

By: Lambert

H.B. No. 3833

Substitute the following for H.B. No. 3833:

By: Plesa

C.S.H.B. No. 3833

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of money services businesses.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 152.105(a) and (b), Finance Code, are amended to read as follows:

(a) ~~An [In addition to the requirements of Section 152.104, an applicant shall provide additional information to the commissioner if the applicant is an]~~ individual who ~~[+~~

~~[(1)]~~ is in control of a money services licensee or applicant, who ~~[+~~

~~[(2)]~~ seeks to acquire control of a money services licensee, [+] or who

~~[(3)]~~ is a key individual of a money services licensee or applicant shall provide ~~[+~~

~~[(b) Additional information provided]~~ to the commissioner ~~[by an individual under this section must include]~~ the individual's:

(1) fingerprints for submission to the Federal Bureau of Investigation and the commissioner for purposes of a national criminal history background check unless the person currently resides outside of the United States and has resided outside of the United States for the 10-year period preceding the submission of the application; and

(2) personal history and experience, in a form and

medium prescribed by the commissioner, that contains the following information:

(A) if the individual has a social security number, an independent credit report for the individual from a consumer reporting agency;

(B) information related to any criminal convictions or pending charges against the individual; and

(C) information related to any regulatory or administrative action and any civil litigation against the individual involving claims of fraud, misrepresentation, conversion, mismanagement of funds, breach of fiduciary duty, or breach of contract.

SECTION 2. Section [152.106\(c\)](#), Finance Code, is amended to read as follows:

(c) A determination by the commissioner under Subsection (a) 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](#) [~~[152.105\(b\)](#)~~], and address all of the matters that are required under Sections [152.104](#) and [152.105](#).

SECTION 3. Sections [152.107\(c\)](#) and (i), Finance Code, are amended to read as follows:

(c) An applicant for a currency exchange license must demonstrate that it meets or will meet the requirements in Sections

152.353 and~~[,]~~ 152.354~~[, and 152.355]~~. A currency exchange licensee must at all times continue to meet the requirements of those sections.

(i) The holder, a key individual ~~[principal]~~, or a person in control of the holder of a license issued under this chapter that has expired or that the holder has surrendered under Section 152.108 that wishes to conduct activities for which a license is required under this chapter must 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. Section 152.152(a), Finance Code, is amended to read as follows:

(a) The requirements of Section 152.151 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) the person has not:

(A) had a money services license revoked or suspended; or

(B) controlled a money services licensee that has had a money services license revoked or suspended while the person was in control of the licensee in the previous five years;

(2) if the person is a money services licensee, the person:

(A) is well managed; and

1 (B) if a rating for compliance has been given to
2 the person by an MSB-accredited state, received a satisfactory
3 rating in its most recent examination;

4 (3) in the case of a money transmission licensee, the
5 person to be acquired is ~~[and the person acquiring control are both~~
6 ~~money transmission licensees]~~ projected to meet the requirements of
7 Sections [152.351](#), [152.352](#), [152.354](#), and [152.355](#), and if the person
8 acquiring control is a money transmission licensee, that person
9 acquiring control is also projected to meet the requirements of
10 those sections, after the acquisition of control is completed;

11 (4) in the case of a currency exchange licensee, the
12 person to be acquired is ~~[and the person acquiring control are both~~
13 ~~currency exchange licensees]~~ projected to meet the requirements of
14 Sections [152.353](#) and [152.354](#), and if the person acquiring control
15 is a currency exchange licensee, that person acquiring control is
16 also projected to meet the requirements of those sections, after
17 the acquisition of control is completed;

18 (5) the money services licensee to be acquired will
19 not implement any material changes to the licensee's business plan
20 as a result of the acquisition of control, and if the person
21 acquiring control is a money services licensee, the acquiring
22 licensee also will not implement any material changes to its
23 business plan as a result of the acquisition of control; and

24 (6) the person provides notice of the acquisition in
25 cooperation with the money services licensee and attests to
26 Subdivisions (1) through (5), as applicable, in a form and medium
27 prescribed by the commissioner.

