this Part to whichever of the following dates is applicable.~~

~~(a) In case the subject institution and the corporation file a Report of Election of Update Option in accordance with Section 10.19133 of this Chapter, the date of the filing.~~

~~(b) In case the subject institution and the corporation do not file a Report of Election of Update Option in accordance with Section 10.19133 of this Chapter, the transition date.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

150. Repeal Subpart 3 to read:

~~Subpart 3. Interim Investments~~

151. Repeal Section 10.19140 to read:

~~§ 10.19140. Scope.~~

~~This Subpart contains regulations relating to interim investments.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

152. Repeal Section 10.19141 to read:

~~§ 10.19141. General Authorization to Retain~~

~~(a) A subject institution which owns interim equity securities of a corporation on the~~

~~effective date of this Part may retain the interim equity securities under Financial Code Section 772 if all of the following requirements are met:~~

~~(1) The subject institution shall, on or before the transition date, file with the Commissioner an application for eligibility; and the application shall be approved and eligibility granted to the subject institution.~~

~~(2) On the date when the subject institution becomes eligible, all of the requirements set forth in subdivisions (a), (b), and (d) of Section 10.19072 of this Chapter shall be met.~~

~~(b) In case a subject institution which owns interim equity securities of a corporation on the effective date of this Part retains the interim equity securities under Financial Code Section 772 pursuant to the general authorization set forth in subdivision (a) of this section:~~

~~(1) All of the requirements set forth in Section 10.19072 of this Chapter shall apply as if the subject institution had acquired the interim equity securities pursuant to the general authorization set forth in Section 10.19072 on the date when it became eligible. If the subject institution is required to make a Report of Investment in Corporation under subdivision (e) of Section 10.19072, the subject institution shall state in the Report that the equity securities are interim equity securities which it is retaining pursuant to the general authorization set forth in subdivision (a) of this section.~~

~~(2) If the corporation is a regulated corporation, the corporation shall comply with Sections 10.19102 and 10.19103 of this Chapter within one month after the subject institution becomes eligible.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

153. Repeal Section 10.19142 to read:

~~§ 10.19142. Specific Authorization to Retain.~~

~~(a) A subject institution which owns an interim investment in a corporation on the effective date of this Part may retain the interim investment under Financial Code Section 772 if the subject institution obtains specific authorization for the investment from the Commissioner. However, the subject institution shall file its application for specific authorization for the interim investment on or before the transition date or, in case the subject institution files an application for eligibility on or before the transition date, within thirty days after the application for eligibility is decided or otherwise disposed of. The application for specific authorization for the interim investment and the processing of the application shall be subject to the provisions of Subpart 3 (commencing with Section 10.19080) of Part 2 of this Subarticle, with such changes in points of detail as may be appropriate or necessary.~~

~~(b) If a subject institution which owns an interim investment in a corporation retains the interim investment under Financial Code Section 772 pursuant to specific authorization in accordance with subdivision (a) of this Section and if the corporation is a regulated corporation, the corporation shall comply with Sections 10.19102 and 10.19103 of this Chapter within one month after the granting of the specific authorization.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

154. Repeal Section 10.19143 to read:

~~§ 10.19143. Divestiture.~~

~~A subject institution which owns an interim investment in a corporation on the effective date of this Part may, unless the Commissioner orders otherwise for good cause, retain the~~

~~interim investment under Financial Code Section 772 so long as the subject institution is attempting in good faith to obtain authorization to retain the interim investment pursuant to Section 10.19141 or 10.19142 of this Chapter. However, after the subject institution has exhausted its opportunities to obtain authorization for the interim investment under Sections 10.19141 and 10.19142, the subject institution shall divest itself of the interim investment as soon as it can do so without loss. Also, in any event, if the subject institution does not obtain authorization for the interim investment under Section 10.19141 or 10.19142, the subject institution shall divest itself of the interim investment within two years after the transition date unless the Commissioner shortens or extends the period for good cause.~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 772, Financial Code.~~

## ARTICLE 9. AUDIT REPORTS

155. Amend Section 10.19401 to read:

§ 10.19401. Exemptions.

