

Assembly Bill No. 3260

CHAPTER 859

An act to amend Sections 1876.1, 1876.9, 33560, and 33568 of, and to repeal Sections 1876.7 and 33566 of, the Financial Code, relating to financial transactions.

[Approved by Governor September 23, 1996. Filed with Secretary of State September 24, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 3260, Richter. Travelers checks and payment instruments.

Existing law, for purposes of the Travelers Checks Act and the Payment Instrument Law, defines the term "United States currency eligible security," and "value."

This bill would revise and expand the definition of "United States currency eligible security," as specified, to include, among other things, shares in an investment company that meet specified requirements. It would also revise the definition of value.

Existing law provides that the Superintendent of Banks may find that an account due to any licensee from any agent of the licensee is an eligible security, under specified circumstances.

This bill would delete that provision.

This bill would incorporate additional changes in Sections 1876.1, 1876.9, 33560, and 33568 of the Financial Code, proposed by AB 3351, to be operative only if AB 3351 and this bill are both chaptered and become effective on or before January 1, 1997, and this bill is chaptered last. These changes would become operative on the operative date of AB 3351.

The people of the State of California do enact as follows:

SECTION 1. Section 1876.1 of the Financial Code is amended to read:

1876.1. In this article:

(a) "Eligible security" means any United States currency eligible security or foreign currency eligible security.

(b) "Eligible securities rating service" means any securities rating service which the superintendent has by regulation or order declared to be an eligible securities rating service pursuant to Section 1876.5.

(c) "Eligible rating," when used with respect to any security or class of securities and any eligible securities rating service, means any rating assigned to the security, or class of securities, by the eligible securities rating service which the superintendent has by regulation or order declared to be an eligible rating pursuant to Section 1876.6.

(d) “Foreign currency eligible security” means any of the following which are, or are denominated in, a foreign currency and which the superintendent has not by regulation or order declared to be ineligible pursuant to Section 1876.3.

(1) Any of the following which are of comparable quality to the United States currency eligible securities specified in paragraphs (1) to (7), inclusive, of subdivision (g):

(A) Cash.

(B) Any deposit in an office of a bank located in a foreign country.

(C) Any bond, note, or other obligation.

(2) Any other security or class of securities which the superintendent has by regulation or order declared to be eligible securities pursuant to Section 1876.4.

(e) “Insured bank” means any bank the deposits of which are insured by the Federal Deposit Insurance Corporation. However, “insured bank” does not include any office of a foreign (other nation) bank, as defined in Section 1700, other than an office which is insured by the Federal Deposit Insurance Corporation.

(f) “Insured savings and loan association” means any savings and loan association the accounts of which are insured by the Federal Deposit Insurance Corporation.

(g) “United States currency eligible security” means any of the following which are, or are denominated in, United States currency and which the superintendent has not by regulation or order declared to be ineligible pursuant to Section 1876.3.

(1) Cash.

(2) Any deposit in an insured bank or an insured savings and loan association.

(3) Any bond, note, or other obligation which is issued or guaranteed by the United States or by any agency of the United States.

(4) Any bond, note, or other obligation which is issued or guaranteed by any state of the United States, or by any governmental agency of or within any state of the United States, and which is assigned an eligible rating by an eligible securities rating service.

(5) Any bankers acceptance which is eligible for discount by a federal reserve bank.

(6) Any commercial paper which is assigned an eligible rating by an eligible securities rating service.

(7) Any bond, note, or other obligation or preferred stock which is assigned an eligible rating by an eligible securities rating service.

(8) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), that holds itself out to investors as a money market fund, and that operates in accordance with all provisions of the Investment Company Act of 1940 and of the regulations of the Securities and Exchange



Commission applicable to money market funds, including Section 270.2a-7 of the regulations of the Securities and Exchange Commission (17 C.F.R. Sec. 270.2a-7).

For purposes of this paragraph and paragraph (9), “investment company,” “management company,” and “open-end” have the meanings set forth in Sections 3, 4, and 5, respectively, of the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-3, 80a-4, and 80a-5, respectively).

(9) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), and that invests exclusively in securities that constitute United States currency eligible securities under the other provisions of this subdivision.

