

House Study Bill 128 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
COMMERCE/BANKING DIVISION
BILL)

A BILL FOR

1 An Act relating to money transmission services.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 533A.2, subsection 2, paragraph h, Code
2 2023, is amended to read as follows:

3 h. A person licensed under **chapter 533C**, including that
4 person's authorized delegates as defined in **section 533C.102**,
5 or a person exempt from licensing under **section 533C.103**, when
6 engaging in money transmission ~~or currency exchange~~ as defined
7 in **section 533C.102**.

8 Sec. 2. Section 533C.101, Code 2023, is amended to read as
9 follows:

10 **533C.101 Short title.**

11 This chapter may be cited as the "*Uniform Money Services*
12 *Transmission Modernization Act*".

13 Sec. 3. Section 533C.102, Code 2023, is amended to read as
14 follows:

15 **533C.102 Definitions.**

16 In **this chapter**:

17 ~~1. "Applicant" means a person that files an application for
18 a license under **this chapter**.~~

19 1. "Acting in concert" means persons knowingly acting
20 together with a common goal of jointly acquiring control of a
21 licensee whether or not pursuant to an express agreement.

22 2. "Authorized delegate" means a person a licensee
23 designates to provide money services on behalf of the licensee.

24 ~~3. "Bank" means an institution organized under federal or
25 state law which does any of the following:~~

26 ~~a. Accepts demand deposits or deposits that the depositor
27 may use for payment to third parties and engages in the
28 business of making commercial loans.~~

29 ~~b. Engages in credit card operations and maintains only one
30 office that accepts deposits, does not accept demand deposits
31 or deposits that the depositor may use for payments to third
32 parties, does not accept a savings or time deposit less than
33 one hundred thousand dollars, and does not engage in the
34 business of making commercial loans.~~

35 ~~4. "Compensation" means any fee, commission, or other~~

1 benefit.

2 5. ~~“Conducting the business” means engaging in activities~~
3 ~~of a licensee or money transmitter more than ten times in any~~
4 ~~calendar year for compensation.~~

5 3. “Average daily money transmission liability” means
6 the amount of the licensee’s outstanding money transmission
7 obligations in this state at the end of each day in a given
8 period of time, added together, and divided by the total
9 number of days in the given period of time. For purposes of
10 calculating average daily money transmission liability under
11 this chapter for any required licensee, the given period of
12 time shall be the quarters ending March 31, June 30, September
13 30, and December 31.

14 4. “Bank Secrecy Act” means the federal Bank Secrecy Act,
15 31 U.S.C. §5311 et seq., and its implementing regulations, as
16 amended.

17 5. “Closed loop stored value” means stored value that is
18 redeemable by the issuer only for goods or services provided by
19 the issuer or its affiliate or franchisees of the issuer or its
20 affiliate, except to the extent required by applicable law to
21 be redeemable in cash for its cash value.

22 6. “Control” means any of the following:

23 a. ~~Ownership of, or the~~ The power to vote, directly
24 or indirectly, at least twenty-five percent of a ~~class of~~
25 outstanding voting securities or voting interests of a licensee
26 or person in control of a licensee.

27 b. ~~Power~~ The power to elect or appoint a majority of key
28 individuals, executive officers, managers, directors, trustees,
29 or other persons exercising managerial authority of a licensee
30 or person in control of a licensee.

31 c. The power to exercise, directly or indirectly, a
32 controlling influence over the management or policies of a
33 licensee or person in control of a licensee.

34 7. ~~“Credit union” means a cooperative, nonprofit association~~
35 ~~incorporated under chapter 533 or the Federal Credit Union Act,~~

1 ~~12 U.S.C. §1751 et seq., that is insured by the national credit~~
2 ~~union administration and includes an office of a credit union.~~

3 ~~8. "Currency exchange" means receipt of compensation from~~
4 ~~the exchange of money of one government for money of another~~
5 ~~government.~~

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

9 7. "Eligible rating" means a credit rating of any of the
10 three highest rating categories provided by an eligible rating
11 service, whereby each category may include rating category
12 modifiers such as "plus" or "minus" for Standard and Poor's 500
13 stock market index, or the equivalent for any other eligible
14 rating service. A long-term credit rating is deemed eligible
15 if the rating is equal to "A-" or higher by Standard and Poor's
16 500 stock market index, or the equivalent from any other
17 eligible rating service. A short-term credit rating is deemed
18 eligible if the rating is equal to or higher than "A-2" or
19 "SP-2" by Standard and Poor's 500 stock market index, or the
20 equivalent from any other eligible rating service. In the
21 event that the ratings differ among eligible rating services,
22 the highest rating shall apply when determining whether a
23 security bears an eligible rating.

24 8. "Eligible rating service" means any nationally recognized
25 statistical rating organization as defined by the federal
26 Securities and Exchange Commission, and any other organization
27 designated by the superintendent by rule or order.

28 9. "Federally insured depository financial institution"
29 means a bank, credit union, savings and loan association, trust
30 company, savings association, savings bank, industrial bank, or
31 industrial loan company organized under the laws of the United
32 States or any state, when such entity has federally insured
33 deposits.

34 10. "In this state" means at a physical location within Iowa
35 for an in-person transaction request.

1 11. "Individual" means a natural person.

2 12. "Key individual" means an individual ultimately
3 responsible for establishing or directing policies and
4 procedures of the licensee, including an executive officer,
5 manager, director, or trustee.

6 ~~10.~~ 13. "Licensee" means a person licensed under this
7 chapter.

8 ~~11. "Location" means a place of business at which activity~~
9 ~~conducted by a licensee or money transmitter occurs.~~

10 14. "Material litigation" means litigation that, according
11 to generally accepted accounting principles in the United
12 States, is significant to a person's financial health and would
13 be required to be disclosed in the person's audited financial
14 statements, report to shareholders, or similar records.

15 ~~12.~~ 15. "Monetary value" means a medium of exchange,
16 whether or not redeemable in money.

17 ~~13.~~ 16. "Money" means a medium of exchange authorized or
18 adopted by a domestic the United States or a foreign government
19 as a part of its currency and that is customarily used and
20 accepted as a medium of exchange in the country of issuance.
21 The term includes a monetary unit of account established by an
22 intergovernmental organization or by agreement between two or
23 more governments.

24 ~~14. "Money services" means money transmission or currency~~
25 ~~exchange.~~

26 ~~15.~~ 17. "Money transmission" means and includes any of the
27 following:

28 a. Selling or issuing payment instruments to one or more
29 persons or issuing payment instruments which are sold to one or
30 more persons a person located in this state.

31 b. Selling or issuing stored value to a person located in
32 this state.

33 ~~b. c.~~ Conducting the business of receiving Receiving money
34 or monetary value for transmission from a person located in
35 this state.

1 ~~c. Conducting the business of receiving money for obligors~~
2 ~~for the purpose of paying obligors' bills, invoices, or~~
3 ~~accounts.~~

4 d. "Money transmission" does not include the provision
5 solely of online or telecommunications services or network
6 access.

7 ~~16. "Outstanding", with respect to a payment instrument,~~
8 ~~means issued or sold by or for the licensee and reported as~~
9 ~~sold but not yet paid by or for the licensee.~~

10 18. "Money services businesses accredited state" or "MSB
11 accredited state" means a state agency that is accredited by the
12 conference of state bank supervisors and the money transmitter
13 regulators association for money transmission licensing and
14 supervision.

15 19. "Multistate licensing process" means any agreement
16 entered into by and among state regulators relating to
17 coordinated processing of applications for money transmission
18 licenses, applications for the acquisition of control of a
19 licensee, control determinations, or notice and information
20 requirements for a change of key individuals.

21 20. "Nationwide multistate licensing system" or "NMLS"
22 means the nationwide multistate licensing system and registry
23 developed by the conference of state bank supervisors and the
24 American association of residential mortgage regulators and
25 owned and operated by the state regulatory registry, LLC, or
26 any successor or affiliated entity, for the licensing and
27 registration of persons in financial services industries.

28 21. "Outstanding money transmission obligations" means any
29 of the following:

30 a. Any payment instrument or stored value issued or sold
31 by the licensee to a person located in the United States or
32 reported as sold by an authorized delegate of the licensee to
33 a person that is located in the United States that has not yet
34 been paid or refunded by or for the licensee, or escheated in
35 accordance with applicable abandoned property laws.

1 b. Any money received for transmission by the licensee or an
2 authorized delegate in the United States from a person located
3 in the United States that has not been received by the payee
4 or refunded to the sender, or escheated in accordance with
5 applicable abandoned property laws.

6 22. "Passive investor" means a person that can attest in a
7 medium prescribed by the superintendent or commits in writing
8 to any of the following:

9 a. The person does not have the power to elect a majority
10 of key individuals or executive officers, managers, directors,
11 trustees, or other persons exercising managerial authority of a
12 person in control of a licensee.

13 b. The person is not employed by and does not have any
14 managerial duties of the licensee or person in control of a
15 licensee.

16 c. The person does not have the power to exercise, directly
17 or indirectly, a controlling influence over the management or
18 policies of a licensee or person in control of a licensee.

19 ~~17.~~ 23. "Payment instrument" means a written or electronic
20 check, draft, money order, traveler's check, stored-value,
21 or other written or electronic instrument ~~or order~~ for the
22 transmission or payment of money or monetary value, ~~sold to~~
23 ~~one or more persons,~~ whether or not that instrument ~~or order~~
24 is negotiable. "Payment instrument" does not include an stored
25 value or any instrument that is redeemable by the issuer
26 only for goods or services provided by the issuer or an its
27 affiliate in merchandise or service, a credit card voucher, or
28 a letter of credit, except to the extent required by applicable
29 law to be redeemable in cash for its cash value, or not sold
30 to the public but issued and distributed as part of a loyalty,
31 rewards, or promotional program.

32 24. "Payroll processing services" means receiving money for
33 transmission pursuant to a contract with a person to deliver
34 wages or salaries, make payments of payroll taxes to states and
35 federal agencies, make payments relating to employee benefit

1 plans, or make distributions of other authorized deductions
2 from wages or salaries. The term "payroll processing services"
3 does not include an employer performing payroll processing
4 services on its own behalf or on behalf of its affiliate, or
5 a professional employment organization subject to regulation
6 under other applicable state law.

7 ~~18.~~ 25. "Person" means an individual, corporation, business
8 trust, estate, trust, partnership, general partnership, limited
9 partnership, limited liability company, association, joint
10 venture stock corporation, trust, corporation, government,
11 governmental subdivision, agency or instrumentality, public
12 corporation, or any other legal or commercial corporate entity
13 identified by the superintendent.

14 ~~19.~~ "Proceeds" means property acquired or derived directly
15 or indirectly from, produced through, realized through, or
16 caused by an act or omission and includes any property of any
17 kind.

18 ~~20.~~ "Property" means anything of value, and includes any
19 interest in property, including any benefit, privilege, claim,
20 or right with respect to anything of value, whether real
21 or personal, tangible or intangible, without reduction for
22 expenses incurred for acquisition, maintenance, production, or
23 any other purpose.

24 ~~21.~~ "Record" means information that is inscribed on a
25 tangible medium or that is stored in an electronic or other
26 medium and is retrievable in perceivable form.

27 ~~22.~~ "Responsible individual" means an individual who is
28 employed by a licensee and has principal managerial authority
29 over the provision of money services by the licensee in this
30 state.

31 ~~23.~~ "State" means a state of the United States, the District
32 of Columbia, Puerto Rico, the United States Virgin Islands, or
33 any territory or insular possession subject to the jurisdiction
34 of the United States.

35 26. "Receipt" means a paper receipt, electronic record, or

1 other written confirmation.

2 27. "Receiving money for transmission" or "money received
3 for transmission" means receiving money or monetary value in
4 the United States for transmission within or outside the United
5 States by electronic or other means.