SECTION 5. Section 152.203(a), Finance Code, is amended to read as follows:

(a) A money services licensee shall, not later than the 90th day after the end of each fiscal year, or within an extended time prescribed by the commissioner, file with the commissioner:

(1) for a money transmission licensee, an audited unconsolidated financial statement of the licensee for the fiscal year prepared in accordance with United States generally accepted accounting principles;

(2) 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; and

(3) any other information as the commissioner may reasonably require.

SECTION 6. Section 152.351(b), Finance Code, is amended to read as follows:

(b) Tangible net worth under this section must be demonstrated at the initial application by the applicant's most recent audited or unaudited financial statements pursuant to ~~[under]~~ Section 152.104(c)(6) or (7).

SECTION 7. Section 152.353(a), Finance Code, is amended to read as follows:

(a) A currency exchange licensee shall at all times maintain security in the amount applicable to the licensee under this section consisting of a surety bond in a form satisfactory to the

1 commissioner. The security must satisfy the requirements of and is
2 subject to Section 152.354. With the commissioner's approval, a
3 currency exchange licensee may maintain a deposit in lieu of a bond
4 under this section.

5 SECTION 8. Sections 152.354(a) and (g), Finance Code, are
6 amended to read as follows:

7 (a) In addition to the requirements of Section 152.352 or
8 152.353, a security under this subchapter must:

9 (1) be in a form satisfactory to the commissioner;

10 (2) be payable to any claimant or to the commissioner,
11 on behalf of a claimant or this state, for any liability arising out
12 of a money transmission licensee's money transmission business in
13 this state, incurred under, subject to, or by virtue of this
14 chapter; and

15 (3) if the security is a bond, be issued by a qualified
16 surety company authorized to engage in business in this state and
17 acceptable to the commissioner ~~[or, if the security is an~~
18 ~~irrevocable letter of credit, be issued by a financial institution~~
19 ~~acceptable to the commissioner]~~.

20 (g) Instead of providing all or part of the amount of the
21 security required by this section, an applicant for a money
22 services license or a money services licensee may, with the prior
23 approval of the commissioner, deposit, with a financial institution
24 possessing trust powers that is authorized to conduct a trust
25 business in this state and is acceptable to the commissioner, an
26 aggregate amount of United States currency, certificates of
27 deposit, or other cash equivalents that equals the total amount of

the required security or the remaining part of the security.

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

(a) The following investments are permissible under Section 152.355:

(1) cash, including:

(A) demand deposits held in a federally insured depository financial institution;

(B) savings deposits held in a federally insured depository financial institution;

(C) funds in accounts under Paragraphs (A) and (B) held for the benefit of the ~~the~~ money transmission licensee's customers in a federally insured depository financial institution;

(D) cash equivalents, including automated clearing house items:

(i) in transit to the money transmission licensee; and

(ii) in transit to a payee;

(E) international wires in transit to a payee;

(F) cash in transit via armored car;

(G) cash in smart safes;

(H) cash in money transmission licensee-owned locations;

(I) debit card or credit card-funded transmission receivables owed by a bank; or

(J) money market mutual funds rated "AAA" by S&P

1 Global or an equivalent rating from an eligible rating service;

2 (2) certificates of deposit or senior debt obligations
3 of an insured depository institution, as defined by Section 3,
4 Federal Deposit Insurance Act (12 U.S.C. Section 1813) or the
5 Federal Credit Union Act (12 U.S.C. Section 1781);

6 (3) an obligation:

7 (A) of the United States or a commission, agency,
8 or instrumentality of the United States;

9 (B) that is guaranteed fully as to principal and
10 interest by the United States; or

11 (C) of a state or a governmental subdivision,
12 agency, or instrumentality of the United States;

13 (4) the full drawable amount of an irrevocable standby
14 letter of credit for which the stated beneficiary is the
15 commissioner that stipulates that the commissioner need only draw a
16 sight draft under the letter of credit and present it to obtain
17 funds up to the letter of credit amount on presentation of the items
18 required by Subsection (f);

19 (5) 100 percent of the surety bond or deposit provided
20 for under Section [152.352](#) that exceeds the average daily money
21 transmission liability in this state; or

22 (6) stablecoin, to the extent of outstanding
23 transmission obligations received by the licensee in the same kind
24 of stablecoin.

