

NOTICE PUBLICATION/REGULATIONS SUBMISSION

REGULAR

See instructions on reverse)

For use by Secretary of State only

STD. 400 (REV. 01-2013)

OAL FILE NUMBERS	NOTICE FILE NUMBER Z-2014-0306-01	REGULATORY ACTION NUMBER 2014-0612-025	EMERGENCY NUMBER
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For use by Office of Administrative Law (OAL) only

NOTICE	REGULATIONS
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ENDORSED FILED
OFFICE OF
2014 JUL 23 PM 1:32
Debra Brown
SECRETARY OF STATE

2014 JUN 12 PM 2:31
OFFICE OF ADMINISTRATIVE LAW

AGENCY WITH RULEMAKING AUTHORITY Department of Business Oversight	AGENCY FILE NUMBER (If any) PRO 19/13
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A. PUBLICATION OF NOTICE (Complete for publication in Notice Register)

1. SUBJECT OF NOTICE Parity Regulations - Derivative Transactions	TITLE(S) 10	FIRST SECTION AFFECTED 10.190500	2. REQUESTED PUBLICATION DATE March 21, 2014
3. NOTICE TYPE <input checked="" type="checkbox"/> Notice re Proposed Regulatory Action <input type="checkbox"/> Other	4. AGENCY CONTACT PERSON Karen Fong	TELEPHONE NUMBER (916) 322-3553	FAX NUMBER (Optional) (916) 322-5875
OAL USE ONLY <input type="checkbox"/> Approved as Submitted <input type="checkbox"/> Approved as Modified <input type="checkbox"/> Disapproved/Withdrawn	ACTION ON PROPOSED NOTICE	NOTICE REGISTER NUMBER 2014, 122	PUBLICATION DATE 3-21-2014

B. SUBMISSION OF REGULATIONS (Complete when submitting regulations)

1a. SUBJECT OF REGULATION(S) Parity Regulations - Derivative Transactions	1b. ALL PREVIOUS RELATED OAL REGULATORY ACTION NUMBER(S) 2013-1028-01 FP
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2. SPECIFY CALIFORNIA CODE OF REGULATIONS TITLE(S) AND SECTION(S) (Including title 26, if toxics related)
SECTION(S) AFFECTED (List all section number(s) individually. Attach additional sheet if needed.)
ADOPT 10.190500, 10.190501
AMEND
REPEAL
TITLE(S) 10

3. TYPE OF FILING
<input checked="" type="checkbox"/> Regular Rulemaking (Gov. Code §11346) <input type="checkbox"/> Resubmittal of disapproved or withdrawn nonemergency filing (Gov. Code §11349.3, 11349.4) <input type="checkbox"/> Emergency (Gov. Code, §11346.1(b)) <input type="checkbox"/> Certificate of Compliance: The agency officer named below certifies that this agency complied with the provisions of Gov. Code §11346.2-11347.3 either before the emergency regulation was adopted or within the time period required by statute. <input type="checkbox"/> Resubmittal of disapproved or withdrawn emergency filing (Gov. Code, §11346.1) <input type="checkbox"/> Emergency Readopt (Gov. Code, §11346.1(h)) <input type="checkbox"/> File & Print <input checked="" type="checkbox"/> Other (Specify) Financial Code § 332 (d)
<input type="checkbox"/> Changes Without Regulatory Effect (Cal. Code Regs., title 1, §100) <input type="checkbox"/> Print Only LM per agency request 07/22/14

4. ALL BEGINNING AND ENDING DATES OF AVAILABILITY OF MODIFIED REGULATIONS AND/OR MATERIAL ADDED TO THE RULEMAKING FILE (Cal. Code Regs. title 1, §44 and Gov. Code §11347.1)

5. EFFECTIVE DATE OF CHANGES (Gov. Code, §§ 11343.4, 11346.1(d); Cal. Code Regs., title 1, §100)
<input checked="" type="checkbox"/> Effective January 1, April 1, July 1, or October 1 (Gov. Code §11343.4(a)) <input type="checkbox"/> Effective on filing with Secretary of State <input type="checkbox"/> \$100 Changes Without Regulatory Effect <input type="checkbox"/> Effective other (Specify)

6. CHECK IF THESE REGULATIONS REQUIRE NOTICE TO, OR REVIEW, CONSULTATION, APPROVAL OR CONCURRENCE BY, ANOTHER AGENCY OR ENTITY
<input type="checkbox"/> Department of Finance (Form STD. 399) (SAM §6660) <input type="checkbox"/> Fair Political Practices Commission <input type="checkbox"/> State Fire Marshal <input type="checkbox"/> Other (Specify)

7. CONTACT PERSON Karen Fong	TELEPHONE NUMBER (916) 322-3553	FAX NUMBER (Optional) (916) 322-5875	E-MAIL ADDRESS (Optional) Karen.Fong@dbo.ca.gov
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8. I certify that the attached copy of the regulation(s) is a true and correct copy of the regulation(s) identified on this form, that the information specified on this form is true and correct, and that I am the head of the agency taking this action, or a designee of the head of the agency, and am authorized to make this certification.

SIGNATURE OF AGENCY HEAD OR DESIGNEE <i>Jan Lynn Owen</i>	DATE 6-6-2014
TYPED NAME AND TITLE OF SIGNATORY Jan Lynn Owen, Commissioner of Business Oversight	

For use by Office of Administrative Law (OAL) only

ENDORSED APPROVED

JUL 23 2014

Office of Administrative Law

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: Sections 326 and 332, Financial Code. Reference: Sections 1480 and 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 forth 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.