The Commissioner finds that the requirements of Section ~~4902~~ 502 of the Financial Code are not necessary in the cases described in the subdivisions of this Section. Accordingly, the Commissioner grants exemptions from Section ~~4902~~ 502 of the Financial Code, as follows:

(a) A California state bank is exempted from the requirement of filing an audit report for a fiscal year with the Commissioner pursuant to Section ~~4902~~ 502 of the Financial Code if the bank complies with the following provisions:

(1) Within 90 days after the end of the fiscal year or within such extended period as the



Commissioner may prescribe, the bank shall obtain an audit report complying with the provisions of Subdivision (c) of Section ~~1902~~ 502 of the Financial Code and of Section 10.19402 of this Chapter; and

(2) The bank shall keep the audit report in its files for a period of not less than two years after the end of the fiscal year or such longer period as the Commissioner may prescribe.

(b) A California state bank which is a subsidiary of a parent is exempted from the requirement of filing an audit report for a fiscal year with the Commissioner pursuant to Section ~~1902~~ 502 of the Financial Code if the parent and the bank comply with the following provisions:

(1) The parent and the bank shall have the same fiscal year;

(2) Within 90 days after the end of the fiscal year or within such extended period as the Commissioner may prescribe, the parent shall obtain an audit report that complies with the following provisions:

(A) The audit report shall contain (1.) audited, consolidated financial statements (including balance sheet, statement of income or loss, statement of shareholders' equity, and statement of cash flows) of the parent for or as of the end of the fiscal year prepared in accordance with generally accepted accounting principles and (2.) any other information that the Commissioner may require.

(B) The audit report shall be based upon an audit of the parent on a consolidated basis conducted in accordance with generally accepted auditing standards and any other requirements that the Commissioner may prescribe;

(C) The audit report shall be prepared by an independent certified public accountant or independent public accountant who is not unsatisfactory to the Commissioner; and

(D) The audit report shall include or be accompanied by a certificate or opinion of the

independent certified public accountant or independent public accountant that is satisfactory in form and content to the Commissioner; and

(3) Immediately after obtaining the audit report, the parent shall provide a copy of the audit report to the bank, and the bank shall keep the copy in its files for a period of not less than two years after the end of the fiscal year or such longer period as the Commissioner may prescribe.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4902~~ 502, Financial Code.

156. Amend Section 10.19402 to read:

§ 10.19402. Contents.

(a) The audit report of a California state bank called for in Section ~~4902~~ 502 of the Financial Code or in Subdivision (a) of Section 10.19401 of this Chapter shall contain the following audited financial statements of the bank for or as of the end of the relevant fiscal year:

- (1) Balance sheet.
- (2) Statement of income or loss.
- (3) Statement of changes in shareholders' equity.
- (4) Statement of cash flows.

(b) The audited financial statements of a California state bank contained in the audit report called for in Section ~~4902~~ 502 of the Financial Code or in Subdivision (a) of Section 10.19401 of this Chapter shall, if permissible under generally accepted accounting principles, be prepared on a consolidated basis.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Section ~~4902~~ 502,

Financial Code.

## ARTICLE 11. SECURITIES

### SUBARTICLE 2. ACQUISITION OF BANKS OWN SECURITIES

157. Amend Section 10.19901 to read:

§ 10.19901. Approval of Application for Acquisition of Own Securities by Bank or Trust Company.

As an administrative standard, the Commissioner shall consider all of the following factors in processing an application for acquisition by a bank or trust company of its own shares:

(a) The acquisition by the bank or trust company of its own shares would not materially impair the financial condition of the applicant, particularly its capital adequacy, and the safety and soundness of the institution.

(b) The proposed acquisition complies with the provisions of Financial Code Sections ~~642~~ 1132, ~~643~~ 1133, and ~~644~~ 1134.

(c) The applicant has confirmed that all material information has been disclosed in the application.

(d) An opinion of an attorney at law that the acquisition will comply with applicable securities laws and applicable provisions of the Financial Code.

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~642~~ 1132, ~~643~~ 1133, ~~644~~ 1134 and ~~3359~~ 1331, Financial Code.

### SUBCHAPTER 40. INDUSTRIAL LOANS

158. Amend Subsection (c) of Section 40.503 to read:

§ 40.503. Form and Amount of Fidelity Bond

...

(c) A bond may be subject to cancellation on 30 days notice, provided the bond carries a rider or condition to the effect that it is subject to cancellation by the surety or insured 30 days after written notice to the Commissioner of ~~Financial Institutions~~ Business Oversight of intention to cancel.

...

Note: Authority cited: Sections 326 and 18347, Financial Code. Reference: Sections 321, 18346 and 18346.1, Financial Code.

159. Amend Subsection (b) of Section 40.600 to read:

§ 40.600. Statement of Loan or Documents Used to Comply with Financial Code: Form: Contents.

...

(b) A statement in not less than 12-point boldface capital letters

FOR INFORMATION CONTACT

THE DEPARTMENT OF ~~FINANCIAL INSTITUTIONS~~ BUSINESS OVERSIGHT,

STATE OF CALIFORNIA

(c) A statement that the loan is made pursuant to the Industrial Loan Law, division 7 of the Financial Code.

Note: Authority cited: Section 18347, Financial Code. Reference: Sections 321, 18231, 18300 and 18301, Financial Code.

160. Amend subsection (b) of Section 40.1300 to read:

§ 40.1300. Preparation of Independent Audit Report.

...

(b) Three copies of the report must be filed with the Commissioner ~~at the office~~ of the Department of ~~Financial Institutions~~ Business Oversight.

...

Note: Authority cited: Section 18347, Financial Code. Reference: Sections 321, 18029, 18405, 18409, 18410 and 18411, Financial Code.

161. Amend subsection (e) of Section 40.1703 to read:

§ 40.1703. Premium Finance Agreement Copy or Documents Used to Comply with Financial Code: Form: Contents.

...

(e) A statement in not less than 12-point bold face capital letters:

FOR INFORMATION CONTACT THE  
DEPARTMENT OF ~~FINANCIAL INSTITUTIONS~~ BUSINESS OVERSIGHT,  
STATE OF CALIFORNIA

Note: Authority cited: Section 18347, Financial Code. Reference: Sections 321, 18605, 18606, 18607, 18631, and 18637, Financial Code.

SUBCHAPTER 50. BUSINESS AND INDUSTRIAL DEVELOPMENT  
CORPORATIONS

162. Amend Section 50.3306 to read:

§ 50.3306. Appointment of Commissioner as Agent for Service of Process.

In accordance with Financial Code Section 31113, not less than 5 business days before an applicant is issued a license:

(a) Such applicant shall file with the Commissioner an Appointment of Commissioner of the Department of ~~Financial Institutions~~ Business Oversight as Agent for Service of Process in the form of Department Form 1020, signed by the applicant in the name of the applicant by an officer of the applicant. The signature of the applicant on such appointment shall be acknowledged.

(b) Each affiliate of such applicant shall file with such applicant an Appointment of Commissioner of ~~Financial Institutions~~ Business Oversight as Agent for Service of Process in the form of Department Form 1020, signed by such affiliate in the name of the affiliate by an officer of the affiliate. The signature of the affiliate on such appointment shall be acknowledged.

Note: Authority cited: Section 31101, Financial Code. Reference: Sections 321, 31102 and 31113, Financial Code.

163. Amend Section 50.9002 to read:

§ 50.9002. Appointment of Commissioner as Agent for Service of Process.