(10) Any account due to any licensee from any agent of the licensee on account of the sale by the agent of outstanding travelers checks issued by the licensee, if the account is current and not past due or otherwise doubtful of collection.

(11) Any other security or class of securities that the superintendent has by regulation or order declared to be eligible securities pursuant to Section 1876.4.

(h) “Value” means:

(1) When used with respect to an eligible security owned by a licensee which consists of an account due to the licensee from an agent of the licensee on account of the sale by the agent of outstanding travelers checks issued by the licensee, net carrying value as determined in conformity with generally accepted accounting principles. However, in computing the value of the account due to the licensee, any amount due on account of the sale of a travelers check shall be excluded if the time elapsed between the sale and the date of computation exceeds the average time that elapses between the time of sale and the time of payment of travelers checks issued by the licensee.

(2) When used with respect to any other eligible security owned by a licensee:

(A) In case the practice and policy of the licensee is to hold eligible securities to maturity, net carrying value as determined in conformity with generally accepted accounting principles.

(B) In any other case, market value.

SEC. 1.1. Section 1876.1 of the Financial Code is amended to read:

1876.1. In this article:

(a) “Eligible security” means any United States currency eligible security or foreign currency eligible security.

(b) “Eligible securities rating service” means any securities rating service which the commissioner has by regulation or order declared to be an eligible securities rating service pursuant to Section 1876.5.

(c) “Eligible rating,” when used with respect to any security or class of securities and any eligible securities rating service, means any



rating assigned to the security, or class of securities, by the eligible securities rating service which the commissioner has by regulation or order declared to be an eligible rating pursuant to Section 1876.6.

(d) “Foreign currency eligible security” means any of the following which are, or are denominated in, a foreign currency and which the commissioner has not by regulation or order declared to be ineligible pursuant to Section 1876.3.

(1) Any of the following which are of comparable quality to the United States currency eligible securities specified in paragraphs (1) to (7), inclusive, of subdivision (g):

(A) Cash.

(B) Any deposit in an office of a bank located in a foreign country.

(C) Any bond, note, or other obligation.

(2) Any other security or class of securities which the commissioner has by regulation or order declared to be eligible securities pursuant to Section 1876.4.

(e) “Insured bank” means any bank the deposits of which are insured by the Federal Deposit Insurance Corporation. However, “insured bank” does not include any office of a foreign (other nation) bank other than an office which is insured by the Federal Deposit Insurance Corporation.

(f) “Insured savings and loan association” means any savings and loan association the accounts of which are insured by the Federal Deposit Insurance Corporation.

(g) “United States currency eligible security” means any of the following which are, or are denominated in, United States currency and which the commissioner has not by regulation or order declared to be ineligible pursuant to Section 1876.3.

(1) Cash.

(2) Any deposit in an insured bank or an insured savings association.

(3) Any bond, note, or other obligation which is issued or guaranteed by the United States or by any agency of the United States.

(4) Any bond, note, or other obligation which is issued or guaranteed by any state of the United States, or by any governmental agency of or within any state of the United States, and which is assigned an eligible rating by an eligible securities rating service.

(5) Any bankers acceptance which is eligible for discount by a federal reserve bank.

(6) Any commercial paper which is assigned an eligible rating by an eligible securities rating service.

(7) Any bond, note, or other obligation or preferred stock which is assigned an eligible rating by an eligible securities rating service.

(8) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), that holds itself



out to investors as a money market fund, and that operates in accordance with all provisions of the Investment Company Act of 1940 and of the regulations of the Securities and Exchange Commission applicable to money market funds, including Section 270.2a-7 of the regulations of the Securities and Exchange Commission (17 C.F.R. Sec. 270.2a-7).

For purposes of this paragraph and paragraph (9), “investment company,” “management company,” and “open-end” have the meanings set forth in Sections 3, 4, and 5, respectively, of the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-3, 80a-4, and 80a-5, respectively).

(9) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), and that invests exclusively in securities that constitute United States currency eligible securities under the other provisions of this subdivision.

(10) Any account due to any licensee from any agent of the licensee on account of the sale by the agent of outstanding traveler’s checks issued by the licensee, if the account is current and not past due or otherwise doubtful of collection.

(11) Any other security or class of securities that the commissioner has by regulation or order declared to be eligible securities pursuant to Section 1876.4.

(h) “Value” means:

(1) When used with respect to an eligible security owned by a licensee which consists of an account due to the licensee from an agent of the licensee on account of the sale by the agent of outstanding traveler’s checks issued by the licensee, net carrying value as determined in conformity with generally accepted accounting principles. However, in computing the value of the account due to the licensee, any amount due on account of the sale of a travelers check shall be excluded if the time elapsed between the sale and the date of computation exceeds the average time that elapses between the time of sale and the time of payment of travelers checks issued by the licensee.

(2) When used with respect to any other eligible security owned by a licensee:

(A) In case the practice and policy of the licensee is to hold eligible securities to maturity, net carrying value as determined in conformity with generally accepted accounting principles;

(B) In any other case, market value.

SEC. 2. Section 1876.7 of the Financial Code is repealed.

SEC. 3. Section 1876.9 of the Financial Code is amended to read:

1876.9. (a) In computing for purposes of Section 1876.8 the aggregate value of eligible securities owned by a licensee, all of the following shall be excluded:



(1) The value of any eligible security if and to the extent that the value of such eligible security, when combined with the aggregate value of all other eligible securities owned by such licensee which are issued or guaranteed by the same person or by any affiliate of the same person by whom such eligible security is issued or guaranteed, exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee.

(2) The aggregate value of all eligible securities of the type described in paragraph (10) of subdivision (g) of Section 1876.1 if and to the extent that that aggregate value exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee or any higher percentage, up to a maximum of 20 percent, that the superintendent may approve for the licensee.

(b) Subdivision (a) shall not be deemed to require the exclusion of the value of any of the following eligible securities, and each of the following eligible securities shall be exempted from the limitations of subdivision (a):

(1) The following United States currency eligible securities:

(A) Cash.

(B) Any deposit in an insured bank or an insured savings and loan association.

(C) Any bond, note, or other obligation for the payment of which the full faith and credit of the United States are pledged.

(2) Any eligible security which the superintendent, in view of the financial condition of the obligor or issuer and such other factors as may in the opinion of the superintendent be relevant, finds to be of such quality that exclusion of the value of such eligible security pursuant to subdivision (a) is not necessary for the purposes of this division and which the superintendent by regulation or order exempts from the limitations of subdivision (a).

SEC. 3.1. Section 1876.9 of the Financial Code is amended to read:

1876.9. (a) In computing for purposes of Section 1876.8 the aggregate value of eligible securities owned by a licensee, all of the following shall be excluded:

(1) The value of any eligible security if and to the extent that the value of such eligible security, when combined with the aggregate value of all other eligible securities owned by such licensee which are issued or guaranteed by the same person or by any affiliate of the same person by whom such eligible security is issued or guaranteed, exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee.

(2) The aggregate value of all eligible securities of the type described in paragraph (10) of subdivision (g) of Section 1876.1 if and to the extent that that aggregate value exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee or any higher percentage, up to a maximum of 20 percent, that the superintendent may approve for the licensee.



(b) Subdivision (a) shall not be deemed to require the exclusion of the value of any of the following eligible securities, and each of the following eligible securities shall be exempted from the limitations of subdivision (a):

(1) The following United States currency eligible securities:

(A) Cash.

(B) Any deposit in an insured bank or an insured savings and loan association.

(C) Any bond, note, or other obligation for the payment of which the full faith and credit of the United States are pledged.

(2) Any eligible security which the commissioner, in view of the financial condition of the obligor or issuer and such other factors as may in the opinion of the commissioner be relevant, finds to be of such quality that exclusion of the value of such eligible security pursuant to subdivision (a) is not necessary for the purposes of this division and which the commissioner by regulation or order exempts from the limitations of subdivision (a).

SEC. 4. Section 33560 of the Financial Code is amended to read:

33560. In this article:

(a) "Eligible security" means any United States currency eligible security or foreign currency eligible security.

(b) "Eligible securities rating service" means any securities rating service which the superintendent has by regulation or order declared to be an eligible securities rating service pursuant to Section 33564.

(c) "Eligible rating," when used with respect to any security or class of securities and any eligible securities rating service, means any rating assigned to such security or class of securities by such eligible securities rating service which the superintendent has by regulation or order declared to be an eligible rating pursuant to Section 33565.

(d) "Foreign currency eligible security" means any of the following which is, or is denominated in, a foreign currency and which the superintendent has not by regulation or order declared to be ineligible pursuant to Section 33562:

(1) Any of the following which is of comparable quality to the United States currency eligible securities specified in paragraphs (1) to (7), inclusive, of subdivision (f):

(A) Cash.

(B) Any deposit in an office of a bank located in a foreign country.

(C) Any bond, note, or other obligation.

(2) Any other security or class of securities which the superintendent has by regulation or order declared to be eligible securities pursuant to Section 33563.

(e) "Reported outstanding payment instrument," when used with respect to a licensee, means any of the following:

(1) Any payment instrument issued by the licensee which has been sold directly by the licensee and which has not yet been paid by the licensee.



(2) Any payment instrument issued by the licensee which has been sold by an agent of the licensee, which has been reported by such agent to the licensee as having been sold (such report having been received by the licensee), and which has not yet been paid by the licensee.

(f) “United States currency eligible security” means any of the following which is, or is denominated in, United States currency and which the superintendent has not by regulation or order declared to be ineligible pursuant to Section 33562:

(1) Cash.

(2) Any deposit in an insured bank or an insured savings and loan association.

(3) Any bond, note, or other obligation which is issued or guaranteed by the United States or by any agency of the United States.

(4) Any bond, note, or other obligation which is issued or guaranteed by any state of the United States or by any governmental agency of or within any state of the United States and which is assigned an eligible rating by an eligible securities rating service.

(5) Any bankers acceptance which is eligible for discount by a federal reserve bank.

(6) Any commercial paper which is assigned an eligible rating by an eligible securities rating service.

(7) Any bond, note, or other obligation or preferred stock which is assigned an eligible rating by an eligible securities rating service.

(8) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), that holds itself out to investors as a money market fund, and that operates in accordance with all provisions of the Investment Company Act of 1940 and of the regulations of the Securities and Exchange Commission applicable to money market funds, including Section 270.2a-7 of the regulations of the Securities and Exchange Commission (17 C.F.R. Sec. 270.2a-7).

For purposes of this paragraph and paragraph (9), “investment company,” “management company,” and “open-end” have the meanings set forth in Sections 3, 4, and 5, respectively, of the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-3, 80a-4, 80a-5, respectively).

(9) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), and that invests exclusively in securities that constitute United States currency eligible securities under the other provisions of this subdivision.

(10) Any account due to any licensee from any agent of such licensee on account of the sale by such agent of reported outstanding



payment instruments issued by the licensee, if the account is current and not past due or otherwise doubtful of collection.

(11) Any other security or class of securities that the superintendent has by regulation or order declared to be eligible securities pursuant to Section 33563.

(g) “Value” means:

(1) When used with respect to an eligible security owned by a licensee which consists of an account due to such licensee from an agent of the licensee on account of the sale by such agent of reported outstanding payment instruments issued by the licensee, net carrying value as determined in conformity with generally accepted accounting principles. However, in computing the value of the account due to the licensee, any amount due on account of the sale of a payment instrument shall be excluded if the time elapsed between the sale and the date of computation exceeds the average time that elapses between the time of sale and the time of payment of payment instruments issued by the licensee.

(2) When used with respect to any other eligible security owned by a licensee:

(A) In case the practice and policy of such licensee is to hold eligible securities to maturity, net carrying value as determined in conformity with generally accepted accounting principles.

(B) In any other case, market value.

SEC. 4.1. Section 33560 of the Financial Code is amended to read:

33560. In this article:

(a) “Eligible security” means any United States currency eligible security or foreign currency eligible security.

(b) “Eligible securities rating service” means any securities rating service which the commissioner has by regulation or order declared to be an eligible securities rating service pursuant to Section 33564.

(c) “Eligible rating,” when used with respect to any security or class of securities and any eligible securities rating service, means any rating assigned to such security or class of securities by such eligible securities rating service which the commissioner has by regulation or order declared to be an eligible rating pursuant to Section 33565.

(d) “Foreign currency eligible security” means any of the following which is, or is denominated in, a foreign currency and which the commissioner has not by regulation or order declared to be ineligible pursuant to Section 33562:

(1) Any of the following which is of comparable quality to the United States currency eligible securities specified in paragraphs (1) to (7), inclusive, of subdivision (f):

(A) Cash.

(B) Any deposit in an office of a bank located in a foreign country.

(C) Any bond, note, or other obligation.



(2) Any other security or class of securities which the commissioner has by regulation or order declared to be eligible securities pursuant to Section 33563.

(e) “Reported outstanding payment instrument,” when used with respect to a licensee, means any of the following:

(1) Any payment instrument issued by the licensee which has been sold directly by the licensee and which has not yet been paid by the licensee.

(2) Any payment instrument issued by the licensee which has been sold by an agent of the licensee, which has been reported by such agent to the licensee as having been sold (such report having been received by the licensee), and which has not yet been paid by the licensee.

(f) “United States currency eligible security” means any of the following which is, or is denominated in, United States currency and which the commissioner has not by regulation or order declared to be ineligible pursuant to Section 33562:

(1) Cash.

(2) Any deposit in an insured bank or an insured savings and loan association.

(3) Any bond, note, or other obligation which is issued or guaranteed by the United States or by any agency of the United States.

(4) Any bond, note, or other obligation which is issued or guaranteed by any state of the United States or by any governmental agency of or within any state of the United States and which is assigned an eligible rating by an eligible securities rating service.

(5) Any bankers acceptance which is eligible for discount by a federal reserve bank.

(6) Any commercial paper which is assigned an eligible rating by an eligible securities rating service.

(7) Any bond, note, or other obligation or preferred stock which is assigned an eligible rating by an eligible securities rating service.

(8) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), that holds itself out to investors as a money market fund, and that operates in accordance with all provisions of the Investment Company Act of 1940 and of the regulations of the Securities and Exchange Commission applicable to money market funds, including Section 270.2a-7 of the regulations of the Securities and Exchange Commission (17 C.F.R. Sec. 270.2a-7).

For purposes of this paragraph and paragraph (9), “investment company,” “management company,” and “open-end” have the meanings set forth in Sections 3, 4, and 5, respectively, of the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-3, 80a-4, 80a-5, respectively).



(9) Any share of an investment company that is an open-end management company, that is registered under the Investment Company Act of 1940 (12 U.S.C. Sec. 80a-1 et seq.), and that invests exclusively in securities that constitute United States currency eligible securities under the other provisions of this subdivision.

(10) Any account due to any licensee from any agent of such licensee on account of the sale by such agent of reported outstanding payment instruments issued by the licensee, if the account is current and not past due or otherwise doubtful of collection.

(11) Any other security or class of securities that the commissioner has by regulation or order declared to be eligible securities pursuant to Section 33563.

(g) "Value" means:

(1) When used with respect to an eligible security owned by a licensee which consists of an account due to such licensee from an agent of the licensee on account of the sale by such agent of reported outstanding payment instruments issued by the licensee, net carrying value as determined in conformity with generally accepted accounting principles. However, in computing the value of the account due to the licensee, any amount due on account of the sale of a payment instrument shall be excluded if the time elapsed between the sale and the date of computation exceeds the average time that elapses between the time of sale and the time of payment of payment instruments issued by the licensee.

(2) When used with respect to any other eligible security owned by a licensee:

(A) In case the practice and policy of such licensee is to hold eligible securities to maturity, net carrying value as determined in conformity with generally accepted accounting principles.

(B) In any other case, market value.

SEC. 5. Section 33566 of the Financial Code is repealed.

SEC. 6. Section 33568 of the Financial Code is amended to read:

33568. (a) In computing for purposes of Section 33567 the aggregate value of eligible securities owned by a licensee, all of the following shall be excluded:

(1) The value of any eligible security if and to the extent that the value of such eligible security, when combined with the aggregate value of all other eligible securities owned by such licensee which are issued or guaranteed by the same person or by any affiliate of the same person by whom such eligible security is issued or guaranteed, exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee.

