

STATEMENT OF REASONS
WHY CHANGES IN THE REGULATIONS
AS SET FORTH IN CHAPTER 3, TITLE 10,
CALIFORNIA CODE OF REGULATIONS
ARE CHANGES WITHOUT REGULATORY EFFECT

As required by title 1, California Code of Regulations, section 100, the Commissioner of the Department of Financial Protection and Innovation (Commissioner) sets forth below the reasons for nonsubstantive amendments to Chapter 3, title 10, California Code of Regulations. This document explains why the changes do not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of any California Code of Regulations provision.

On July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight. The Department of Business Oversight had all of the powers, authorities, and responsibilities previously held under the former Department of Corporations and former Department of Financial Institutions. Effective September 29, 2020, the Department of Business Oversight changed its name to the Department of Financial Protection and Innovation (Department).

The Department licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as mortgage loan originators, deferred deposit providers, securities broker-dealers, investment advisers and certain fiduciaries and lenders, franchises and the offer and sale of securities.

General Purpose Statement:

The general purpose of the attached text is to update the California Code of Regulations, Title 10, section 260.217, Qualifications of Broker-Dealers, Compliance Supervisors and Reported Agents. The changes reflect updates to a bureau name, references to statutes, and renumbering. None of the changes in this proposal are substantive in nature.

Non-substantive Changes Statement:

The proposed changes are intended to amend California Code of Regulations, title 10, section 260.217 as follows:

- (1) fix a numbering error pursuant to California Code of Regulations, title 1, section 100, subdivision (a)(1); and
- (2) make the section consistent with the changed Business and Profession Code statutes, which rename a bureau and renumber sections of the Cemetery and Funeral Act ("Act"), pursuant to California Code of Regulations, title 1, section 100, subdivision (a)(6).

As required by section 100, subdivision (a)(6), the two requisite conditions are met. As required by the first condition, the existing regulatory provision is inconsistent with and superseded by the changed Business and Professions Code statutes. The existing regulation does not include the new bureau name and the renumbered statutes, and it was adopted prior to the amendments to the statutes. The second condition is met because the Department does not have discretion to amend the regulation in any way other than to incorporate the changes to the statute because the referenced agency and statutes are only subject to legislative revision. The name change, statute references and renumbering changes do not materially alter any requirement, right, responsibility, condition, prescription, or other regulatory element of any California Code of Regulations provision.

AB 180 (Stats. 2015, ch. 395) – Reason for Change to Code References

This bill repealed sections 9600 to 9789, in former Chapter 19 of Division 3 of the Business and Professions Code and reorganized and renumbered them as sections 7600-7746, in Chapter 12 of Division 3 of the Business and Professions Code, as specified below. This bill became effective on January 1, 2016.

AB 2888 (Stats. 2000, ch. 568) – Reason for Name Change to Referenced Bureau

This bill, among other things, provided that the licensure of funeral directors and embalmers and the regulation of funeral establishments, formerly done by the Funeral Directors and Embalmers Program, and the licensure and regulation of cemetery practices, formerly done by the Cemetery Program, be performed by the Cemetery and Funeral Bureau. This bill became effective on January 1, 2001.

Department Regulation to Be Amended – California Code of Regulations, title 10, section 260.217

This rule specifies qualifications for broker-dealers, compliance supervisors and reported agents. The earliest available amendment of subsection (c)(2) was filed December 23, 1969, as an emergency rulemaking and designated effective on January 2, 1970 (Register 69, No. 52). A certificate of compliance was filed on March 26, 1970 (Register 70, No. 13). Subdivision (c) of the rule was repealed in a rulemaking that was determined to be a change without regulatory effect, filed on September 25, 2002, pursuant to section 100, title 1, California Code of Regulations (Register 2002, No. 39). The rule was last amended on December 10, 2009, relating to subdivisions (a)(1) and (d)(1).

Nonsubstantive Changes Required for Renumbering, Reordering, or Relocating a Regulatory Provision.

In the proposed text, the amendments to Chapter 3, title 10 of the California Code of Regulations make the following nonsubstantive changes in renumbering to Section 260.217:

- Renumber “subdivision (d)” as “subdivision (c)”; and
- Renumber “subdivision (e)” as “subdivision (d)”.