In accordance with Financial Code Section 31113, each person who becomes an affiliate of a licensee shall, not less than 30 days after becoming an affiliate of such licensee, file with the Commissioner an Appointment of Commissioner of ~~Financial Institutions~~ Business Oversight as Agent for Service of Process in the form of Department Form 1020, signed by the affiliate in the name of the affiliate by an officer of the affiliate. The signature of the affiliate on such appointment shall be acknowledged.

Note: Authority cited: Section 31101, Financial Code. Reference: Sections 321 and 31113, Financial Code.

#### SUBCHAPTER 95. FORMS

164. Amend Section 95.10 to read:

§ 95.10 Application for Authority to Organize Bank.

The following is an illustration of Department Form 10:

Form 10 (7-1-97)

California Department of ~~Financial Institutions~~ Business Oversight

APPLICATION FOR AUTHORITY TO ORGANIZE BANK (Facing Page)

To: Commissioner of ~~Financial Institutions~~ Business Oversight Date: \_\_\_\_\_

The undersigned hereby apply for authority to organize and establish a corporation under the laws of the State of California to engage in:

( ) commercial banking business ( ) trust business (Check one or both)

at \_\_\_\_\_

(Street address or vicinity)

under the name \_\_\_\_\_

with shareholders' equity of \$ \_\_\_\_\_

The documents attached hereto are hereby referred to any by this reference incorporated herein.

The person authorized to represent the applicants in connection with this application is:

Name: \_\_\_\_\_ Telephone: \_\_\_\_\_

Address: \_\_\_\_\_

APPLICANTS

Name and

Business or Occupation

Address

Signature

_____	_____	_____
_____	_____	_____
_____	_____	_____

(If additional space is required, continue on attached sheet.)

(This is a facing page only. For instructions on completing and signing this application, refer to the Regulations of the Commissioner of ~~Financial Institutions~~ Business Oversight. Signatures must be acknowledged.)

Note: Authority cited: Section ~~245~~ 326, Financial Code. Reference: Sections ~~360~~ 321 and 1020, Financial Code.

165. Amend Section 95.25 to read:

§ 95.25. Uniform California Application/Notice Form.



The following is an illustration of Department Form 25 and of the instructions for Department Form 25:

Form 25 (3/11/98)

California Department of

~~Financial Institutions~~ Business Oversight

Uniform California Application/Notice

Type of Application or Notice: BRANCH

ATM FACILITY

PLACE OF BUSINESS/LPO

ESTABLISH	RELOCATE	DISCONTINUE

In shaded area, neither application or notice required for federal purposes.  
(Check one or more appropriate boxes)

In shaded area, neither application or notice required for federal purposes. (Check one or more appropriate boxes)

Report for Exempted Transaction? (Yes/No) \_\_\_\_\_

APPLICANT INFORMATION:

Name: \_\_\_\_\_

Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Correspondent's Name: \_\_\_\_\_

Address: \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

LOCATION:

Official Name of Branch: \_\_\_\_\_

Proposed Address: \_\_\_\_\_

City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Address of Office \_\_\_\_\_

to be Discontinued:

City \_\_\_\_\_ County \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Proposed Date \_\_\_\_\_

**APPLICATION DETAILS:**

1. Please briefly describe the services to be provided from the location, or in the case of a discontinuance, services which will no longer be provided.
2. Are premises or equipment to be purchased or leased from an officer, director or ten (10) percent shareholder in connection with this application? If so, provide details.
3. Please provide a brief statement as to why the subject of this application will promote the public convenience and advantage, or not have a material adverse effect on the public convenience and advantage.
4. Is the establishment or relocation of the branch consistent with intrastate branching restrictions which may exist in the state where the branch is located?
5. If there is any requirement to provide prior notification to the bank's customers, or general public notification through newspaper publication, please provide the date and place of such notification. (Branch Discontinuance requires 90-days prior notice to appropriate federal agency)

**For Applications Involving Branch Offices Only (Information for federal purposes):**

6. If the bank's last CRA rating was not at least satisfactory, please provide a detailed explanation of how the subject of this application will promote the bank's efforts to meet its CRA goals, and correct any current deficiencies.

7. If enacted, will the subject of this application result in the demolition or significant alternation of any structure which may have historic or cultural significance? For FDIC purposes, non-member banks must also provide a letter from the State Office of Historic Preservation.

8. Does the proposed branch comply with local zoning ordinances?

Officer's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

## Uniform Application California and Interstate

### Application Instructions

#### I. GENERAL INFORMATION

A version of this "Uniform Application" was developed by the State/Federal Working Group for the purpose of reducing regulatory burden, by elimination of the need for banks to file multiple different application forms for common applications. By providing the information in this application/notice, applicant will meet the requirements of the California Department of ~~Financial Institutions~~ Business Oversight. It is expected that a version of this application form will be adopted by the FDIC, FRB and all other State Banking Departments in the future. In the minority of cases where additional information is required, you will receive a separate request for additional information to supplement the application. You may also use the top part of this form for filing a "Notice" where no formal application is required.

#### II. FILING INSTRUCTIONS

File one copy of this application with the California Department of ~~Financial Institutions~~ Business Oversight in the regional office where you are located. If application involves an

interstate activity, there is no need to file a separate application with any state except your home state.

Banks with a CAMELS rating of 1 or 2 are exempt from the application process, and need only file the top part of the form as a notice or report.

### III. TYPE OF APPLICATION

Check the appropriate box for establishment, relocation, or discontinuance. Also check whether the application concerns a “branch office”; “place of business” other than a branch office such as a “loan production office” (LPO) or representative office; or an automated service location such as a stand alone automated teller machine, or cash dispensing machine. The activity conducted at the location will determine whether the office is considered a “branch” under state or federal statutes. Note if the Form is being used to file a report of an exempted transaction.

### IV. APPLICANT INFORMATION

A. Name and Address: Bank's full name and headquarters office address.

B. Correspondent: Provide the name and address of the individual the bank wants to handle any inquiries or requests concerning this application.

C. Popular Name: Please indicate the popular or official name of the office or proposed office such as “Main Street Office” or “Produce Mart Office.”

D. Proposed Location: Provide the complete street address of the location where the bank wishes to establish or relocate a new physical facility.

E. Address of Office to be Discontinued: If the application involves the discontinuance, or relocation of an existing facility, provide the address of the location where the business will be discontinued.

For additional information on the application process, you may wish to contact the Assistant Deputy Commissioner assigned to your bank.

## V. APPLICATION DETAILS

This part of the Form applies only in cases where the applicant is required to file an application or notice of discontinuance. However, this part of the Form does not apply in cases where the applicant proposes to relocate or discontinue an automated teller machine branch office. In any event, the applicant should provide all information required by applicable statutes. The information provided by the applicant in response to this part of the Form should be set forth on continuation pages attached to the Form.

1. Only a brief description is necessary, such as “full service branch”, or “mortgage loan origination”. It is not necessary to provide a complete laundry list of proposed activities, but just the principal purpose of the office.
2. If the proposed transaction will result in the purchase or lease of any asset from an “insider” (officer, director or 10 percent equity security holder) or one of his/her interests, or will result in the payment of money to an “insider” or one of his/her interests for services, please provide details.
3. Provide an affirmative statement as to why the proposed transaction meets relevant standards for public convenience and advantage. Brief comments such as “will be adding new services” or “new competitor to the area” will generally be sufficient. In cases where the public benefit from

the transaction becomes more problematic, the response will call for greater detail of the perceived benefits.

4. “The Riegle-Neal Interstate Banking and Branching Efficiency Act” makes initial entry, and subsequent branch expansion, subject to the laws of the individual states where the branch is to be located. If the state where the branch is to be located imposes limitations on the establishment of branch offices, please provide an affirmative statement that the proposed branch office will be in compliance with any restrictions in existence.