25 (a-1) For purposes of Subsection (a)(6), stablecoin must be
26 held, stored, or kept in custody of the licensee directly or by a
27 third-party custodian that meets the qualifications prescribed by

1 the commissioner.

2 (b) Unless permitted by the commissioner to exceed the limit
3 provided, the following investments are permissible under Section
4 152.355 to the extent specified:

5 (1) receivables that are payable to a money
6 transmission licensee from its authorized delegates in the ordinary
7 course of business that are less than seven days old are permissible
8 up to the amount of 50 percent of the aggregate value of the
9 licensee's total permissible investments;

10 (2) receivables under Subdivision (1) that are payable
11 to a money transmission licensee from a single authorized delegate
12 in the ordinary course of business are permissible up to the amount
13 of 10 percent of the aggregate value of the licensee's total
14 permissible investments;

15 (3) the following investments are permissible up to
16 the amount of 20 percent of the aggregate value of a money
17 transmission licensee's total permissible investments for the
18 amount under each paragraph and the amount of 50 percent of the
19 aggregate value of the licensee's total permissible investments for
20 the total amount under this subdivision:

21 (A) a short-term investment of not more than six
22 months bearing an eligible rating;

23 (B) commercial paper bearing an eligible rating;

24 (C) a bill, note, bond, or debenture bearing an
25 eligible rating;

26 (D) a United States tri-party repurchase
27 agreement collateralized at 100 percent or more with United States

1 or agency security, municipal bonds, or other security bearing an
2 eligible rating;

3 (E) a money market mutual fund rated less than
4 "AAA" and not less than "A-" by S&P Global, or the equivalent from
5 an eligible rating service; and

6 (F) a mutual fund or other investment fund
7 composed solely and exclusively of one or more permissible
8 investments listed in Subsections (a)(1)-(3); and

9 (4) cash, including demand deposits, savings
10 deposits, and funds in an account held for the benefit of the [a]
11 money transmission licensee's customers at a foreign depository
12 institution is permissible up to the amount of 10 percent of the
13 aggregate value of the licensee's total permissible investments if:

14 (A) the licensee has received a satisfactory
15 rating in its most recent examination; and

16 (B) the foreign depository institution:

17 (i) has an eligible rating;

18 (ii) is registered under the Foreign
19 Account Tax Compliance Act (Pub. L. No. 111-147);

20 (iii) is not located in a country subject to
21 sanctions from the Office of Foreign Assets Control; and

22 (iv) is not located in a jurisdiction
23 designated high-risk or uncooperative by the Financial Action Task
24 Force.

25 SECTION 10. Section 152.403(b), Finance Code, is amended to
26 read as follows:

27 (b) The commissioner may suspend or revoke a money services

1 license or order a money transmission licensee to revoke the
2 designation of an authorized delegate if the commissioner has
3 reason to believe that:

4 (1) the money services licensee has violated this
5 chapter, a rule adopted or order issued under this chapter, a
6 written agreement entered into with the department or commissioner,
7 or any other state or federal law applicable to the licensee's money
8 services business;

9 (2) the money services licensee has refused to permit
10 or has not cooperated with an examination or investigation
11 authorized by this chapter;

12 (3) the money services licensee has engaged in fraud,
13 knowing misrepresentation, deceit, or gross negligence in
14 connection with the operation of the licensee's money services
15 business or any transaction subject to this chapter;

16 (4) an authorized delegate of the money transmission
17 licensee has knowingly violated this chapter, a rule adopted or
18 order issued under this chapter, or a state or federal
19 anti-money-laundering or terrorist funding law, and the licensee
20 knows or should have known of the violation and has failed to make a
21 reasonable effort to prevent or correct the violation;

22 (5) the competence, experience, character, or general
23 fitness of the money services licensee or the authorized delegate
24 of a money transmission licensee, or a key individual [~~principal~~]
25 of or[7] person in control [~~of, or responsible person~~] of a money
26 services licensee or authorized delegate of a money transmission
27 licensee, indicates that it is not in the public interest to permit