6 28. "Remit" means to make direct payments of money to a
7 licensee or its representative authorized to receive money
8 or to deposit money in a bank in an account specified by the
9 licensee.

10 ~~24.~~ 29. "Stored-value" means a monetary value that is
11 representing a claim against the issuer evidenced by an
12 electronic or digital record, and that is intended and accepted
13 for use as a means of redemption for money or monetary value,
14 or payment for goods or services. The term "stored-value"
15 includes but is not limited to "prepaid access" as defined by 31
16 C.F.R. §1010.100, as amended. "Stored-value" does not include a
17 payment instrument or closed loop stored value, or stored value
18 not sold to the public but issued and distributed as part of a
19 loyalty, rewards, or promotional program.

20 ~~25.~~ 30. "Superintendent" means the superintendent of
21 banking for the state of Iowa.

22 ~~26. "Transaction" includes a purchase, sale, trade, loan,~~
23 ~~pledge, investment, gift, transfer, transmission, delivery,~~
24 ~~deposit, withdrawal, payment, transfer between accounts,~~
25 ~~exchange of currency, extension of credit, purchase or sale of~~
26 ~~any monetary instrument or stored value, use of a safe deposit~~
27 ~~box, or any other acquisition or disposition of property by~~
28 ~~whatever means effected.~~

29 ~~27. "Unsafe or unsound practice" means a practice or~~
30 ~~conduct by a person licensed to engage in money transmission~~
31 ~~or an authorized delegate of such a person which creates the~~
32 ~~likelihood of material loss, insolvency, or dissipation of~~
33 ~~the licensee's assets, or otherwise materially prejudices the~~
34 ~~interests of its customers.~~

35 31. "Tangible net worth" means the aggregate assets of a

1 licensee excluding all intangible assets, less liabilities, as
2 determined in accordance with generally accepted accounting
3 principles in the United States.

4 32. "In the United States" means a person in any state,
5 territory, or possession of the United States, District
6 of Columbia, Commonwealth of Puerto Rico, or U.S. military
7 installation that is located in a foreign country.

8 Sec. 4. Section 533C.103, Code 2023, is amended to read as
9 follows:

10 **533C.103 ~~Exclusions~~ Exemptions.**

11 The superintendent may require that any person claiming
12 to be exempt from licensing pursuant to this section
13 provide information and documentation to the superintendent
14 demonstrating that the person qualifies for any claimed
15 exemption. This chapter does not apply to:

16 1. The United States or a department, agency, agent, or
17 instrumentality thereof.

18 2. ~~A money~~ Money transmission by the United States postal
19 service or by ~~a contractor on behalf~~ an agent of the United
20 States postal service.

21 3. A state, county, city, or ~~any other~~ governmental agency,
22 ~~or~~ governmental subdivision, instrumentality, or agent of a
23 state.

24 4. ~~The following entities whether chartered or organized~~
25 ~~under the laws of a state or of the United States: a bank,~~
26 A federally insured depository financial institution, bank
27 holding company, savings and loan association, savings bank,
28 credit union, office of an international banking corporation,
29 ~~branch of a foreign bank~~ that establishes a federal branch
30 pursuant to the federal International Bank Act, 12 U.S.C.
31 §3102, as amended, corporation organized pursuant to the
32 federal Bank Service Company Act, 12 U.S.C. §1861 - 1867, as
33 amended, or corporation organized under the federal Edge Act,
34 12 U.S.C. §611 - 633, as amended.

35 5. Electronic funds transfer of governmental benefits

1 for a federal, state, county, or governmental agency by a
2 contractor on behalf of the United States or a department,
3 agency, or instrumentality thereof, or on behalf of a state or
4 governmental subdivision, agency, or instrumentality thereof.

5 6. A board of trade designated as a contract market under
6 the federal Commodity Exchange Act, 7 U.S.C. §1 - 25, as
7 amended, or a person that, in the ordinary course of business,
8 provides clearance and settlement services for a board of trade
9 to the extent of its operation as or for such a board.

10 7. A registered futures commission merchant under the
11 federal commodities laws to the extent of its operation as such
12 a merchant.

13 8. A person that ~~provides clearance or settlement services~~
14 ~~pursuant to a registration as a clearing agency or an exemption~~
15 ~~from such registration granted under the federal securities~~
16 ~~laws to the extent of its operation as such a provider~~ acts
17 as an intermediary by processing payments between an entity
18 that has directly incurred an outstanding money transmission
19 obligation to a sender, and the sender's designated recipient,
20 provided all of the following apply:

21 a. The entity is properly licensed or exempt from licensing
22 requirements under this chapter.

23 b. The entity provides a receipt, electronic record, or
24 other written confirmation to the sender identifying the entity
25 as the provider of money transmission in the transaction.

26 c. The entity bears sole responsibility to satisfy the
27 outstanding money transmission obligations to the sender,
28 including the obligation to make the sender whole in connection
29 with any failure to transmit the funds to the sender's
30 designated recipient.

31 9. An operator of a payment system to the extent that it
32 provides processing, clearing, or settlement services, between
33 or among persons excluded by this section, or licensees, in
34 connection with wire transfers, credit card transactions,
35 debit card transactions, stored-value transactions, automated

1 clearing house transfers, or similar funds transfers.

2 10. A person registered as a securities broker-dealer under
3 federal or state securities laws to the extent of its operation
4 as such a broker-dealer.

5 11. A delayed deposit services business as defined in
6 chapter 533D.

7 12. A real estate broker or salesperson as defined in
8 chapter 543B.

9 13. Pari-mutuel wagering, racetracks, excursion gambling
10 boats, and gambling structures as provided in [chapters 99D](#) and
11 [99F](#).

12 14. A person engaging in the business of debt management
13 that is licensed or exempt from licensing pursuant to section
14 [533A.2](#).

15 15. An insurance company organized under [chapter 508](#), [514](#),
16 [514B](#), [515](#), [518](#), [518A](#), or [520](#), or authorized to do the business
17 of insurance in Iowa to the extent of its operation as an
18 insurance company.

19 16. An insurance producer as defined in [section 522B.1](#) to
20 the extent of its operation as an insurance producer.

21 17. A person appointed as an agent of a payee to collect
22 and process a payment from a payor to the payee for goods or
23 services, other than money transmission itself, provided to the
24 payor by the payee, provided all of the following apply:

25 a. There exists a written agreement between the payee and
26 the agent directing the agent to collect and process payments
27 from payors on the payee's behalf.

28 b. The payee holds the agent out to the public as accepting
29 payments for goods or services on the payee's behalf.

30 c. Payment for the goods and services is treated as received
31 by the payee upon receipt by the agent so that the payor's
32 obligation is extinguished and there is no risk of loss to the
33 payor if the agent fails to remit the funds to the payee.

34 18. An individual employed by a licensee, authorized
35 delegate, or any person exempted from the licensing

1 requirements of this chapter when acting within the scope
2 of employment and under the supervision of the licensee,
3 authorized delegate, or exempted person as an employee and not
4 as an independent contractor.

5 19. A person expressly appointed as a third-party service
6 provider to or agent of an entity exempt under subsection 4,
7 provided all of the following apply:

8 a. The service provider or agent is engaging in money
9 transmission on behalf of and pursuant to a written agreement
10 with the exempt entity that sets forth the specific functions
11 that the service provider or agent is to perform.

12 b. The exempt entity assumes all risk of loss and all
13 legal responsibility for satisfying the outstanding money
14 transmission obligations owed to purchasers and holders of the
15 outstanding money transmission obligations upon receipt of the
16 purchaser's or holder's money or monetary value by the service
17 provider or agent.

18 20. A person exempt by regulation or order if the
19 superintendent finds such exemption to be in the public
20 interest and that the regulation of such person is not
21 necessary for the purposes of this chapter.

22 Sec. 5. Section 533C.201, Code 2023, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **533C.201 Implementation.**

25 1. In order to carry out the purposes of this chapter,
26 the superintendent may, subject to the provisions of section
27 533C.202:

28 a. Enter into agreements or relationships with other
29 government officials, federal and state regulatory agencies,
30 and regulatory associations in order to improve efficiencies
31 and reduce regulatory burden by standardizing methods or
32 procedures, and sharing resources, records, or related
33 information obtained under this chapter.

34 b. Use, hire, contract, or employ analytical systems,
35 methods, or software to examine or investigate any person

1 subject to this chapter.

2 *c.* Accept, from other state or federal government agencies
3 or officials, licensing, examination, or investigation reports
4 made by such other state or federal government agencies or
5 officials.

6 *d.* Accept audit reports made by an independent certified
7 public accountant or other qualified third-party auditor for an
8 applicant or licensee and incorporate the audit report in any
9 report of examination or investigation.

10 2. The superintendent shall have the broad administrative
11 authority to administer, interpret, and enforce this chapter,
12 to promulgate rules or regulations implementing this chapter,
13 and to recover the cost of administering and enforcing this
14 chapter by imposing and collecting proportionate and equitable
15 fees and costs associated with applications, examinations,
16 investigations, and other actions required to achieve the
17 purpose of this chapter.

18 3. For a transaction requested electronically or by phone,
19 the provider of money transmission may determine if the person
20 requesting the transmission is located in this state by relying
21 on other information provided by the person regarding the
22 location of the individual's residential address or a business
23 entity's principal place of business or other physical address
24 location, and any records associated with the person that the
25 provider of money transmission may have that indicate such
26 location, including but not limited to an address associated
27 with an account, provided that any transaction requested by
28 an individual whose residential address is in Iowa shall be
29 presumed to occur in Iowa.

30 4. Outstanding money transmission obligations shall be
31 established and extinguished in accordance with applicable
32 state law.

33 Sec. 6. Section 533C.202, Code 2023, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **533C.202 Confidentiality.**

1 1. Except as otherwise provided in subsection 2, financial
2 statements, balance sheets, authorized delegate information,
3 all information and reports obtained by the superintendent
4 from an applicant, licensee, or authorized delegate, and
5 all information contained in or related to an examination,
6 investigation, operating report, or condition report prepared
7 by, on behalf of, or for the use of the superintendent are
8 confidential and are not subject to disclosure under chapter
9 22.

10 2. The superintendent may disclose information not
11 otherwise subject to disclosure under subsection 1 where:

12 a. Representatives of state or federal agencies certify in
13 a record that they shall maintain the confidentiality of the
14 information.

15 b. The superintendent finds that the release is reasonably
16 necessary for the protection and interest of the public in
17 accordance with chapter 22.

18 3. This section does not prohibit the superintendent
19 from disclosing to the public a list of all licensees or the
20 aggregated financial or transactional data concerning those
21 licensees.

22 4. The division of banking or superintendent's records
23 containing nonconfidential information may be made available
24 to the public on the division's website, upon receipt by the
25 division of a written request, or via the NMLS. The release
26 of information shall include, where applicable, all of the
27 following:

28 a. The name, business address, telephone number, and unique
29 identifier of a licensee.

30 b. The business address of a licensee's registered agent for
31 service.

32 c. The name, business address, and telephone number of all
33 authorized delegates.

34 d. The terms, or a copy, of any bond filed by a licensee,
35 provided that confidential information, including but not

1 limited to prices and fees for such bond, is redacted.

2 e. Copies of any nonconfidential final orders of the
3 superintendent relating to any violation of this chapter or
4 regulations implementing this chapter.

5 f. Imposition of an administrative fine or penalty under
6 this chapter.

7 Sec. 7. Section 533C.203, Code 2023, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **533C.203 Supervision.**

10 1. The superintendent may conduct an examination or
11 investigation of a licensee or authorized delegate or otherwise
12 take independent action authorized by this chapter or by a
13 rule adopted or order issued under this chapter as reasonably
14 necessary or appropriate to administer and enforce this
15 chapter, regulations implementing this chapter, and other
16 applicable law, including the federal Bank Secrecy Act, Pub.
17 L. No. 91-508, and the federal Uniting and Strengthening
18 America by Providing Appropriate Tools Required to Intercept
19 and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56. The
20 superintendent shall provide supervision as follows:

21 a. Conducting an examination either on site or off site as
22 the supervision may reasonably require.

