

March 25, 2021
Department of Financial Protection and Innovation
300 S. Spring Street, Suite 15513
Los Angeles, California 90013

Re: PRO 01/20 Notice of Modifications to Proposed Regulations

To the Regulations Coordinator:

Thank you for the opportunity to provide comments on the proposed regulations implementing AB 857 (Chiu and Santiago). The California Public Banking Alliance (“CPBA”) was the sponsor of this legislation. We are a network of public banking advocacy groups from around the state, representing Los Angeles, San Francisco, the East Bay (Oakland), the South Bay (San Jose), Humboldt, San Diego, Santa Barbara, Santa Rosa, Santa Cruz, and Orange County. Lawyers’ Committee for Civil Rights of the San Francisco Bay Area, and Friends of the Earth are also members of CPBA.

1. § 10.131.7 Financial product or service

We support the modifications to the proposed regulations that specify additional factors, including product features, benefits, and terms, for the Commissioner to consider in determining whether a financial product or service is offered by a local financial institution within the jurisdiction of the public bank. We further appreciate the new proposed subsection (b), establishing the process by which public banks shall submit supporting information and a written request to offer a new financial product or service which is not currently offered in the public bank’s jurisdiction. These modifications to the proposed regulations provide much-needed certainty to public banks and other stakeholders.

In the spirit of providing further clarity and certainty, we respectfully request that the regulations specify that a public bank’s submission be considered complete if it includes a local market survey based on publicly available information. Thus, we propose the following amendment to proposed § 10.131.7(b): “Such comprehensive documentation and information shall be deemed complete if it includes local market product offering surveys, based on publicly available information, that include product type, fees, interest rates, and additional terms. The public bank may opt to submit additional information it believes supports its request.” This change makes clear to all parties the scope of information that will form the basis of the Commissioner’s determination and provides more certainty to public banks when assessing whether their submission meets the Commissioner’s requirement of comprehensive documentation and information.

In addition, we propose further amendments to § 10.131.7 to require the Commissioner to provide the basis for a denial of a public bank’s request to offer financial products or services. We propose that the Commissioner should provide the public bank with the basis for any such denial within 15 days and, if the public bank can address the Commissioner’s concerns, provide the public bank the opportunity to amend its request. Clarifying these procedures will give more certainty to all stakeholders and streamline the process.

2. § 10.140.6 Local Financial Institution

We appreciate the modifications to the proposed regulations adding § 10.140.6(b) to define “physical presence” for the purposes of defining “local financial institution.” In addition to the existing elements of the definition, we propose that the “physical presence” definition be amended to mean “one or more deposit-taking branch offices.” This change would complement the proposed definition, which specifies what does *not* qualify as a financial institution with a physical presence in the relevant jurisdiction, by affirmatively describing what *does* qualify as a physical presence.

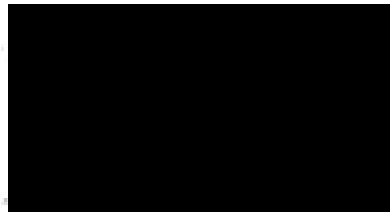
Respectfully submitted,

California Public Banking Alliance

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