



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Manuel P. Alvarez**

NOTICE OF SECOND MODIFICATIONS TO PROPOSED REGULATIONS UNDER THE CALIFORNIA CREDIT UNION LAW

To Interested Persons:

On June 26, 2020, the Commissioner of Financial Protection and Innovation¹ published a Notice of Rulemaking Action to amend Sections 30.101.5, 30.200, 30.300, and 30.803 of Title 10 of the California Code of Regulations (see California Regulatory Notice Register 2020, No. 26-Z). These sections are related to the California Credit Union Law. On February 24, 2021, the Commissioner issued a Notice of Modifications to Proposed Regulations that proposed modifications to section 30.300, subdivision (b) and section 30.803, subdivision (a), and non-substantive changes to section 30.102.

After consideration of public comments, the Commissioner is proposing further modifications to the regulations. A copy of the proposed modifications is being made available to the public in accordance with the requirements of Government Code section 11346.8, subdivision (c). The text showing amendments to section 30.300, subdivisions (b) and (d) is attached. The originally proposed amendments are shown in single underline; and the changes proposed in the first notice of modifications are showing in by double underlining of additions and double strike-out of deletions. The changes proposed in this notice of second modifications are shown by bold underlining of additions and bold strike-out of deletions. The public may submit comments on the changes proposed in this notice, as described more fully below.

DESCRIPTION OF CHANGES

Section 30.300, subdivision (b)

Based on comments received, the text is being changed to clarify that an investment in an investment company or trust is permitted, provided all investments and investment practices of the investment company or trust would be permissible if made directly by federal credit unions.

Also based on comments received, the text is being changed to retain the permissibility of (i) investments in deposits of authorized financial institutions, and (ii) investments in funds sold to authorized financial institutions, provided that the interest or other consideration received from the authorized financial institution is the market value of federal funds transactions and that the transaction has a maturity of one or more business days or the credit

¹ The Department of Financial Protection and Innovation was formerly known as the Department of Business Oversight.

union is able to require repayment at any time. These investments are permitted under the current regulations.

Additionally, based on comments received, the text is being changed to clarify that a credit union may invest more than 10% of its equity capital in the securities of a person if it receives the prior written authorization of the Commissioner.

The Department has also made non-substantive amendments to add numbering for ease of reading.

Section 30.300, subdivision (d)

The modifications would retain the definitions of “authorized financial institution,” “federal funds transaction,” and “market price” that are currently in the regulations, to ensure that these terms remain defined for purposes of interpreting other subdivisions of this section.

The Department has also made non-substantive amendments to reflect the resulting renumbering of this subdivision.

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available on the Department of Financial Protection and Innovation’s website at www.dfpi.ca.gov, and from the Legal Division of the Department of Financial Protection and Innovation. As required by the Administrative Procedure Act, the Legal Division maintains a rulemaking file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Julie Jacob at (916) 576-4910.

15-DAY COMMENT PERIOD

Any interested person may submit written comments regarding the changes from the originally proposed amendments by written communication addressed as follows:

Commissioner of Financial Protection and Innovation
Attn: Regulations Coordinator, Legal Division
300 So. Spring Street, Suite 15513
Los Angeles, CA 90013

Comments must be received by May 10, 2021. Written comments may also be sent to regulations@dfpi.ca.gov with a copy to Julie.jacob@dfpi.ca.gov or via fax at (213) 897-8860. Please limit comments to the changes proposed in this notice of second modifications.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective, and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code Section 11349.3. Questions regarding the content of this notice may be directed to Julie Jacob at (916) 576-4910.

Dated: April 23, 2021
 Sacramento, California