

DEPARTMENT OF BUSINESS OVERSIGHT*Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

Jan Lynn Owen
Commissioner of Business Oversight

March 26, 2014

**INVITATION FOR COMMENTS ON PROPOSED RULEMAKING UNDER THE
CALIFORNIA MONEY TRANSMISSION ACT
(PRO 03/14)**

BACKGROUND

The Department of Business Oversight (Department) licenses and regulates money transmitters under the California Money Transmission Act (Financial Code Section 2000 et seq.). Only money transmitters who are licensed by the Department may engage in the business of money transmission in California.

The Department is considering changes to regulations that impact money transmitters, and in accordance with Government Code sections 11346, subdivision (b), and 11346.45, seeks comments from interested parties and those who would be subject to the proposed regulations, prior to the Department initiating notice of a proposed rulemaking action.

The Department is seeking comments on amendments to Sections 80.1 through 80.9, 80.100, 80.125, 80.126, 80.150 through 80.177, 80.3000, 80.3001, 80.3002, 80.4000 through 80.4313, 80.5000, 80.5200, 80.5201, 80.5300 through 80.5304; adoption of Sections 80.125.10, 80.129, 80.158.10, 80.166.10, 80.4100.10, 80.4105.10, 80.4105.11, 80.4118.10, 80.4118.11, 80.5100, 80.5200.1, 80.5210, 80.5304.1, 80.5305; and repeal of Sections 80.127, 80.171, 80.4110, 80.4112, 80.4114, 80.4306, 80.4307, and 80.5202, of Title 10 of the California Code of Regulations (C.C.R.).

REASON FOR CHANGES TO THE REGULATIONS

Effective January 1, 2011, the Legislature repealed the provisions of the California Financial Code relating to money transmitters, issuers of travelers checks, and sellers of payment instruments and enacted the Money Transmission Act, which provides for the regulation and licensure by the Commissioner of Business Oversight of persons in the business of money transmission, defined to mean the selling or issuing of payment instruments or stored value and the receiving of money for transmission.

The Money Transmission Act was amended, effective January 1, 2014, requiring the Department to adopt regulations to carry out and implement Sections 2011 and 2040 of the Financial Code.

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Existing regulations correspond to the repealed Payment Instruments Law. The Department seeks to begin the processing of amending the Payment Instruments Regulations (Title 10 C.C.R. Subchapter 80) and update them for the Money Transmission Act, which encompasses not only the selling or issuing of payment instruments, but also the receiving of money for transmission and the selling or issuing of stored value.

The changes to the regulations under consideration by the Department include amendments to definitions, exemptions from the Money Transmission Act, application requirements for a license, administrative standards and procedures relating to an application for a license, tangible shareholders' equity, consumer disclosures, and eligible securities.

INVITATION

In accordance with Government Code sections 11346, subdivision (b), and 11346.45, the Department seeks to involve parties who would be subject to the regulations and other interested parties in discussions regarding the proposed regulations. The Commissioner invites interested parties to review the accompanying draft text of proposed regulatory requirements for money transmitters and provide comments.

TIME FOR COMMENTS

The Department is providing the attached text of draft regulations to interested parties, and invites interested parties to submit comments on these documents by April 26, 2014. Comments from interested persons will assist the Department in determining whether amendments to regulations under the Money Transmission Act are necessary and appropriate, and achieve the regulatory objectives in the most efficient and effective manner.

This solicitation for comments from interested parties is not a proposed rulemaking action under Government Code section 11346, and the public will have additional opportunity to comment on proposed changes if, after consideration of the comments from interested parties, the Department proceeds with a notice of a proposed rulemaking action.

WHERE TO SUBMIT COMMENTS

You may submit comments by any of the following means:

Electronic

Comments may be submitted electronically to regulations@dbo.ca.gov. Please identify the comments as PRO 03/14 in the subject line.

Mail

California Department of Business Oversight
Legal Division

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CONTACT PERSONS

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