(2) The portion of the aggregate value of all eligible securities of the type described in paragraph (10) of subdivision (f) of Section 33560 that exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee or any higher percentage, up to a



maximum of 20 percent, that the superintendent may approve for the licensee.

(b) Subdivision (a) shall not be deemed to require the exclusion of the value of any of the following eligible securities, and each of the following eligible securities shall be exempted from the limitations of subdivision (a):

(1) The following United States currency eligible securities:

(A) Cash.

(B) Any deposit in an insured bank or an insured savings and loan association.

(C) Any bond, note, or other obligation for the payment of which the full faith and credit of the United States are pledged.

(2) Any eligible security which the superintendent, in view of the financial condition of the obligor or issuer and such other factors as may in the opinion of the superintendent be relevant, finds to be of such quality that exclusion of the value of such eligible security pursuant to subdivision (a) is not necessary for the purposes of this division and which the superintendent by regulation or order exempts from the limitations of subdivision (a).

SEC. 6.1. Section 33568 of the Financial Code is amended to read:

33568. (a) In computing for purposes of Section 33567 the aggregate value of eligible securities owned by a licensee, all of the following shall be excluded:

(1) The value of any eligible security if and to the extent that the value of such eligible security, when combined with the aggregate value of all other eligible securities owned by such licensee which are issued or guaranteed by the same person or by any affiliate of the same person by whom such eligible security is issued or guaranteed, exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee.

(2) The portion of the aggregate value of all eligible securities of the type described in paragraph (10) of subdivision (f) of Section 33560 that exceeds 10 percent of the aggregate value of all eligible securities owned by the licensee or any higher percentage, up to a maximum of 20 percent, that the superintendent may approve for the licensee.

(b) Subdivision (a) shall not be deemed to require the exclusion of the value of any of the following eligible securities, and each of the following eligible securities shall be exempted from the limitations of subdivision (a):

(1) The following United States currency eligible securities:

(A) Cash.

(B) Any deposit in an insured bank or an insured savings and loan association.

(C) Any bond, note, or other obligation for the payment of which the full faith and credit of the United States are pledged.



(2) Any eligible security which the commissioner, in view of the financial condition of the obligor or issuer and such other factors as may in the opinion of the commissioner be relevant, finds to be of such quality that exclusion of the value of such eligible security pursuant to subdivision (a) is not necessary for the purposes of this division and which the commissioner by regulation or order exempts from the limitations of subdivision (a).

SEC. 7. Section 1.1 of this bill incorporates amendments to Section 1876.1 of the Financial Code proposed by both this bill and AB 3351. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1997, but this bill becomes operative first, (2) each bill amends Section 1876.1 of the Financial Code, and (3) this bill is enacted after AB 3351, in which case Section 1876.1 of the Financial Code, as amended by Section 1 of this bill, shall remain operative only until the operative date of AB 3351, at which time Section 1.1 of this bill shall become operative.

SEC. 8. Section 3.1 of this bill incorporates amendments to Section 1876.9 of the Financial Code proposed by both this bill and AB 3351. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1997, but this bill becomes operative first, (2) each bill amends Section 1876.9 of the Financial Code, and (3) this bill is enacted after AB 3351, in which case Section 1876.9 of the Financial Code, as amended by Section 3 of this bill, shall remain operative only until the operative date of AB 3351, at which time Section 3.1 of this bill shall become operative.

SEC. 9. Section 4.1 of this bill incorporates amendments to Section 33560 of the Financial Code proposed by both this bill and AB 3351. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1997, but this bill becomes operative first, (2) each bill amends Section 33560 of the Financial Code, and (3) this bill is enacted after AB 3351, in which case Section 33560 of the Financial Code, as amended by Section 4 of this bill, shall remain operative only until the operative date of AB 3351, at which time Section 4.1 of this bill shall become operative.

SEC. 10. Section 6.1 of this bill incorporates amendments to Section 33568 of the Financial Code proposed by both this bill and AB 3351. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 1997, but this bill becomes operative first, (2) each bill amends Section 33568 of the Financial Code, and (3) this bill is enacted after AB 3351, in which case Section 33568 of the Financial Code, as amended by Section 6 of this bill, shall remain operative only until the operative date of AB 3351, at which time Section 6.1 of this bill shall become operative.

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