23 b. Conducting an examination in conjunction with an
24 examination conducted by representatives of other state
25 agencies or agencies of another state or of the federal
26 government.

27 c. Accepting the examination report of another state agency
28 or an agency of another state or of the federal government, or
29 a report prepared by an independent accounting firm, which on
30 being accepted is considered for all purposes as an official
31 report of the superintendent.

32 d. Summoning and examining under oath a key individual or
33 employee of a licensee or authorized delegate and requiring the
34 person to produce records regarding any matter related to the
35 condition and business of the licensee or authorized delegate.

1 2. A licensee or authorized delegate shall provide, and
2 the superintendent shall have full and complete access to, all
3 records the superintendent may reasonably require to conduct
4 a complete examination. The records shall be provided at the
5 location and in the format specified by the superintendent,
6 provided the superintendent may utilize multistate record
7 production standards and examination procedures when such
8 standards will reasonably achieve the requirements of this
9 section.

10 3. Unless otherwise directed by the superintendent, a
11 licensee shall pay all costs reasonably incurred in connection
12 with an examination of the licensee or the licensee's
13 authorized delegates.

14 Sec. 8. Section 533C.204, Code 2023, is amended by striking
15 the section and inserting in lieu thereof the following:

16 **533C.204 Networked supervision.**

17 1. To efficiently and effectively administer and
18 enforce this chapter and to minimize regulatory burden, the
19 superintendent is authorized and encouraged to participate in
20 multistate supervisory processes established between states and
21 coordinated through the conference of state bank supervisors,
22 the money transmitter regulators association, and affiliates
23 and successors thereof for all licensees that hold licenses in
24 this state and other states. As a participant in multistate
25 supervision, the superintendent shall engage in all of the
26 following:

27 a. Cooperation, coordination, and information sharing with
28 other state and federal regulators in accordance with section
29 533C.202.

30 b. Cooperation, coordination, and information sharing with
31 organizations, the membership of which is made up of state or
32 federal government agencies, provided that the organizations
33 agree in writing to maintain the confidentiality and security
34 of the shared information in accordance with section 533C.202.

35 c. Entering into written cooperation, coordination, or

1 information-sharing contracts or agreements with organizations
2 the membership of which is made up of state or federal
3 government agencies.

4 2. The superintendent shall not waive, and nothing in this
5 section constitutes a waiver of, the superintendent's authority
6 to conduct an examination or investigation or otherwise take
7 independent action authorized by this chapter or a rule adopted
8 or order issued under this chapter to enforce compliance with
9 applicable state or federal law.

10 3. A joint examination or investigation, or acceptance of
11 an examination or investigation report, shall not waive an
12 examination assessment provided for in this chapter.

13 Sec. 9. Section 533C.205, Code 2023, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **533C.205 Relationship to federal law.**

16 1. In the event state money transmission jurisdiction is
17 conditioned on a federal law, any inconsistencies between a
18 provision of this chapter and the federal law governing money
19 transmission shall be governed by the applicable federal law to
20 the extent of the inconsistency.

21 2. In the event of any inconsistencies between this chapter
22 and a federal law that governs pursuant to subsection 1,
23 the superintendent may provide interpretive guidance that
24 identifies the inconsistency and the appropriate means of
25 compliance with federal law.

26 Sec. 10. Section 533C.301, Code 2023, is amended to read as
27 follows:

28 **533C.301 License required.**

29 1. A person shall not engage in ~~currency exchange~~ the
30 business of money transmission or advertise, solicit, or hold
31 itself out as providing ~~currency exchange for which the person~~
32 ~~receives revenues equal to or greater than five percent of~~
33 ~~total revenues unless the person:~~ money transmission unless
34 they are

35 ~~a.~~ Is licensed under this article.

1 ~~b. Is licensed for money transmission under [article 2](#).~~

2 ~~c. Is an authorized delegate of a person licensed under~~
3 ~~[article 2](#).~~

4 2. This section shall not apply to the following:

5 a. A person that is an authorized delegate of a person
6 licensed under this chapter acting within the scope of
7 authority conferred by a written contract with the licensee.

8 b. A person that is exempt pursuant to section 533C.103 and
9 does not engage in money transmission outside the scope of such
10 exemption.

11 ~~2.~~ 3. A license under [this article](#) is not transferable or
12 assignable.

13 Sec. 11. Section 533C.302, Code 2023, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **533C.302 Consistent state licensing.**

16 1. To establish consistent licensing between this state and
17 other states, the superintendent is authorized and encouraged
18 to provide all of the following:

19 a. Implement all licensing provisions of this chapter in a
20 manner that is consistent with other states that have adopted
21 this chapter or multistate licensing processes.

22 b. Participate in nationwide protocols for licensing
23 cooperation and coordination among state regulators provided
24 that such protocols are consistent with this section.

25 2. The superintendent is authorized and encouraged to
26 establish relationships or contracts with NMLS or other
27 entities designated by NMLS to enable the superintendent to do
28 all of the following:

29 a. Collect and maintain records.

30 b. Coordinate multistate licensing processes and supervision
31 processes.

32 c. Process fees.

33 d. Facilitate communication between this state, the
34 superintendent, and licensees or other persons subject to this
35 chapter.

1 3. The superintendent is authorized and encouraged to
2 utilize NMLS for all aspects of licensing in accordance
3 with this chapter, including but not limited to: license
4 applications, applications for acquisitions of control, surety
5 bonds, reporting, criminal history background checks, credit
6 checks, fee processing, and examinations.

7 4. The superintendent is authorized and encouraged
8 to utilize NMLS forms, processes, and functionalities in
9 accordance with this chapter. In the event NMLS does not
10 provide functionality, forms, or processes for a provision of
11 this chapter, the superintendent is authorized and encouraged
12 to strive to implement the requirements in a manner that
13 facilitates uniformity with respect to licensing, supervision,
14 reporting, and regulation of licensees which are licensed in
15 multiple jurisdictions.

16 5. For the purpose of participating in the NMLS and
17 registry, the superintendent is authorized to waive or modify,
18 in whole or in part, by rule, regulation, or order, any or
19 all of the requirements and to establish new requirements
20 as reasonably necessary to participate in the nationwide
21 multistate licensing system and registry.

22 Sec. 12. Section 533C.303, Code 2023, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **533C.303 Application for license.**

25 1. Applicants for a license under this chapter shall
26 apply on a form prescribed by the superintendent. Each such
27 form shall contain content as set forth by rule, regulation,
28 instruction, or procedure of the superintendent and shall be
29 changed or updated by the superintendent in accordance with
30 applicable law in order to carry out the purposes of this
31 chapter and maintain consistency with NMLS licensing standards
32 and practices. The application shall state or contain, as
33 applicable, the following:

34 a. The legal name and residential and business addresses
35 of the applicant and any fictitious or trade name used by the

1 applicant in conducting its business.

2 *b.* A list of any criminal convictions of the applicant
3 and any material litigation in which the applicant has been
4 involved in the ten-year period immediately preceding the
5 submission of the application.

6 *c.* A description of any money transmission previously
7 provided by the applicant and the money transmission that the
8 applicant seeks to provide in this state.

9 *d.* A list of the applicant's proposed authorized delegates
10 and the locations in this state where the applicant and its
11 authorized delegates propose to engage in money transmission.

12 *e.* A list of other states in which the applicant is licensed
13 to engage in money transmission and of any license revocations,
14 suspensions, or other disciplinary action taken against the
15 applicant in another state.

16 *f.* Information concerning any bankruptcy or receivership
17 proceedings affecting the licensee or a person in control of
18 a licensee.

19 *g.* A sample form of contract for authorized delegates.

20 *h.* A sample form of payment instrument or stored value.

21 *i.* The name and address of any federally insured depository
22 financial institution through which the applicant plans to
23 conduct money transmission.

24 *j.* Any other information the superintendent or NMLS
25 reasonably requires with respect to the applicant.

26 2. If an applicant is a corporation, limited liability
27 company, partnership, or other legal entity, the applicant
28 shall also provide all of the following:

29 *a.* The date of the applicant's incorporation or formation
30 and state or country of incorporation or formation.

31 *b.* If applicable, a certificate of good standing from the
32 state or country in which the applicant is incorporated or
33 formed.

34 *c.* A brief description of the structure or organization of
35 the applicant, including any parents or subsidiaries of the

1 applicant, and whether any parents or subsidiaries are publicly
2 traded.

3 *d.* The legal name, any fictitious or trade name, all
4 business and residential addresses, and the employment, in the
5 ten-year period immediately preceding the submission of the
6 application of each key individual and person in control of the
7 applicant.

8 *e.* A list of any criminal convictions and material
9 litigation in which a person in control of the applicant that
10 is not an individual has been involved in the ten-year period
11 immediately preceding the submission of the application.

12 *f.* A copy of audited financial statements for the most
13 recent fiscal year and for the two-year period immediately
14 preceding the submission of the application or, if determined
15 to be acceptable to the superintendent, certified unaudited
16 financial statements for the most recent fiscal year or other
17 period acceptable to the superintendent.

18 *g.* A certified copy of the applicant's unaudited financial
19 statements for the most recent fiscal quarter.

20 *h.* If the applicant is a publicly traded corporation, a
21 copy of the most recent report filed with the United States
22 securities and exchange commission under section 13 of the
23 federal Securities Exchange Act of 1934, 15 U.S.C. §78m, as
24 amended.

25 *i.* If the applicant is a wholly owned subsidiary of any of
26 the following:

27 (1) A corporation publicly traded in the United States, a
28 copy of audited financial statements for the parent corporation
29 for the most recent fiscal year or a copy of the parent
30 corporation's most recent report filed under section 13 of the
31 federal Securities Exchange Act of 1934, 15 U.S.C. §78m, as
32 amended.

33 (2) A corporation publicly traded outside the United
34 States, a copy of similar documentation filed with the
35 regulator of the parent corporation's domicile outside the

1 United States.

2 *j.* The name and address of the applicant's registered agent
3 in this state.

4 *k.* Any other information the superintendent reasonably
5 requires with respect to the applicant.

6 3. A nonrefundable application fee of one thousand dollars
7 and a license fee shall accompany an application for a license
8 under this chapter. The license fee shall be refunded if
9 the application is denied. The license fee shall be the sum
10 of five hundred dollars plus an additional ten dollars for
11 each location in this state at which business is conducted
12 through authorized delegates or employees of the licensee, but
13 shall not exceed five thousand dollars. Fees for locations
14 added after the initial application shall be submitted with
15 the quarterly reports pursuant to section 533C.601. If the
16 licensee has no locations in this state at which business is
17 conducted through authorized delegates or employees of the
18 licensee, the license fee shall be set by the superintendent,
19 but shall not exceed five thousand dollars. A license
20 under this chapter expires on the next December 31 after its
21 issuance. The initial license fee is considered an annual fee
22 and the superintendent shall prorate the license fee, refunding
23 any amount due to a partial license year. No refund of a
24 license fee shall be made when a license is suspended, revoked,
25 or surrendered.

26 4. A person who requests written confirmation from the
27 superintendent that a license is not required shall submit a
28 fee of one hundred dollars along with the written request.

29 Sec. 13. Section 533C.304, Code 2023, is amended by striking
30 the section and inserting in lieu thereof the following:

31 **533C.304 Information requirements for certain individuals.**

32 1. An individual in control of a licensee or applicant, an
33 individual seeking to acquire control of a licensee, and each
34 key individual shall furnish to the superintendent through NMLS
35 the following items:

1 *a.* The individual's fingerprints for submission to the
2 federal bureau of investigation and the superintendent for
3 purposes of a national criminal history background check unless
4 the person currently resides outside of the United States and
5 has resided outside of the United States for the last ten
6 years.

7 *b.* Personal history and experience in a form and in a
8 medium prescribed by the superintendent, to obtain all of the
9 following:

10 (1) An independent credit report from a consumer reporting
11 agency. If the individual does not have a social security
12 number, the requirement shall be waived.

13 (2) Information related to any criminal convictions or
14 pending charges.

15 (3) Information related to any regulatory or administrative
16 action and any civil litigation involving claims of fraud,
17 misrepresentation, conversion, mismanagement of funds, breach
18 of fiduciary duty, or breach of contract.

19 2. If the individual has resided outside of the United
20 States at any time in the last ten years, the individual shall
21 also provide an investigative background report prepared by an
22 independent search firm. The search firm shall demonstrate
23 it has sufficient knowledge, resources, and employs accepted
24 and reasonable methodologies to conduct the research of the
25 background report and be unaffiliated with, or have no interest
26 in, the individual it is researching. The investigative
27 background report shall be written in the English language and
28 shall contain all of the following:

29 *a.* If available in the individual's current jurisdiction
30 of residency, a comprehensive credit report, or any equivalent
31 information obtained or generated by the independent search
32 firm to accomplish such report, including a search of the court
33 data in the countries, provinces, states, cities, towns, and
34 contiguous areas where the individual resided and worked.

35 *b.* Criminal record information for the past ten years,

1 including but not limited to felonies, misdemeanors, or
2 similar convictions for violations of law in the countries,
3 provinces, states, cities, towns, and contiguous areas where
4 the individual resided and worked.

5 c. Employment history.

6 d. Media history, including an electronic search of
7 national and local publications, wire services, and business
8 applications.

9 e. Financial services-related regulatory history, including
10 but not limited to money transmission, securities, banking,
11 insurance, and mortgage-related industries.

12 Sec. 14. NEW SECTION. 533C.305 Issuance of license.

13 1. When an application for an original license is filed
14 under this chapter and appears to include all required
15 information, the application is considered complete and the
16 superintendent shall promptly notify the applicant in a record
17 of the date on which the application is determined to be
18 complete. The application is approved one hundred twenty-one
19 days after completion, unless denied or approved earlier by
20 the superintendent. The license takes effect as of the first
21 business day after expiration of the one hundred twenty-day
22 period. The superintendent may for good cause extend the
23 application period.

24 2. A determination by the superintendent that an
25 application is complete and is accepted for processing means
26 only that the application, on its face, appears to include
27 all of the items, including the criminal background check
28 response from the federal bureau of investigation, and address
29 all of the matters that are required. A determination by
30 the superintendent that an application is complete is not
31 an assessment of the substance of the application or of the
32 sufficiency of the information provided.

33 3. When an application is filed and considered complete
34 under this section, the superintendent shall investigate the
35 applicant's financial condition and responsibility, financial

1 and business experience, character, and general fitness. The
2 superintendent may conduct an on-site investigation of the
3 applicant, the reasonable cost of which the applicant shall
4 pay. The superintendent shall issue a license to an applicant
5 under this section if the superintendent finds that all of the
6 following conditions have been fulfilled:

7 a. The applicant has complied with sections 533C.303 and
8 533C.304.

9 b. The financial condition and responsibility, financial and
10 business experience, competence, character, and general fitness
11 of the applicant or key individuals and person in control of
12 the applicant, indicate that it is in the interest of the
13 public to permit the applicant to engage in money transmission.

14 4. If an applicant avails itself or is otherwise subject
15 to a multistate licensing process, the superintendent is
16 authorized and encouraged to accept the investigation results
17 of a lead investigative state for the purpose of subsection
18 3, if the lead investigative state has sufficient staffing,
19 expertise, and minimum standards. Additionally, if this
20 state is a lead investigative state, the superintendent is
21 authorized and encouraged to investigate the applicant pursuant
22 to subsection 3, and the time frames established by agreement
23 through the multistate licensing process, provided, that in no
24 case shall such time frame be noncompliant with the application
25 period in subsection 1, paragraph "a".

26 5. The superintendent shall issue a formal written notice
27 of the denial of a license application within thirty days of
28 the decision to deny the application. The superintendent shall
29 set forth in the notice of denial the specific reasons for the
30 denial of the application. An applicant whose application is
31 denied by the superintendent under this section may appeal
32 within thirty days after receipt of the written notice of the
33 denial pursuant to chapter 17A.

34 6. The initial license term shall begin on the day the
35 application is approved. The license shall expire on December

1 31 of the year in which the license term began, unless the
2 initial license date is between November 1 and December 31, in
3 which case the initial license term shall run through December
4 31 of the following year.

5 Sec. 15. NEW SECTION. 533C.306 **Renewal of license.**

6 1. A license under this chapter shall be renewed annually.
7 An annual renewal fee of five hundred dollars plus an
8 additional ten dollars for each location in this state at which
9 business is conducted through authorized delegates or employees
10 of the licensee, which shall not exceed five thousand dollars,
11 shall be paid no more than sixty days before the license
12 expiration. The renewal term shall be for a period of one year
13 and shall begin on January 1 of each year after the initial
14 license term and shall expire on December 31 of the year the
15 renewal term begins.

16 2. A licensee shall submit a renewal report with the
17 renewal fee, in a form prescribed by the superintendent. The
18 renewal report shall state or contain a description of each
19 material change in information submitted by the licensee in its
20 original license application which has not been reported to the
21 superintendent.

22 3. The superintendent for good cause may grant an extension
23 of the renewal date.

24 4. The superintendent is authorized and encouraged
25 to utilize NMLS to process renewals provided that such
26 functionality is consistent with this section.

27 5. If a licensee does not file a renewal report or pay its
28 renewal fee by December 1, or any extension of time granted by
29 the superintendent, the superintendent may assess a late fee
30 of one hundred dollars per day.

31 Sec. 16. NEW SECTION. 533C.307 **Maintenance of license.**

32 If a licensee does not continue to meet the qualifications or
33 satisfy the requirements that apply to an applicant for a new
34 money transmission license, the superintendent may suspend or
35 revoke the licensee's license in accordance with the procedures

1 established by this chapter or other applicable state law for
2 such suspension or revocation.

3 1. An applicant for a money transmission license shall
4 demonstrate that the applicant meets or will meet the
5 requirements of sections 533C.801, 533C.802, and 533C.803.

6 2. A money transmission licensee shall at all times meet the
7 requirements of sections 533C.801, 533C.802, and 533C.803.

8 Sec. 17. Section 533C.401, Code 2023, is amended by striking
9 the section and inserting in lieu thereof the following:

10 **533C.401 Acquisition of control.**

11 1. Any person, or group of persons acting in concert,
12 seeking to acquire control of a licensee shall obtain the
13 written approval of the superintendent prior to acquiring
14 control. An individual is not deemed to acquire control
15 of a licensee and is not subject to acquisition of control
16 provisions when that individual becomes a key individual in the
17 ordinary course of business.

18 2. A person is presumed to exercise a controlling
19 influence when the person holds the power to vote, directly
20 or indirectly, at least ten percent of the outstanding voting
21 shares or voting interests of a licensee or person in control
22 of a licensee. A person presumed to exercise a controlling
23 influence can rebut the presumption of control if the person
24 is a passive investor.

25 3. For purposes of determining the percentage of a
26 person controlled by any other person, the person's interest
27 shall be aggregated with the interest of any other immediate
28 family member, including the person's spouse, parents,
29 children, siblings, mother-in-law, father-in-law, son-in-law,
30 daughter-in-law, brother-in-law, sister-in-law, and any other
31 person who shares such person's home.

32 4. A person, or group of persons acting in concert, seeking
33 to acquire control of a licensee shall, in cooperation with
34 the licensee, submit an application in a form and in a medium
35 prescribed by the superintendent and a nonrefundable fee of one

1 thousand dollars with the request for approval.

2 5. Upon request, the superintendent may permit a licensee or
3 the person, or group of persons acting in concert, to submit
4 some or all information required by the superintendent pursuant
5 to subsection 4 without using NMLS.

6 6. The application required by subsection 4 shall include
7 information required by section 533C.304 for a licensee,
8 including for any new key individuals that have not previously
9 completed the requirements.

10 7. When an application for acquisition of control under this
11 section appears to include all the items and address all of the
12 matters that are required, the application shall be considered
13 complete and the superintendent shall promptly notify the
14 applicant in a record of the date on which the application was
15 determined to be complete. The application is approved and the
16 person, or group of persons acting in concert, are permitted to
17 acquire control sixty-one days after application completion,
18 unless denied or approved earlier by the superintendent. The
19 superintendent may for good cause extend the application
20 period.

21 8. A determination by the superintendent that an
22 application is complete and is accepted for processing means
23 only that the application, on its face, appears to include all
24 of the items and address all of the matters that are required,
25 and is not an assessment of the substance of the application or
26 of the sufficiency of the information provided.

27 9. When an application is filed and considered complete
28 under subsection 7, the superintendent shall investigate the
29 financial condition and responsibility, financial and business
30 experience, character, and general fitness of the person, or
31 group of persons acting in concert, seeking to acquire control.
32 The superintendent shall approve an acquisition of control
33 pursuant to this section if the superintendent finds that all
34 of the following conditions have been fulfilled:

35 a. The requirements of subsections 4 and 6 have been met,

1 as applicable.

2 *b.* The financial condition and responsibility, financial and
3 business experience, competence, character, and general fitness
4 of the person, or group of persons acting in concert, seeking
5 to acquire control, and of the key individuals and persons that
6 would be in control of the licensee indicate that it is in the
7 interest of the public to permit the applicant to control the
8 licensee.

9 10. If an applicant avails itself or is otherwise subject
10 to a multistate licensing process, the superintendent is
11 authorized and encouraged to accept the investigation results
12 of a lead investigative state for the purpose of subsection
13 9 if the lead investigative state has sufficient staffing,
14 expertise, and minimum standards. If this state is a lead
15 investigative state, the superintendent is authorized and
16 encouraged to investigate the applicant pursuant to subsection
17 9 and the time frames established by agreement through the
18 multistate licensing process.

19 11. The superintendent shall issue a formal written
20 notice of the denial of an application to acquire control
21 within thirty days of the decision to deny the application.
22 The superintendent shall set forth in the notice of denial
23 the specific reasons for the denial of the application. An
24 applicant whose application is denied by the superintendent
25 under this section may appeal within thirty days after receipt
26 of the written notice of the denial.

27 12. The requirements of subsections 1 and 4 shall not apply
28 to any of the following:

29 *a.* A person that acts as a proxy for the sole purpose of
30 voting at a designated meeting of the shareholders or holders
31 of voting shares or voting interests of a licensee or a person
32 in control of a licensee.

33 *b.* A person that acquires control of a licensee by devise
34 or descent.

35 *c.* A person that acquires control of a licensee as a

1 personal representative, custodian, guardian, conservator, or
2 trustee, or as an officer appointed by a court of competent
3 jurisdiction or by operation of law.

4 *d.* A person that is exempt under section 533C.103,
5 subsection 4.

6 *e.* A person that the superintendent determines is not
7 subject to subsection 1 based on the public interest.

8 *f.* A public offering of securities of a licensee or a person
9 in control of a licensee.

10 *g.* An internal reorganization of a person in control of the
11 licensee where the ultimate person in control of the licensee
12 remains the same.

13 13. Persons specified in subsection 12, paragraphs "*b*",
14 "*c*", "*d*", "*f*", and "*g*", in cooperation with the licensee,
15 shall notify the superintendent within fifteen days after the
16 acquisition of control.

17 14. The requirements of subsections 1 and 4 shall not
18 apply to a person that has complied with and received approval
19 to engage in money transmission under this chapter or was
20 identified as a person in control in a prior application filed
21 with and approved by the superintendent or by an MSB accredited
22 state pursuant to a multistate licensing process, provided all
23 of the following apply:

24 *a.* The person has not had a license revoked or suspended.

25 *b.* The person has not controlled a licensee that has had a
26 license revoked or suspended while the person was in control of
27 the licensee in the previous five years.

28 *c.* If the person is a licensee, the person is well-managed
29 and has received at least a satisfactory rating for compliance
30 at its most recent examination by an MSB-accredited state if
31 such rating was given.

32 *d.* The licensee to be acquired is projected to meet the
33 requirements of sections 533C.801, 533C.802, and 533C.803 after
34 the acquisition of control is completed.

35 *e.* If the person acquiring control is a licensee, that

1 licensee is projected to meet the requirements of sections
2 533C.801, 533C.802, and 533C.803 after the acquisition of
3 control is completed.

4 *f.* The licensee to be acquired will not implement any
5 material changes to its business plan as a result of the
6 acquisition of control.

7 *g.* If the person acquiring control is a licensee, that
8 licensee will not implement any material changes to its
9 business plan as a result of the acquisition of control.

10 *h.* The person provides notice of the acquisition in
11 cooperation with the licensee and attests to the provisions in
12 this subsection in a form and in a medium prescribed by the
13 superintendent. If the notice is not disapproved within thirty
14 days after the date on which the notice was determined to be
15 complete, the notice is deemed approved.

16 15. Before filing an application for approval to acquire
17 control of a licensee, a person may request in writing a
18 determination from the superintendent as to whether the person
19 would be considered a person in control of a licensee upon
20 consummation of a proposed transaction. If the superintendent
21 determines that the person would not be a person in control of
22 a licensee, the proposed person and transaction are not subject
23 to the requirements of subsections 1 and 4.

24 16. If a multistate licensing process includes a
25 determination pursuant to subsection 15 and an applicant avails
26 itself or is otherwise subject to the multistate licensing
27 process, the superintendent is authorized and encouraged to
28 accept the control determination of a lead investigative state
29 with sufficient staffing, expertise, and minimum standards
30 for the purpose of subsection 15. If this state is a lead
31 investigative state, the superintendent is authorized and
32 encouraged to investigate the applicant pursuant to subsection
33 15 and the time frames established by agreement through the
34 multistate licensing process.

35 Sec. 18. Section 533C.402, Code 2023, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **533C.402 Notice and information requirements for a change of**
3 **key individuals.**

4 1. A licensee adding or replacing any key individual shall
5 provide notice in a manner prescribed by the superintendent
6 within fifteen days after the effective date of the key
7 individual's appointment and provide information as required by
8 section 533C.304 within forty-five days of the effective date.

9 2. A key individual is considered approved ninety-one
10 days after notice is provided pursuant to this section,
11 unless denied or approved earlier by the superintendent.
12 The superintendent may issue a notice of disapproval of a
13 key individual if the competence, experience, character, or
14 integrity of the individual would not be in the best interests
15 of the public or the customers of the licensee to permit
16 the individual to be a key individual of such licensee. A
17 notice of disapproval shall contain a statement of the basis
18 for disapproval and shall be sent to the licensee and the
19 disapproved individual. A licensee may appeal a notice of
20 disapproval within thirty days after receipt of the written
21 notice of such disapproval.

22 3. If a multistate licensing process includes a key
23 individual notice review and disapproval process pursuant to
24 this section and the licensee avails itself or is otherwise
25 subject to the multistate licensing process, the superintendent
26 is authorized and encouraged to accept the determination
27 of another state if the investigating state has sufficient
28 staffing, expertise, and minimum standards for the purpose of
29 this section. If this state is a lead investigative state,
30 the superintendent is authorized and encouraged to investigate
31 the applicant pursuant to subsection 2 and the time frames
32 established by agreement through the multistate licensing
33 process.

34 Sec. 19. Section 533C.501, Code 2023, is amended by striking
35 the section and inserting in lieu thereof the following:

1 **533C.501 Relationship between licensee and authorized**
2 **delegate.**

3 1. Before a licensee is authorized to conduct business
4 through an authorized delegate or allows a person to act as the
5 licensee's authorized delegate, the licensee shall do all of
6 the following:

7 *a.* Adopt, and update as necessary, written policies and
8 procedures reasonably designed to ensure that the licensee's
9 authorized delegates comply with applicable state and federal
10 law.

11 *b.* Enter into a written contract that complies with this
12 subsection.

13 *c.* Conduct a reasonable risk-based background investigation
14 sufficient for the licensee to determine whether the authorized
15 delegate has complied and will likely comply with applicable
16 state and federal law.

17 2. An authorized delegate shall operate in full compliance
18 with this chapter.

19 3. The written contract required by subsection 1, shall be
20 signed by the licensee and the authorized delegate and shall:

21 *a.* Appoint the person signing the contract as the licensee's
22 authorized delegate with the authority to conduct money
23 transmission on behalf of the licensee.

24 *b.* Set forth the nature and scope of the relationship
25 between the licensee and the authorized delegate and the
26 respective rights and responsibilities of the parties.

27 *c.* Require the authorized delegate to agree to fully
28 comply with all applicable state and federal laws, rules, and
29 regulations pertaining to money transmission, including this
30 chapter and regulations implementing this chapter, relevant
31 provisions of the federal Bank Secrecy Act and federal Uniting
32 and Strengthening America by Providing Appropriate Tools
33 Required to Intercept and Obstruct Terrorism Act of 2001, Pub.
34 L. No. 107-56.

35 *d.* Require the authorized delegate to remit and handle money

1 and monetary value in accordance with the terms of the contract
2 between the licensee and the authorized delegate.

3 *e.* Impose a trust on money and monetary value net of
4 fees received for money transmission for the benefit of the
5 licensee.

6 *f.* Require the authorized delegate to prepare and maintain
7 records as required by this chapter or regulations implementing
8 this chapter, or as reasonably requested by the superintendent.

9 *g.* Acknowledge that the authorized delegate consents to
10 examination or investigation by the superintendent.

11 *h.* State that the licensee is subject to regulation by the
12 superintendent who may suspend or revoke an authorized delegate
13 designation or require the licensee to terminate an authorized
14 delegate designation as a part of regulation.

15 *i.* Acknowledge receipt of the written policies and
16 procedures required under subsection 1.

17 4. If the licensee's license is suspended, revoked,
18 surrendered, or expired, the licensee shall, within five
19 business days, provide documentation to the superintendent that
20 the licensee has notified all applicable authorized delegates
21 of the licensee whose names are in a record filed with the
22 superintendent of the suspension, revocation, surrender,
23 or expiration of a license. Upon suspension, revocation,
24 surrender, or expiration of a license, applicable authorized
25 delegates shall immediately cease to provide money transmission
26 as an authorized delegate of the licensee.

27 5. An authorized delegate of a licensee holds in trust for
28 the benefit of the licensee all money net of fees received from
29 money transmission. If any authorized delegate commingles any
30 funds received from money transmission with any other funds or
31 property owned or controlled by the authorized delegate, all
32 commingled funds and other property shall be considered held in
33 trust in favor of the licensee in an amount equal to the amount
34 of money net of fees received from money transmission.

35 6. An authorized delegate may not use a subdelegate to

1 conduct money transmission on behalf of a licensee.

2 Sec. 20. Section 533C.502, Code 2023, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **533C.502 Unauthorized activities.**

5 A person shall not engage in the business of money
6 transmission on behalf of a person not licensed under this
7 chapter. A person who engages in such activity provides
8 money transmission to the same extent as if the person were a
9 licensee, and shall be jointly and severally liable with the
10 unlicensed or nonexempt person.

11 Sec. 21. Section 533C.601, Code 2023, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **533C.601 Report of condition.**

14 1. A licensee shall submit a report of condition within
15 forty-five days of the end of the calendar quarter, or within
16 any extended time as the superintendent may prescribe.

17 2. The report of condition shall include all of the
18 following:

19 *a.* Financial information at the licensee level.

20 *b.* Nationwide and state-specific money transmission
21 transaction information in every jurisdiction in the United
22 States where the licensee is licensed to engage in money
23 transmission.

24 *c.* Permissible investments report.

25 *d.* Transaction destination country reporting for money
26 received for transmission, if applicable. This information
27 shall only be included in a report of condition submitted
28 within forty-five days of the end of the fourth calendar
29 quarter.

30 *e.* Any other information the superintendent reasonably
31 requires with respect to the licensee. The superintendent is
32 authorized and encouraged to utilize NMLS for the submission of
33 the report required by this section and is authorized to update
34 as necessary the requirements of this section to carry out the
35 purposes of this chapter and maintain consistency with NMLS

1 reporting.

2 Sec. 22. Section 533C.602, Code 2023, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **533C.602 Audited financials.**

5 1. A licensee shall, within ninety days after the end
6 of each fiscal year, or within any extended time as the
7 superintendent may prescribe, file with the superintendent an
8 audited financial statement for the fiscal year prepared in
9 accordance with United States generally accepted accounting
10 principles and any other information as the superintendent may
11 reasonably require.

12 2. The audited financial statements shall be prepared by an
13 independent certified public accountant or independent public
14 accountant who is satisfactory to the superintendent.

15 3. The audited financial statements shall include or be
16 accompanied by a certificate of opinion of the independent
17 certified public accountant or independent public accountant
18 that is satisfactory in form and content to the superintendent.
19 If the certificate or opinion is qualified, the superintendent
20 may order the licensee to take any action as the superintendent
21 may find necessary to enable the independent or certified
22 public accountant or independent public accountant to remove
23 the qualification.

24 Sec. 23. NEW SECTION. **533C.603 Authorized delegate**
25 **reporting.**

26 1. A licensee shall submit a report of authorized delegates
27 within forty-five days of the end of the calendar quarter. The
28 superintendent is authorized and encouraged to utilize NMLS for
29 the submission of the report required by this section provided
30 that such functionality is consistent with the requirements of
31 this section.

32 2. The authorized delegate report shall include the
33 following for each authorized delegate:

34 a. Company legal name.

35 b. Taxpayer employer identification number.

- 1 *c.* Principal provider identifier.
- 2 *d.* Physical address.
- 3 *e.* Mailing address.
- 4 *f.* Any business conducted in other states.
- 5 *g.* Any fictitious or trade name.
- 6 *h.* Contact person name, phone number, and email.
- 7 *i.* Start date as licensee's authorized delegate.
- 8 *j.* End date acting as licensee's authorized delegate, if
- 9 applicable.
- 10 *k.* Any other information the superintendent reasonably
- 11 requires with respect to the authorized delegate.

12 Sec. 24. NEW SECTION. 533C.604 Report of certain events.

13 1. A licensee shall submit a nonrefundable fee of one

14 thousand dollars with the request and file a report with the

15 superintendent within one business day after the licensee knows

16 or has reason to know of the occurrence of any of the following

17 events:

18 *a.* The filing of a petition by or against the licensee under

19 the federal bankruptcy code, 11 U.S.C. §§101 - 110, as amended,

20 for bankruptcy or reorganization.

21 *b.* The filing of a petition by or against the licensee for

22 receivership.

23 *c.* The filing of a petition or commencement of any other

24 judicial or administrative proceeding for its dissolution or

25 reorganization.

26 *d.* The filing of a petition or the making of a general

27 assignment for the benefit of its creditors.

28 *e.* The commencement of a proceeding to revoke or suspend its

29 license in a state or country in which the licensee engages in

30 business or is licensed.

31 2. A licensee shall file a report with the superintendent

32 within three business days after the licensee has reason to

33 know of the occurrence of a felony charge or conviction of

34 the licensee, a key individual or person in control of the

35 licensee, or an authorized delegate.

1 Sec. 25. NEW SECTION. **533C.605 Bank secrecy act reports.**

2 A licensee and an authorized delegate shall file all reports
3 required by federal currency reporting, record keeping, and
4 suspicious activity reporting requirements pursuant to the
5 federal Bank Secrecy Act and other federal and state laws
6 pertaining to money laundering. The timely filing of a
7 complete and accurate report required under this section with
8 the appropriate federal agency is deemed compliant with the
9 requirements of this section.

10 Sec. 26. NEW SECTION. **533C.606 Records.**

11 1. A licensee shall maintain records in any form, for the
12 purpose of determining compliance with this chapter, for at
13 least three years, including all of the following:

- 14 *a.* A record of each outstanding money transmission
15 obligation sold.
- 16 *b.* A general ledger posted at least monthly containing all
17 asset, liability, capital, income, and expense accounts.
- 18 *c.* Bank statements and bank reconciliation records.
- 19 *d.* Records or outstanding money transmission obligations.
- 20 *e.* Records of each outstanding money transmission obligation
21 paid within the three-year period.
- 22 *f.* A list of the last-known names and addresses of all of
23 the licensee's authorized delegates.
- 24 *g.* Any other records the superintendent reasonably requires
25 by rule.

26 2. Records specified in this section may be maintained
27 outside the state if they are made accessible to the
28 superintendent on seven business days' notice that is sent by
29 the superintendent in a record.

30 3. All records maintained by the licensee as required
31 in this section are open to inspection by the superintendent
32 pursuant to section 533C.203.

33 Sec. 27. NEW SECTION. **533C.607 Disclosure.**

34 1. Except as otherwise provided by this chapter, the
35 records of the superintendent relating to examinations,

1 supervision, and regulation of a person licensed pursuant to
2 this chapter or authorized delegates of a person licensed
3 pursuant to this chapter are not public records and are
4 not subject to disclosure under chapter 22. Neither the
5 superintendent nor any member of the superintendent's staff
6 shall disclose any information obtained in the discharge of the
7 superintendent's official duties to any person not connected
8 with the department, except that the superintendent or the
9 superintendent's designee may disclose information to the
10 following:

11 *a.* Representatives of federal agencies insuring accounts in
12 the financial institution.

13 *b.* Representatives of state agencies, federal agencies, or
14 foreign countries having regulatory or supervisory authority
15 over the activities of the financial institution or similar
16 financial institutions if those representatives are permitted
17 to and do, upon request of the superintendent, disclose similar
18 information respecting those financial institutions under
19 their regulation or supervision, or to those representatives
20 who state in writing under oath that they will maintain the
21 confidentiality of that information.

22 *c.* To the attorney general.

23 *d.* To a federal or state grand jury in response to a lawful
24 subpoena or pursuant to a county attorney subpoena.

25 *e.* To the auditor of the state for the purpose of conducting
26 audits authorized by law.

27 2. Notwithstanding subsection 1, the superintendent may
28 disclose the following:

29 *a.* The fact of filing of applications with the department
30 pursuant to this chapter, give notice of a hearing, if any,
31 regarding those applications, and announce the superintendent's
32 action thereon.

33 *b.* Final decisions in connection with proceedings for the
34 suspension or revocation of licenses or certificates issued
35 pursuant to this chapter.

1 *c.* Prepare and circulate reports reflecting the assets and
2 liabilities of licensees on an aggregate basis, including other
3 information considered pertinent to the purpose of each report
4 for general statistical information.

5 *d.* Prepare and circulate reports provided by law.

6 3. Every official report of the department is prima
7 facie evidence of the facts therein stated in any action or
8 proceeding wherein the superintendent is a party.

9 4. Nothing in this section shall be construed to prevent the
10 disclosure of information that is:

11 *a.* Admissible in evidence in any civil or criminal
12 proceeding brought by or at the request of the superintendent
13 or this state to enforce or prosecute violations of this
14 chapter, chapter 706B, or the rules adopted, or orders issued
15 pursuant to this chapter.

16 *b.* Requested by or provided to a federal agency, including
17 but not limited to the department of defense, department of
18 energy, department of homeland security, nuclear regulatory
19 commission, and centers for disease control and prevention, to
20 assist state and local government with domestic preparedness
21 for acts of terrorism.

22 5. The attorney general or the department of public safety
23 may report any possible violations indicated by analysis
24 of the reports required by this chapter to any appropriate
25 law enforcement or regulatory agency for use in the proper
26 discharge of its official duties. The attorney general or the
27 department of public safety shall provide copies of the reports
28 required by this chapter to any appropriate prosecutorial or
29 law enforcement agency upon being provided with a written
30 request for records relating to a specific individual or entity
31 and stating that the agency has an articulable suspicion that
32 such individual or entity has committed a felony offense or a
33 violation of this chapter to which the reports are relevant.
34 A person who releases information received pursuant to this
35 subsection except in the proper discharge of the person's

1 official duties is guilty of a serious misdemeanor.

2 6. Any report, record, information, analysis, or request
3 obtained by the attorney general or department of public safety
4 pursuant to this chapter is not a public record as defined in
5 chapter 22 and is not subject to disclosure.

6 Sec. 28. Section 533C.701, Code 2023, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **533C.701 Timely transmission.**

9 1. Every licensee shall forward all money received for
10 transmission in accordance with the terms of the agreement
11 between the licensee and the sender unless the licensee has a
12 reasonable belief or a reasonable basis to believe that the
13 sender may be a victim of fraud or that a crime or violation
14 of law, rule, or regulation has occurred, is occurring, or may
15 occur.

16 2. If a licensee fails to forward money received for
17 transmission in accordance with this section, the licensee
18 shall respond to inquiries by the sender with the reason for
19 the failure unless providing a response would violate a state
20 or federal law, rule, or regulation.

21 Sec. 29. Section 533C.702, Code 2023, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **533C.702 Refunds.**

24 1. Every licensee shall refund to the sender within ten
25 days of receipt of the sender's written request for a refund of
26 any and all money received for transmission unless any of the
27 following occurs:

28 a. The money has been forwarded within ten days of the date
29 on which the money was received for transmission.

30 b. Instructions have been given committing an equivalent
31 amount of money to the person designated by the sender within
32 ten days of the date on which the money was received for
33 transmission.

34 c. The agreement between the licensee and the sender
35 instructs the licensee to forward the money at a time that is

1 beyond ten days of the date on which the money was received
2 for transmission. If funds have not yet been forwarded in
3 accordance with the terms of the agreement between the licensee
4 and the sender, the licensee shall issue a refund in accordance
5 with the other provisions of this section.

6 *d.* The refund is requested for a transaction that the
7 licensee has not completed based on a reasonable belief or a
8 reasonable basis to believe that a crime or violation of law,
9 rule, or regulation has occurred, is occurring, or may occur.

10 *e.* The refund request does not enable the licensee to
11 identify the sender's name and address, telephone number, or
12 the particular transaction to be refunded in the event the
13 sender has multiple transactions outstanding.

14 2. This section does not apply to money received for
15 transmission subject to the remittance transfer rule of the
16 federal Electronic Fund Transfer Act, 12 C.F.R. §1005.30
17 - 1005.36, as amended, or pursuant to a written agreement
18 between the licensee and payee to process payments for goods or
19 services provided by the payee.

20 Sec. 30. Section 533C.703, Code 2023, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **533C.703 Receipts.**

23 1. For a transaction conducted in person, the receipt
24 may be provided electronically if the sender requests or
25 agrees to receive an electronic receipt. For a transaction
26 conducted electronically or by phone, a receipt may be provided
27 electronically. All electronic receipts shall be provided in
28 a retainable form.

29 2. Every licensee or its authorized delegate shall provide
30 the sender a receipt for money received for transmission.
31 The receipt required by this section shall be in English
32 and in the language principally used by the licensee or
33 authorized delegate to advertise, solicit, or negotiate, either
34 orally or in writing, for a transaction conducted in person,
35 electronically, or by phone, if other than English, and shall

1 contain, as applicable, all of the following:

- 2 *a.* The name of the sender.
- 3 *b.* The name of the designated recipient.
- 4 *c.* The date of the transaction.
- 5 *d.* The unique transaction or identification number.
- 6 *e.* The name of the licensee, NMLS unique ID, the licensee's
- 7 business address, and the licensee's customer service telephone
- 8 number.
- 9 *f.* The amount of the transaction in United States dollars.
- 10 *g.* Any fee charged by the licensee to the sender for the
- 11 transaction.
- 12 *h.* Any taxes collected by the licensee from the sender for
- 13 the transaction.

14 3. This section does not apply to any of the following:

- 15 *a.* Money received for transmission subject to the remittance
- 16 rule of the federal Electronic Fund Transfer Act, 12 C.F.R.
- 17 §1005.30 - 1005.36, as amended.
- 18 *b.* Money received for transmission that is not primarily for
- 19 personal, family, or household purposes.
- 20 *c.* Money received for transmission pursuant to a written
- 21 agreement between the licensee and payee to process payments
- 22 for goods or services provided by the payee.
- 23 *d.* Payroll processing services.

24 Sec. 31. Section 533C.704, Code 2023, is amended by striking

25 the section and inserting in lieu thereof the following:

26 **533C.704 Disclosures for payroll processing services.**

27 1. A licensee that provides payroll processing services

28 shall do all of the following:

- 29 *a.* Issue reports to clients detailing client payroll
- 30 obligations in advance of the payroll funds being deducted from
- 31 an account.
- 32 *b.* Make available worker pay stubs or an equivalent
- 33 statement to workers.

34 2. This section does not apply to a licensee providing

35 payroll processing services where the licensee's client

1 designated the intended recipients to the licensee and the
2 licensee is responsible for providing the disclosures required
3 by subsection 1, paragraph "a".

4 Sec. 32. Section 533C.801, Code 2023, is amended by striking
5 the section and inserting in lieu thereof the following:

6 **533C.801 Net worth.**

7 1. A licensee under this chapter shall maintain at all times
8 a tangible net worth of the greater of one hundred thousand
9 dollars or three percent of total assets for the first one
10 hundred million dollars, two percent of additional assets for
11 one hundred million dollars to one billion dollars, and half of
12 one percent of additional assets for over one billion dollars.

13 2. Tangible net worth shall be demonstrated at initial
14 application by the applicant's most recent audited or unaudited
15 financial statements pursuant to section 533C.303, subsection
16 2, paragraph "f".

17 3. Notwithstanding the foregoing provisions of this
18 section, the superintendent shall have the authority, for good
19 cause shown, to exempt any applicant or licensee, in part or in
20 whole, from the requirements of this section.

21 Sec. 33. Section 533C.802, Code 2023, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **533C.802 Surety bond.**

24 1. An applicant for a money transmission license shall
25 provide, and a licensee at all times shall maintain, security
26 consisting of a surety bond in a form satisfactory to the
27 superintendent.

28 2. The amount of the required security shall be the
29 greater of one hundred thousand dollars or an amount equal
30 to one hundred percent of the licensee's average daily money
31 transmission liability in this state calculated for the most
32 recently completed three-month period, up to a maximum of five
33 hundred thousand dollars.

34 3. A licensee that maintains a bond in the maximum amount
35 provided for in subsection 2 shall not be required to calculate

1 its average daily money transmission liability in this state
2 for purposes of this section.

3 4. A licensee may exceed the maximum required bond amount
4 pursuant to section 533C.804, subsection 1, paragraph "1".

5 Sec. 34. Section 533C.803, Code 2023, is amended by striking
6 the section and inserting in lieu thereof the following:

7 **533C.803 Maintenance of permissible investments.**

8 1. A licensee shall maintain at all times permissible
9 investments that have a market value computed in accordance
10 with United States generally accepted accounting principles of
11 not less than the aggregate amount of all of its outstanding
12 money transmission obligations.

13 2. Except for permissible investments enumerated in section
14 533C.804, subsection 1, the superintendent, with respect to
15 any licensee, may by rule or order limit the extent to which
16 a specific investment maintained by a licensee within a class
17 of permissible investments may be considered a permissible
18 investment, if the specific investment represents undue risk to
19 customers, not reflected in the market value of investments.

20 3. Permissible investments, even if commingled with other
21 assets of the licensee, are held in trust for the benefit
22 of the purchasers and holders of the licensee's outstanding
23 money transmission obligations in the event of insolvency,
24 the filing of a petition by or against the licensee under the
25 federal bankruptcy code, 11 U.S.C. §101 - 110, as amended, for
26 bankruptcy or reorganization, the filing of a petition by or
27 against the licensee for receivership, the commencement of any
28 other judicial or administrative proceeding for its dissolution
29 or reorganization, or in the event of an action by a creditor
30 against the licensee who is not a beneficiary of this statutory
31 trust. No permissible investments impressed with a trust
32 pursuant to this section shall be subject to attachment, levy
33 of execution, or sequestration by order of any court, except
34 for a beneficiary of this statutory trust.

35 4. Upon the establishment of a statutory trust in accordance

1 with subsection 3, or when any funds are drawn on a letter of
2 credit pursuant to section 533C.804, subsection 1, paragraph
3 "m", the superintendent shall notify the applicable regulator
4 of each state in which the licensee is licensed to engage in
5 money transmission, if any, of the establishment of the trust
6 or the funds drawn on the letter of credit, as applicable.
7 Notice shall be deemed satisfied if performed pursuant to
8 a multistate agreement or through NMLS. Funds drawn on a
9 letter of credit, and any other permissible investments held
10 in trust for the benefit of the purchasers and holders of the
11 licensee's outstanding money transmission obligations, are
12 deemed held in trust for the benefit of such purchasers and
13 holders on a pro rata and equitable basis in accordance with
14 statutes pursuant to which permissible investments are required
15 to be held in this state, and other states, as applicable.
16 Any statutory trust established hereunder shall be terminated
17 upon extinguishment of all of the licensee's outstanding money
18 transmission obligations.

19 5. The superintendent by rule or by order may allow other
20 types of investments that the superintendent determines
21 are of sufficient liquidity and quality to be a permissible
22 investment. The superintendent is authorized to participate
23 in efforts with other state regulators to determine that other
24 types of investments are of sufficient liquidity and quality
25 to be a permissible investment.

26 Sec. 35. NEW SECTION. 533C.804 **Types of permissible**
27 **investments.**

28 1. The following investments are permissible under section
29 533C.803:

30 a. Cash, including demand deposits, savings deposits, and
31 funds in such accounts held for the benefit of the licensee's
32 customers in a federally insured depository financial
33 institution.

34 b. Cash equivalents including automated clearinghouse items
35 in transit to the licensee and automated clearinghouse items or

- 1 international wires in transit to a payee.
- 2 *c.* Cash in transit via armored car.
- 3 *d.* Cash in smart safes.
- 4 *e.* Cash in licensee-owned locations.
- 5 *f.* Debit card or credit card-funded transmission receivables
6 owed by any bank.
- 7 *g.* Money market mutual funds rated "AAA" by Standard and
8 Poor's 500 stock market index, or the equivalent from any
9 eligible rating service.
- 10 *h.* Certificates of deposit or senior debt obligations of an
11 insured depository institution, pursuant to the federal Deposit
12 Insurance Act, 12 U.S.C. §1813, as amended, or as defined under
13 the federal Credit Union Act, 12 U.S.C. §1751, as amended.
- 14 *i.* An obligation of the United States or a commission,
15 agency, or instrumentality thereof.
- 16 *j.* An obligation that is guaranteed fully as to principal
17 and interest by the United States.
- 18 *k.* An obligation of a state or a governmental subdivision,
19 agency, or instrumentality thereof.
- 20 *l.* One hundred percent of the surety bond provided for
21 under section 533C.802 that exceeds the average daily money
22 transmission liability in this state.
- 23 *m.* The full drawable amount of an irrevocable standby
24 letter of credit for which the stated beneficiary is the
25 superintendent that stipulates that the beneficiary need only
26 draw a sight draft under the letter of credit and present it
27 to obtain funds up to the letter of credit amount within seven
28 days of presentation of the items required by this section.
- 29 (1) The letter of credit shall conform to the following:
- 30 (a) Be issued by a federally insured depository financial
31 institution, a foreign bank that is authorized under federal
32 law to maintain a federal agency or federal branch office
33 in a state or states, or a foreign bank that is authorized
34 under state law to maintain a branch in a state that bears an
35 eligible rating, or whose parent company bears an eligible

1 rating and such bank is regulated, supervised, and examined
2 by the United States federal or state authorities having
3 regulatory authority over banks, credit unions, and trust
4 companies.

5 (b) Be irrevocable, unconditional, and indicate that it is
6 not subject to any condition or qualifications outside of the
7 letter of credit.

8 (c) Not contain reference to any other agreements,
9 documents, or entities, or otherwise provide for any security
10 interest in the licensee.

11 (d) Contain an issue date and expiration date, and expressly
12 provide for automatic extension, without written amendment,
13 for an additional period of one year from the present or each
14 future expiration date, unless the issuer of the letter of
15 credit notifies the superintendent in writing by certified
16 or registered mail or courier mail or other receipted means,
17 at least sixty days prior to any expiration date, that the
18 irrevocable letter of credit shall not be extended. In
19 the event of any notice of expiration or nonextension of a
20 letter of credit issued under this division, the licensee
21 shall be required to demonstrate to the satisfaction of the
22 superintendent, fifteen days prior to expiration, that the
23 licensee maintains and will maintain permissible investments
24 in accordance with section 533C.803, subsection 1, upon the
25 expiration of the letter of credit. If the licensee is not
26 able to do so, the superintendent may draw on the letter of
27 credit in an amount up to the amount necessary to meet the
28 licensee's requirements to maintain permissible investments
29 in accordance with section 533C.803, subsection 1. Any
30 such draw shall be offset against the licensee's outstanding
31 money transmission obligations. The drawn funds shall be
32 held in trust by the superintendent or the superintendent's
33 designated agent, to the extent authorized by law, as agent for
34 the benefit of the purchasers and holders of the licensee's
35 outstanding money transmission obligations.

1 (2) The letter of credit shall provide that the issuer of
2 the letter of credit will honor, at sight, a presentation made
3 by the beneficiary to the issuer of the following documents on
4 or prior to the expiration date of the letter of credit:

5 (a) The original letter of credit, including any
6 amendments.

7 (b) A written statement from the beneficiary stating that
8 any of the following events have occurred:

9 (i) The filing of a petition by or against the licensee
10 under the federal bankruptcy code, 11 U.S.C. §101 - 110, as
11 amended, for bankruptcy or reorganization.

12 (ii) The filing of a petition by or against the licensee
13 for receivership, or the commencement of any other judicial
14 or administrative proceeding for its dissolution or
15 reorganization.

16 (iii) The seizure of assets of a licensee by the
17 superintendent or any other state financial regulatory entity
18 pursuant to an emergency order issued in accordance with
19 applicable law, on the basis of an action, violation, or
20 condition that has caused or is likely to cause the insolvency
21 of the licensee.

22 (iv) The beneficiary has received notice of expiration on
23 nonextension of a letter of credit and the licensee failed to
24 demonstrate to the satisfaction of the beneficiary that the
25 licensee will maintain permissible investments in accordance
26 with section 533C.803, subsection 1, upon the expiration or
27 nonextension of the letter of credit.

28 (3) The superintendent may designate an agent to serve
29 on the superintendent's behalf as beneficiary to a letter
30 of credit so long as the agent and letter of credit meet
31 requirements established by the superintendent. The
32 superintendent's agent may serve as agent for multiple
33 licensing authorities for a single irrevocable letter of credit
34 if the proceeds of the drawable amount for the purposes of this
35 section are assigned to the superintendent.

1 (4) The superintendent is authorized and encouraged to
2 participate in multistate processes designed to facilitate the
3 issuance and administration of letters of credit, including
4 but not limited to services provided by the NMLS and state
5 regulatory registry, LLC.

6 2. Unless permitted by the superintendent by rule or by
7 order to exceed the limit as set forth herein, the following
8 investments are permissible under section 533C.803 to the
9 extent specified:

10 a. Receivables that are payable to a licensee from its
11 authorized delegates in the ordinary course of business
12 that are less than seven days old, up to fifty percent of
13 the aggregate value of the licensee's total permissible
14 investments.

15 b. Of the receivables permissible under subsection 1,
16 receivables that are payable to a licensee from a single
17 authorized delegate in the ordinary course of business may not
18 exceed ten percent of the aggregate value of the licensee's
19 total permissible investments.

20 c. The following investments are permissible up to twenty
21 percent per category and combined up to fifty percent of
22 the aggregate value of the licensee's total permissible
23 investments:

24 (1) An up-to-six-month short-term investment bearing an
25 eligible rating.

26 (2) Commercial paper bearing an eligible rating.

27 (3) A bill, note, bond, or debenture bearing an eligible
28 rating.

29 (4) United States tri-party repurchase agreements
30 collateralized at one hundred percent or more with United
31 States government or agency securities, municipal bonds, or
32 other securities bearing an eligible rating.

33 (5) Money market mutual funds rated less than "AAA" and
34 equal to or higher than "A-" by Standard and Poor's 500 stock
35 market index, or the equivalent from any other eligible rating

1 service.

2 (6) A mutual fund or other investment fund composed solely
3 and exclusively of one or more permissible investments listed
4 in section 533C.804, subsection 1, paragraph "a" through "k".

5 d. Cash, including demand deposits, savings deposits, and
6 funds in such accounts held for the benefit of the licensee's
7 customers, at foreign depository institutions are permissible
8 up to ten percent of the aggregate value of the licensee's
9 total permissible investments if the licensee has received a
10 satisfactory rating in its most recent examination and the
11 foreign depository institution fulfills all of the following:

12 (1) An eligible rating.

13 (2) Registered under the federal Foreign Account Tax
14 Compliance Act, Pub. L. No. 111-147.

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

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

20 Sec. 36. REPEAL. Sections 533C.206, 533C.503, 533C.504,
21 533C.505, 533C.506, 533C.507, 533C.705, 533C.706, 533C.707,
22 533C.708, 533C.901, 533C.902, 533C.903, and 533C.904, Code
23 2023, are repealed.

24 Sec. 37. CODE EDITOR DIRECTIVE. The following articles
25 shall be changed by the Code editor to substantially conform
26 to the following:

27 1. ARTICLE 2 shall be retitled IMPLEMENTATION,
28 CONFIDENTIALITY, SUPERVISION, AND RELATIONSHIP TO FEDERAL LAW.

29 2. ARTICLE 3 shall be retitled MONEY TRANSMISSION LICENSES.

30 3. ARTICLE 4 shall be retitled ACQUISITION OF CONTROL AND
31 CHANGE OF KEY INDIVIDUAL.

32 4. ARTICLE 5 shall be retitled AUTHORIZED DELEGATES.

33 5. ARTICLE 6 shall be retitled REPORTING AND RECORDS.

34 6. ARTICLE 7 shall be retitled TIMELY TRANSMISSION,
35 REFUNDS, AND DISCLOSURES.

1 7. ARTICLE 8 shall be retitled PRUDENTIAL STANDARDS.

2 EXPLANATION

3 The inclusion of this explanation does not constitute agreement with
4 the explanation's substance by the members of the general assembly.

5 This bill relates to bank transmission services. The
6 bill includes updates to the licensing processes for money
7 transmission services seeking to do business in the state, and
8 encourages the superintendent of banking to collaborate with
9 multistate licensing processes. The bill allows for uniform
10 requirements for licensing across states to ensure multi-state
11 compliance for a money transmission services business.

12 The bill modifies the name of the "Uniform Money Services
13 Act" to the "Uniform Money Transmission Modernization Act".

14 The bill defines the terms "acting in concert", "average
15 daily money transmission liability", "Bank Secrecy Act",
16 "closed loop stored value", "eligible rating", "eligible rating
17 service", "federally insured depository financial institution",
18 "in this state", "individual", "key individual", "material
19 litigation", "MSB accredited state", "nationwide multistate
20 licensing system" (NMLS), "outstanding money transmission
21 obligations", "passive investor", "payroll processing
22 services", "receipt", "receiving money for transmission",
23 "remit", and "tangible net worth".

24 The bill modifies the definitions for "control", "money",
25 "money transmission", "payment instrument", "person", and
26 "stored-value". The bill deletes various definitions.

27 The bill provides that the superintendent may require a
28 person to provide documentation demonstrating their exemption
29 from licensing requirements. Under the bill, exemptions
30 are expanded to include additional activities and entities,
31 including certain persons that act as intermediaries by
32 processing payments, a person appointed as an agent of the
33 payee to collect and process payments from a payor to the
34 payee provided certain requirements, an individual employed
35 and supervised by an exempted entity, a third-party service

1 provider or agent under certain conditions, and a person exempt
2 by regulation.

3 The bill authorizes a superintendent to enter into
4 agreements or relationships with other regulatory entities to
5 improve efficiencies, utilize software or other processes for
6 investigation purposes, accept reports from other government
7 entities, and accept audit reports. The superintendent has the
8 authority to enforce the bill and promulgate related rules.

9 The bill requires that certain financial,
10 identification-related, investigation-related, and other
11 relevant information remain confidential. Exceptions include
12 sharing information for the public interest, where the
13 superintendent may disclose otherwise confidential information.
14 The release of nonconfidential information shall include
15 specific limited identifying information.

16 The bill allows for the superintendent to supervise
17 and conduct examinations or investigations regarding the
18 acquisition of a license for conducting money transmission
19 services. A licensee or authorized delegate shall provide
20 the superintendent with relevant documents regarding that
21 examination or investigation.

22 The bill provides that the superintendent shall coordinate
23 and effectively participate in relevant multistate networks.

24 The bill designates federal law to preempt state money
25 transmission law where there are inconsistencies between the
26 two.

27 The bill prohibits a person from engaging in the business
28 of money transmission or advertising, soliciting, or holding
29 itself out as providing money transmission unless they are
30 licensed under the provisions of the bill, an authorized
31 delegate, or fall under an exception.

32 The bill encourages consistent state licensing and
33 utilization of NMLS. The superintendent is authorized and
34 encouraged to implement licensing provisions in a manner
35 that is consistent with other states or multistate licensing

1 process, and participate in national licensing cooperation
2 protocols. The superintendent is authorized and encouraged
3 to build relationships or contracts with NMLS to help the
4 superintendent maintain records, coordinate multistate efforts,
5 process fees, and facilitate communication. The superintendent
6 should use NMLS forms where available, and where unavailable,
7 create forms that facilitate uniformity. The superintendent
8 may waive or modify requirements to participate in the NMLS.

9 The bill provides for an application for a license.

10 The superintendent shall create an application form. An
11 application for a license shall contain specified information,
12 including criminal convictions, a description of previous money
13 transmission services, a list of proposed authorized delegates
14 and locations for money transmission, other states in which the
15 applicant is currently engaging in money transmission, as well
16 as disciplinary actions, and bankruptcy disclosure. If the
17 applicant is a corporation, LLC, partnership, or other legal
18 entity, additional information is required to be included on
19 the application, including audits, dates of incorporations,
20 parent and subsidiary companies, and trading information. An
21 applicant shall be charged an application fee of \$1,000 which
22 shall be refunded upon rejection of an application. The bill
23 establishes a license fee in the amount of \$500 plus \$10 per
24 location in Iowa in which business is conducted, or set by
25 the superintendent if there is no location, but not to exceed
26 \$5,000. No refund of a license fee shall be made upon a license
27 suspension, revocation, or surrender.

28 The bill provides that any individual in control of a
29 licensee, applicant, or individual seeking to acquire control
30 of a licensee, and each key individual shall provide the
31 superintendent with information, including fingerprints, a
32 credit report, and relevant litigation. The bill allows for
33 different information based on an applicant's residence.

34 The bill provides for the issuance of licenses. An applicant
35 must comply with provisions of the bill to be approved for a

1 license. The superintendent may extend a 120-day period of
2 application review for good cause. The superintendent can
3 rely on other multistate license procedures for application
4 purposes. The superintendent shall provide written notice of
5 denial of an application and include specific reasons for the
6 denial.

7 The bill allows a license to be renewed annually. The cost
8 of the renewal fee shall correspond to the initial licensure
9 fee. No refund of a license fee shall be made upon a license
10 suspension, revocation, or surrender. A renewal report
11 created by the superintendent shall be filed annually with
12 the licensee's renewal fee. If the licensee does not file
13 a renewal report by the set deadline, the superintendent may
14 charge a \$100 per day late fee.

15 The bill provides for acquisition of control of a licensee.
16 Individuals seeking to acquire control of a licensee shall
17 obtain written approval of the superintendent prior to
18 acquisition and complete an application in a form created
19 by the superintendent. A person is presumed to exercise a
20 controlling influence when the person holds the power to vote,
21 directly or indirectly, at least 10 percent of the outstanding
22 voting shares or voting interests of a licensee or person in
23 control of a licensee. Individuals seeking acquisition shall
24 submit a \$1,000 fee with an application for acquisition. The
25 superintendent shall approve or deny the application. The
26 superintendent can rely on other multistate license procedures
27 for application purposes. The superintendent shall provide
28 written notice of denial of an application and include specific
29 reasons for the denial. A person may request a determination
30 from the superintendent regarding control prior to filing an
31 application.

32 The bill requires notice regarding a change of key
33 individuals. The superintendent may issue a notice of
34 disapproval within 90 days of receiving the notice of
35 the change and shall contain a statement on the basis of

1 disapproval.

2 The bill requires a licensee to conduct a background check,
3 provide written policies, and comply with requirements of the
4 bill before an authorized delegate can act on the licensee's
5 behalf. An authorized delegate shall act in full compliance
6 with the bill's provisions. An authorized delegate and
7 licensee shall sign a written contract containing provisions
8 related to the scope of the relationship and requirements
9 of each party. If the licensee's license is suspended,
10 revoked, surrendered, or expired, the licensee shall provide
11 documentation to the superintendent within five business days
12 that the licensee has notified all applicable authorized
13 delegates, and delegates shall immediately cease to provide
14 money transmission as an authorized delegate of the licensee.

15 The bill prohibits a person from engaging in money
16 transmission on behalf of an unlicensed person.

17 The bill requires a quarterly report by a licensee within
18 45 days of the close of a quarter. The report shall include
19 financial information, state and national transaction
20 information, permissible investment information, and additional
21 information. The bill requires an annual audited financial
22 statement from a licensee within 90 days of the end of each
23 fiscal year. A licensee shall be required to file a quarterly
24 report of authorized delegates within 45 days of the close of
25 a quarter.

26 The bill requires a licensee to file a report and submit a
27 payment of \$1,000 within one business day regarding bankruptcy,
28 receivership, dissolution, reorganization, revocation, or
29 suspension events. A licensee is required to file a report
30 within three business days in events regarding a felony charge
31 or conviction of the licensee, a key individual or person in
32 control of the licensee, or an authorized delegate.

33 The bill requires licensees and authorized delegates to
34 comply with federal record keeping and reporting requirements,
35 including pursuant to the federal Bank Secrecy Act, 31 U.S.C.

1 §5311.

2 The bill requires licensees to maintain records, inside
3 or outside of the state, for compliance determination. This
4 includes ledgers, bank statements, records of obligations,
5 lists of names, and information the superintendent requires.

6 The bill includes prohibitions on disclosure and
7 disclosure allowances. A superintendent's records relating
8 to examinations, supervision, or regulation of a licensed
9 individual or authorized delegate are not considered public
10 records and are not subject to disclosure. The bill provides
11 for exceptions to when information may be disclosed to certain
12 parties.

13 The bill requires that a licensee transmit money in a timely
14 manner unless there is a valid reason to abstain.

15 The bill requires a licensee to refund the sender within 10
16 days of receipt of a written request for a refund, unless an
17 exception occurs, including belief that a crime or violation
18 of law, rule, or regulation has occurred, is occurring, or may
19 occur.

20 The bill requires every licensee or authorized delegate to
21 provide a sender a receipt for money received for transmission.
22 The receipt shall be communicated in English or the language
23 principally used by the licensee or authorized delegate. The
24 receipt shall contain applicable information, including the
25 name of sender, name of the recipient, the date, and the
26 amount.

27 The bill provides that a licensee providing payroll
28 processing services shall issue reports to clients with details
29 of client payroll obligations and make pay stubs available to
30 workers. Certain licensees providing these services are exempt
31 where the client designated the intended recipients to the
32 licensee.

33 The bill requires a licensee to maintain a tangible amount
34 of net worth at all times. The amount shall be the greater
35 of \$100,000 or 3 percent of total assets for the first \$100

1 million, 2 percent of additional assets for \$100 million to
2 \$1 billion, and .5 percent of additional assets for over \$1
3 billion. Net worth may be demonstrated by the applicant's
4 most recent audit or unaudited financial statements. The
5 superintendent may exempt any applicant or licensee for good
6 cause.

7 The bill requires an applicant for a money transmission
8 license to maintain a surety bond of 100 percent of the
9 licensee's average daily money transmission liability for a
10 three-month period, or \$100,000, whichever is greater, with a
11 maximum amount of \$500,000. A licensee may exceed the maximum
12 amount.

13 The bill requires that a licensee maintain permissible
14 investments of not less than the total amount of all of its
15 outstanding money transmission obligations. Permissible
16 investments shall be held in a trust for the benefit of the
17 purchaser and holder of the licensee's outstanding money
18 transmission obligation in case of certain financial events.
19 Funds drawn on a letter of credit shall cause a superintendent
20 to notify applicable regulators under specific circumstances.
21 The superintendent may expand the types of investments deemed
22 to be permissible.

23 The bill provides a list of permissible investments by
24 a licensee that have a market value computed in accordance
25 with United States generally accepted accounting principles
26 of not less than the aggregate amount of all of a licensee's
27 outstanding money transmission obligations. The list of
28 permissible investments includes a specific letter of credit
29 for which the stated beneficiary is the superintendent subject
30 to requirements. The letter of credit shall be irrevocable,
31 unconditional, issued by a federally insured depository
32 financial institution or an authorized foreign bank, not
33 contain reference to other writings or entities, and contain
34 an issue date, expiration date, and an automatic extension
35 subject to change. Upon the expiration or lack of extension,

1 a licensee shall be required to demonstrate sufficient
2 permissible investment amounts. If the licensee cannot show
3 acceptable permissible investments, the superintendent may
4 draw on the letter of credit. The letter of credit shall
5 provide that the issuer of the letter of credit will honor the
6 letter and a written statement from the beneficiary stating
7 that certain significant financial events have occurred. The
8 superintendent may designate an agent to serve as beneficiary
9 to a letter of credit. The bill provides limits for certain
10 investments.

11 The bill repeals Code sections 533C.206, 533C.503, 533C.504,
12 533C.505, 533C.506, 533C.507, 533C.705, 533C.706, 533C.707,
13 533C.708, 533C.901, 533C.902, 533C.903, and 533C.904.

14 The Code editor is directed to change the names of articles
15 two through eight of Code chapter 533C.