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) adopts 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 commission adopts the amendments to §85.402 and §85.406 without changes to the proposed text as published in the July 3, 2026, issue of the *Texas Register* (51 TexReg 4307).

The rules in 7 TAC Chapter 85, Subchapter A govern pawnshops. In general, the purpose of the 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.

Adopted amendments to §85.402 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. An amendment to §85.402(b) rearranges 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 amendments to §85.402 relate to data security recordkeeping. An 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 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. An 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 2027-2031 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 adopted data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

An amendment to §85.406 revises 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. An amendment to §85.406(b)(1) removes a reference to transmitting information to law enforcement by disk, because the OCCC understands that disks are no longer commonly used.

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.

The OCCC and the commission did not receive any official comments on the proposed amendments.

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

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapter 371.

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 adoption and found it to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas on August 21, 2026.

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