

By: Lambert

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. Section 152.105(a), Finance Code, is amended to read as follows:

(a) The following individuals ~~[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) an individual who is in control of a money services licensee or applicant;

(2) an individual who seeks to acquire control of a money services licensee; or

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

SECTION 2. 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 ~~[7]~~ 152.354 ~~[7, and 152.355]~~. A currency exchange licensee must at all times continue to meet the requirements of those sections.

(i) The holder, key individual ~~[principal]~~, or 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 3. 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

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

(3) in the case of a money transmission licensee, the person to be acquired is ~~and the person acquiring control are both~~

1 ~~money transmission licensees]~~ projected to meet the requirements of
2 Sections [152.351](#), [152.352](#), [152.354](#), and [152.355](#), and if the person
3 acquiring control is a money transmission licensee, that person
4 acquiring control is also projected to meet the requirements of
5 those sections, after the acquisition of control is completed;

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

13 (5) the money services licensee to be acquired will
14 not implement any material changes to the licensee's business plan
15 as a result of the acquisition of control, and if the person
16 acquiring control is a money services licensee, the acquiring
17 licensee also will not implement any material changes to its
18 business plan as a result of the acquisition of control; and

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

23 SECTION 4. Section [152.203](#)(a), Finance Code, is amended to
24 read as follows:

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

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

5 (2) for a currency exchange licensee, a financial
6 statement, audited or unaudited, dated as of the last day of the
7 licensee's fiscal year that ended in the immediately preceding
8 calendar year, prepared in accordance with United States generally
9 accepted accounting principles; and

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

12 SECTION 5. Section 152.351(b), Finance Code, is amended to
13 read as follows:

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

18 SECTION 6. Section 152.353(a), Finance Code, is amended to
19 read as follows:

20 (a) A currency exchange licensee shall at all times maintain
21 security in the amount applicable to the licensee under this
22 section consisting of a surety bond in a form satisfactory to the
23 commissioner. The security must satisfy the requirements of and is
24 subject to Section 152.354. With the commissioner's approval, a
25 currency exchange licensee may maintain a deposit in lieu of a bond
26 under this section.

27 SECTION 7. Sections 152.354(a) and (g), Finance Code, are

1 amended to read as follows:

2 (a) In addition to the requirements of Section 152.352 or
3 152.353, a security under this subchapter must:

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

5 (2) be payable to any claimant or to the commissioner,
6 on behalf of a claimant or this state, for any liability arising out
7 of a money transmission licensee's money transmission business in
8 this state, incurred under, subject to, or by virtue of this
9 chapter; and

10 (3) if the security is a bond, be issued by a qualified
11 surety company authorized to engage in business in this state and
12 acceptable to the commissioner ~~[or, if the security is an~~
13 ~~irrevocable letter of credit, be issued by a financial institution~~
14 ~~acceptable to the commissioner]~~.

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

24 SECTION 8. Section 152.356, Finance Code, is amended by
25 amending Subsection (a) and adding Subsection (a-1) to read as
26 follows:

27 (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 [a] 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 Global or an equivalent rating from an eligible rating service;

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

(3) an obligation:

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

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

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

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

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

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

(a-1) For purposes of Subsection (a)(6), stablecoin must 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.

SECTION 9. Section 152.403(b), Finance Code, is amended to read as follows:

(b) The commissioner may suspend or revoke a money services license or order a money transmission licensee to revoke the

1 designation of an authorized delegate if the commissioner has
2 reason to believe that:

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

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

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

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

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

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

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

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

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

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

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

24 (12) the money services licensee has knowingly made a
25 material misstatement or has suppressed or withheld material
26 information on an application, request for approval, report, or
27 other document required to be filed with the department under this

1 chapter; or

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

4 SECTION 10. Section 152.404(a), Finance Code, is amended to
5 read as follows:

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

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

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

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

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

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

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

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

14 SECTION 11. Section 152.405(b), Finance Code, is amended to
15 read as follows:

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

22 SECTION 12. Section 152.410(f), Finance Code, is amended to
23 read as follows:

24 (f) A money services licensee or authorized delegate
25 against whom an emergency order is directed must submit a written
26 certification to the commissioner, signed by the licensee or
27 authorized delegate, and their key [~~principals and responsible~~]

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1 individuals, as applicable, and each person named in the order,
2 stating that each person has received a copy of and has read and
3 understands the order.

4 SECTION 13. This Act takes effect September 1, 2025.