

1-1 By: Lambert (Senate Sponsor - Johnson) H.B. No. 3833
1-2 (In the Senate - Received from the House May 19, 2025;
1-3 May 19, 2025, read first time and referred to Committee on Business
1-4 & Commerce; May 22, 2025, reported favorably by the following vote:
1-5 Yeas 11, Nays 0; May 22, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			

1-19 A BILL TO BE ENTITLED
1-20 AN ACT

1-21 relating to the regulation of money services businesses.
1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-23 SECTION 1. Sections 152.105(a) and (b), Finance Code, are
1-24 amended to read as follows:
1-25 (a) ~~An [In addition to the requirements of Section 152.104,~~
1-26 ~~an applicant shall provide additional information to the~~
1-27 ~~commissioner if the applicant is an]~~ individual who~~+~~
1-28 ~~[(1)]~~ is in control of a money services licensee or
1-29 applicant, who~~+~~
1-30 ~~[(2)]~~ seeks to acquire control of a money services
1-31 licensee, ~~+~~ or who
1-32 ~~[(3)]~~ is a key individual of a money services licensee
1-33 or applicant shall provide~~-~~
1-34 ~~[(b) Additional information provided]~~ to the commissioner
1-35 ~~[by an individual under this section must include]~~ the
1-36 individual's:
1-37 (1) fingerprints for submission to the Federal Bureau
1-38 of Investigation and the commissioner for purposes of a national
1-39 criminal history background check unless the person currently
1-40 resides outside of the United States and has resided outside of the
1-41 United States for the 10-year period preceding the submission of
1-42 the application; and
1-43 (2) personal history and experience, in a form and
1-44 medium prescribed by the commissioner, that contains the following
1-45 information:
1-46 (A) if the individual has a social security
1-47 number, an independent credit report for the individual from a
1-48 consumer reporting agency;
1-49 (B) information related to any criminal
1-50 convictions or pending charges against the individual; and
1-51 (C) information related to any regulatory or
1-52 administrative action and any civil litigation against the
1-53 individual involving claims of fraud, misrepresentation,
1-54 conversion, mismanagement of funds, breach of fiduciary duty, or
1-55 breach of contract.
1-56 SECTION 2. Section 152.106(c), Finance Code, is amended to
1-57 read as follows:
1-58 (c) A determination by the commissioner under Subsection
1-59 (a) that an application is complete and is accepted for processing
1-60 is not an assessment of the substance of the application or of the
1-61 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 ~~[7] 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

(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 money transmission licensees~~] projected to meet the requirements of Sections 152.351, 152.352, 152.354, and 152.355, 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 [~~and the person acquiring control are both currency exchange licensees~~] projected to meet the requirements of Sections 152.353 and 152.354, 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;

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

(6) the person provides notice of the acquisition in cooperation with the money services licensee and attests to Subdivisions (1) through (5), as applicable, in a form and medium 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 commissioner. The security must satisfy the requirements of and is subject to Section 152.354. With the commissioner's approval, a currency exchange licensee may maintain a deposit in lieu of a bond under this section.

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

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

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

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

(g) Instead of providing all or part of the amount of the security required by this section, an applicant for a money services license or a money services licensee may, with the prior approval of the commissioner, 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. 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 ~~[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;

