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Moorari K. Shah  
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August 2, 2022

**VIA ELECTRONIC MAIL**

Department of Financial Protection and Innovation  
Attn: Sandra Navarro  
2101 Arena Boulevard  
Sacramento, California 95834  
Email: [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)  
Cc: [Samuel.Park@dfpi.ca.gov](mailto:Samuel.Park@dfpi.ca.gov)

Re: Proposed Regulations on Commercial Financial Products and Services Under the California Consumer Financial Protection Law (PRO 02-21)

Dear Ms. Navarro,

Our firm represents parties who are interested in the above reference proposed regulations and who are grateful for this opportunity to assist the DFPI in issuing clear and meaningful regulations to support small business financing. Therefore, on their behalf, we submit the following comments.

The CCFPL exempts banks and bank holding companies, but not bank subsidiaries. See Cal. Fin. Code § 90002. This would appear to be an odd result for wholly owned bank subsidiaries, which are subject to the same type of regulatory supervision as banks and bank holding companies. In light of the foregoing, we would recommend that the regulations should clarify that bank subsidiaries, just like bank holding companies, are exempt. We note in this regard that bank subsidiaries are not required to be licensed under the CFL and its regulations for commercial lending purposes. See 10 CCR § 1422.3 (requiring licensure for bank subsidiaries making consumer loans but not commercial loans). As a result, bank subsidiaries that issue commercial loans cannot take advantage of the exemption in proposed Section 1062(c) for companies that file an annual report to the DFPI by virtue of being licensed under the CFL and its regulations.

On behalf of the various interested parties our firm represents, we thank you for your consideration of the foregoing comments. If you have any questions upon your review of the information contained in this comment letter, please do not hesitate to contact us at the number listed above.

Very truly yours,

[REDACTED]

Moorari K. Shah  
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP