



November 1, 2019

via e-mail (modelepaymentslaw@csbs.org)

Conference of State Bank Supervisors
1129 20th Street, N.W., 9th Floor
Washington, DC 20036
Attention: MSB Model Law

RE: Comments to Draft Model Language for Money Services Businesses

To whom it may concern:

Mastercard International Incorporated ("Mastercard") submits this letter in response to a request from the Conference of State Bank Supervisors (the "CSBS") for public input on draft language for model money services business legislation (the "Model Law"). Mastercard recognizes the critical importance of standardizing the approach to regulation of multi-state money services businesses and applauds the CSBS's efforts to harmonize state statutes and drive further efficiencies through the Vision 2020 objectives. We support the CSBS's efforts to develop the Model Law and encourage the CSBS to adopt it with amendments discussed below.

Background on Mastercard

Mastercard is a technology company in the global payments industry and, as of July 2019, the owner of Trans-Fast Remittance LLC ("Transfast"), a licensed money transmitter in 35 states and the District of Columbia. Transfast is a global cross-border payments network that reaches over 125 countries across six continents. Transfast has direct integrations with over 300 banks and other financial institutions, enabling its partners to access and provide person-to-person, business-to-person and business-to-business payment services throughout the world.

Mastercard is deeply committed to financial inclusion. We work with governments, development organizations and non-governmental organizations to pursue financial inclusion initiatives, such as our 2015 commitment to reach 500 million people previously excluded from financial services by 2020 and our formation of a \$500 million inclusive growth fund in 2018. The acquisition of Transfast will enhance Mastercard's financial inclusion efforts through its partnerships and expansive network.

Comments

Mastercard submits comments to the CSBS on Transfast's behalf as its parent company. Attached at Annex A are our specific comments to the Model Law highlighted in yellow and shown in redline form marked against the Model Law. Below we provide general feedback on the Suspension Bridge alternative. Thereafter, we offer some conceptual comments on the Model Law and explanations for several of our substantive changes to the Model Law set forth in Annex A.

1. Suspension Bridge Alternative for Financial Condition

We urge the CSBS not to adopt the proposed Suspension Bridge alternative for safety and soundness. The Suspension Bridge approach would exact a steep toll on money services businesses, which we discuss in the following paragraphs. More fundamentally, though, the Suspension Bridge approach seems disproportionate to the risk at hand. The Suspension Bridge employs a combination of measures designed to address the risks of a banking business; however, banking has a *substantially* higher risk profile than the money services business. The central source of risk in the banking industry is lending, which is not an activity in which money services businesses engage. The capital and liquidity standards that the Suspension Bridge approach draws upon were not designed to address risks arising from the funds transfer activities of banks but rather from the risk taking of banks in commercial lending, mortgage lending and more exotic forms of lending-related activity (e.g., credit derivatives). Indeed, we cannot recall a single instance of a bank failure resulting from a bank's unsafe funds transfer business, but one need only look back to the Great Recession (or the earlier Savings and Loan Crisis) for evidence of risky lending practices leading to bank failures. In short, the Suspension Bridge is designed to address a risk not found in the money service business. Consequently, it would be a risk-management mismatch and one that would impose a heavy cost on money services businesses.

That cost would be borne out in the substantial amount of capital and compliance resource costs that the Suspension Bridge would require to run a multi-state or multi-country money services business. Consider that a licensee would be required under the Suspension Bridge to hold capital at the 5% buffer level *even if it matches its funds transfer liabilities dollar-for-dollar with U.S. Treasury securities*. The Suspension Bridge would be more burdensome than the European Union's revised payment services directive, known as PSD2, which is considered by many to be the most burdensome payments regulation. PSD2 requires that a licensee safeguard 100 percent of customer funds,¹ which may be done through bonding or investments in liquid assets (but does not require both). PSD2 does not permit a licensee to safeguard in excess of 100 percent of customer funds, whereas that would be the starting point for the Suspension Bridge approach.

The capital and compliance burdens are certain to create a high barrier to entry for licensing and to constrain licensees. This will likely discourage entry, participation and expansion in an industry that is crucially important to providing access to the financial

¹ See Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, Title II, Chapter 1, Section 1, Article 10.

system for unbanked and underbanked populations and will sacrifice financial inclusion without achieving a meaningful risk-management outcome.

Additionally, while the Suspension Bridge alternative promises an expanded list of permissible investments for a licensee—a concept that is appealing and progressive—the new types of permissible investments would not be available until a licensee has a bank-sized capital buffer, for example, 15 percent or more, making the promise of more flexibility illusory for most licensees.

Despite the CSBS reference to the liquidity stress MoneyGram experienced in 2008, there are few examples of large-scale failures of money services businesses. Because of the harms that we foresee from the Suspension Bridge approach and because we believe that the enhancements to the traditional Three-Legged Stool, taking into account our comments, would mitigate any perceived increase in risk of failures of multi-state money services businesses, we strongly encourage the CSBS to reconsider the Suspension Bridge approach.

2. Permissible Investments

a. Investments in Foreign Depository Institutions

CSBS should not impose a percentage limit on investments in deposit accounts at foreign depository institutions that are domiciled in countries that pose a low risk to the safety of customer funds. Global money services businesses, such as Transfast, pay out funds in many currencies and many locations. Since customer obligations are often denominated in foreign currency, operating a global business efficiently and in a manner that meets the needs of consumers necessitates having deposits that are denominated in the foreign currencies owed to the recipient and having those deposits held in a number of geographies to enable real-time delivery. Requiring funds to be held in U.S. deposit accounts will slow innovation in real-time cross-border payments and inherently create foreign exchange risk for money services businesses that can be easily mitigated by holding permissible investments denominated in the local currency of the recipient. This risk is not readily addressed by the U.S. banking system because there is a scarcity of U.S. banks that offer deposits denominated in foreign currencies.

Therefore, we have proposed removing any cap in Section 702(d) on savings deposits, demand deposits, or certificates of deposit at a foreign depository *in a country that is a member of the Organisation for Economic Co-operation and Development (the "OECD")*. We believe that using the OECD member countries is a reasonable proxy for ensuring that a country has in place proper banking law safeguards to prevent a loss of customer funds held by a licensee at a foreign bank. These countries are not only low risk from a credit perspective, they also have developed economies and are likely to have sophisticated banking laws.² A state should be indifferent to whether funds are held at a depository institution in the United States or another jurisdiction so long as banking law safeguards are in place to ensure the security of deposits.

² We would welcome a discussion with CSBS of other possible measures of the safety and soundness of foreign deposits.

If the limitation on foreign deposits was intended to ensure that assets would be available to a licensee's estate in the event of an insolvency, we would be happy to discuss some alternatives with the CSBS, such as permitting earlier intervention by a relevant authority in the event of a potential insolvency or ensuring that funds held in foreign depository institutions are in sufficiently ring-fenced accounts to ensure access by a trustee or receiver in insolvency.

b. Extinguishing Liabilities for Money Transmission

Our comment to the definition of "Outstanding" in Section 102(16) would provide certainty to licensees on calculating the amount of required permissible investments, by specifying when money transmission liabilities are extinguished. Specifically, the comment would clarify that money transmission liabilities terminate when funds have been tendered to (i) the payee or (ii) unless the licensee has reason to know that the payee has not been credited funds, (A) the payee's financial institution or (B) the local central bank-owned or -operated settlement system for final credit to the payee.

In the first case, the payee would have received the funds, therefore the licensee would have satisfied its liability. In the second case, the funds would have reached the payee's financial institution, and the licensee should not be required to hold reserves due to delays by that financial institution in crediting the funds to its own customer's account. The third case is important for cross-border money transmission being sent from the United States. In this case, the U.S. licensee often has a contractual arrangement with a single receiving financial institution in a foreign country that is responsible for introducing a payment transaction into the local settlement system, similar to the Automated Clearing House in the United States. The U.S. licensee should be entitled to rely on the rules of the local settlement system to ensure crediting of funds to the payee, as these rules would be designed to minimize the risk that funds are not credited. Additionally, a central bank often guarantees payments through its settlement system, which further protects against a failure of a payee to receive funds.

If a licensee has a reason to know that funds have not been credited to a payee, the licensee should remain liable on such obligations. As such, we have qualified the second and third scenarios to this effect.

c. Other Comments to Permissible Investments

In Section 701(b), we propose not permitting a superintendent discretion to limit the types of permissible investments available to a licensee unless the superintendent has determined that the licensee's financial condition requires such an increase or there is other good cause. Absent such a determination, it is difficult to envision the circumstances in which such authority would be appropriate.

We also propose expanding the scope of receivables included within permissible investments. Our initial comment to Section 702(a)(1) would delete the undefined term "bank" and insert in its place the defined term "insured depository financial institution," which includes a bank as well as other regulated depository institutions. We do not believe

there is any greater risk associated with holding receivables from regulated depository institutions included within the defined term that are not technically banks. We also recommend including both debit card and prepaid card receivables in addition to credit card receivables. As a "merchant" with respect to any payment card transactions, Transfast is guaranteed payment for money transmission services under payment card network rules regardless of the type of payment card used. Thus, we do not see any reason to distinguish among the types of payment cards by which the consumer would make a payment.

We have proposed deleting Section 702(f). The permissible investments in Sections 702(b) and (d) are already subject to separate, individual caps.³ Layering an additional cap on top of the individual caps would unreasonably limit the utility of these categories of permissible investments. The result of Section 702(f) for a global money services business would be a punitive increase in the amount of permissible investments required to be held by a licensee to the detriment of both the licensee and its customers.

d. Permissible Investment Alternative

CSBS should consider permitting a licensee to rely on a guarantee from a parent company that has equity shares traded on a U.S. securities exchange or on a U.S. over-the-counter market to relieve the licensee of its permissible investment obligations in part or in full. The Model Law could treat such a guarantee as a reduction to the licensee's aggregate amount of outstanding customer liabilities. To ensure the strength of the guarantee, the amount of the guarantee could be capped at a percentage of the parent company's shareholder's equity.

Such a guarantee would serve the same policy objective as the permissible investments in that it would ensure the availability of customer funds. A publicly-traded parent company is subject to financial disclosure obligations, thus states would have visibility into the financial health of the parent. We have not proposed specific language in Annex A, however we would be happy to discuss this concept in more detail with the CSBS.

3. Exclusions

a. Operator of a Payment System

The exclusion for the operator of a payment system in Section 103(h) currently requires that the operator provide processing, clearing, or settlement services, between or among persons excluded under Section 103, namely insured depository financial institutions. The principal aim of state money transmitter laws is to protect consumer funds, and another objective is to prevent money laundering and terrorist financing. A primary justification for the "operator of a payment system" exclusion is that insured depository financial institutions are subject to laws and regulations designed to protect consumers, prevent bad actors from engaging in money laundering or terrorist financing through the regulated entity and preserve public confidence in the financial services sector.

³ However, as discussed above, we recommend removing the cap for deposits in foreign bank domiciled in low-risk countries.

We propose to expand the scope of the exclusion to persons licensed under the Model Law. Licensees are subject to laws and regulations designed to address these same issues and tailored to the risks of money transmission. Thus an operator that provides processing, clearing, or settlement services should be excluded from the Model Law if it provides services to excluded persons or licensees. This approach would be consistent with the exemption from the definition of a "money transmitter" under federal law.⁴

We also propose clarifying that the "operator of a payment system" exclusion applies when the payment system handles virtual currency transfers in addition to fiat currency. We see no policy reason to distinguish between type of payment facilitated through a payment network.

b. Services Exclusively for Large Corporate Entities

We have proposed a new exclusion in Section 103(n) for any money transmission performed for or on behalf of any person, other than an individual, with a net worth in excess of \$10 million. Large corporations are sophisticated entities that are able to conduct due diligence on their counterparties and negotiate protections in the agreements for payments services. They do not require the protections that are an important policy objective of money transmitter laws, and excluding these entities would not jeopardize the other key policy objectives of anti-money laundering/counter-terrorist financing and financial system integrity. With respect to the first policy objective, federal money services business regulations would still apply. With respect to the second policy objective, the ability of large corporations to diligence and monitor their service providers would effectively mitigate systemic risk in context of a money transmission service. With respect to the third policy objective, because payments are settled on a daily basis, there is limited risk to the integrity of the financial system.

4. Security

a. General Comments

The changes to the security bonding requirements proposed by the CSBS in the Model Law will be burdensome to licensees. The amount of security required in Section 204(b) represents, in some states, a significant increase—as much as 400 percent or even 1,000 percent—compared to current minimums.⁵ These changes will have a disproportionate effect on smaller multi-state licensees and may cause an unintended decrease in service providers available to consumers.

In light of the adverse consequence on the industry of the proposed changes, we strongly encourage the CSBS to reconsider its approach and rather to view surety bonds as a complement to the permissible investment requirement. The permissible investment requirement, by itself, provides a direct and arguably complete form of protection against

⁴ 31 C.F.R. § 1010.100(ff)(5)(ii)(C).

⁵ See, e.g., Alaska Stat. § 6.55.104(a), Ariz. Rev. Stat. § 6-1205(A), 5 Del. C. 1953, § 2309(a)(1), Minn. Stat. §53B.08, Subd. 1 and Or. Rev. Stat. § 717.225(1) (\$25,000 minimum bond requirement), Wyo. Stat. Ann. § 40-22-106 (\$10,000 minimum bond requirement).

money transmitter risk. We are concerned that the CSBS is viewing surety bonds as a second way to achieve the same protection. This conception of surety bonds is highly problematic because large value surety bonds not only would be duplicative of permissible investments (which are already highly liquid and imposed with a statutory trust)—and therefore represent a burden with little benefit—but would also come at a high cost in terms of premiums paid.

In addition to requesting that the CSBS keep the current surety bond standards in place, we also have proposed a change to Section 204(f) that would limit a superintendent's discretion to increase the amount of security required unless the superintendent has determined that the licensee's financial condition requires such an increase or there is other good cause. Permitting a superintendent unfettered discretion to increase bonding requirements could render the tiered structure, put in place to account for scale, irrelevant if a superintendent increases the requirement without cause. This would also harmonize the authority given to a superintendent with respect to security with the authority given to a superintendent with respect to permissible investments as discussed in our comment to Section 701(b) above.

b. Amount of Security Required; Definition of "Prepaid Access" or "Stored Value"

Our comment to Section 102(19) would clarify that money received for future transmission is not considered "prepaid access" or "stored value." In the case of prepaid access or stored value, a balance of funds is accessed when the sender provides the access device to a payee for redemption. In the case of money received for transmission, pre-funded balances are only drawn upon when a sender provides the licensee a payment order to transmit funds from the balance. This distinction is important for the determination of the amount of security required in Section 204, which is based on annual money transmission activity. The definition of "money transmission" in Section 102(14) includes both selling or issuing prepaid access or stored value *and* receiving money for transmission. Without the proposed clarification, monetary value received by a licensee for future transmission would be counted as prepaid access or stored value when received and as money transmission when the customer provides a payment order. This would double the amount of security that a licensee must hold for the same liability and provide inaccurate data in the licensee's call reports.⁶

5. Control

a. Approval of Control Persons

We offer two general observations on the requirements for control persons set forth in Section 203 based on our recent experience with Transfast. First, it is challenging to put foreign nationals or residents into a role considered to be a control person because of current registration and background check requirements. This can be limiting in the case of an organization with global reach. Foreign nationals are not permitted to create an online

⁶ We also note that this clarification would also prevent double-counting the assessments charged to a licensee in states in which renewal fees are tied to money transmission activity.

account in the Nationwide Multistate Licensing System (“NMLS”) without a Social Security Number and instead must request a hard copy form. Nonresidents then must submit hardcopy fingerprint cards to NMLS and multiple states as part of their background checks. We propose that NMLS should be enhanced to streamline this process and that only one set of fingerprints should be required to complete the necessary background checks. As indicated in our comments to Section 203(a), we advise either requiring states to use the fingerprinting services accessible through NMLS or eliminating altogether the need for state-level background checks.

b. Change of Control

The proposed changes to Section 604(d) would achieve two purposes to expedite the change of control application process. First, we propose that the timing for review of a change of control application begin when a state receives the application, rather than on the date on which it is determined to be complete. In our experience, states often do not provide notice that an application has been determined to be complete, which may extend the time period for review and approval indefinitely.

Our second proposed change to Section 604(d) would shorten the period for states to act on a change of control application from 120 days to 60 days. The 120-day period is the same length of time provided to states to act upon *de novo* applications. In a change of control scenario, time is of the essence in a way that is often not true for a *de novo* application as the closing of a merger or acquisition is often time sensitive. Also, states should have more familiarity with licensees undergoing a change of control than those submitting *de novo* applications. Therefore, we believe that the period for action on change of control should be shorter than the period for action on *de novo* applications.

Finally, while we have not proposed any specific language, we believe that change of control information should only be required for new control persons and any stated changes to a licensee’s business plan as a result of the change of control. States should continue to rely on information in their possession that remains accurate after the change of control without imposing a burden on licensees to update all information solely for the sake of having a single complete submission.

6. State Coordination through NMLS

CSBS should ensure that that the Model Law leverages the services offered by NMLS as much as possible in order to make the process for submitting information to states more efficient for licensees. Below we provide some specific examples of opportunities to do so in the Model Law.

a. Addition of Control Persons

The Model Law should contemplate streamlining the number of forms needed for submission for the approval of a control person under Section 203. For example, a new control person should have access to a common personal history, financial statement,

experience and release form through NMLS rather than having to submit separate forms for each state, as indicated in our comment to Section 203(b).

b. Electronic Surety Bonds

The proposed change to Section 204(c) is intended to clarify that if a licensee posts a surety bond, it must be an electronic surety bond. The electronic surety bond is the type created and managed through NMLS, which eliminates the need for paper surety bonds, simplifies bond renewals, and increases efficiencies for licensees.

c. Renewal of License

The comments throughout Section 206 would eliminate the need for each state to issue its own form of renewal report and would standardize all renewals electronically in NMLS. Instead of requiring its own form, each state should instead rely on the most recent quarterly Money Services Business Call Report (the "Call Report") filed by a licensee as well as any Company (MU1) Filings (the "MU1") made in NMLS, and copies of the licensee's or its parent's audited financial statements, as already contemplated by the Model Law. In addition to the audited financial statements, the Call Report and the MU1 contain the information that a state could use to renew a license, including information on transaction activity, permissible investments, transaction destinations, business activities, registered agents, contact information, bank accounts, legal status, affiliates and subsidiaries, financial institutions, owners and executive officers.⁷ Permitting licensees to use NMLS would reduce the need to complete reports with repetitive information on different forms across many states and centralize the process in NMLS.

d. Reports of Changes in Business

The comments to Section 603 would require a licensee to file reports regarding changes in business with NMLS rather than with each individual state. In addition to streamlining the reporting process as discussed above, it would also eliminate the risk of these reports getting lost in transit and the need to manage notices sent via email.

⁷ See, e.g., Nationwide Multistate Licensing System, *NMLS Money Services Businesses Call Report Overview*, and Nationwide Multistate Licensing System, *Navigation Guide, Manage Company (MU1 & MU2) and Branch (MU3 & MU2) Licenses/Registration*.

* * *

Mastercard appreciates the opportunity to provide comments to the Proposal. If there are any questions regarding our comments, please do not hesitate to contact the undersigned at (914) 249-2074 or Elan.Mendel@mastercard.com, or our counsel at Sidley Austin LLP in this matter, Joel D. Feinberg, at (202) 736-8473.

Sincerely,

A handwritten signature in black ink, appearing to read "Elan Mendel". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Elan Mendel
Senior Managing Counsel
Regulatory Affairs

cc: Joel D. Feinberg

Annex A
Comments to the Model Law

UNIFORM MONEY SERVICES ACT – CSBS Model Law Redline

DRAFTING NOTES:

- [Blue underlined text in brackets] is proposed as an optional module for state adoption.
- **[Purple bold text in brackets]** denotes that an alternative is proposed outside of the text of the model law.
- ~~Red strikethrough text~~ is language from the Uniform Money Services Act that is proposed to be deleted.
- Blue underlined text is new language to be added to the Uniform Money Services Act.

UNIFORM MONEY SERVICES ACT ARTICLE 1

GENERAL PROVISIONS

SECTION 101. SHORT TITLE. This [Act] may be cited as the Uniform Money Services Act.

SECTION 102. DEFINITIONS. In this [Act]:

(1) “Applicant” means a person that files an application for a license under this [Act].

(2) “Authorized delegate” means a person a licensee designates to provide money services on behalf of the licensee.

~~(-) “Bank” means an institution organized under federal or state law which:~~

~~(A) — accepts demand deposits or deposits that the depositor may use for payment to third parties and engages in the business of making commercial loans; or~~

~~(B) engages in credit card operations and maintains only one office that accepts deposits, does not accept demand deposits or deposits that the depositor may use for payments to third parties, does not accept a savings or time deposit less than \$100,000, and does not engage in the business of making commercial loans.~~

~~(-) “Check cashing” means receiving compensation for taking payment instruments or stored value, other than traveler’s checks, in exchange for money, payment instruments, or stored value delivered to the person delivering the payment instrument or stored value at the time and place of delivery~~

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~~without an agreement specifying when the person taking the payment instrument will present it for collection.~~

(3) [“Conducting virtual currency activity” means any of the following:

(A) Exchanging virtual currency.

(B) Transferring virtual currency.

(C) Storing virtual currency.]

(4) “Control” means:

(A) ownership of, or the power to vote, directly or indirectly, at least ~~25~~ 10 percent of a class of voting securities or voting interests of a licensee or person in control of a licensee;

(B) power to elect a majority of executive officers, managers, directors, trustees, or other persons exercising managerial authority of a licensee or person in control of a licensee; or

(C) the power to exercise directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee.

For purposes of determining the percentage of a licensee controlled by any person, the person’s interest shall be aggregated with the interest of any other immediate family member, including the person’s parents, children, siblings, mothers- and fathers-in law, sons- and daughters-in-law, brothers- and sisters-in-law, and any other person who shares such person’s home.

For purposes of this [act], the term “control” does not apply to a person that is not employed by the licensee; has no power to vote, directly or indirectly any class of voting securities or voting interests of a licensee or person in control of a licensee; and does not participate in decisions relating to the day-to-day operations of the licensee. Any person claiming the exception described herein shall attest to the facts excepting the person from the definition of “control” on a form prescribed by the [superintendent or NMLS].

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(5) ["Currency" means the coin and paper money of the United States or another country that is designated as legal tender, circulates, and is customarily used and accepted as a medium of exchange in the country of issuance.]

(6) ["Currency exchange" means ~~receipt of revenues from the exchange of money of one government for money of another government~~ advertising, soliciting, or accepting for a fee the currency or other negotiable instrument denominated in the currency of one government in exchange for the currency or other negotiable instrument denominated in the currency of another government.]

(7) "Insured Depository financial institution" means a bank, credit union, savings and loan association, savings association, or savings bank with insured deposits organized under the laws of the United States or any state of the United States.

(8) ["Exchanging virtual currency" means assuming control of virtual currency from or on behalf of a person to sell, trade, or convert virtual currency for cash, bank deposits, or other virtual currency or assuming control of legal tender or bank credit to sell, trade, or convert it for one or more forms of virtual currency.]

(9) "Executive officer" means a president, chairperson of the executive committee, chief financial officer, responsible individual, or other individual who performs similar functions.

(10) "Licensee" means a person licensed under this [Act].

~~(-)—"Limited station" means private premises where a check casher is authorized to engage in check cashing solely for the employees of the particular employer or group of employers specified in the check casher's license application.~~

~~(-)—"Mobile location" means a vehicle or a movable facility where check cashing occurs.~~

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(11) “Monetary value” means a medium of exchange, whether or not redeemable in money.

(12) “Money” means a medium of exchange that is authorized or adopted by the United States or a foreign government. The term includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more governments.

(13) “Money services” means money transmission, ~~check-cashing~~, or currency exchange.

(14) “Money transmission” means ~~selling or issuing payment instruments, stored value, or receiving money or monetary value for transmission~~ any of the following:

(A) Selling or issuing payment instruments.

(B) Selling or issuing [prepaid access or stored value] (use the term your state uses).

(C) Receiving money for transmission.

[(D) Conducting virtual currency activity.] (if state adopts module).

The term does not include the provision solely of delivery, online or telecommunications services, or network access.

(15) “Negotiable instrument” has the meaning assigned by Section 3-104 of the Uniform Commercial Code.

(16) “Outstanding,” (A) with respect to a payment instrument, means issued or sold by or for the licensee and reported as sold but not yet paid by or for the licensee; and (B) with respect to other forms of money transmission, means monetary value received by the licensee that has not yet been tendered to (i) the payee or (ii) unless the licensee has reason to know that the payee has not been credited funds, (a) the payee’s financial institution or (b) a local central bank-owned or -operated

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settlement system for final credit to the payee.

(17) “Payment instrument” means a written or electronic check, draft, money order, traveler's check, or other written or electronic instrument for the transmission or payment of money or monetary value, whether or not negotiable. The term does not include ~~a credit card voucher, letter of credit, or any~~ instrument that is redeemable by the issuer ~~in~~ for goods or services provided by the issuer or its affiliate.

(18) “Person” means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government; governmental subdivision, agency or instrumentality; public corporation; or any other legal or commercial entity.

(19) “Prepaid access” [or “Stored value”] means monetary value representing a claim against the issuer stored on an electronic or digital medium, or device (for example, a card), and evidenced by an electronic or digital record, intended and accepted for use as a means of redemption for money or monetary value, or payment for goods or services. The term “prepaid access” [or “stored value”] does not include (A) any prepaid access [or stored value] that is only redeemable by the issuer for goods or services provided by the issuer or its affiliate, except to the extent required by applicable law to be redeemable in cash for its cash value or (B) money received for transmission in the future.

(20) “Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(21) “Receiving money for transmission” or “money received for transmission” means receiving money or monetary value in the United States for transmission within or outside the United States by electronic or other means.

(22) “Responsible individual” means an individual who is employed by a licensee and has principal managerial authority over the provision of money services by the licensee in this State.

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(23) “State” means a State of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

~~(-) —“Stored value” means monetary value that is evidenced by an electronic record.~~

(24) [“Storing virtual currency” means maintaining control of virtual currency on behalf of a consumer with the power to execute unilaterally or prevent indefinitely a virtual currency transaction.]

(25) “[Superintendent]” means the [state superintendent of banks or other senior state regulator].

(26) [“Transferring virtual currency” means assuming control of virtual currency from or on behalf of a person and to credit the virtual currency to the account of another person, move the virtual currency from one account of the person to another account of the same person, or relinquish control of virtual currency to another person.]

(27) “Unsafe or unsound practice” means a practice or conduct by a person licensed to engage in money transmission or an authorized delegate of such a person which creates the likelihood of material loss, insolvency, or dissipation of the licensee’s assets, or otherwise materially prejudices the interests of its customers.

(28) [“Virtual currency” means a digital representation of value used as a medium of exchange, a unit of account, or a store of value, but does not have legal tender status as recognized by the United States government. Virtual currency does not include (A) distributed ledger technology or blockchain technology used for other purposes or (B) the software or protocols governing the transfer of the digital representation of value.]

SECTION 103. EXCLUSIONS. This [Act] does not apply to:

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- (a) the United States or a department, agency, or instrumentality thereof;
- (b) money transmission by the United States Postal Service or by a contractor on behalf of the United States Postal Service;
- (c) a state, county, city, or any other governmental agency or governmental subdivision of a State;
- ~~(-) a bank, bank holding company, office of an international banking corporation, branch of a foreign bank, corporation organized pursuant to the Bank Service Corporation Act [12 U.S.C. Section 1861-1867 (Supp. V 1999)], or corporation organized under the Edge Act [12 U.S.C. Section 611-633 (1994 & Supp. V 1999)] under the laws of a State or the United States if it does not issue, sell, or provide payment instruments or stored value through an authorized delegate that is not such a person~~ an insured depository financial institution or agent of an insured depository financial institution;
- (d) electronic funds transfer of governmental benefits for a federal, state, [county,] or governmental agency by a contractor on behalf of the United States or a department, agency, or instrumentality thereof, or a State or governmental subdivision, agency, or instrumentality thereof;
- (e) a board of trade designated as a contract market under the federal Commodity Exchange Act [7 U.S.C. Section 1-25 (1994)] or a person that, in the ordinary course of business, provides clearance and settlement services for a board of trade to the extent of its operation as or for such a board;
- (f) a registered futures commission merchant under the federal commodities laws to the extent of its operation as such a merchant;
- (g) a person that provides clearance or settlement services pursuant to a registration as a

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clearing agency or an exemption from such registration granted under the federal securities laws to the extent of its operation as such a provider;

(h) an operator of a payment system to the extent that it provides processing, clearing, or settlement services, between or among persons excluded by this section **or licensed under this [Act]**, in connection with wire transfers, credit card transactions, debit card transactions, stored-value transactions, automated clearing house transfers, **virtual currency transfers** or similar funds transfers; ~~or~~

(i) an agent appointed by a payee to collect and process payment as the agent of the payee, provided the agent can demonstrate that: a) there exists a written agreement between the payee and the agent directing the agent to collect and process payments on the payee's behalf; b) the payee holds the agent out to the public as accepting payments on the payee's behalf; and c) payment is treated as received by the payee upon receipt by the agent so that there is no risk of loss to the individual initiating the transaction if the agent fails to remit the funds to the payee. [This exemption would not apply to virtual currency and marijuana industry processing activities (This sentence could be added for those states that do not wish to exempt marijuana industry and/or virtual currency processing activities.)]; or

(j) a person registered as a securities broker-dealer under federal or state securities laws to the extent of its operation as such a broker-dealer. [if regulating virtual currency, delete "or" from (9) above, delete period, replace with semicolon, and add "or" outside the semicolon. Insert the following:

(k) virtual currency or other digital representation of value redeemable exclusively in goods or services limited to transactions involving a defined merchant, such as rewards programs;

(l) a digital representation of value issued by or on behalf of a publisher and used solely within

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an online game, game platform, or family of games sold by the same publisher or offered on the same game platform;

(m) other uses of virtual distribute ledger systems to verify ownership or authenticity in a digital capacity when the virtual currency is not used as a medium of exchange.]

(n) money transmission performed for or on behalf of any person, other than an individual, with a net worth in excess of \$10 million.

SECTION 104. IMPLEMENTATION. In order to carry out the purposes of this [act], the

Superintendent may:

(a) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and records and related information obtained under this section;

(b) Use, hire, contract, or employ analytical systems, methods, or software to examine or investigate any person subject to this Article;

(c) Accept and rely on examination or investigation reports made by other government officials, within or without this State;

(d) Accept audit reports made by an independent certified public accountant or other qualified third-party auditor for any person subject to this Article and may incorporate the audit report in the report of examination or investigation.

(e) In order to support uniformity between states, notwithstanding any other provision of law, if the commissioner finds that any provision of other state money services laws, regulations, guidance, interpretations, orders, processes, or policies applicable to licensees is substantively different from

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the provisions of this code, or would more clearly establish requirements within the commissioner's discretion, the commissioner may by regulation, guidance, interpretation, order, process, or policy make such a provision of another state's money services law, regulation, guidance, interpretation, order, process, or policy applicable to licensees.

(f) Notwithstanding any other provision of law, if the superintendent finds that any model regulations, guidance, interpretations, orders, processes, or policies established by the Conference of State Bank Supervisors, Money Transmitter Regulators Association, State Regulatory Registry, LLC, other association of state regulators, an instrumentality of the states established to promote consistency, or any other state or federal regulatory instrumentality, would clarify regulatory requirements, expectations, or drive consistency between states, the commissioner may by regulation, guidance, interpretation, order, process, or policy make such model regulations, guidance, interpretations, orders, processes, or policies applicable to licensees.

(g) Notwithstanding any other provision of law, in the event subsections (e) and (f) of this section provide the [superintendent] insufficient legal authority to adopt requirements mandated by or predicated on federal law, the commissioner has authority to adopt by regulation, guidance, interpretation, or order any requirement, standard, process, or other legal requisite needed to prevent federal preemption of money services in this state.

(h) Review of actions taken pursuant to subsections (e), (f), or (g) of this section shall be limited to whether the final determination made was arbitrary or capricious.

(i) [Reserve for state-specific administrative publication and effective date requirements.]

ARTICLE 2

MONEY TRANSMISSION LICENSES

SECTION 201. LICENSE REQUIRED.

(a) A person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person:

(1) is licensed under this [article] ~~or approved to engage in money transmission under Section 203;~~

(2) is an authorized delegate of a person licensed under this [article]; **or**

(3) **is excluded from this [Act] under Section 103;** ~~or~~

~~(4) is an authorized delegate of a person approved to engage in money transmission under Section 203.~~

(b) A license under this [article] is not transferable or assignable.

SECTION 202. APPLICATION FOR LICENSE.

(a) In this section, “material litigation” means litigation that according to generally accepted accounting principles is significant to an applicant’s or a licensee’s financial health and would be required to be disclosed in the applicant’s or licensee’s annual audited financial statements, report to shareholders, or similar records.

(b) A person applying for a license under this [article] shall do so in a form and in a medium prescribed by the [superintendent]. The application must state or contain:

(1) the legal name and residential and business addresses of the applicant and any fictitious or trade name used by the applicant in conducting its business;

(2) a list of any criminal convictions of the applicant and any material litigation in

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which the applicant has been involved in the [10]-year period next preceding the submission of the application;

(3) a description of any money services previously provided by the applicant and the money services that the applicant seeks to provide in this State;

(4) a list of the applicant's proposed authorized delegates and the locations in this State where the applicant and its authorized delegates propose to engage in money transmission or provide other money services;

(5) a list of other States in which the applicant is licensed to engage in money transmission or provide other money services and any license revocations, suspensions, or other disciplinary action taken against the applicant in another State;

(6) information concerning [any bankruptcy or receivership proceedings affecting the licensee];

(7) a sample form of contract for authorized delegates, if applicable, and a sample form of payment instrument or instrument upon which stored value is recorded, if applicable;

(8) the name and address of any ~~bank~~ [insured depository financial institution](#) through which the applicant's payment instruments and stored value will be paid;

(9) a description of the source of money and credit to be used by the applicant to provide money services; and

(10) any other information the [superintendent] reasonably requires with respect to the applicant.

(c) If an applicant is a corporation, limited liability company, partnership, or other entity, the applicant shall also provide:

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- (1) the date of the applicant's incorporation or formation and State or country of incorporation or formation;
- (2) if applicable, a certificate of good standing from the State or country in which the applicant is incorporated or formed;
- (3) a brief description of the structure or organization of the applicant, including any parent or subsidiary of the applicant, and whether any parent or subsidiary is publicly traded;
- (4) the legal name, any fictitious or trade name, all business and residential addresses, and the employment, in the [10]-year period next preceding the submission of the application of each executive officer, manager, director, or person that has control, of the applicant;
- (5) a list of any criminal convictions and material litigation in which any executive officer, manager, director, or person in control of, the applicant has been involved in the [10]-year period next preceding the submission of the application;
- (6) a copy of the applicant's audited financial statements for the most recent fiscal year and, if available, for the two-year period next preceding the submission of the application;
- (7) a copy of the applicant's unconsolidated financial statements for the current fiscal year, whether audited or not, and, if available, for the two-year period next preceding the submission of the application;
- (8) if the applicant is publicly traded, a copy of the most recent report filed with the United States Securities and Exchange Commission under Section 13 of the federal Securities Exchange Act of 1934 [15 U.S.C. Section 78m (1994 & Supp. V 1999)];
- (9) if the applicant is a wholly owned subsidiary of:

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(A) a corporation publicly traded in the United States, a copy of audited financial statements for the parent corporation for the most recent fiscal year or a copy of the parent corporation's most recent report filed under Section 13 of the federal Securities Exchange Act of 1934 [15 U.S.C. Section 78m (1994 & Supp. V 1999)]; or

(B) a corporation publicly traded outside the United States, a copy of similar documentation filed with the regulator of the parent corporation's domicile outside the United States;

(10) if the applicant has a registered agent in this State, the name and address of the applicant's registered agent in this State; and

(11) any other information the [superintendent] reasonably requires with respect to the applicant.

(d) A nonrefundable application fee of [\$2,000] and a license fee of [\$2,000] must accompany an application for a license under this [article]. The license fee must be refunded if the application is denied.

(e) The [superintendent] may waive one or more requirements of subsections (b) and (c) or permit an applicant to submit other information in lieu of the required information.

SECTION 203. ~~APPROVAL TO ENGAGE IN MONEY TRANSMISSION WHEN LICENSED IN ANOTHER STATE.~~ APPROVAL OF CONTROL PERSON. Whenever this [act] requires a person to be approved by the [superintendent] to serve as an organizer, incorporator, director, executive officer, or control person of a licensee, that person shall furnish to the nationwide multistate licensing system (NMLS) the following items:

~~(a) — A person that is licensed to engage in money transmission in at least one other state, with the approval of the [superintendent] and in accordance with this section, may engage in money transmission [and check cashing or currency exchange or both] in this state without being~~

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~~licensed pursuant to Section 202 if:~~

~~(1) — the state in which the person is licensed has enacted the Uniform Money Services Act or the [superintendent] determines that the money transmission laws of that state are substantially similar to those imposed by the law of this state;~~

~~(2) — the person submits to, and in the form required by, the [superintendent]:~~

~~(A) — in a record, an application for approval to engage in money transmission [and check cashing or currency exchange or both] in this state without being licensed pursuant to Section 202;~~

~~(B) — a nonrefundable fee of [\$1,000]; and~~

~~(C) — a certification of license history in the other state.~~

~~(b) — Before granting a person approval under this section to engage in money transmission [and check cashing or currency exchange or both] in this state, the [superintendent] shall make findings and conclusions required by [rule].~~

~~(c) — When an application for approval under this section is complete, the [superintendent] shall promptly notify the applicant, in a record, of the date on which the request was determined to be complete and:~~

~~(1) — the [superintendent] shall approve or deny the request within 120 days after that date; or~~

~~(2) — if the request is not approved or denied within 120 days after that date:~~

~~(A) — the request is approved; and~~

~~(B) — the approval takes effect as of the first business day after expiration of the 120-day period.~~

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~~(d) A person that engages in money transmission [and check cashing or currency exchange or both] in this state pursuant to this section shall comply with the requirements of, and is subject to the sanctions under, Articles 6, 7, and 8 as if the person were licensed pursuant to Section 202.~~

(a) The person's fingerprints for submission to the federal bureau of investigation and the [superintendent] for purposes of a national and state criminal history background check. This requirement shall be waived to the extent NMLS is unable to process a request for a state criminal history background check, however the requirement for a national criminal history background check shall still apply. If the person has resided outside the United States in the last ten years, the person shall provide an investigative background report prepared by an independent search firm that meets the following requirements:

(1) At a minimum, the search firm shall:

(A) Demonstrate that it has sufficient resources and is properly licensed to conduct the research of the background report; and

(B) Not be affiliated with or have an interest with any individuals it is researching.

(2) At a minimum, the investigative background report shall be written in the English language and shall contain the following:

(A) A comprehensive credit report, including a search of the court data in the countries, states, towns, and contiguous areas where the person resided and worked;

(B) Criminal records information for the past ten years, including felonies, misdemeanors, and violations in the countries, states, towns, and contiguous areas where the person resided and worked;

(C) Employment history;

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(D) Media history, including an electronic search of national and local publications, wire services, and business applications; and

(E) Regulatory history, including but not limited to, securities, insurance, and mortgage-related industries.

(b) Personal history and experience in a form prescribed by and submitted through the NMLS, including an authorization for the [superintendent] and the NMLS to obtain the following:

(1) An independent credit report from a consumer reporting agency; and

(2) Information related to any administrative, civil, or criminal findings by any governmental jurisdiction.

SECTION 204. SECURITY. [Alternative concept was also recommended. See the accompanying material for that alternative. Specific language would have to be drafted.]

(a) Except as otherwise provided in subsection (b), a surety bond, ~~letter of credit~~, or other similar security acceptable to the [superintendent] in the amount of ~~[\$50,000] plus [\$10,000] per location, not exceeding a total addition of [\$250,000],~~ \$100,000 must accompany an application for a license.

(b) The licensee shall maintain or increase the amount of security to reflect the dollar amount of all licensed money transmission activity in this state in the preceding calendar year according to the table in this paragraph. A licensee may decrease its security according to the table in this paragraph if the security required is less than the amount of security on file with the [superintendent].

<u>Dollar Amount of Money Transmission Activity</u>	<u>Security Required</u>
<u>\$0 to \$5,000,000</u>	<u>\$100,000</u>
<u>\$5,000,000.01 to \$10,000,000</u>	<u>\$200,000</u>

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<u>\$10,000,000.01 to \$15,000,000</u>	<u>\$300,000</u>
<u>\$15,000,000.01 to \$20,000,000</u>	<u>\$400,000</u>
<u>\$20,000,000.01 to \$25,000,000</u>	<u>\$500,000</u>
<u>\$25,000,000.01 to \$30,000,000</u>	<u>\$600,000</u>
<u>\$30,000,000.01 to \$35,000,000</u>	<u>\$700,000</u>
<u>\$35,000,000.01 to \$40,000,000</u>	<u>\$800,000</u>
<u>\$40,000,000.01 to \$45,000,000</u>	<u>\$900,000</u>
<u>Over \$45,000,000</u>	<u>\$1,000,000</u>

(c) Security must be in a form satisfactory to the [superintendent] and payable to the State for the benefit of any claimant against the licensee to secure the faithful performance of the obligations of the licensee with respect to money transmission. **In the event security is provided in the form of a surety bond, such surety bond must take the form of an electronic surety bond submitted through the NMLS.**

(d) The aggregate liability on a surety bond may not exceed the principal sum of the bond. A claimant against a licensee may maintain an action on the bond, or the [superintendent] may maintain an action on behalf of the claimant.

(e) A surety bond must cover claims for so long as the [superintendent] specifies, but for at least five years after the licensee ceases to provide money services in this State. However, the [superintendent] may permit the amount of security to be reduced or eliminated before the expiration of that time to the extent the amount of the licensee's payment instruments or prepaid access [or stored value] obligations outstanding in this State is reduced. The [superintendent] may permit a licensee to substitute another form of security acceptable to the [superintendent] for the security effective at the time the licensee ceases to provide money services in this State.

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~~(f) — In lieu of the security prescribed in this section, an applicant for a license or a licensee may provide security in a form prescribed by the [superintendent].~~

~~(g)~~ (f) If the financial condition of a licensee so requires, or otherwise for good cause, the [superintendent] may increase the amount of security required to a maximum of ~~[\$1,000,000]~~ if the financial condition of a licensee so requires, as evidenced by ~~reduction of net worth, financial losses, or other relevant criteria~~ \$7,000,000.

SECTION 205. ISSUANCE OF LICENSE.

(a) When an application is filed under this [article], the [superintendent] shall investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The [superintendent] may conduct an on-site investigation of the applicant, the reasonable cost of which the applicant must pay. The [superintendent] shall issue a license to an applicant under this [article] if the [superintendent] finds that all of the following conditions have been fulfilled:

(1) the applicant has complied with Sections 202[,]~~[and]~~ 203, 204[, and 207]; and

(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the applicant; and the competence, experience, character, and general fitness of the executive officers, managers, directors, and persons in control of, the applicant indicate that it is in the interest of the public to permit the applicant to engage in money transmission;

(b) When an application for an original license under this [article] is complete, the [superintendent] shall promptly notify the applicant in a record of the date on which the application was determined to be complete and:

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(1) the [superintendent] shall approve or deny the application within 120 days after that date; or

(2) if the application is not approved or denied within 120 days after that date:

(A) the application is approved; and

(B) the license takes effect as of the first business day after expiration

of the 120-day period.

(c) The [superintendent] may for good cause extend the application period.

(d) An applicant whose application is denied by the [superintendent] under this [article] may appeal, within [30] days after receipt of the notice of the denial, from the denial and request a hearing.

SECTION 206. RENEWAL OF LICENSE.

(a) A licensee under this [article] shall pay an annual renewal fee of [\$2,000] no later than [30] days before the anniversary of the issuance of the license or, if the last day is not a business day, on the next business day.

(b) A licensee under this [article] shall submit a renewal fee and shall have:

(1) filed a Money Services Businesses Call Report for its most recent quarter, any Company (MU1) Filing, in each case in NMLS and as required by this [Act], and any other reports required by this [Act]; and

(2) filed a copy of the licensee's most recent audited annual financial statement or, if the licensee is a wholly owned subsidiary of another corporation, the most recent audited consolidated annual financial statement of the parent corporation or the licensee's most recent audited consolidated annual financial statement.

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(c) If a licensee has not [filed the reports required under subsections (b)(1) and (b)(2)] or paid its renewal fee by the renewal date or any extension of time granted by the [superintendent], the superintendent shall send the licensee a notice of suspension. Unless the licensee [files the reports required under subsections (b)(1) and (b)(2)] and] pays the renewal fee before expiration of 10 days after the notice is sent, the licensee's license is suspended 10 days after the [superintendent] sends the notice of suspension. The suspension must be lifted if, within 20 days after its license is suspended, the licensee:

- (1) [files the reports required under subsections (b)(1) and (b)(2)] and] pays the renewal fee; and
- (2) pays [\$100] for each day after suspension that the [superintendent] did not receive the renewal fee [and for which the licensee had not filed the reports required under subsections (b)(1) and (b)(2)].

(d) The [superintendent] for good cause may grant an extension of the renewal date.

SECTION 207. NET WORTH. [Alternative concept was also recommended. See the accompanying material for that alternative. Specific language would have to be drafted.]

(a) A licensee under this [article] shall maintain at all times a tangible net worth of ~~at least [\$25,000] determined in accordance with generally accepted accounting principles.~~ the greater of \$100,000 or three percent of total assets.

(b) Net worth must be proven at initial application and annually with current audited financial statements prepared in accordance with generally accepted accounting principles.

(c) The [superintendent] may increase the amount of tangible net worth required if the [superintendent] determines that a higher net worth is necessary based on criteria specified in rule.

ARTICLE 3

CHECK CASHING LICENSES

[No changes: outside scope of project. States should adopt existing ULC language if desired.]

ARTICLE 4 CURRENCY EXCHANGE LICENSES

[Currency exchange provision presented as a module to be added to state law if desired]

SECTION 401. LICENSE REQUIRED.

(a) A person may not engage in currency exchange or advertise, solicit, or hold itself out as providing currency exchange for which the person receives revenues equal or greater than [five percent] of total revenues unless the person:

- (1) is licensed under this [article];
- (2) is licensed for money transmission under [Article] 2 ~~[or approved to engage in money transmission under Section 203];~~ or
- ~~(3) — is licensed for check cashing under [Article] 3;~~
- (4) is an authorized delegate of a person licensed under [Article] 2. ~~or~~
- ~~(5) — is an authorized delegate of a person approved to engage in money transmission under Section 203.~~

(b) A license under this [article] is not transferable or assignable.

SECTION 402. APPLICATION FOR LICENSE.

(a) A person applying for a license under this [article] shall do so in a form and in a medium prescribed by the [superintendent]. The application must state or contain:

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(1) the legal name and residential and business addresses of the applicant, if the applicant is an individual or, if the applicant is not an individual, the name of each partner, executive officer, manager, and director;

(2) the location of the principal office of the applicant;

(3) complete addresses of other locations in this State where the applicant proposes to engage in currency exchange ~~or check cashing, including all limited stations and mobile locations;~~

(4) a description of the source of money and credit to be used by the applicant to engage in ~~check cashing and~~ currency exchange; and

(5) other information the [superintendent] reasonably requires with respect to the applicant, but not more than the [superintendent] may require under [Article] 2.

(b) A nonrefundable application fee of [\$2,000] and a license fee of [\$2,000] must accompany an application for a license under this [article]. The license fee must be refunded if the application is denied.

SECTION 403. ISSUANCE OF LICENSE.

(a) When an application is filed under this [article], the [superintendent] shall investigate the applicant's financial condition and responsibility, financial and business experience, character, and general fitness. The [superintendent] may conduct an on-site investigation of the applicant, the reasonable cost of which the applicant must pay. The [superintendent] shall issue a license to an applicant under this [article] if the [superintendent] finds that all of the following conditions have been fulfilled:

(1) the applicant has complied with Section 402; and

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(2) the financial condition and responsibility, financial and business experience, competence, character, and general fitness of the applicant; and the competence, experience, character, and general fitness of the executive officers, managers, directors, and persons in control of, the applicant indicate that it is in the interest of the public to permit the applicant to engage in currency exchange.

(b) When an application for an original license under this [article] is complete, the [superintendent] shall promptly notify the applicant in a record of the date on which the application was determined to be complete and:

(1) the [superintendent] shall approve or deny the application within 120 days after that date; or

(2) if the application is not approved or denied within 120 days after that date:
(A) the application is deemed approved; and
(B) the [superintendent] shall issue the license under this [article], to take effect as of the first business day after expiration of the period.

(c) The [superintendent] may for good cause extend the application period.

(d) An applicant whose application is denied a license by the [superintendent] under this [article] may appeal, within [30] days after receipt of the notice of the denial, from the denial and request a hearing.

SECTION 404. RENEWAL OF LICENSE.

(a) A licensee under this [article] shall pay a biennial renewal fee of [\$2,000] no later than [30] days before each biennial anniversary of the issuance of the license or, if the last day is not a business day, on the next business day.

[(b) A licensee under this [article] shall submit a renewal report with the renewal fee, in a form and

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in a medium prescribed by the [superintendent]. The renewal report must state or contain:

(1) a description of each material change in information submitted by the licensee in its original license application that has not been reported to the [superintendent] on any required report; and

(2) a list of the locations in this State where the licensee or an authorized delegate of the licensee engages in currency exchange ~~or check cashing, including limited stations and mobile locations.~~]

(c) If a licensee does not [file a renewal report and] pay its renewal fee by the renewal date or any extension of time granted by the [superintendent], the superintendent shall send the licensee a notice of suspension. Unless the licensee [files the report and] pays the renewal fee before expiration of 10 days after the notice is sent, the licensee's license is suspended 10 days after the superintendent sends the notice of suspension.

(d) The [superintendent] for good cause may grant an extension of the renewal date.

ARTICLE 5 AUTHORIZED DELEGATES

SECTION 501. RELATIONSHIP BETWEEN LICENSEE AND AUTHORIZED DELEGATE.

(a) In this section, "remit" means to make direct payments of money to a licensee or its representative authorized to receive money or to deposit money in an ~~bank~~ insured depository financial institution in an account specified by the licensee.

(b) A contract between a licensee and an authorized delegate must require the authorized delegate to operate in full compliance with this [Act]. The licensee shall furnish in a record to each authorized delegate policies and procedures sufficient for compliance with this [Act].

- (c) An authorized delegate shall remit all money owing to the licensee in accordance with the terms of the contract between the licensee and the authorized delegate.
- (d) If a license is suspended or revoked or a licensee does not renew its license, the [superintendent] shall notify all authorized delegates of the licensee whose names are in a record filed with the [superintendent] of the suspension, revocation, or non-renewal. After notice is sent or publication is made, an authorized delegate shall immediately cease to provide money services as a delegate of the licensee.
- (e) An authorized delegate may not provide money services outside the scope of activity permissible under the contract between the authorized delegate and the licensee, except activity in which the authorized delegate is authorized to engage under [Article] 2, 3, or 4. [An authorized delegate of a licensee holds in trust for the benefit of the licensee all money net of fees received from money transmission.]
- (f) An authorized delegate may not use a subdelegate to conduct money services on behalf of a licensee.

SECTION 502. UNAUTHORIZED ACTIVITIES. A person may not provide money services on behalf of a person not licensed under this [Act], **except as expressly authorized under this [Act]**. A person that engages in that activity provides money services to the same extent as if the person were a licensee.

ARTICLE 6 EXAMINATIONS; REPORTS; RECORDS

SECTION 601. AUTHORITY TO CONDUCT EXAMINATIONS.

- (a) The [superintendent] may conduct an annual examination of a licensee or of any of its authorized delegates upon 45 days' notice in a record to the licensee.
- (b) The [superintendent] may examine a licensee or its authorized delegate, at any time, without notice, if the [superintendent] has reason to believe that the licensee or authorized delegate is engaging in an unsafe or unsound practice or has violated or is violating this [Act] or a rule adopted or an order issued under this [Act].
- (c) If the [superintendent] concludes that an on-site examination is necessary under subsection (a), the licensee shall pay the reasonable cost of the examination.
- (d) Information obtained during an examination under this [Act] may be disclosed only as provided in Section 607.

SECTION 602. COOPERATION. The [superintendent] may consult and cooperate with other state money services regulators in enforcing and administering this [act]. They may jointly pursue examinations and take other official action that they are otherwise empowered to take.

SECTION 603. REPORTS.

- (a) A licensee shall file **in NMLS** within [15] business days any material changes in information provided in a licensee's application.
- (b) A licensee shall file with **in NMLS** within 45 days after the end of each fiscal quarter a current list of all authorized delegates, and locations in this State where the licensee or an authorized delegate of the licensee provides money services, including limited stations and

mobile locations. The licensee shall state the name and street address of each location and authorized delegate.

(c) A licensee shall file a report **in NMLS** within one business day after the licensee has reason to know of the occurrence **of** any of the following events:

- (1) the filing of a petition by or against the licensee under the United States Bankruptcy Code [11 U.S.C. Section 101-110 (1994 & Supp. V. 1999)] for bankruptcy or reorganization;
- (2) the filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors;
- (3) the commencement of a proceeding to revoke or suspend its license in a State or country in which the licensee engages in business or is licensed;
- (4) the cancellation or other impairment of the licensee's bond or other security;
- (5) a [charge or] conviction of the licensee or of an executive officer, manager, director, or person in control, of the licensee for a felony; or
- (6) a [charge or] conviction of an authorized delegate for a felony.

SECTION 604. CHANGE OF CONTROL.

(a) A licensee shall:

- (1) ~~give the [superintendent] notice in a record of a proposed change of control within [15] days after learning of the proposed change of control~~ submit an application in a form prescribed by the [superintendent] requesting approval of the change of control; and

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- ~~(2) — request approval of the acquisition; and~~
- (3) submit a nonrefundable fee of [\$2,000] with the ~~notice~~ request for approval.
- (b) ~~After review of a request for approval under~~ The application required by subsection (a) ~~, the [superintendent] may require the licensee to provide additional information concerning the proposed persons in control of the licensee. The additional information must be limited to the same types~~ shall include information regarding the proposed control persons that would have been required of the licensee or persons in control of the licensee as part of its original license or renewal application.
- (c) The [superintendent] shall approve ~~a request~~ an application for change of control under subsection (a) if, after investigation, the [superintendent] determines that the person or group of persons requesting approval has met the requirements of subsections (a) and (b), and has the competence, experience, character, and general fitness to operate the licensee or person in control of the licensee in a lawful and proper manner and that the public interest will not be jeopardized by the change of control.
- (d) When an application for a change of control under this [article] is received, unless the application has been determined to be substantially incomplete, the [superintendent] shall notify the licensee in a record of the date on which the request was received and:
- (1) the [superintendent] shall approve or deny the ~~request~~ application within [60] days after ~~that the~~ date on which the application was received; provided, that the [superintendent] may return any application as substantially incomplete that does not contain all of the information required under subsection (a), (b) or (c); or
- (2) if the ~~request~~ application is not approved or denied within [60] days after ~~that the~~

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date on which the application was received:

(A) the request is deemed approved; and

(B) the [superintendent] shall permit the change of control under this section;

to take effect as of the first business day after expiration of the [60] day period.

~~(e) [superintendent], by rule or order, may exempt a person from any of the requirements of subsection (a) (2) and (3) if it is in the public interest to do so.~~ The requirements of subsection (a) do not apply to any of the following persons, but these persons shall notify the [superintendent] of a change of control within [15] days thereafter:

(1) A person that acts as a proxy for the sole purpose of voting at a designated meeting of the shareholders or holders of voting interests of a licensee or a person in control of a licensee;

(2) A person that acquires control of a licensee by devise of descent;

(3) A person that acquires control as a personal representative, custodian, guardian, conservator, or trustee, or as an officer appointed by a court of competent jurisdiction or by operation of law;

(4) A person that the [superintendent] determines is not subject to subsection (a) based on the public interest.

(f) Subsection (a) does not apply to a public offering of securities.

(g) Before filing ~~a request~~ an application for approval to acquire control of a licensee or person in control of a licensee, a person may request in ~~a record~~ writing a determination from the [superintendent] as to whether the person would be considered a person in control of a licensee upon consummation of a proposed transaction. If the [superintendent] determines that the person would not be a person in control of a licensee, the ~~[superintendent] shall enter an order to that~~

~~effect and the~~ proposed person and transaction is not subject to the requirements of subsections (a) through (c).

SECTION 605. RECORDS.

(a) A licensee shall maintain the following records for determining its compliance with this [Act] for at least [three] years:

- (1) a record of each payment instrument or stored-value obligation sold;
- (2) a general ledger posted at least monthly containing all asset, liability, capital, income, and expense accounts;
- (3) ~~bank~~ insured depository financial institution statements and ~~bank~~ insured depository financial institution reconciliation records;
- (4) records of outstanding payment instruments and stored-value obligations;
- (5) records of each payment instrument and stored-value obligation paid within the [three]-year period;
- (6) a list of the last known names and addresses of all of the licensee's authorized delegates; and
- (7) any other records the [superintendent] reasonably requires by rule.

(b) The items specified in subsection (a) may be maintained in any form of record.

(c) Records may be maintained outside this State if they are made accessible to the [superintendent] on [seven] business-days' notice that is sent in a record.

(c) All records maintained by the licensee as required in subsections (a) through are open to inspection by the [superintendent] pursuant to Section 601.

[SECTION 606. MONEY LAUNDERING REPORTS.

(a) A licensee and an authorized delegate shall file with the [attorney general] all reports required by federal currency reporting, record keeping, and suspicious transaction reporting requirements as set forth in 31 U.S.C. Section 5311 (1994), 31 C.F.R. Section. 103 (2000) and other federal and state laws pertaining to money laundering.

(b) The timely filing of a complete and accurate report required under subsection (a) with the appropriate federal agency is compliance with the requirements of subsection (a), unless the [superintendent] notifies the licensee that the [attorney general] has notified the [superintendent] that reports of this type are not being regularly and comprehensively transmitted by the federal agency to the [attorney general].]

SECTION 607. CONFIDENTIALITY.

(a) Except as otherwise provided in subsection (b), all information or reports obtained by the [superintendent] from an applicant, licensee, or authorized delegate and all information contained in or related to examination, investigation, operating, or condition reports prepared by, on behalf of, or for the use of the [superintendent], or financial statements, balance sheets, or authorized delegate information, are confidential and are not subject to disclosure under [this State's open records law].

(b) The [superintendent] may disclose information not otherwise subject to disclosure under subsection (a) to representatives of state or federal agencies who promise in a record that they will maintain the confidentiality of the information; or the [superintendent] finds that the release is reasonably necessary for the protection of the public and in the interests of justice, and the

licensee has been given previous notice by the [superintendent] of its intent to release the information.

(c) This section does not prohibit the [superintendent] from disclosing to the public a list of persons licensed under this [Act] or the aggregated financial data concerning those licensees.

ARTICLE 7 PERMISSIBLE INVESTMENTS

[Alternative concept was also recommended. See the accompanying material for that alternative. Specific language would have to be drafted.]

SECTION 701. MAINTENANCE OF PERMISSIBLE INVESTMENTS.

(a) A licensee shall maintain at all times permissible investments that have a market value computed in accordance with generally accepted accounting principles of not less than the aggregate amount of all of its outstanding (i) payment instruments, (ii) prepaid access [or stored value] obligations issued or sold in all states and (iii) money transmitted from all states by the licensee.

[add for states regulating virtual currency; also add (1) after (a) above]:

(2) A licensee transmitting virtual currencies must hold like-kind virtual currencies of the same volume as that held by the licensee but which is obligated to consumers in lieu of the permissible investments required in (a)(1) of this subsection.

(3) A licensee conducting activities in both subsection (1) and (2) must maintain applicable levels and types of permissible investments as described in those subsections.]

(b) **If the financial condition of a licensee so requires, or otherwise for good cause,** the [superintendent], with respect to any licensees, may limit the extent to which a type of investment within a class of permissible investments may be considered a permissible

investment, except for money and certificates of deposit issued by an bank insured depository financial institution. The [superintendent] by rule may prescribe or by order allow other types of investments that the [superintendent] determines to have a safety substantially equivalent to other permissible investments.

(c) Permissible investments, even if commingled with other assets of the licensee, are held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of bankruptcy or receivership of the licensee.

SECTION 702. TYPES OF PERMISSIBLE INVESTMENTS. [percentages and types of acceptable PI in each category to be determined]

(a) Except to the extent otherwise limited by the [superintendent] pursuant to Section 701, the following investments are permissible under Section 701:

(1) cash, insured depository financial institution receivables and credit card, debit card and prepaid card receivables;

(2) savings deposits, demand deposits, certificates of deposit, or senior debt obligation of an insured depository financial institution;

(3) an investment security that is an obligation of the United States or a department, agency, or instrumentality thereof; an investment in an obligation that is guaranteed fully as to principal and interest by the United States; or an investment in an obligation of a State or a governmental subdivision, agency, or instrumentality thereof; and

(4) receivables that are payable to a licensee from its authorized delegates in the ordinary course of business, pursuant to contracts, which are less than seven days old.

(b) The following investments are permissible under Section 701 if the investment does not exceed 30 percent:

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- (1) A short-term (up to six months) investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities;
- (2) Commercial paper; and
- (3) An interest-bearing bill, note, bond, or debenture of a person whose equity shares are traded on a national securities exchange or on a national over-the-counter market

~~(4) banker's acceptance or bill of exchange that is eligible for purchase upon endorsement by a member bank of the Federal Reserve System and is eligible for purchase by a Federal Reserve Bank;~~

~~(5) an investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities;~~

~~(6) an investment security that is an obligation of the United States or a department, agency, or instrumentality thereof; an investment in an obligation that is guaranteed fully as to principal and interest by the United States; or an investment in an obligation of a State or a governmental subdivision, agency, or instrumentality thereof;~~

~~(7) receivables that are payable to a licensee from its authorized delegates, in the ordinary course of business, pursuant to contracts which are not past due or doubtful of collection if the aggregate amount of receivables under this paragraph does not exceed 20 percent of the total permissible investments of a licensee and the licensee does not hold at one time receivables under this paragraph in any one person aggregating more than 10 percent of the licensee's total permissible investments; and~~

~~(8) a share or a certificate issued by an open end anagement investment company that is registered with the United States Securities and Exchange Commission under the Investment Companies Act of 1940 [15 U.S.C. Section 80a-1-64 (1994 &~~

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~~Supp. V 1999)], and whose portfolio is restricted by the management company's investment policy to investments specified in paragraphs (1) through (4).~~

~~(e) The following investments are permissible under Section 701, but only to the extent specified:~~

~~(1) an interest bearing bill, note, bond, or debenture of a person whose equity shares are traded on a national securities exchange or on a national over the counter market, if the aggregate of investments under this paragraph does not exceed 20 percent of the total permissible investments of a licensee and the licensee does not at one time hold investments under this paragraph in any one person aggregating more than 10 percent of the licensee's total permissible investments;~~

~~(2) a share of a person traded on a national securities exchange or a national over the counter market or a share or a certificate issued by an open end management investment company that is registered with the United States Securities and Exchange Commission under the Investment Companies Act of 1940 [15 U.S.C. Section 80a-1-64 (1994 & Supp. V 1999)], and whose portfolio is restricted by the management company's investment policy to shares of a person traded on a national securities exchange or a national over the counter market, if the aggregate of investments under this paragraph does not exceed 20 percent of the total permissible investments of a licensee and the licensee does not at one time hold investments in any one person aggregating more than 10 percent of the licensee's total permissible investments;~~

~~(3) a demand borrowing agreement made to a corporation or a subsidiary of a corporation whose securities are traded on a national securities exchange if the aggregate of the amount of principal and interest outstanding under demand borrowing~~

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~~agreements under this paragraph does not exceed 20 percent of the total permissible investments of a licensee and the licensee does not at one time hold principal and interest outstanding under demand borrowing agreements under this paragraph with any one person aggregating more than 10 percent of the licensee's total permissible investments; and~~

~~(4) any other investment the [superintendent] designates, to the extent specified by the [superintendent].~~

(d) Savings deposits, demand deposits, or certificates of deposit at a foreign depository institution are permissible under Section 701 if the foreign depository institution is domiciled in a country that is a member of the Organisation for Economic Co-operation and Development.

(e) Any other investment the [superintendent] designates is permissible under Section 701, to the extent specified by the [superintendent].

ARTICLE 8 ENFORCEMENT

SECTION 801. SUSPENSION AND REVOCATION [; RECEIVERSHIP].

(a) The [superintendent] may suspend or revoke a license [, place a licensee in receivership,] or order a licensee to revoke the designation of an authorized delegate if:

- (1) the licensee violates this [Act] or a rule adopted or an order issued under this [Act];
- (2) the licensee does not cooperate with an examination or investigation by the [superintendent];
- (3) the licensee engages in fraud, intentional misrepresentation, or gross negligence;
- (4) an authorized delegate is convicted of a violation of a state or federal anti-

moneylaundering statute, or violates a rule adopted or an order issued under this [Act], as a result of the licensee's willful misconduct or willful blindness;

(5) the competence, experience, character, or general fitness of the licensee, authorized delegate, person in control of a licensee, or responsible person of the licensee or authorized delegate indicates that it is not in the public interest to permit the person to provide money services;

(6) the licensee engages in an unsafe or unsound practice;

(7) the licensee is insolvent, suspends payment of its obligations, or makes a general assignment for the benefit of its creditors; or

(8) the licensee does not remove an authorized delegate after the [superintendent] issues and serves upon the licensee a final order including a finding that the authorized delegate has violated this [Act].

(b) In determining whether a licensee is engaging in an unsafe or unsound practice, the [superintendent] may consider the size and condition of the licensee's money transmission, the magnitude of the loss, the gravity of the violation of this [Act], and the previous conduct of the person involved.

SECTION 802. SUSPENSION AND REVOCATION OF AUTHORIZED DELEGATES.

(a) The [superintendent] may issue an order suspending or revoking the designation of an authorized delegate, if the [superintendent] finds that:

(1) the authorized delegate violated this [Act] or a rule adopted or an order issued under this [Act];

- (2) the authorized delegate did not cooperate with an examination or investigation by the [superintendent];
- (3) the authorized delegate engaged in fraud, intentional misrepresentation, or gross negligence;
- (4) the authorized delegate is convicted of a violation of a state or federal anti-money laundering statute;
- (5) the competence, experience, character, or general fitness of the authorized delegate or a person in control of the authorized delegate indicates that it is not in the public interest to permit the authorized delegate to provide money services; or
- (6) the authorized delegate is engaging in an unsafe or unsound practice.

(b) In determining whether an authorized delegate is engaging in an unsafe or unsound practice, the [superintendent] may consider the size and condition of the authorized delegate's provision of money services, the magnitude of the loss, the gravity of the violation of this [Act] or a rule adopted or order issued under this [Act], and the previous conduct of the authorized delegate.

(c) An authorized delegate may apply for relief from a suspension or revocation of designation as an authorized delegate according to procedures prescribed by the [superintendent].

SECTION 803. ORDERS TO CEASE AND DESIST.

(a) If the [superintendent] determines that a violation of this [Act] or of a rule adopted or an order issued under this [Act] by a licensee or authorized delegate is likely to cause immediate and

irreparable harm to the licensee, its customers, or the public as a result of the violation, or cause insolvency or significant dissipation of assets of the licensee, the [superintendent] may issue an order requiring the licensee or authorized delegate to cease and desist from the violation. The order becomes effective upon service of it upon the licensee or authorized delegate.

(b) The [superintendent] may issue an order against a licensee to cease and desist from providing money services through an authorized delegate that is the subject of a separate order by the [superintendent].

(c) An order to cease and desist remains effective and enforceable pending the completion of an administrative proceeding pursuant to Section 801 or 802.

(d) A licensee or an authorized delegate that is served with an order to cease and desist may petition the [appropriate court], for a judicial order setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of an administrative proceeding pursuant to Section 801 or 802.

(e) An order to cease and desist expires unless the [superintendent] commences an administrative proceeding pursuant to Section 801 or 802 within [10] days after it is issued.

SECTION 804. CONSENT ORDERS. The [superintendent] may enter into a consent order at any time with a person to resolve a matter arising under this [Act] or a rule adopted or order issued under this [Act]. A consent order must be signed by the person to whom it is issued or by the person's authorized representative, and must indicate agreement with the terms contained in the order. A consent order may provide that it does not constitute an admission by a person that this [Act] or a rule adopted or an order issued under this [Act] has been violated.

SECTION 805. CIVIL PENALTIES. The [superintendent] may assess a civil penalty against a

person that violates this [Act] or a rule adopted or an order issued under this [Act] in an amount not to exceed [\$1,000] per day for each day the violation is outstanding, plus this State's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney's fees.

SECTION 806. CRIMINAL PENALTIES.

(a) A person that intentionally makes a false statement, misrepresentation, or false certification in a record filed or required to be maintained under this [Act] or that intentionally makes a false entry or omits a material entry in such a record is guilty of a [reference to state classification] felony.

(b) A person that knowingly engages in an activity for which a license is required under this [Act] without being licensed under this [Act] and who receives more than [\$500] in compensation within a 30-day period from this activity is guilty of a [reference to state classification] felony.

(c) A person that knowingly engages in an activity for which a license is required under this [Act] without being licensed under this [Act] and who receives no more than [\$500] in compensation within a 30-day period from this activity is guilty of a [reference to state classification] misdemeanor.

SECTION 807. UNLICENSED PERSONS.

(a) If the [superintendent] has reason to believe that a person has violated or is violating Section 201, 301, or 401 the [superintendent] may issue an order to show cause why an order to cease and desist should not issue requiring that the person cease and desist from the violation of Section 201, 301, or 401.

(b) In an emergency, the [superintendent] may petition the [appropriate court] for the issuance of a temporary restraining order *ex parte* pursuant to the rules of civil procedure.

- (c) An order to cease and desist becomes effective upon service of it upon the person.
- (d) An order to cease and desist remains effective and enforceable pending the completion of an administrative proceeding pursuant to Sections 901 and 902.
- (e) A person that is served with an order to cease and desist for violating Section 201, 301, or 401 may petition the [appropriate court] for a judicial order setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of an administrative proceeding pursuant to Sections 901 and 902.
- (f) An order to cease and desist expires unless the [superintendent] commences an administrative proceeding within [10] days after it is issued.

ARTICLE 9 ADMINISTRATIVE PROCEDURES

SECTION 901. ADMINISTRATIVE PROCEEDINGS. All administrative proceedings under this [Act] must be conducted in accordance with [the state administrative procedure act].

SECTION 902. HEARINGS. Except as otherwise provided in Sections 206(c), 304(c), 404(c), 803, and 807, the [superintendent] may not suspend or revoke a license, [place a licensee in receivership,] issue an order to cease and desist, suspend or revoke the designation of an authorized delegate, or assess a civil penalty without notice and an opportunity to be heard. The [superintendent] shall also hold a hearing when requested to do so by an applicant whose application for a license is denied.

ARTICLE 10 MISCELLANEOUS PROVISIONS

SECTION 1001. UNIFORMITY OF APPLICATION AND CONSTRUCTION. In

applying and construing this Uniform Act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among States that enact it.

SECTION 1002. SEVERABILITY CLAUSE. If any provision of this [Act] or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this [Act] which can be given effect without the invalid provision or application, and to this end the provisions of this [Act] are severable.

SECTION 1003. EFFECTIVE DATE. This [Act] takes effect

~~**SECTION 1004. REPEALS.** The following Acts and parts of Acts are repealed:~~

~~(1)~~

~~(2)~~

~~(3)~~

~~**SECTION 1005. SAVINGS AND TRANSITIONAL PROVISIONS.**~~

~~(a) — A license issued under [name of existing money services licensing statutes repealed under Section 1004] that is in effect immediately before [effective date of this Act] remains in force as a license under [name of existing money services statutes repealed under Section 1004] until the license’s expiration date. Thereafter, the licensee is deemed to have applied for and had received a license under this [Act] and must comply with the renewal requirements set forth in this [Act].~~

~~(b) — This [Act] applies to the provision of money services on or after the effective~~

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~~date of this [Act]. This [Act] does not apply to money transmission provided by a licensee who was licensed to provide money transmission under [name of existing money transmission statutes repealed under Section 1004] and whose license remains in force under this section. This [Act] does not apply to check cashing provided by a licensee who was licensed to provide check cashing under [name of existing check cashing statutes repealed under Section 1004] and whose license remains in force under this section. This [Act] does not apply to currency exchange provided by a licensee who was licensed to provide currency exchange under [name of existing currency exchange statutes repealed under Section 1004] and whose license remains in force under this section.~~