Nonsubstantive Changes Required to Make a Regulatory Provision Consistent with a Changed California Statute.

In the proposed text, the amendments to Chapter 3, title 10 of the California Code of Regulations make the following nonsubstantive changes due to the renaming of the “State Cemetery Bureau” and the reorganization and renumbering of Business and Professions Code sections to section 260.217:

- Amend the name of the “State Cemetery Bureau” to the “Cemetery and Funeral Bureau”; and
- Amend the reference to Business and Professions Code sections “9700 through 9723.3” to sections “7651 through 7653.9”.

Detailed Explanation of Changes:

This section outlines each of the changes made to the regulation and the reason for the change.

Renumbering/relettering section 260.217.

- Renumber 260.217, subdivision (d) to (c) and subdivision (e) to (d). Subdivision (c) was repealed on 9-25-2002 pursuant to section 100, title 1, California Code of Regulations (Register 2002, No. 39). Subdivision (c) was repealed without subdivision (d) being renumbered as subdivision (c) and subdivision (e) being renumbered as subdivision (d). As a result, section 260.217 contains subdivisions (a), (b), (d) and (e) only. This nonsubstantive change would renumber the subdivisions properly.

Making section 260.217 consistent with changed California statutes.

Section 260.217, subdivision (d)(1) (to be renumbered (c)(1)), contains reference to a series of Business and Professions Code sections—Sections 7651-7653.9. As further described below, each of the Business and Professions code sections in that range was renumbered by statute. For this reason, the DFPI is proposing non-substantive changes to reflect the statutory changes.

- Changed the reference to the “State Cemetery Bureau” to the “Cemetery and Funeral Bureau” because the name was changed in Business and Professions Code section 7601, subdivision (c), by AB 2888 (Stats. 2000, c. 568), section 97.

- Former Business and Professions Code section 9700, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651 by section 19.
- Former Business and Professions Code section 9700.5, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.1 by section 19.
- Former Business and Professions Code section 9700.6, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.2 by section 19.
- Former Business and Professions Code section 9701, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.3 by section 19.
- Former Business and Professions Code section 9701.5, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.4 by section 19.
- Former Business and Professions Code section 9702.1, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.5 by section 19.
- Former Business and Professions Code section 9702.2, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.6 by section 19.
- Former Business and Professions Code section 9702.5, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.7 by section 19.
- Former Business and Professions Code section 9703, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.8 by section 19.
- Former Business and Professions Code section 9704, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.9 by section 19.
- Former Business and Professions Code section 9706, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7651.10 by section 19.

- Former Business and Professions Code section 9707, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652 by section 19.
- Former Business and Professions Code section 9708, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.1 by section 19.
- Former Business and Professions Code section 9709, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.2 by section 19.
- Former Business and Professions Code section 9710, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.3 by section 19.
- Former Business and Professions Code section 9711, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.4 by section 19.
- Former Business and Professions Code section 9712, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.5 by section 19.
- Former Business and Professions Code section 9713, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.6 by section 19.
- Former Business and Professions Code section 9714, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.7 by section 19.
- Former Business and Professions Code section 9715, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.8 by section 19.
- Former Business and Professions Code section 9715.1, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.9 by section 19.
- Former Business and Professions Code section 9716, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7652.10 by section 19.

- Former Business and Professions Code section 9717, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653 by section 19.
- Former Business and Professions Code section 9718, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.1 by section 19.
- Former Business and Professions Code section 9719, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.2 by section 19.
- Former Business and Professions Code section 9720, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.3 by section 19.
- Former Business and Professions Code section 9721, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.4 by section 19.
- Former Business and Professions Code section 9722, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.5 by section 19.
- Former Business and Professions Code section 9723, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.6 by section 19.
- Former Business and Professions Code section 9723.1, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.7 by section 19.
- Former Business and Professions Code section 9723.2, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.8 by section 19.
- Former Business and Professions Code section 9723.3, in Chapter 19, was repealed by AB 180 (Stats. 2015, c. 395), section 68 and renumbered as Business and Professions Code section 7653.9 by section 19.