5. California and your primary federal regulator have requirements for public notification of the establishment, and particularly the discontinuance, of any branch office. In response to this question, please provide information concerning what public notification steps have been undertaken or contemplated. Your response will be evaluated in relation to statutory requirements. Some relocations may be considered branch closures, and subject to the customer notice requirement of 90 days specified in the “FFIEC Policy Statement Concerning Branch Closing Policies” issued in September 1993.

The following three questions apply only to applications involving the establishment of new branches to comply with specific federal requirements. These questions need not be answered for applications filed only with the California Department of ~~Financial Institutions~~ Business Oversight.

6. The primary federal regulator, and many state regulators, are required to consider the bank's compliance with the Community Reinvestment Act (“CRA”), or a state equivalent, before approving new branch offices. If the bank's most recent “CRA” evaluation was not at least satisfactory, you must provide detailed justification as to why the deficiencies in the bank's

“CRA” evaluation should not preclude approval of the branch application. Where the bank's most recent CRA evaluation was “Needs to Improve” or worse, you should consult with your appropriate regulator before filing an application for a branch office.

7. Banks not members of the Federal Reserve System should provide an affirmative statement as to whether the site is included in or eligible for inclusion in the National Register of Historic Places. In the case of applications to establish or relocate a branch office, please provide evidence that clearance has been obtained from the State Historic Preservation Officer (SHPO). FDIC will act on applications prior to obtaining SHPO clearance; however, such approvals will be expressly conditioned upon obtaining clearance.

8. Please provide an affirmative statement that the establishment of the proposed branch office will be in compliance with any relevant local zoning ordinances. For banks not a member of the Federal Reserve System, also briefly indicate the effect upon local traffic patterns.

Note: Authority cited: Section ~~215-326~~, Financial Code. Reference: Sections 321, 490, 501, 507, 510, 511, ~~542~~, ~~546~~, ~~547~~, ~~552~~, ~~557~~ and ~~558~~, 1076, 1078 and 1081, Financial Code.

166. Amend Section 95.1010 to read:

§ 95.1010. Application for License as Business and Industrial Development Corporation.

The following is an illustration of Department Form 1010:

Form 1010 (7-1-97)

California Department of ~~Financial Institutions~~ Business Oversight

APPLICATION FOR LICENSE AS BUSINESS AND INDUSTRIAL DEVELOPMENT  
CORPORATION

(Facing Page)

To: Commissioner of ~~Financial Institutions~~ Business Oversight Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Applicant)

\_\_\_\_\_  
(Street address)

\_\_\_\_\_, California \_\_\_\_\_  
(City) (County) (Zip Code)

hereby applies for a license to transact business as a business and industrial development corporation.

The Applicant proposes to commence transacting business as a business and industrial development corporation on \_\_\_\_\_  
(Date)

The documents attached hereto are hereby referred to and by this reference incorporated herein.

\_\_\_\_\_  
(Name of Applicant)

By \_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name and Title)

\_\_\_\_\_  
(Telephone)

(This is a facing page only. For instructions on completing and signing this application, refer to the Regulations of the Commissioner of ~~Financial Institutions~~ Business Oversight. The signature of the Applicant must be acknowledged.)

Note: Authority cited: Section 31101, Financial Code. Reference: Sections 321 and 31107, Financial Code.

167. Amend Section 95.1020 to read:



§ 95.1020. Appointment of Commissioner as Agent for Service of Process.

