

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 (Department) is providing notice of changes made to proposed regulation Title 10, Section 260.237 published in the California Regulatory Notice Register 2012, No. 46-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.

Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight, in accordance with the Governor's Reorganization Plan 2 (GRP 2, 2012), a reorganization of state departments and agencies to provide services more efficiently and effectively. The Department of Business Oversight 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.

The Department of Business Oversight licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as escrow agents, mortgage loan originators, finance lenders, securities broker-dealers, investment advisers and securities depositories.

If you have any comments regarding the proposed changes, the Department will accept written comments between September 13, 2013 and September 28, 2013. All written comments must be submitted to the Department no later than 5:00 p.m. on September 28, 2013, and addressed to:

Karen Fong, Staff Service Analyst
Department of Business Oversight
Policy Unit
1515 K Street, Suite 200
Sacramento, California 95814
(916) 322-3553
Regulations@dbo.ca.gov

All written comment received by September 28, 2013, 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 incorporating by reference the FORM ADV-E and the Financial Accounting Standards Board Accounting Standards Codification 946-210-50-4 through 946-210-50-6. The incorporation by reference is added to the revised text. Additionally, the Department had made minor corrections to the text.

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 custody rules.

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: September 13, 2013
 Sacramento, California