

## **BILL ANALYSIS**

Senate Research Center  
89R18477 MLH-F

H.B. 3833  
By: Lambert (Johnson)  
Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

At the request of the Department of Banking, H.B. 3833 would update code to clarify and maintain consistency with the model law as it relates to money services businesses. The 88th Legislature adopted S.B. 895, repealing and replacing Chapter 151 of the Texas Financial Code with Chapter 152, as part of a multi-state effort to adopt a modernized money services model law. Since the passage of S.B. 895, there have been updates to the model law, requiring updates to the Texas Financial Code.

H.B. 3833 would provide amendments to Chapter 152 to continue this modernization and provide uniformity with the model law. The bill language does so through rectifying drafting errors, updating outdated references, and clarifying processes. This would enable the Department of Banking to carry out its responsibilities effectively and efficiently.

H.B. 3833 amends current law relating to the regulation of money services businesses.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 152.105(a) and (b), Finance Code, as follows:

(a) Requires an individual who is in control of a money services licensee or applicant, who seeks to acquire control of a money services licensee, or who is a key individual of a money services licenses or applicant to provide to the banking commissioner of Texas (commissioner) certain information. Deletes existing text requiring an applicant, in addition to the requirements of Section 152.104 (Application for Money Services License), to provide additional information to the commissioner if the applicant is a certain kind of individual.

(b) Deletes existing text requiring that additional information provided to the commissioner by an individual under Section 152.105 (Information Requirements for Certain Individuals) include certain information about the individual.

SECTION 2. Amends Section 152.106(c), Finance Code, as follows:

(c) Provides that a determination by the commissioner under Subsection (a) (relating to providing that an application for a license is considered complete if it includes certain items) that an application is complete and is accepted for processing is not an assessment of the substance of the application or of the sufficiency of the information provided, and means only that the application, on its face, appears to include all of the items, including the national criminal history background check response from the Federal Bureau of Investigation under Section 152.105 (Information Requirements for Certain Individuals), rather than Section 152.105(b), and address all of the matters that are required under Sections 152.104 and 152.105.

SECTION 3. Amends Sections 152.107(c) and (i), Finance Code, as follows:

(c) Requires an applicant for a currency exchange license to demonstrate that it meets or will meet the requirements in certain provisions of the Finance Code, rather than Section 152.355 (Maintenance of Permissible Investments by Money Transmission Licensee). Makes a nonsubstantive change.

(i) Provides that the holder, a key individual, rather than principal, or a person in control of the holder of a license issued under Chapter 152 (Regulation of Money Services Businesses) that has expired or that the holder has surrendered under Section 152.108 (Surrender of License) that wishes to conduct activities for which a license is required under this chapter is required to file a new license application under Section 152.104 and satisfy all requirements for licensure that apply at the time the new application is filed.

SECTION 4. Amends Section 152.152(a), Finance Code, as follows:

(a) Provides that the requirements of Section 152.151 (Acquisition of Control) do not apply to a person who has complied with and received approval to engage in money services under this chapter or was identified as a person in control in a previous application filed with and approved by the commissioner or by an MSB-accredited state under a multistate licensing process, provided that:

(1)-(2) makes no changes to these subdivisions;

(3) in the case of a money transmission licensee, the person to be acquired is projected to meet the requirements of certain provisions of the Finance Code, rather than the person to be acquired and the person acquiring control are both money transmission licensees projected to meet the requirements of certain provisions of the Finance Code, and if the person acquiring control is a money transmission licensee, that person acquiring control is also projected to meet the requirements of those sections, after the acquisition of control is completed;

(4) in the case of a currency exchange licensee, the person to be acquired is projected to meet the requirements of certain provisions of the Finance Code, rather than the person to be acquired and the person acquiring control are both currency exchange licensees projected to meet the requirements of certain provisions of the Finance Code, and if the person acquiring control is a currency exchange licensee, that person acquiring control is also projected to meet the requirements of those sections, after the acquisition of control is completed; and

(5)-(6) makes no changes to these subdivisions.

SECTION 5. Amends Section 152.203(a), Finance Code, as follows:

(a) Requires a money services licensee, not later than the 90th day after the end of each fiscal year, or within an extended time prescribed by the commissioner, to file certain actions with the commissioner, including, for a currency exchange licensee, a financial statement, audited or unaudited, dated as of the last day of the licensee's fiscal year that ended in the immediately preceding calendar year, prepared in accordance with United States generally accepted accounting principles.

SECTION 6. Amends Section 152.351(b), Finance Code, to require that tangible net worth under Section 152.351 (Net Worth of Money Transmission Licensee) be demonstrated at the initial application by the applicant's most recent audited or unaudited financial statements pursuant to certain provisions of the Finance Code, including Section 152.104(c)(7) (relating to requiring the applicant, if the applicant is a certain entity, to provide certified unaudited financial statements for a certain period) and to make a nonsubstantive change.

SECTION 7. Amends Section 152.353(a), Finance Code, to require a currency exchange licensee to at all times maintain security in the amount applicable to the licensee under Section 152.353

(Security for Currency Exchange Licensee) consisting of a surety bond in a form satisfactory to the commissioner. Authorizes a currency exchange licensee, with the commissioner's approval, to maintain a deposit in lieu of a bond under this section.

SECTION 8. Amends Sections 152.354(a) and (g), Finance Code, as follows:

(a) Deletes existing text requiring a security under Subchapter H (Prudential Standards), in addition to the requirements of Section 152.352 (Security for Money Transmission Licensee) or 152.353, if the security is an irrevocable letter of credit, be issued by a financial institution acceptable to the commissioner.

(g) Authorizes an applicant for a money services license or a money services licensee, instead of providing all or part of the amount of the security required by Section 152.354 (Additional Security Requirements), with the prior approval of the commissioner, to deposit, with a financial institution possessing trust powers that is authorized to conduct a trust business in this state and is acceptable to the commissioner, an aggregate amount of United States currency, certificates of deposit, or other cash equivalents that equals the total amount of the required security or the remaining part of the security.

SECTION 9. Amends Section 152.356, Finance Code, by amending Subsections (a) and (b) and adding Subsection (a-1), as follows:

(a) Provides that certain investments are permissible under Section 152.355, including certain cash funds, including demand deposits held in a federally insured depository financial institution and savings deposits held in a federally insured depository financial institution. Makes a nonsubstantive change.

(a-1) Requires that stablecoin, for purposes of Subsection (a)(6) (relating to providing that certain investments are permissible under Section 152.355, including stablecoin, to the extent of outstanding transmission obligations received by the licensee in the same kind of stablecoin), be held, stored, or kept in custody of the licensee directly or by a third-party custodian that meets the qualifications prescribed by the commissioner.

(b) Makes a nonsubstantive change to this subsection.

SECTION 10. Amends Section 152.403(b), Finance Code, as follows:

(b) Authorizes the commissioner to suspend or revoke a money services license or order a money transmission licensee to revoke the designation of an authorized delegate if the commissioner has reason to believe that certain actions have occurred, including the competence, experience, character, or general fitness of the money services licensee or the authorized delegate of a money transmission licensee, or a key individual, rather than principal, of or person in control, rather than of, or responsible person, of a money services licensee or authorized delegate of a money transmission licensee, indicates that it is not in the public interest to permit the licensee or authorized delegate to provide money services. Makes a nonsubstantive change.

SECTION 11. Amends Section 152.404(a), Finance Code, to make conforming and nonsubstantive changes.

SECTION 12. Amends Section 152.405(b), Finance Code, to make a conforming change.

SECTION 13. Amends Section 152.410(f), Finance Code, to make a conforming change.

SECTION 14. Effective date: September 1, 2025.