

CSBS/MTRA MSB Accreditation Program

Background

In August 2018, the Performance Standards Committee (PSC) approved the formation of a working group to develop recommendations for a Money Services Businesses (MSBs) Accreditation Program. The working group was responsible for developing the framework of the program by setting standards to drive uniformity and efficiency. The working group implemented standards for scheduling exam cycles, exam scoping, and prudential requirements.

Working Group Recommendation

The Working Group recommends the formation of an accreditation program for MSB regulation as outlined in this document, which will be co-sponsored by CSBS and MTRA. Accreditation may be an avenue to create efficiencies, promote consistency among states, and support a more modernized and streamlined approach to the supervision of MSB licensees. In addition to minimum standards, the accreditation program can provide guidance and assistance to state agencies, and perhaps more importantly, their state legislators. This includes providing a path for obtaining the resources necessary to ensure safety and soundness, consumer protection, and BSA/AML compliance in an efficient manner. Accreditation can also serve as a tool to demonstrate to Congress, federal regulatory agencies, state departments, and the public the high-level capability of each accredited state agency.

The Working Group recommends state agencies be able to use the answers and results of Section 1 (Agency Administration and Finance) and Section 2 (Personnel and Training) from the agency's previous accreditation review. Sections 1 and 2 are common to the bank and mortgage program. If a state agency has been accredited or re-accredited since January 1, 2018, the information from Section 1 and 2 will be pre-populated from the last accreditation review which the agency can update to include MSB information. The agency must attest that all information is up to date upon submission of the Self-Evaluation Questionnaire (SEQ). Sections 1 and 2 will be reviewed as it applies to their MSB supervisory program. In addition, agencies can choose to add MSB to their next bank and/or mortgage re-accreditation or do a separate MSB-only review.

Overview of the Process

The working group followed a "Top-Down" approach to create the MSB supervision accreditation program. The process included the following steps:

1. Define the Purpose of MSB Accreditation
2. Define the Eligibility Requirements for MSB Accreditation
3. Define the Principles for MSB Accreditation
4. Define the Scope/Outline for MSB Accreditation
5. Define the Standards for MSB Accreditation
6. Determine the amount of weight assigned to each Standard
7. Recommend a minimum passing score to achieve MSB Accreditation
8. Send the proposed standards out for comment among MTRA/CSBS members
9. Provide formal recommendation to PSC for approval.

Upon PSC approval, the following steps will be addressed:

1. Propose a method for states to apply for MSB Accreditation
2. Determine a governance structure for the accreditation program
3. Develop a list of potential Review Team members to conduct MSB Accreditation reviews
4. Finalize the Self-Evaluation Questionnaire and send out notice to all states

5. Publicize the new program and communicate the benefits of MSB Accreditation program

Key Considerations

The working group addressed many key considerations as they reviewed and developed the standards for MSB accreditation. These included:

- Ensuring states that are accredited can contribute to assisting in the state system of supervision
- Recognizing states are at varying levels of capability and providing a framework to which states can aspire
- Creating standards that encourage participation in multi-state exams and a coordinated effort of scheduling single-state exams
- Encouraging states to use examinations by other states instead of conducting their own exam, wherever possible
- Recognizing states that are leaders in the area of MSB supervision
- Creating standards that will not conflict with key initiatives by MTRA and CSBS, i.e. Vision 2020, the Model State Law, and the MSB Multistate Licensing Agreement (MMLA).
- The ability to perform joint reviews with bank, mortgage, or credit union

Definition of MSB

“Money Services Business” (MSB) means financial service providers who are: (1) currency dealers or exchangers, (2) issuers of traveler’s checks, money orders, prepaid access, and/or stored value, (3) sellers or redeemers of traveler’s checks, money orders, prepaid access, and/or stored value, and (4) money transmitters.

Purpose of MSB Accreditation

- Set standards to support a modernized and coordinated state system for supervising MSBs.
- Provide a framework for states to obtain the resources necessary to ensure safety and soundness, consumer protection, and BSA/AML compliance in an efficient manner.
- Demonstrate to Congress, federal regulatory agencies, state departments, and the public the high-level capability of each accredited state agency.
- Validate accredited states’ examinations for greater acceptance by other states.

Eligibility Requirements

A state agency seeking MSB Accreditation must first meet the following requirements:

- Statutory authority to license and examine MSBs as defined in the Nationwide Cooperative Agreement for MSB Supervision;
- Member in good standing with the MTRA and/or CSBS; and
- Signatory to the protocol and agreement for nationwide supervision for MSBs
- Participate in the MSB multi-state examination process

Principles for MSB Accreditation

The Money Services Businesses (MSB) accreditation program evaluates the principles outlined below. The program is designed to determine if the agency has:

1. The legal authority to license, examine, and supervise state-licensed MSBs consistent with basic principles of consumer protection, effective management oversight, and acceptable financial condition.
2. The demonstrated ability to regularly participate in a multi-state system of state supervision of MSBs.
3. The statutory authority for an adequate examination frequency based on the risk profiles of their state-licensed MSBs, and the ability to meet the frequency either by conducting exams or accepting reports of examination from another state.
4. Adequate qualified staff with expertise to license, examine, and supervise all state-licensed MSBs, and to perform other agency functions and responsibilities.
5. Adequate funding to achieve these principles.

MSB Accreditation Program Outline

The MSB Accreditation Self-Evaluation Questionnaire will cover the topics outlined below. Each topic is assigned a value, which indicates how much weight the topic will have on the agency's score. The agency is required to achieve a passing score on each section in order to be recommended for accreditation.

State agencies will be able to use the answers and results of Section 1 (Agency Administration and Finance) and Section 2 (Personnel and Training) from the agency's previous accreditation review. Sections 1 and 2 are common to the bank and mortgage program. If a state agency has been accredited or re-accredited since January 1, 2018, the information from Section 1 and 2 will be pre-populated from the last accreditation review which the agency can update to include MSB information. The agency must attest that all information is up to date upon submission of the Self-Evaluation Questionnaire (SEQ). Sections 1 and 2 will be reviewed as it applies to their MSB supervisory program. In addition, agencies can choose to add MSB to their next bank and/or mortgage re-accreditation or do a separate MSB-only review.

Section 1 – Administration and Finance

Passing Score = 120

NAME OF STANDARD	VALUE
1-A. Mission Statement, Strategic Plan & Org Chart	8
1-B. Internal Communication	5
1-C. Communication with Other Regulatory Agencies	5
1-D. Communication with Industry	5
1-E. Consumer Education / Financial Literacy	4
1-F. Access to Legal Assistance	5
1-G. Agency Facilities	3
1-H. Business Continuity Plan	5
1-I. Technology Infrastructure and Cybersecurity	16
1-J. Budget Revenue / Contingency Plan	12
1-K. Budget Expenses / Supplemental Budgets	12
TOTAL	80

Section 2 – Personnel and Training

Passing Score = 120

NAME OF STANDARD	VALUE
2-A. Personnel Manual	5
2-B. Job Descriptions	5
2-C. Hiring Policies	5
2-D. Promotional Opportunities / Pay for Performance	5
2-E. Performance Appraisal Process	5
2-F. Adequacy of Salaries and Benefits	10
2-G. Training Coordinator / Evaluations	5
2-H. Policy on Examiner Training	5
2-I. Training Manuals and On-The-Job Training	10
2-J. Examination Exit Meeting Training	5
2-K. Support of External Academic Training	5
2-L. Adequacy of Training Funds	15
TOTAL	80

Section 3 – Money Services Businesses Examination Program

Proposed Passing Score = 520

NAME OF STANDARD	VALUE
3-A. Examination Frequency Policy	40
3-B. Risk Scoping Policy	25
3-C. Sharing and Accepting Reports	35
3-D. Participation in Multi-State Exams	35
3-E. Examination Manuals	20
3-F. Review and Transmittal of Report	15
3-G. Working Paper Retention	15
3-H. Staffing Capabilities	30
3-I. MSB Examination Work Program	40
3-J. Report of Examination	35
3-K. Follow-up Correction of Problems	20
TOTAL	310

Section 4 – Money Services Businesses Supervision and Legislation

Proposed Passing Score = 280

NAME OF STANDARD	VALUE
4-A. Complaint Resolution System	25
4-B. Licensing/Renewal Process	35
4-C. Off-Site Monitoring Program	15
4-D. Enforcement Authority	35
4-E. Ability to Investigate	25
4-F. Frequency of Code Review / Revision*	20
4-G. Involvement in State Legislative Process*	15
TOTAL	170

Scoring

Each of the standards above will be rated using the same scoring system as used in the bank and mortgage accreditation programs. That rating scale is a 0 to 3 rating, defined as:

- 0 – Agency does not perform the function, or major deficiencies exist
- 1 – Agency does not meet the standard, or significant improvement is required
- 2 – Agency meets the standard, and there may or may not be suggestions for improvement
- 3 – Agency exceeds the standard, and is considered a role model for other states

Each rating is multiplied by the value to provide a score for that standards. All scores are added together to provide the total section score, which must meet the required passing score indicated above to obtain accreditation.

The proposed passing scores reflect the minimum capacity for an agency to be recommended for accreditation. The passing score allows for some deficiencies that may need to be addressed by the agency. For example, in Section 3, an agency can pass with a rating of “1” on two major components if they receive a “2” on all the other standards. A “3” rating is not required to achieve a passing score. The

accreditation program is designed to identify areas by which agencies need to improve and provide support and guidance to help address those deficiencies.

Scope

The scope of the MSB Accreditation Working Group was limited to the development of the standards specific to MSB supervision, which included section 3 and 4 as outlined above. The working group did not review Section 1 and 2, since those components are shared by the bank and mortgage accreditation programs. The remainder of this document includes the proposed MSB standards, as well as the potential questions to be asked in the self-evaluation questionnaire. To view Sections 1 and 2, click [here](#) to view the existing SEQ published on the CSBS website.

Section 3 - MSB Examination Program

STANDARD 3-A: Examination Frequency Policy

The agency's written policy on examination frequency must state that each MSB licensee conducting business in that state be examined at least every 60 months. The agency must have the ability to meet their examination frequency policy with the use of their own examinations or acceptance of other examination reports. The examination frequency policy should also include a rating system that identifies the level of risk associated with each licensee and allows for better prioritization of examinations.

Agencies should have a policy to conduct an on-site or off-site examination of licensees within 24 months of being granted a license or beginning business in the state. Alternatively, the agency can accept another state's report of examination that is no older than 24 months old. Thereafter, the agency should consider the risk of the licensee when scheduling the next examination.

Questions for 3-A:

- The agency has an internal policy to examine MSB licensees at least every 60 months. Y/N
 - o If no, please explain
- The agency has a statutory requirement for its MSB examination frequency. Y/N
 - o If yes, the frequency requirement is:

Examination Target Information	2018	2017	2016
Target number of MSB examinations each year:			
Target % of MSB examinations each year:			
*Indicate the agency's target number of examinations and percentage of licensees to be examined each year.			

- The agency has examined all MSB licensees conducting business in the state within the last five years. Y/N
 - o If no, please explain
- The agency schedules its examinations using off-site monitoring. Y/N
 - o If yes, explain the off-site monitoring and how it determines the schedule
- The agency has a rating system that identifies the licensee's risk and is a factor in exam scheduling. Y/N
 - o If yes, please explain
- Upload a list of your MSB licensees or documents used in tracking or scheduling examinations. Licensee names should be REDACTED. If your document needs explaining, please do so.
- The Agency has a policy to conduct an on-site or off-site examination of MSB licensees within 24 months of licensure or beginning business activity in the state. Alternatively, the agency can accept another state's report of examination that is no older than 24 months old. Y/N
 - o If yes, please upload the policy
- Describe the process for scheduling the initial on- or off-site examination of new licensees.

- Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-B: Risk Scoping Policy

The agency must have a written policy and procedures to ensure examinations include an appropriate scope based on the licensee's risk or volume of activity.

This policy should include how the agency determines:

- on-site vs. off-site examinations
- limited-scope vs. full-scope examinations

The policy should include performing risk-based reviews of licensees that have low or no volume. This review should include an analysis of data from the MSB Call Report or other analytics or information available to the agency.

Questions for 3-B:

- The agency has a policy for scoping its examinations based on the licensee's risk. Y/N
 - Describe the process used to determine the scope of the examination
 - The agency has a policy for performing formal reviews of licensees that have no or low volume. Y/N
 - o If yes, state what information is reviewed for these licensees.
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-C: Sharing and Accepting Reports

The agency must have signed all applicable multi-state examination agreements and have developed a means for ensuring compliance with the protocols in the agreements.

The agency must have a written policy and demonstrated ability to request from, and provide to, examination reports from and to other states. In reviewing other state's examinations, the policy should address how the accepting agency will ensure the licensee's compliance with their (accepting) state-specific statutes and regulations.

Questions for 3-C:

- The agency has signed all information sharing agreements with other regulatory agencies having jurisdiction over the MSB industry. Y/N
 - o If no, please explain.
- The agency has complied with all applicable information sharing agreements. Y/N
 - o If no, please explain.

- The agency has a policy on accepting examination reports from other states. Y/N
 - o If no, please explain.
 - The agency has accepted examination reports from other states. Y/N
 - o If yes, provide the percentage of examinations accepted from other states.
 - When accepting examination reports from other states, the agency conducts a review for compliance with its state-specific laws and regulations. Y/N
 - o If no, please explain.
 - When accepting other states' examination reports, the agency has a practice of notifying the licensee that the examination has been accepted. Y/N
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-D: Participation in Multi-State Exams

The agency must have the ability to travel out-of-state, demonstrate the ability to participate in multi-state MSB examinations, and perform most of the components of the MTRA exam work program. Additionally, the agency should have the ability to lead multi-state examinations as an Examiner-in-Charge (EIC).

Questions for 3-D:

- The agency has the ability to participate in multi-state examinations. Y/N
 - o If no, please explain.
- The agency has the ability to accept multi-state exams in lieu of performing independent examinations. Y/N
 - o If no, please explain.
- The agency has participated in MMET examinations. Y/N
 - o If no, please explain.
- The agency has the ability to travel out of state to participate on multi-state examinations. Y/N
 - o If no, please explain.
- The agency has the ability to complete components of the MTRA work program during a multi-state examination. Y/N
 - o If no, please explain.
- The agency is able to participate as the EIC on MMET examinations. Y/N
 - o If no, please explain.

Number of Multi-state Examinations	2018	2017	2016
*Number of Multi-state Exams the agency participated in			
*Number of Multi-state Exams where agency staff were EIC			

- Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-E: Examination Manuals

The agency must have examination manuals addressing policies and procedures for all types of examinations (i.e., full scope, limited scope, on-site, off-site). These procedures for an examination may be a duplicate of written training procedures, but should include (and not be limited to):

- Procedures for pre-planning
- Exam scoping procedures
- Communication with licensees
- Transaction analysis
- Exam rating procedures
- Exit meetings with management
- Report writing procedures
- Procedures for recommending/forwarding to enforcement
- Compliance with applicable state laws

Note: Use the MTRA Examination Manual as an alternative to creating these procedures in-house.

Questions for 3-E:

- The agency has an examination manual that addresses all types of examinations. Y/N
 - o If no, please explain.
 - The examination manual includes the following topics (select all that apply):
 - o Procedures for pre-planning
 - o Exam scoping procedures
 - o Communication with licensees
 - o Transaction analysis
 - o Exam rating procedures
 - o Exit meetings with management
 - o Report writing procedures
 - o Procedures for recommending/forwarding to enforcement
 - o Compliance with applicable state laws
 - o Other (if other, please specify)
 - The agency uses the MTRA Exam Manual. Y/N
 - o If no, please explain.
 - Please upload the Table of Contents of your examination manual and provide any comments, if needed.
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-F: Review and Transmittal of Report

Report turnaround times on independent or single-state examinations of non-problem licensees should average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report is transmitted to the MSB licensee. On problem licensees or multi-state examinations when acting as the lead state, the average report turnaround time should be no more than 60 calendar days.

The agency’s examination policy must include procedures to conduct exit meetings with management at the conclusion of every examination. Exit meetings can be conducted remotely or in-person.

Questions for 3-F:

Report Turnaround Time	2018	2017	2016
*Report turnaround times for your state - only problem examinations (from date of exit meeting to transmittal of report)			
*Report turnaround times for your state - only non-problem exams (from date of exit meeting to transmittal of report)			
*Report turnaround time for multi-state exams led by your agency (from date of exit meeting to transmittal of report)			

- The agency has a policy to conduct an exit meeting after every examination. Y/N
 - o If no, please explain.

 - The agency has a process for documenting examinations that have taken longer than the accepted turnaround time. Y/N
 - o If no, please explain.

