

DEPARTMENT OF BUSINESS OVERSIGHT
1515 K STREET, SUITE 200
SACRAMENTO, CA 95814

NOTICE OF MODIFICATIONS TO TEXT OF
PROPOSED REGULATION

Pursuant to the requirements of Government Code Section 11346.8(c), and section 44 Title 1 of the California Code of Regulations, the Department of Business Oversight is providing notice of changes made to proposed regulations to amend 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, 95.2, 95.3, and 95.5030; 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, 95.550, and 95.600; 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.) published in the California Regulatory Notice Register 2014, No. 30-Z. These changes are in response to comments received regarding the proposed regulation. Additions are shown by double underlining and deletions are shown by double strike-out.

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 (Department) has all of the powers, authority, enforcement, jurisdiction, laws and regulations that were under the former Department of Corporations and former Department of Financial Institutions.

If you have any comments regarding the proposed changes, the Department will accept written comments between February 19, 2015 and March 6, 2015. All written comments must be submitted to the Department no later than 5:00 p.m. on March 6, 2015 and addressed to:

Dan Warren, Regulations Coordinator
Department of Business Oversight
Legal Division - Policy Unit
1515 K Street, Suite 200
Sacramento, California 95814
(916) 322-3553
Regulations@dbo.ca.gov

All written comments received by March 6, 2015, which pertain to the indicated changes will be reviewed and responded to by the Department staff as part of the compilation of the rulemaking file. Please limit your comments to the modifications to the text. If the final day for the acceptance of comments is a Saturday, Sunday or state holiday, the comment period will close at 5 p.m. on the next business day.

REASONS FOR CHANGES

The Department is proposing material changes to Sections 80.3002, 80.4121, 80.4312, and 80.5304.1. The material changes would:

1. Amend Section 80.3002(a) to include new exemptions for:
 - Escrow agents licensed under the Escrow Law (Financial Code Section 17000 et seq.)
 - Check sellers, bill payers, and proraters licensed under the Check Sellers, Bill Payers and Proraters Law (Financial Code Section 12000 et seq.)
 - Nonprofit community service organizations that meet all of the criteria in Financial Code Section 12104 of the Check Sellers, Bill Payers and Proraters Law
2. Amend Section 80.4121 to clarify with greater specificity the pro forma financial statements that must be filed with an application for a money transmitter license.
3. Amend Section 80.4312 to repeal the portion of Section 80.4312(b) related to the expiration of a license.
4. Amend Section 80.5303 to correct the names of certain eligible securities rating services.
5. Amend Section 80.5304 to reference subdivisions (4), (6), and (7) of Financial Code Section 2082 to clarify which securities the eligible ratings are applicable to; and to correct the names of certain eligible securities rating services.
6. Amend Section 80.5304.1 to conform to Assembly Bill No. 2209, which became effective January 1, 2015, and which amended Financial Code Section 2082(b)(12) to include in the list of eligible securities any receivable owed by a bank and resulting from a debit funded transmission.

Additionally, the Department has corrected a typographical error in Section 80.4104(i)(3). The Department has also made a minor correction to the text in Section 80.4105(e).

The addendum to the initial statement of reasons for the proposed action is necessary to clarify and explain in detail the necessity for the proposed amendments to the regulations under the Money Transmission Act.

The initial statement of reasons and the addendum to the initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available at the Department's website www.dbo.ca.gov. The rulemaking file is available for public inspection and copying throughout the rulemaking process at the Department of Business Oversight, Policy Unit, 1515 K Street, Suite 200, Sacramento, California 95814.

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: February 19, 2015
Sacramento, California