4-1 (G) cash in smart safes;
 4-2 (H) cash in money transmission licensee-owned
 4-3 locations;
 4-4 (I) debit card or credit card-funded
 4-5 transmission receivables owed by a bank; or
 4-6 (J) money market mutual funds rated "AAA" by S&P
 4-7 Global or an equivalent rating from an eligible rating service;
 4-8 (2) certificates of deposit or senior debt obligations
 4-9 of an insured depository institution, as defined by Section 3,
 4-10 Federal Deposit Insurance Act (12 U.S.C. Section 1813) or the
 4-11 Federal Credit Union Act (12 U.S.C. Section 1781);
 4-12 (3) an obligation:
 4-13 (A) of the United States or a commission, agency,
 4-14 or instrumentality of the United States;
 4-15 (B) that is guaranteed fully as to principal and
 4-16 interest by the United States; or
 4-17 (C) of a state or a governmental subdivision,
 4-18 agency, or instrumentality of the United States;
 4-19 (4) the full drawable amount of an irrevocable standby
 4-20 letter of credit for which the stated beneficiary is the
 4-21 commissioner that stipulates that the commissioner need only draw a
 4-22 sight draft under the letter of credit and present it to obtain
 4-23 funds up to the letter of credit amount on presentation of the items
 4-24 required by Subsection (f);
 4-25 (5) 100 percent of the surety bond or deposit provided
 4-26 for under Section 152.352 that exceeds the average daily money
 4-27 transmission liability in this state; or
 4-28 (6) stablecoin, to the extent of outstanding
 4-29 transmission obligations received by the licensee in the same kind
 4-30 of stablecoin.
 4-31 (a-1) For purposes of Subsection (a)(6), stablecoin must be
 4-32 held, stored, or kept in custody of the licensee directly or by a
 4-33 third-party custodian that meets the qualifications prescribed by
 4-34 the commissioner.
 4-35 (b) Unless permitted by the commissioner to exceed the limit
 4-36 provided, the following investments are permissible under Section
 4-37 152.355 to the extent specified:
 4-38 (1) receivables that are payable to a money
 4-39 transmission licensee from its authorized delegates in the ordinary
 4-40 course of business that are less than seven days old are permissible
 4-41 up to the amount of 50 percent of the aggregate value of the
 4-42 licensee's total permissible investments;
 4-43 (2) receivables under Subdivision (1) that are payable
 4-44 to a money transmission licensee from a single authorized delegate
 4-45 in the ordinary course of business are permissible up to the amount
 4-46 of 10 percent of the aggregate value of the licensee's total
 4-47 permissible investments;
 4-48 (3) the following investments are permissible up to
 4-49 the amount of 20 percent of the aggregate value of a money
 4-50 transmission licensee's total permissible investments for the
 4-51 amount under each paragraph and the amount of 50 percent of the
 4-52 aggregate value of the licensee's total permissible investments for
 4-53 the total amount under this subdivision:
 4-54 (A) a short-term investment of not more than six
 4-55 months bearing an eligible rating;
 4-56 (B) commercial paper bearing an eligible rating;
 4-57 (C) a bill, note, bond, or debenture bearing an
 4-58 eligible rating;
 4-59 (D) a United States tri-party repurchase
 4-60 agreement collateralized at 100 percent or more with United States
 4-61 or agency security, municipal bonds, or other security bearing an
 4-62 eligible rating;
 4-63 (E) a money market mutual fund rated less than
 4-64 "AAA" and not less than "A-" by S&P Global, or the equivalent from
 4-65 an eligible rating service; and
 4-66 (F) a mutual fund or other investment fund
 4-67 composed solely and exclusively of one or more permissible
 4-68 investments listed in Subsections (a)(1)-(3); and
 4-69 (4) cash, including demand deposits, savings

deposits, and funds in an account held for the benefit of the [a] money transmission licensee's customers at a foreign depository institution is permissible up to the amount of 10 percent of the aggregate value of the licensee's total permissible investments if:

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

(B) the foreign depository institution:

(i) has an eligible rating;

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

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

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

SECTION 10. 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 designation of an authorized delegate if the commissioner has reason to believe that:

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

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

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

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

(5) 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 [principal] of or [7] person in control [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;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) A money services licensee or authorized delegate against whom an emergency order is directed must submit a written certification to the commissioner, signed by the licensee or authorized delegate, and their key ~~[principals and responsible]~~ individuals, as applicable, and each person named in the order, stating that each person has received a copy of and has read and understands the order.

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

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