 - Please provide any other comments and upload any additional documents you wish to include.
-

STANDARD 3-G: Working Paper Retention

The agency must have a policy for managing and retaining working papers. Working papers should include the completed work program and supporting documentation of violations.

Questions for 3-G:

- The Agency retains the completed examination work program and supporting documentation of violations. Y/N
 - o If no, please explain.

- The agency has a procedure for maintaining and retaining working papers. Y/N
 - o If yes, upload a copy of the written policy
 - o If no, please explain.
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-H: Staffing Capabilities

The agency must have adequate staff with the training and capability to effectively examine MSBs consistent with the agency’s policies, procedures, and work programs.

Questions for 3-H:

MSB Examiners by Position	2018
Number of Level 1 Examiners	
Number of Level 2 Examiners	
Number of Level 3 Examiners	
Number of Level 4 Examiners	
Number of Supervisory Examiners (if not listed above)	
Number of Funded Examiner Vacancies	
Total	0

MSB Examiners by Tenure	2018
Number of MSB examiners less than 2 years	
Number of MSB examiners 2 to 5 year	
Number of MSB examiners 5 to 15 years	
Number of MSB examiners between 15 to 25 years	
Number of MSB examiners over 25 years	
Total Number of MSB Examiners	0

- The agency regularly monitors its staffing needs to determine the number of examiners that are needed to effectively examine MSB licensees. (Please explain your answer) Y/N
- The agency has adequate staff to effectively examine its MSB licensees. (Please explain your answer). Y/N
- MSB examiners are cross-trained across multiple disciplines (bank, credit union, mortgage, etc.). Y/N (Please explain your answer)

- Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-I: MSB Examination Work Program

The agency must use the MTRA examination work program and develop a module for state-specific compliance, if needed. Alternatively, the agency may develop a comparable work program.

At a minimum, the comparable work program must include the following components:

- Financial condition
- Management
- Federal Compliance
- State-Specific Compliance

The following additional components must be included in a comparable work program, as applicable, based on the licensee's risk profile:

- Agent Supervision
- Prepaid Access
- Information Technology / Information Security
- Virtual Currency
- Foreign Currency

Questions for 3-I:

- The agency uses the MTRA examination work program. Y/N
 - If the agency uses a comparable work program, the following components are included (select all that apply):
 - Financial condition
 - Management
 - Federal Compliance
 - State-Specific Compliance
 - Agent Supervision
 - Prepaid Access
 - Information Technology / Information Security
 - Virtual Currency
 - Foreign Currency
 - Other (if other, please specify)
 - Describe any additional procedures the agency has developed to examine MSBs for state-specific compliance.
 - The examiner(s) have the ability to tailor the examination based on the size and complexity of the licensee being examined. Y/N
 - Please provide any other comments and upload any additional documents you wish to include.
-

STANDARD 3-J: Report of Examination

The agency must produce a consistent report of examination. The report of examination should include the following sections:

- Examination Scope and Procedures
- Company Profile
- Management Controls and Operations
- Financial Condition
- Regulatory Compliance
- Federal Examination Findings
- State Examination Findings
- Other Findings / Other Matters
- Examination Rating
- Exit Meeting with Management
- List of Enforcement Actions Taken During the Review Period

When requested, the agency should provide their report of examination to other states in a timely manner, consistent with any multi-state agreement.

Questions for 3-J:

- The agency uses the Uniform Joint MT Examination Report Template. Y/N
 - o If no, the agency uses its own standard template for its MSB examination reports. Y/N

 - The agency's report of examination for MSBs includes the following sections:
 - o Examination Scope and Procedures
 - o Company Profile
 - o Management Controls and Operations
 - o Financial Condition
 - o Regulatory Compliance
 - o Federal Examination Findings
 - o State Examination Findings
 - o Other Findings / Other Matters
 - o Examination Rating
 - o Exit Meeting with Management
 - o List of Enforcement Actions Taken During the Review Period

 - o Other (if other, please specify)

 - The Agency has provided reports of examinations to other states in a timely manner. Y/N
 - o Please provide examples or a list of these instances.

 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 3-K: Follow-up Correction of Problems

When a report of examination requires a response from the licensee, the agency should require a response within 45 calendar days after the licensee receives the report of examination or transmittal letter. The agency should have a procedure to track, review, and document responses. The agency should follow-up with the licensee if the licensee is unresponsive. The EIC for the examination should be notified of the licensee's response, as necessary.

Question for 3-K:

- The agency report of examination informs the licensee of major problem areas. Y/N
 - The agency requires a written response from licensees within 45 days of the licensee's receipt of the report of examination. Y/N
 - The agency has assigned responsibility to tracks responses, follow-up on late responses to an agency staff position. Y/N
 - o If yes, fill in the box with the title of the responsible party.
 - The agency has assigned specific person(s) to review report of examination responses. Y/N
 -
 - The licensee's response is retained for future reference in the agency's database. Y/N
 - The agency's most recent EIC is made aware of responses from problem licensees. Y/N
 - The agency staff monitor progress on formal and informal enforcement action plans.
 - Please provide any other comments and upload any additional documents you wish to include.
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Section 4 – MSB Supervision

STANDARD 4-A: Complaint Resolution System

The agency must have written policies and procedures in place to process consumer complaints. Sufficient staff must be trained in the correct procedures for handling complaints to meet the timeframes within the policy. The agency must have a procedure to triage the complaints to prioritize or risk rate the complaints to ensure serious issues, i.e., non-delivery of funds, are handled within a shorter period of time.

The policy or its procedures must address, at a minimum, the following:

- A tracking system for contacts with the licensee, types of complaints, investigation of complaints, and response to the complainant or referral to the appropriate agency if not within the agency’s jurisdiction.
- Initial action on consumer complaints within 15 days of receipt of the complaint. Exceptions should be justified.
- Referral to another agency, if applicable, within 20 days. Exceptions should be justified.
- Internal communications to share information to ascertain if an examination should be scheduled based on the number and severity of complaints against a licensee.

Questions for 4-A:

MSB Supervision / Enforcement Metrics	2018	2017	2016
Number of MSB licensee complaints processed			
Number of MSB licensee investigations processed			
Number of MSB Complaint Processing Staff			
Total	0	0	0

- The agency has written policies and procedures for processing consumer complaints. Y/N
- The agency has sufficient staff for processing consumer complaints in a timely and efficient manner. Y/N
- The agency has a procedure to triage complaints to prioritize and ensure matters requiring immediate attention are expedited. Y/N
- The agency has the ability to refer complaints to another agency, if applicable. Y/N
- The agency has a complaint tracking system that includes the following (select all that apply):
 - o Contacts with the licensee;
 - o Types of complaints;
 - o Notes on investigation of complaints;
 - o Notes on how complaints are resolved;
 - o Other (please specify)
- If the agency does not have a complaint tracking system, please explain why.
- The agency takes initial action on consumer complaints within 15 days, and complaints are referred to another agency within 20 days, if applicable. Y/N

- If no, explain any exceptions
 - The agency has a process in place for referring issues to examination or enforcement, if needed. Y/N
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 4-B: Licensing Process

The agency must have adequate, trained staff to process all MSB company license applications. The agency must use NMLS for processing its MSB license applications.

The agency must track applications and renewals received for timely processing. License applications must contain, at a minimum, complete information on the following:

- Cybersecurity plan
- Business plan
- Background checks for key employees and board members
- IT systems
- Anti-money laundering policy in compliance with the federal Bank Secrecy Act (BSA)
- Financial condition

Licensing decisions on applications should comply with state statute or agency policy. The agency should have written procedures to address adequate and timely processing of license applications. The Agency should participate in the Multi-state MSB Licensing Agreement.

Questions for 4-B:

- The agency has sufficient staff for processing all license applications in a timely and efficient manner. Y/N
- On average, the agency makes licensing decisions in compliance with state statute or agency policy. Y/N
- The agency has written policies and procedures to address the processing license applications. Y/N
- License applications are tracked to ensure timely processing. Y/N
- License applications address, at a minimum, the following (select all that apply):
 - Cybersecurity plan
 - Business plan
 - Background checks for key employees and board members
 - IT systems
 - Anti-money laundering policy in compliance with the federal Bank Secrecy Act (BSA)
 - Financial condition
 - Other (if other, please specify)
- The Agency uses NMLS for managing its MSB licenses. Y/N

- The Agency participates in the MSB Multi-state Licensing Agreement. Y/N
 - o If yes, describe your involvement in the program.
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 4-C: Off-Site Monitoring Program

The agency must have an off-site monitoring procedure to monitor all MSB in the agency's jurisdiction. Off-site reviews should be performed on MSBs at least quarterly using data from the MSBCR, or other analytics and information available to the agency. Off-site monitoring should be to identify licensee risk.

