

Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 85. Pawnshops and Crafted Precious Metal Dealers
Subchapter A. Rules of Operation for Pawnshops

The Finance Commission of Texas (commission) proposes amendments to §85.402 (relating to Recordkeeping) and §85.406 (relating to Law Enforcement Reporting) in 7 TAC Chapter 85, Subchapter A, concerning Rules of Operation for Pawnshops.

The rules in 7 TAC Chapter 85, Subchapter A govern pawnshops. In general, the purpose of the proposed rule changes to 7 TAC Chapter 85, Subchapter A is to implement changes resulting from the commission's review of the subchapter under Texas Government Code, §2001.039.

Proposed amendments to §85.402 would update recordkeeping requirements for pawnshops. Pawnshops are required to maintain transaction records under Texas Finance Code, §371.152, and are required to allow the OCCC to access records under Texas Finance Code, §371.202. Currently, provisions throughout §85.402 refer to both paper and electronic recordkeeping systems. A proposed amendment to §85.402(b) would rearrange language to refer to electronic recordkeeping systems before referring to paper systems, based on licensees' increasing use of electronic systems rather than paper systems. Additional proposed amendments to §85.402 relate to data security recordkeeping. A proposed amendment at §85.402(i)(1) specifies that licensees must maintain written policies and procedures for an information security program to protect consumers' customer information, as required by the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314. Another proposed amendment at §83.402(i)(2) specifies that if

a licensee maintains customer information concerning 5,000 or more consumers, then the licensee must maintain a written incident response plan and written risk assessments, as required by 16 C.F.R. §314.4. A proposed amendment at §83.402(j) specifies that licensees must maintain data breach notifications to consumers and to the Office of the Attorney General under Texas Business & Commerce Code, §521.053. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The proposed data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

A proposed amendment to §85.406 would revise a requirement related to law enforcement reporting. Pawnshops are required to allow peace officers to inspect transaction records under Texas Finance Code, §371.204. Currently, §85.406 provides suggested guidelines for pawnshops to report transactions electronically to law enforcement agencies. A proposed amendment to §85.406(b)(1) would remove a reference to transmitting information to law enforcement by disk, because the OCCC understands that disks are no longer commonly used.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has

determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will be more easily understood by licensees required to comply with the rules, and will better enable licensees to comply with Texas Finance Code, Chapter 371 and related legal requirements.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed. If there are economic costs, then the OCCC anticipates that these will be minimal. Regarding the proposed amendments related to information security programs and data breach notifications in §85.402, licensees are required to develop this information by existing statutes and regulations outside of the proposed amendments, so any costs do not result from the proposed amendments.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would expand current §85.402 by adding references to certain cybersecurity-related information. The proposal would limit current §85.406 by removing a reference to disks. The proposal would not repeal a current regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

In March 2026, the OCCC issued an advance notice of rule review, seeking informal feedback on the rule review. Notice of the review of 7 TAC Chapter 85, Subchapter A was published in the *Texas Register* on April 3, 2026 (51 TexReg 2257). The OCCC and the commission did not receive any comments in response to these notices.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit

Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule amendments are proposed under Texas Finance Code, §371.006, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 371 (the Texas Pawnshop Act).

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 371. In addition, Texas Finance Code, §11.304 authorizes the Finance Commission to adopt rules necessary to supervise the OCCC and ensure compliance with Texas Finance Code, Title 4.

Division 4. Operation of Pawnshops

§85.402. Recordkeeping

(a) (No change.)

(b) Record retention. Any required book, record, or instrument pertaining to a transaction, whether electronic or paper [~~or electronic~~], must be available for a minimum of two years from the date of the last recorded event. Records must be available for inspection during normal business hours by

the commissioner's authorized representative. For purposes of this section, the date of the last recorded event is the date a pledged item is taken into inventory, redeemed, renewed, seized, or voided.

(c) - (h) (No change.)

(i) Information security program. A licensee must maintain the following for an information security program:

(1) written policies and procedures for an information security program to protect consumers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(2) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(j) Data breach notifications. A licensee must maintain the following for data breach notifications:

(1) the text of any data breach notification provided to consumers, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(2) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

§85.406. Law Enforcement Reporting

(a) Reporting requirements. The information on the pawn ticket must be made available to the law enforcement agency electronically or through the production of a separate copy of the pawn ticket.

(b) Suggested electronic reporting guidelines. These suggested guidelines are intended to give pawnshops considerable flexibility to fit individual needs while providing some guidance. Modifications to the guidelines may be made without the loss of protection from any liability defense. Electronic reporting is voluntary and should occur under mutually acceptable terms to the pawnbroker and the law enforcement agency. Information reported electronically should be transmitted by a method mutually acceptable to both the pawnshop and the law enforcement agency. The suggested guidelines are:

(1) the transmission be made using a [~~disk,~~] flash drive, remote access to secure websites maintained by law enforcement, or remote access to secure bulletin boards or websites;

(2) the information be provided in comma-delimited ASCII text with field titles as the first record of the transmission;

(3) the information be sent in batches no smaller than the daily activity;

(4) the information include all purchase and pawn transactions in a single transmission; and

(5) the law enforcement agency not be given direct access to a pawnshop's computer system.

Certification

The agency certifies that legal counsel has reviewed the proposal and found it to be within the agency's legal authority to adopt.

Issued in Austin, Texas on June 19, 2026.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner