

**533C.804 Types of permissible investments.**

1. The following investments are permissible under [section 533C.803](#):
  - a. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers in a federally insured depository financial institution.
  - b. Cash equivalents including automated clearinghouse items in transit to the licensee and automated clearinghouse items or international wires in transit to a payee.
  - c. Cash in transit via armored car.
  - d. Cash in smart safes.
  - e. Cash in licensee-owned locations.
  - f. Debit card or credit card-funded transmission receivables owed by any bank.
  - g. Money market mutual funds rated "AAA" by Standard and Poor's 500 stock market index, or the equivalent from any eligible rating service.
  - h. Certificates of deposit or senior debt obligations of an insured depository institution, pursuant to the federal Deposit Insurance Act, 12 U.S.C. §1813, as amended, or as defined under the federal Credit Union Act, 12 U.S.C. §1751, as amended.
    - i. An obligation of the United States or a commission, agency, or instrumentality thereof.
    - j. An obligation that is guaranteed fully as to principal and interest by the United States.
    - k. An obligation of a state or a governmental subdivision, agency, or instrumentality thereof.
  - l. One hundred percent of the surety bond provided for under [section 533C.802](#) that exceeds the average daily money transmission liability in this state.
  - m. The full drawable amount of an irrevocable standby letter of credit for which the stated beneficiary is the superintendent that stipulates that the beneficiary need only draw a sight draft under the letter of credit and present it to obtain funds up to the letter of credit amount within seven days of presentation of the items required by [this section](#).
    - (1) The letter of credit shall conform to the following:
      - (a) Be issued by a federally insured depository financial institution, a foreign bank that is authorized under federal law to maintain a federal agency or federal branch office in a state or states, or a foreign bank that is authorized under state law to maintain a branch in a state that bears an eligible rating, or whose parent company bears an eligible rating and such bank is regulated, supervised, and examined by the United States federal or state authorities having regulatory authority over banks, credit unions, and trust companies.
      - (b) Be irrevocable, unconditional, and indicate that it is not subject to any condition or qualifications outside of the letter of credit.
      - (c) Not contain reference to any other agreements, documents, or entities, or otherwise provide for any security interest in the licensee.
      - (d) Contain an issue date and expiration date, and expressly provide for automatic extension, without written amendment, for an additional period of one year from the present or each future expiration date, unless the issuer of the letter of credit notifies the superintendent in writing by certified or registered mail or courier mail or other receipted means, at least sixty days prior to any expiration date, that the irrevocable letter of credit shall not be extended. In the event of any notice of expiration or nonextension of a letter of credit issued under this subparagraph division, the licensee shall be required to demonstrate to the satisfaction of the superintendent, fifteen days prior to expiration, that the licensee maintains and will maintain permissible investments in accordance with [section 533C.803, subsection 1](#), upon the expiration of the letter of credit. If the licensee is not able to do so, the superintendent may draw on the letter of credit in an amount up to the amount necessary to meet the licensee's requirements to maintain permissible investments in accordance with [section 533C.803, subsection 1](#). Any such draw shall be offset against the licensee's outstanding money transmission obligations. The drawn funds shall be held in trust by the superintendent or the superintendent's designated agent, to the extent authorized by law, as agent for the benefit of the purchasers and holders of the licensee's outstanding money transmission obligations.
    - (2) The letter of credit shall provide that the issuer of the letter of credit will honor, at sight, a presentation made by the beneficiary to the issuer of the following documents on or prior to the expiration date of the letter of credit:

- (a) The original letter of credit, including any amendments.
  - (b) A written statement from the beneficiary stating that any of the following events have occurred:
    - (i) The filing of a petition by or against the licensee under the federal bankruptcy code, 11 U.S.C. §101 – 110, as amended, for bankruptcy or reorganization.
    - (ii) The filing of a petition by or against the licensee for receivership, or the commencement of any other judicial or administrative proceeding for its dissolution or reorganization.
    - (iii) The seizure of assets of a licensee by the superintendent or any other state financial regulatory entity pursuant to an emergency order issued in accordance with applicable law, on the basis of an action, violation, or condition that has caused or is likely to cause the insolvency of the licensee.
    - (iv) The beneficiary has received notice of expiration on nonextension of a letter of credit and the licensee failed to demonstrate to the satisfaction of the beneficiary that the licensee will maintain permissible investments in accordance with [section 533C.803, subsection 1](#), upon the expiration or nonextension of the letter of credit.
- (3) The superintendent may designate an agent to serve on the superintendent's behalf as beneficiary to a letter of credit so long as the agent and letter of credit meet requirements established by the superintendent. The superintendent's agent may serve as agent for multiple licensing authorities for a single irrevocable letter of credit if the proceeds of the drawable amount for the purposes of [this section](#) are assigned to the superintendent.
- (4) The superintendent is authorized and encouraged to participate in multistate processes designed to facilitate the issuance and administration of letters of credit, including but not limited to services provided by the NMLS and state regulatory registry, LLC.
2. Unless permitted by the superintendent by rule or by order to exceed the limit as set forth herein, the following investments are permissible under [section 533C.803](#) to the extent specified:
- a. Receivables that are payable to a licensee from its authorized delegates in the ordinary course of business that are less than seven days old, up to fifty percent of the aggregate value of the licensee's total permissible investments.
  - b. Of the receivables permissible under [subsection 1](#), receivables that are payable to a licensee from a single authorized delegate in the ordinary course of business may not exceed ten percent of the aggregate value of the licensee's total permissible investments.
  - c. The following investments are permissible up to twenty percent per category and combined up to fifty percent of the aggregate value of the licensee's total permissible investments:
    - (1) An up-to-six-month short-term investment bearing an eligible rating.
    - (2) Commercial paper bearing an eligible rating.
    - (3) A bill, note, bond, or debenture bearing an eligible rating.
    - (4) United States tri-party repurchase agreements collateralized at one hundred percent or more with United States government or agency securities, municipal bonds, or other securities bearing an eligible rating.
    - (5) Money market mutual funds rated less than "AAA" and equal to or higher than "A-" by Standard and Poor's 500 stock market index, or the equivalent from any other eligible rating service.
    - (6) A mutual fund or other investment fund composed solely and exclusively of one or more permissible investments listed in [section 533C.804, subsection 1](#), paragraphs "a" through "k".
  - d. Cash, including demand deposits, savings deposits, and funds in such accounts held for the benefit of the licensee's customers, at foreign depository institutions are permissible up to ten percent of the aggregate value of the licensee's total permissible investments if the licensee has received a satisfactory rating in its most recent examination and the foreign depository institution fulfills all of the following:
    - (1) An eligible rating.
    - (2) Registered under the federal Foreign Account Tax Compliance Act, Pub. L. No. 111-147.

(3) Not located in any country subject to sanctions from the federal office of foreign asset control.

(4) Not located in a high-risk or noncooperative jurisdiction as designated by the international financial action task force.

[2023 Acts, ch 83, §35](#); [2023 Acts, ch 119, §44](#)

Referred to in [§533C.802](#), [533C.803](#)