

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 2795 (Committee on Banking and Finance) – As Amended April 16, 2026

Policy Committee: Banking and Finance

Vote: 9 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill makes changes to various financial regulation laws.

Specifically, this bill:

- 1) Strikes the requirement that the Department of Financial Protection and Innovation (DFPI) send various notices and information via mail and authorizes DFPI to fulfill a notice requirement related to the levy of a fee or assessment against a licensee or registrant via an electronic service address or via the Nationwide Multistate Licensing System (NMLS) if the person is licensed or registered through NMLS.
- 2) Requires DFPI to mandate the use of NMLS forms and instructions whenever a statute or regulation requires licensure or registration through NMLS unless otherwise provided by rule.
- 3) Strikes the reference to “Item 2” of a franchise disclosure document under the provision of the Franchise Investment Law regulating the sale of a franchise and provides the specific criteria a person must meet to lawfully sell a franchise.
- 4) Repeals the State Assistance Fund for Enterprise Act of 1989 (SAFE Act).
- 5) Revises the rating categories required for certain eligible securities used to invest surplus state funds and the conditions certain commercial papers must meet.

FISCAL EFFECT:

- 1) Potential minor cost savings to DFPI by allowing electronic notices instead of requiring mailed notices and eliminating the need to continuously update regulations to conform with each update of NMLS forms and instructions.
- 2) Minor and absorbable costs to the State Treasurer’s Office (STO) to update rating requirements and conditions for certain securities.

COMMENTS:

- 1) **Purpose.** This is an omnibus measure authored by the Assembly Committee on Banking and Finance. Generally, a committee omnibus measure makes technical, non-controversial changes to laws within the committee’s jurisdiction.

- 2) **Background. NMLS.** Most DFPI licensees, except for state-chartered banks and credit unions, are also registered with the NMLS. Since many NMLS filing requirements are contained in DFPI regulations, such regulations often become outdated because the NMLS frequently updates its forms. This bill requires DFPI to require the use of NMLS forms and instructions whenever a statute or regulation requires licensure or registration through NMLS, thus eliminating the need for conforming regulations. This bill also authorizes DFPI to fulfill a notice requirement related to the levy of a fee or assessment against a licensee or registrant via NMLS or other electronic means.

Franchises. SB 919 (Umberg), Chapter 518, Statutes of 2024, required a franchise broker to register with DFPI before engaging in certain activities, including offering to sell or selling a franchise. This bill corrects a drafting error to effectuate this intent. This bill is supported by the International Franchise Association.

Securities. The STO invests taxpayers' money to help manage the state's cashflow through the Pooled Money Investment Account (PMIA). Existing law specifies eligible securities the PMIA may purchase and an investment policy to set management goals for the PMIA's safety, liquidity, and yield. This bill updates the terminology of ratings requirements for eligible securities. This bill also increases the maximum maturity date and repeals a collateral requirement for certain commercial papers approved by the PMIA. As noted in the Assembly Banking and Finance Committee's analysis of this bill, the increase from 270 days to 397 days maturity is "in parity with current federal and state practices" and the collateral requirement is "no longer feasible to execute, and the risk associated with these purchases is already adequately managed by the limitations set by credit ratings, maturity dates, purchase amounts, and portfolio allocation requirements" under existing law.

SAFE Act. The SAFE Act authorized the creation of a nonprofit corporation called the State Assistance Fund for Enterprise, Business, and Industrial Development Corporation (SAFE-BIDCO) to enhance the availability of financial assistance for small businesses in California. However, SAFE-BIDCO became insolvent in 2017 and was subsequently seized by DFPI (then organized as the "Department of Business Oversight"), liquidated, and formally dissolved in 2023. This bill repeals the SAFE Act.

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