1 the licensee or authorized delegate to provide money services;

2 (6) the money services licensee has engaged in an
3 unsafe or unsound act or practice or has conducted business in an
4 unsafe or unsound manner;

5 (7) the money services licensee has suspended payment
6 of the licensee's obligations, made a general assignment for the
7 benefit of the licensee's creditors, or admitted in writing the
8 licensee's inability to pay debts of the licensee as they become
9 due;

10 (8) the money transmission licensee has failed to
11 terminate the authority of an authorized delegate after the
12 commissioner has issued and served on the licensee a final order
13 finding that the authorized delegate has violated this chapter;

14 (9) a fact or condition exists that, if it had been
15 known at the time the money services licensee applied for the
16 license, would have been grounds for denying the application;

17 (10) the money services licensee has engaged in false,
18 misleading, or deceptive advertising;

19 (11) the money services licensee has failed to pay a
20 judgment entered in favor of a claimant or creditor in an action
21 arising out of the licensee's activities under this chapter not
22 later than the 30th day after the date the judgment becomes final or
23 not later than the 30th day after the date the stay of execution
24 expires or is terminated, as applicable;

25 (12) the money services licensee has knowingly made a
26 material misstatement or has suppressed or withheld material
27 information on an application, request for approval, report, or

1 other document required to be filed with the department under this
2 chapter; or

3 (13) the money services licensee has committed a
4 breach of trust or of a fiduciary duty.

5 SECTION 11. Section 152.404(a), Finance Code, is amended to
6 read as follows:

7 (a) The commissioner may suspend or revoke the designation
8 of an authorized delegate by a money transmission licensee if the
9 commissioner has reason to believe that:

10 (1) the authorized delegate has violated this chapter,
11 a rule adopted or order issued under this chapter, a written
12 agreement entered into with the commissioner or the department, or
13 any other state or federal law applicable to a money transmission
14 business;

15 (2) the authorized delegate has refused to permit or
16 has not cooperated with an examination or investigation under this
17 chapter;

18 (3) the authorized delegate has engaged in fraud,
19 knowing misrepresentation, deceit, gross negligence, or an unfair
20 or deceptive act or practice in connection with the operation of the
21 delegate's business on behalf of the money transmission licensee or
22 any transaction subject to this chapter;

23 (4) the competence, experience, character, or general
24 fitness of the authorized delegate, or a key individual [~~principal~~]
25 of or[~~7~~] person in control [~~of, or responsible person~~] of the
26 authorized delegate, indicates that it is not in the public
27 interest to permit the authorized delegate to provide money

1 transmission;

2 (5) the authorized delegate has engaged in an unsafe
3 or unsound act or practice or conducted business in an unsafe and
4 unsound manner;

5 (6) the authorized delegate, or a key individual
6 [~~principal or responsible person~~] of the authorized delegate, is
7 listed on the Specially Designated Nationals and Blocked Persons
8 List prepared by the United States Department of the Treasury as a
9 potential threat to commit terrorist acts or to fund terrorist
10 acts; or

11 (7) the authorized delegate, or a key individual
12 [~~principal or responsible person~~] of the authorized delegate, has
13 been convicted of a state or federal anti-money-laundering or
14 terrorist funding law.

15 SECTION 12. Section 152.405(b), Finance Code, is amended to
16 read as follows:

17 (b) A cease and desist order may require a money services
18 licensee or authorized delegate to cease and desist from the action
19 or violation or to take affirmative action to correct any condition
20 resulting from or contributing to the action or violation, and the
21 requirements of the order may apply to a key individual [~~principal~~
22 ~~or responsible person~~] of the licensee or authorized delegate.

23 SECTION 13. Section 152.410(f), Finance Code, is amended to
24 read as follows:

25 (f) A money services licensee or authorized delegate
26 against whom an emergency order is directed must submit a written
27 certification to the commissioner, signed by the licensee or

1 authorized delegate, and their key [~~principals and responsible~~]
2 individuals, as applicable, and each person named in the order,
3 stating that each person has received a copy of and has read and
4 understands the order.

5 SECTION 14. This Act takes effect September 1, 2025.