

1 Amend 2 Cal. Code Regs., Section 18700.2 to read:

2 **§ 18700.2. Parent, Subsidiary, Otherwise Related Business Entity: Defined.**

3 (a) For purposes of Section 82034 and Section 87209, in determining if a business entity
4 has an interest in real property or does business or plans to do business in the jurisdiction, or has
5 done business in the jurisdiction at any time during the two years prior to the time any statement
6 or any other action is required under the Act, the business entity includes a “parent,”
7 “subsidiary,” or “otherwise related to” another business entity as those terms are defined in
8 subdivision (b) below.

9 (b) Parent, Subsidiary, Otherwise Related Business Entity, defined.

10 (1) Parent - A business entity is a “parent” if it is a corporation that controls more than 50
11 percent of the voting stock of another corporation. The parent corporation is also a parent to any
12 subsidiaries of the corporation that it controls.

13 (2) Subsidiary - A business entity is a “subsidiary” if it is a corporation whose voting
14 stock is more than 50 percent controlled by another corporation. The subsidiary corporation is
15 also a subsidiary to any corporation that controls its parent corporation.

16 (3) Otherwise related business entity. Business entities, other than a parent corporation as
17 defined in subdivision (b)(1), are otherwise related if:

18 (A) The same person or ~~a majority of the same~~ persons together direct or control each
19 business entity; or

20 (B) The same person or ~~a majority of the same~~ persons together have a 50 percent or
21 greater ownership interest in each business entity.

1 (c) An official with a financial interest in a business entity also has an interest in a parent
2 or subsidiary of the business entity or an otherwise related business entity except when the
3 business entity meets the criteria provided in subdivision (d).

4 (d) An official with a financial interest in a business entity does not have an interest in a
5 parent or subsidiary of that business entity or an otherwise related business entity if:

6 (1) The official's only interest is that of a shareholder and the official is a passive
7 shareholder with less than 5 percent of the shares of the corporation; and

8 (2) The parent corporation is required to file annual Form 10-K or 20-F Reports with the
9 Securities and Exchange Commission and has not identified the subsidiary on those forms or its
10 annual report.

11 Note: Authority cited: Section 83112, Government Code. Reference: Sections 87100, 87102.5,
12 87102.6, 87102.8 and 87103, Government Code.