



Request for Public Comments
Uniform Authorized Agent/Delegate Reporting - Proposed NMLS Processing Fee

March 20, 2013

On behalf of the state regulatory agencies participating in NMLS (or “the System”)¹, the State Regulatory Registry LLC² (SRR) invites public comments on a proposed NMLS Processing Fee for functionality that would provide a uniform and automated method for state-licensed Money Transmitters to report information concerning Authorized Agents/Delegates to NMLS participating state agencies.³

Background

State Agency use of NMLS to license Money Transmitters

In April 2012, NMLS updated the NMLS Forms⁴ and implemented other changes that allowed state agencies to manage Money Transmitter license authorities in NMLS. As of March 2013, 10 state agencies⁵ have begun managing their Money Transmitter licenses through NMLS and an additional 20 agencies have indicated they plan to by the end of 2014.

Uniform Authorized Agent Reporting

At the direction of the NMLS Policy Committee, SRR convened a Money Service Business Working Group, comprised of state regulators, to advise Policy Committee on the expansion of NMLS to ensure that Money Service Businesses licenses, including Money Transmitter licenses, can be managed efficiently for both regulators and industry. The Working Group identified the reporting of Authorized Agents (also known as Authorized Delegates) as a need that was not properly addressed by existing NMLS functionality.

Through both internal deliberation and consultation with industry, the Working Group has developed proposed functionality in NMLS that will allow MSBs to submit uniform information

¹ Information about NMLS can be found at <http://mortgage.nationwidelicencingsystem.org/Pages/default.aspx>.

² Information about the State Regulatory Registry LLC can be found at <http://www.csbs.org/srr/Pages/default.aspx>.

³ Currently 59 state agencies participate on NMLS. The complete list of these agencies can be found at <http://mortgage.nationwidelicencingsystem.org/contact/Pages/StateAgencyContacts.aspx>.

⁴ Information regarding the NMLS Forms can be found at <http://mortgage.nationwidelicencingsystem.org/slr/common/policy/Pages/default.aspx>.

⁵ These agencies include the Idaho Department of Finance; Kentucky Department of Financial Institutions; Louisiana Office of Financial Institutions; Maryland Office of the Commissioner of Financial Regulation; Massachusetts Division of Banks; Oklahoma Banking Department; Pennsylvania Department of Banking; Rhode Island Division of Banking; Vermont Division of Banking; and Washington Department of Financial Institutions. A complete list of state agencies participating in expansion, and the license types they will manage through NMLS, can be found at http://mortgage.nationwidelicencingsystem.org/news/Pages/ExpandedUse.aspx?SortField=Start_x0020_Date&SortDir=Asc&View=%7b8D13B106-7CF9-4535-9F26-604C09625CAF%7d.

on Authorized Agents/Delegates to regulators in a standardized format. That process, known as Uniform Authorized Agent Reporting (UAAR) is outlined in SRR's Proposal for Public Comment 2012-1.⁶ This functionality is only relevant to companies that hold a money transmitter license through NMLS and are required to report Authorized Agents/Delegates.

It is up to each state agency managing Money Transmitter licenses on NMLS to decide whether to replace its current Agent/Delegate reporting requirement with the UAAR. In states choosing to use the UAAR, money transmitters who manage their license through NMLS will be required to use the functionality. In a survey conducted by SRR in January 2013, 26 state agencies expressed interest in adopting UAAR. In states that do not choose to use the UAAR, licensees will continue to submit Agent/Delegate information through the existing process(es).

SRR will be conducting a pilot program in the second and third quarters of 2013 to assist money transmitters to understand the process and complete their initial transition to the UAAR. As state agencies make decisions regarding their adoption of UAAR, they will contact their licensees to initiate the pilot program.

Request for Public Comments

On behalf of the state regulatory agencies using NMLS, SRR is seeking comments from the public, including licensees and other interested parties, on the proposed NMLS processing fee for UAAR.

UAAR NMLS Processing Fees

Due to the fact that UAAR functionality will be used only by a specific segment of the NMLS licensee population (i.e., Money Transmitters), the SRR Board of Managers is proposing, and seeks public comment on, an NMLS Processing Fee structured as follows:

1. The NMLS Processing Fee will be no more than fifty cents (\$.50) per active Agent/Delegate location.
2. The NMLS Processing Fee will be assessed once per year, based on the number of all active Agent/Delegate locations as of a certain date (e.g. July 1st).
3. Money Transmitter licensees with less than 100 active Agent/Delegate locations reported through NMLS will not be assessed a UAAR NMLS Processing Fee.
4. Money Transmitter licensees with 100 or more agents will be assessed a fee based on the total number of active Agent/Delegate locations (see #2 above).
5. To accommodate the transition of Money Transmitter license authorities throughout 2013, the UAAR processing fee will not be assessed until 2014.
6. The UAAR NMLS Processing Fee is distinct from and independent of fees or assessments required by state agencies.

⁶ Proposal for Public Comment 2012-1 can be found at <http://mortgage.nationwidelicencingsystem.org/news/ProposalsForComment/2012-1%20Comments%20for%20Authorized%20Delegate.pdf>

The UAAR NMLS Processing Fee would be retained by SRR to cover the development and operational costs of the functionality. The SRR Board of Managers evaluates all NMLS Processing Fees annually to determine if adjustments are necessary.⁷

In addition to general comments on any aspect of this proposal, SRR seeks particular information and comments on the following items:

1. If possible, please provide how many money service business or money transmitter state licenses your company currently holds and approximately how many Agent/Delegate locations your company uses. Such information will help the Board of Managers evaluate responses from companies of varying sizes and business models.
2. While the SRR Board of Managers has proposed an annual assessment of the NMLS Processing Fee, would it be easier and/or more efficient for the System to assess on an ongoing basis at the time that an Authorized Agent/Delegate is first reported through NMLS?
3. The SRR Board of Managers proposed the “de minimis” exception for those licensees with less than 100 agent locations so as to not disproportionately impact small MSBs. Is a de minimis exception appropriate? Is the proposed 100 agent location threshold appropriate?

Persons submitting comments are requested to include their contact information. Comments received, as well as the submitter’s name and company or organization (if applicable), will be posted on the NMLS Resource Center for public view. Comments submitted without contact information will not be considered.

All comments will be reviewed and considered by the SRR Board of Managers and discussed with all state regulators. The SRR Board of Managers will make a final decision and that decision will be posted on the NMLS Resource Center.⁸

Comments can be submitted by email to: comments@stateregulatoryregistry.org

Comments may also be submitted in physical form to:

Uniform Authorized Agent Reporting Public Comments
Attn: Tim Doyle, Senior Vice President
State Regulatory Registry
Conference of State Bank Supervisors
1129 20th Street, N.W.
9th Floor
Washington, D.C. 20036-3403

Comment submission deadline: April 19, 2013

⁷ Information regarding the NMLS Processing Fees can be found at <http://mortgage.nationwidelicencingsystem.org/about/Pages/systemfees.aspx>

⁸ The NMLS Resource Center can be found at <http://mortgage.nationwidelicencingsystem.org/Pages/default.aspx>.