

FINAL STATEMENT OF REASONS
FOR THE ADOPTION OF RULES UNDER THE
CALIFORNIA REVISED BANKING LAW

UPDATED OF INITIAL STATEMENT OF REASONS [Government Code Section 11346.9, Subdivision (a)(1)]

The Department of Business Oversight did not make any changes to the Initial Statement of Reasons.

Non-duplication Standard [Title 1, California Code of Regulations, Section 12, Subdivision (b)(1)]

The proposed regulations duplicate state or federal statutes which are cited as authority or reference for the proposed regulations. The duplication is necessary to satisfy the clarity standard of Government Code section 11349.1, subdivision (a)(3). Specifically, the federal rules provide a formula for calculating the credit exposure arising from a derivative transaction entered into by a national bank or savings association for purposes of determining the national bank's or savings association's compliance with federal lending limit law. The rule is set forth in Title 12 Code of Federal Regulations Part 32.9. This rulemaking package would require state chartered banks that engage in derivative transactions to comply with that federal regulation. It defines certain terms in the federal regulation to make them applicable in the state context.

LOCAL MANDATE DETERMINATION [Government Code Section 11346.9, Subdivision (a)(2)]

The Commissioner has determined that the adoption, amendment or repeal of the regulation does not impose a mandate on local agencies or school districts. Thus, the Commissioner has determined that the adoption, amendment or repeal of the regulation does not require the state to provide reimbursement to local agencies or school districts.

SUMMARY AND RESPONSE TO COMMENTS RECEIVED DURING THE INITIAL NOTICE PERIOD OF [insert publication date] THROUGH [insert last day of comment period] [Government Code Section 11346.9, Subdivision (a)(3)]

The Department did not received comments during the 45-day public comment period and therefore no changes were made to the proposed regulations as originally noticed to the public.

ALTERNATIVES THAT WOULD LESSEN THE ADVERSE ECONOMIC IMPACT ON SMALL BUSINESSES [Government Code Section 11346.9, Subdivision (a)(5)]

A state chartered bank and a savings association are not small businesses under Government Code section 11342.610, subdivision (b), and therefore no alternatives would lessen the impact of the proposed regulations on small businesses.

ALTERNATIVES DETERMINATION [Government Code Section 11346.9, Subdivision (a)(4)]

The Department has determined that no alternative it considered or that was otherwise identified and brought to its attention would be more effective in carrying out the purposes for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The amendments adopted by the Department are the only regulatory provisions identified by the Department that accomplish California state chartered financial institutions parity with their federal counterparts. No other alternatives have been proposed or otherwise brought to the Department's attention.

UPDATED INFORMATIVE DIGEST [Government Code Section 11346.9, Subdivision (b)]

No revision of the original informative digest, as published in the notice of rulemaking action, dated March 6, 2014, is needed.

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