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THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT COMMISSIONER HEREBY ADOPTS THE FOLLOWING CHANGES IN THE REGULATIONS UNDER THE CALIFORNIA REVISED BANKING LAW AS SET FORTH IN CHAPTER 1, TITLE 10, CALIFORNIA CODE OF REGULATIONS EFFECTIVE: OCTOBER 1, 2014

1. Adopt Section 10.190500 to read:

§ 10.190500. Scope.

This subarticle contains regulations pertaining to derivative credit exposure as contemplated by Financial Code Sections 1480 and 1481. For purposes of this subarticle, the term "obligations" is not restricted to loan products. Rather, it also encompasses "credit exposure to derivative transactions," which are subject to the limit imposed by Financial Code Section 1481.

Note: Authority cited: Section<u>s 326 and</u> 332, Financial Code. Reference: Section<u>s 1480 and</u> 1481, Financial Code.

2. Adopt Section 10.190501 to read:

§ 10.190501. Compliance with Federal Regulations Governing Credit Exposure Arising From Derivative Financing Transactions.

A subject institution shall, with respect to derivative transactions, comply with 12 C.F.R. Part 32.9 subsections (a) and (b) as in effect on October 1, 2013, and as subsequently amended, to the same extent and in the same manner as if such subject institution were a California state chartered bank. The following terms, as used in 12 C.F.R. Part 32.9, shall instead have the definitions ascribed to them as set for<u>th</u> in subsections (a) through (b) of this regulation:

(a) "national bank," "bank," or "savings association" means a California state

chartered bank or savings association.

(b) "Federal banking agency" means the Department of Business Oversight.

Note: Authority cited: Sections 326 and 332, Financial Code. Reference: Section 1481, Financial Code.