TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER

ADVANCE NOTICE OF RULEMAKING & ONLINE WEBINAR
Commercial Sales-Based Financing Rules
November 19, 2025 at 2:00 p.m.

The Office of Consumer Credit Commissioner (OCCC) will hold an online webinar on November 19, 2025, at 2:00 p.m. During the webinar, the OCCC will discuss plans for future rulemaking on commercial sales-based financing transactions to implement HB 700, a bill that the Texas Legislature enacted in 2025. The OCCC will take questions during the webinar and will accept informal written comments until 5:00 p.m. on November 20.

Summary of HB 700

HB 700 adds a new chapter to the Texas Finance Code with requirements for providers of commercial sales-based financing transactions (also known as "merchant cash advances" or "MCAs"). In these transactions, the recipient repays the financing as a percentage of sales or revenue, and payment amounts may increase or decrease based on sales or revenue. The bill creates a new registration with the OCCC.

- ***Exemptions:*** The bill provides exemptions for banks, credit unions, certain technology providers, transactions secured by real property, transactions extended to motor vehicle dealers and rental companies, and certain other transactions.
- ***Registration:*** The bill requires providers and brokers to register with the OCCC. The bill authorizes the OCCC to set annual registration fees, and to terminate or suspend registrations.
- ***Disclosures:*** The bill requires a provider to make disclosures for transactions less than $1 million, including the total amount of financing, the disbursement amount, the finance charge, the repayment amount, payment amounts, and the period for payments to equal the repayment amount.
- ***Other prohibitions:*** The bill provides that confessions of judgment and similar provisions are void and unenforceable. The bill prohibits automatically debiting a recipient's deposit account unless the provider holds a perfected security interest in the account with first priority.
- ***Enforcement and rulemaking:*** The bill authorizes the OCCC to administer, implement, and enforce the new chapter of the Finance Code. The bill authorizes the Finance Commission to adopt rules to administer the chapter, including rules on practices considered unfair or misleading, as well as practices taking unreasonable advantage of a recipient's lack of understanding. The bill prohibits the Finance Commission from setting a maximum APR, finance charge, or fee for a commercial sales-based financing transaction.

HB 700 generally went into effect on September 1, 2025. The bill provides that no later than September 1, 2026, the Finance Commission will adopt implementing rules. The bill requires providers and brokers to register with the OCCC no later than December 31, 2026.

Anticipated Rulemaking

The OCCC anticipates that future rules will address the following issues:

- ***Registration:*** The OCCC anticipates that providers and brokers will be required to register through the Nationwide Multistate Licensing System (NMLS), that registrations will be effective for a one-year period from January 1 to December 31, and that registrations and renewals will be subject to a fee for administering the registration program.
- ***Unfair and misleading practices:*** The rules will include a prohibition on unfair and misleading practices. Prohibited practices may include the following:
    - False, misleading, or inaccurate advertisements, solicitations, disclosures, or contract language
    - A provider or broker's failure to perform contracted-for services (or inaccurate descriptions of contracted-for services)
    - Charging fees or other amounts that were not specifically disclosed and contracted for
    - Waivers of statutory rights
    - Foreclosing on collateral without complying with applicable requirements (e.g., Texas Business & Commerce Code, Chapter 9)
    - Improperly characterizing a transaction as a "commercial" transaction when the advanced funds will be used for individual, family, or household purposes
    - A device or subterfuge to evade regulatory requirements
- ***Other administrative and enforcement provisions:*** The rules will include other administrative and enforcement provisions to ensure that the OCCC can effectively administer the new statutory requirements for this industry. The rules may include the following:
    - Authority to conduct an investigation on receiving a complaint or other reasonable cause to believe that a provider or broker is violating the new law
    - A requirement for providers and brokers to make records available for inspection and to respond to requests for information
    - A requirement to maintain transaction records (including contracts, required disclosures, account histories, and payment records) for a specified period
    - A requirement to maintain updated contact information and to provide advance notice of changes to registration information
    - Authority for the OCCC to issue enforcement orders, including injunctions, restitution orders, administrative penalty orders, and orders to suspend or revoke a registration
    - A requirement to include information in contracts on how a recipient may file a complaint

The OCCC anticipates the following general timeline for these rules (these dates are subject to change, and all rule actions are subject to approval by the Texas Finance Commission):

- ***December 2025 to January 2026:*** OCCC sends a precomment draft (or drafts) of new rules to stakeholders and holds another online webinar to get feedback on the draft rules.
- ***February 2026:*** Finance Commission formally proposes rules at its meeting.
- ***March 2026:*** Stakeholders may provide official comments on the proposal.
- ***No later than August 2026:*** Finance Commission adopts final rules.

Questions for Stakeholders

The OCCC invites stakeholders to provide comments on the anticipated rulemaking described above and on the following questions:

- What practices have stakeholders observed in this industry?
- Which practices should (or should not) be regulated as unfair or misleading practices?
- What methods do providers use for securing repayment?
- Will providers obtain perfected first-priority interests on accounts in order to establish automatic debits of deposit accounts?
- Have stakeholders observed misleading advertising in this industry? If so, how?
- Is there an estimate of the number providers operating in Texas?
- What is the estimated dollar volume of activity in this industry in Texas?

Participating in Webinar

Stakeholders are invited to listen and participate in the online webinar. Please follow the instructions available at: https://register.gotowebinar.com/register/234290985884744281

Submission of Informal Comments

Informal comments responding to this notice may be submitted by email to rule.comments@occc.texas.gov, or by mail to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Blvd., Austin, Texas 78705.

Comments submitted to the OCCC are generally public. Please redact all confidential information before submitting comments to the OCCC.

Informal comments on the anticipated rulemaking for commercial sales-based financing must be received by 5:00 p.m. on November 20, 2025.