The following is an illustration of Department Form 1020:

Form 1020 (7-1-97)

California Department of ~~Financial Institutions~~ Business Oversight

APPOINTMENT OF COMMISSIONER OF ~~FINANCIAL INSTITUTIONS~~ BUSINESS  
OVERSIGHT AS AGENT FOR SERVICE OF PROCESS

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
(City) (State) (Zip Code)

(hereinafter referred to as the "Appointing Party"), in accordance with California Financial Code Section 31113, hereby irrevocably appoints the Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California and his successor from time to time in office to be the Appointing Party's attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the Appointing Party, or any successor, executor, or administrator of the Appointing Party, which arises under the California Business and Industrial Development Corporations Law (Division 15 (commencing with Section 31000) of the California Financial Code) or under any regulation or order issued under the California Business and Industrial Development Corporations Law, with the same force and validity as if served personally on the Appointing Party.

The Appointing party is: (Check and complete one of the following.)

An applicant for a license under the California Business and Industrial Development Corporation Law.

A licensee under the California Business and Industrial Development corporations Law.

An affiliate of \_\_\_\_\_, an applicant for a license (Name of Applicant) under the California Business and Industrial Development Corporations Law.

An affiliate of \_\_\_\_\_, a licensee under the California (Name of Licensee) Business and Industrial Development Corporations Law.

The definitions set forth in Article 3 (commencing with Section 31030), Chapter 1 of the California Business and Industrial Development Corporations Law shall apply to the provisions of this Appointment.

Dated: \_\_\_\_\_

(Name of Appointing Party)

By \_\_\_\_\_

(Signature)

\_\_\_\_\_

(Name and Title)

(The signature of the Appointing Party must be acknowledged.)

Note: Authority cited: Section 31101, Financial Code. Reference: Sections 321 and 31113, Financial Code.

168. Amend Section 95.1025 to read:

§ 95.1025. Agreement of Affiliate of Business and Industrial Development Corporation.

The following is an illustration of Department Form 1025:

Form 1025 (7-1-97)

California Department of ~~Financial Institutions~~ Business Oversight

AGREEMENT OF AFFILIATE OF BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION

\_\_\_\_\_  
(Name of Affiliate)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_  
(City) (State) (Zip Code)

(Hereinafter referred to as the "Affiliate"), which is an affiliate of

\_\_\_\_\_  
(Name of Business and Industrial Development Corporation)

(hereinafter referred to as the "Business and Industrial Development Corporation"), hereby agrees with the Commissioner of ~~Financial Institutions~~ Business Oversight of the State of California and his successor from time to time in office (hereinafter referred to as the "Commissioner") in accordance with California Financial Code Section 31153 that, if and so long as the Business and Industrial Development Corporation is a licensee under the California Business and Industrial Development Corporations Law (Division 15 (commencing with Section 31000) of the California Financial Code) and so long as the Affiliate continues to be an affiliate

of the Business and Industrial Development Corporation, the Affiliate will comply with all applicable provisions of the California Business and Industrial Development Corporations Law, as said Law may be amended from time to time, and with all applicable provisions of any regulation or order which may be issued from time to time under the California Business and Industrial Development Corporations Law. No waiver by the Commissioner of any failure of the Affiliate to comply with the Agreement shall be deemed to be a waiver of any failure to comply thereafter occurring. The definitions set forth in Article 3 (commencing with Section 31030), Chapter 1 of the California Business and Industrial Development Corporations Law shall apply to the provisions of this Agreement. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California.

Dated: \_\_\_\_\_

(Name of Affiliate)

By \_\_\_\_\_

(Signature)

\_\_\_\_\_

(Name and Title)

(The signature of the Affiliate must be acknowledged.)

Note: Authority cited: Section 31101, Financial Code. Reference: Sections 321 and 31153, Financial Code.

