



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • ACTING COMMISSIONER **Christopher S. Shultz**

**NOTICE OF THIRD 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. On April 23, 2021, the Commissioner issued a Notice of Second Modifications.

The Commissioner is now 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 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 the notice of second modifications are shown by bold underlining of additions and bold strike-out of deletions. The changes in this third 15-day notice are shown in bold italicize for additions and bold italicize strikethrough for deletions. The public may submit comments on the changes proposed in this notice, as described more fully below.

DESCRIPTION OF CHANGES

Section 30.200, subdivision (b)

The Department made a non-substantive change for grammatical purposes.

Section 30.300, subdivision (b)

Pursuant to Government Code section 11349.1, regulations must have sufficient clarity. Based on concerns that the process for a state-chartered credit union to request written authorization pursuant to Financial Code section 14653.5 to make an investment in one person in an amount that exceeds 10 percent of the credit union's equity capital, and the Department's evaluation of such request, is not made sufficiently clear in this regulation, the Department has removed this reference. However, it should be noted that this change does not impact the Commissioner's statutory authority, pursuant to Financial Code section 14653.5 to provide

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

prior written authorization to allow a state-chartered credit union to make an investment in one person in an amount that exceeds 10 percent of the credit union's equity capital.

Section 30.300, subdivision (e)

As stated above, pursuant to Government Code section 11349.1, regulations must have sufficient clarity. Based on concerns that regulation does not provide sufficient clarity about the Department's process of evaluating whether an investment is unsafe pursuant to Financial Code section 14204, the Department has removed this reference. However, it should be noted that this change does not impact the Commissioner's statutory authority, pursuant to Financial Code section 14204, to find an investment is unsafe.

Section 30.803, subdivision (a)

Based on comments received, the Department has removed the version date of the federal regulations incorporated by reference.

Section 30.803, subdivision (b)

The Department has made non-substantive changes to correct grammar based on other changes made to this section.

THE RULEMAKING FILE

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 November 24, 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 third 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.

Dated: November 9, 2021
 Sacramento, California