Questions for 4-C:

- The agency has a written off-site monitoring procedure(. Y/N
If yes, upload a copy of the procedure
 - The agency off-site procedure regularly monitors (select all that apply):
 - o MSB Volume (i.e. Year-over-year, and quarter-over-quarter)
 - o % of licensee's MSB activity that is conducted in your state
 - o Net income (% change)
 - o Tangible Net Worth
 - o Current Ratio
 - o Permissible Investments (PI) coverage
 - o Other (If other, please specify)
 - The agency's off-site monitoring procedure monitors all its MSB licensees. Y/N
 - o If no, please explain.
 - The agency requires quarterly analysis and written reviews of variances and exceptions. Y/N
 - The agency's analysis is normally conducted by (fill in the box with names/staff positions).
 - Please provide any other comments and/or upload any additional documents you wish to include.
-

STANDARD 4-D: Enforcement Authority

The agency must have statutory authority and a written enforcement policy to take the following actions over money services business entities:

- Issue Cease and Desist Orders (including emergency C&D's)
- Condition, suspend, and revoke licenses
- Issue other forms of agreements and consent orders
- Issue fines sufficient to deter violations
- Issue investigative subpoenas
- Issue license application or license renewal denial.

Questions for 4-D:

- The agency has statutory authority and a written enforcement policy for the use of enforcement authority on licensees. Y/N
 - o If yes, the authority includes the ability to (select all that apply):
 - o Issue Cease and Desist Orders (including emergency C&Ds);
 - o Condition, suspend, and revoke licenses;
 - o Issue other forms of agreements and consent orders;
 - o Issue fines sufficient to deter violations;
 - o Issue investigative subpoenas;
 - o Issue license application denials and license renewals.
 - The agency has a written enforcement policy addressing the use of enforcement authority on licensees. Y/N
 - The enforcement policy directs timelines for finalizing enforcement actions. Y/N
 - The agency posts all public enforcement actions to the NMLS. Y/N
 - The agency has a written enforcement policy to require enforcement or corrective action against licensees demonstrating a deteriorating condition that may place consumer funds at risk. The enforcement policy also includes a requirement for the agency to document exceptions for not taking action. Y/N
 - Enforcement action documents are signed by senior management. Y/N
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 4-E: Ability to Investigate

The agency must have a process in place to conduct investigations. The agency should have sufficient staff to conduct the investigations and resources to provide legal support to staff, as necessary.

Questions for 4-E:

- The agency has sufficient staff to investigate unlicensed activity, complaints, and violations of the law in the state's MSB industry. Y/N
- The agency has the legal authority to investigate reports of fraud in the industry. Y/N
- The agency has staff adequately trained in investigative techniques and detection of fraud. Y/N
- The agency has sufficient resources to provide legal support for staff investigating financial abuse and fraud in the MSB industry.
- The agency has regular contact with state, local, and federal law enforcement in handling fraud cases. Y/N

- Please provide any other comments and upload any additional documents you wish to include.
-

STANDARD 4-F: Frequency of Statutory Review and Revision

The agency must have a process in place to ensure the statutes governing money services business regulation remain up to date to address the current regulatory environment. If the Agency determines changes are necessary, it should have the capability to seek necessary changes through the legislative process

Questions for 4-F:

- Please provide the date of the last significant revisions of the state MSB law.
 - The agency has a process in place to ensure the statutes governing MSB regulation remains up to date and sufficient to address current regulatory concerns. Y/N
 - Provide an explanation of the agency's process to ensure statutes remain up to date and sufficient. Y/N
 - Please provide any other comments and upload any additional documents you wish to include.
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STANDARD 4-G: Involvement in State Legislative Process

The agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to testify regarding the proposals before the legislature.

Questions for 4-G:

- The agency staff periodically meet with state legislators. Y/N
- The agency has input into proposed legislation regarding areas under its purview. Y/N
- The agency testifies about pending MSB proposals before the legislature. Y/N
- The agency has the ability to draft amendments to the law. Y/N
- The agency receives copies of new legislation on a regular basis during the legislative session. Y/N
- Please provide any other comments and upload any additional documents you wish to include.