169. Repeal Section 95.4010 to read:

~~§ 95.4010. Application for License Under Travelers Checks Act.~~

~~The following is an illustration of Department Form 4010:~~

Form 4010 (7-1-97)

California Department of Financial Institutions

~~APPLICATION FOR LICENSE UNDER TRAVELERS CHECKS ACT (Facing Page)~~

To: Commissioner of Financial Institutions Date: \_\_\_\_\_

\_\_\_\_\_

~~(Name of Applicant)~~

~~which maintains its principal place of business at~~

\_\_\_\_\_

~~(street address)~~

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_

~~(City) (State or Nation) (Zip Code)~~

~~hereby applies for a license under the California Travelers Check Act. The documents attached hereto are hereby referred to and by this reference incorporated herein.~~

\_\_\_\_\_

~~(Name of Applicant)~~

By \_\_\_\_\_

~~(Signature)~~

\_\_\_\_\_

~~(Name and Title)~~

\_\_\_\_\_

~~(Telephone No.)~~

~~(This is a facing page only. For instructions on completing and signing this application, refer to the Regulations of the Commissioner of Financial Institutions. The signature of the Applicant must be acknowledged.)~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Article 3, Chapter 14A, Division 1, Financial Code.~~

170. Repeal Section 95.4020 to read:

~~§ 95.4020. Contract of Applicant for License Under Travelers Checks Act.~~

~~The following is an illustration of Department Form 4020:~~

~~Form 4020 (7-1-97)~~

~~California Department of Financial Institutions~~

~~CONTRACT OF APPLICANT FOR LICENSE UNDER TRAVELERS CHECK ACT~~

~~(Name of Applicant)~~

~~(hereinafter referred to as the "Applicant"), which is applying for a license under the California Travelers Checks Act (Chapter 14A (commencing with Section 1851), Division 1 of the California Financial Code), in accordance with California Financial Code Section 1858 and in consideration of the issuance to the Applicant of a license under the California Travelers Checks Act, hereby agrees with the State of California, by and through the Commissioner of Financial Institutions of the State of California, and his successor from time to time in office (hereinafter referred to as the "Commissioner"), that the Applicant shall comply with the laws of the State of California, all regulations and orders issued by the Commissioner, and all of the provisions,~~

~~obligations, and requirements of the California Travelers Checks Act, including, but not limited to, the provisions of Article 6 (commencing with Section 1877) of the California Travelers Checks Act relating to examinations. No waiver by the Commissioner of any failure of the Applicant to comply with this Contract shall be deemed to be a waiver of any failure to comply thereafter occurring. This Contract shall be governed by, and construed in accordance with, the laws of the State of California.~~

~~Dated: \_\_\_\_\_~~

~~(Name of Applicant)~~

~~By \_\_\_\_\_~~

~~(Signature)~~

~~\_\_\_\_\_~~

~~(Name and Title)~~

~~(The signature of the Applicant must be acknowledged.)~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Section 1858, Financial Code.~~

171. Repeal Section 95.4030 to read:

~~§ 95.4030. Authorization for Release of Information.~~

~~The following is an illustration of Department Form 4030:~~

~~Form 4030 (7-1-97)~~

~~California Department of Financial Institutions~~

~~AUTHORIZATION FOR RELEASE OF INFORMATION~~

~~\_\_\_\_\_~~

(Name of Applicant)

~~(hereinafter referred to as the "Applicant"), which is applying for a license under the California Payment Instruments Law (Division 16 (commencing with Section 33000) of the California Financial Code), hereby irrevocably authorizes any bank or other financial institution with which the Applicant may at any time transact business and any governmental agency which licenses or regulates issuers of payment instruments, issuers of travelers checks, or other financial institutions and which at any time has information or records regarding the Applicant, to furnish to the Commissioner of Financial Institutions of the State of California such information, and to permit him to inspect and copy such records, as he may request from time to time.~~

Dated: \_\_\_\_\_

\_\_\_\_\_

(Name of Applicant)

By \_\_\_\_\_

(Signature)

\_\_\_\_\_

(Name and Title)

~~(The signature of the Applicant must be acknowledged.)~~

~~Note: Authority cited: Section 215, Financial Code. Reference: Article 4, Chapter 14A, Division 1 and Section 1877, Financial Code.~~