The Conference of State Bank Supervisors invited public comments on the proposed changes to the NMLS Money Services Business Call Report (MSBCR) during a public comment period from October 18, 2021 to December 17, 2021. Two organizations submitted comments during the comment period.

The comments are included in this document as they were received, without editing. Comments received in email format were copied exactly as submitted and pasted in the comments section of the table with the submitting individual's name and company displayed. Comments received as an email attachment or via USPS are displayed as submitted in their original format. These comments are noted in the table and numbered accordingly as attachments.

Comments are listed in the order received. Comments received without full name or contact information are not included. The Money Services Businesses Call Report Subcommittee will review and share the comments received with the NMLS Policy Committee. The final approved Money Services Businesses Call Report will be posted on the NMLS Resource Center.

Comments Received

<table>
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<tr>
<th>#</th>
<th>Date</th>
<th>Name</th>
<th>Company</th>
<th>Comment</th>
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<tbody>
<tr>
<td>1</td>
<td>10/27/2021</td>
<td>Kathryn Hemlock</td>
<td>Square, Inc.</td>
<td>We would like to submit the following comment for the Proposed Change to the NMLS Money Services Businesses Call Report focused on the virtual currency line items:</td>
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We are reading the definition for TA300, TA310, ST300 and ST 310 to include any virtual currency transaction that is not an exchange transaction. As it currently reads, we would interpret these line items to include TA280/TA290 and ST280/ST290 Virtual Currency Stored Value Transactions as those are also not exchange transactions. If the intention is to include only transmissions that are not already identified in one of the prior line items, then perhaps that should be clarified in the definition.

Attached please find the MSBA Comments to the Call Report proposal for Virtual Currency. As you will note, there are several questions raised, that would assist in bringing greater clarity to the request. We believe that while it is hard to project what may happen in the future with new crypto products, bringing clarity is important to set guidelines for current and future reporting, as well as data integrity.
December 16, 2021

By email to comments@csbs.org

Conference of State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th St NW, 9th Floor
Washington, DC 20036

Re: Proposed Change to the NMLS Money Services Businesses Call Report

This letter is submitted on behalf of the Money Services Business Association (“MSBA”). The MSBA is a trade association focused on the non-bank money services industry, including licensed money transmitters and their agents and/or authorized delegates, payment card issuers, and distributors, payment processors, international remittance companies, money order companies, bill payment companies, mobile payment application providers, payment aggregators, virtual currency exchanges and administrators, eWallet providers and other similar money services providers that are engaged in payments. For additional information, please see: www.msbassociation.org.

MSBA welcomes the opportunity to comment on the Proposed Change to the NMLS Money Services Businesses Call Report published by NMLS on October 18, 2021 (the “Call Report Rules”).

MSBA membership appreciates the effort by CSBS to bring greater clarity to the call report rules for Virtual Currency. With a view to improving the proposed changes, MSBA respectfully submits the following comments, by reference to line items:

**General Comment:** As CSBS is well aware, there are a myriad of types of transactions in virtual currency, now commonly referred to as ‘crypto’ including, by way of example only:

- peer-to-peer transactions, where two individuals trade with each other, with or without knowing each other
- transactions opposite reporting entities, such as the purchase of Bitcoin by an individual;
- individual transactions opposite on-chain contracts, such as staking in decentralized finance (DeFi) or contributions to a decentralized autonomous organization (DAO);
- transactions of individuals with on-chain marketplaces for non-fungible tokens (NFTs) that result in a peer-to-peer transaction through the marketplace;
- investments of crypto in exchange for equity; and
- loans of crypto.

MSBA respectfully submits that, where possible, the Call Report Rules should bring as much precision as possible as to identify which parties are covered by a given item and what transaction or element of the
transaction is covered. With a view to improving that precision, MSBA respectfully submits the following comments and questions for potential consideration by reference to sample Line-Item numbers of the Call Report Rules:

**TA 180, TA 190:** This item covers only transactions between the reporting entity and a client. If the reporting entity hosts a wallet for clients that transact amongst themselves (not with the reporting entity) would those transactions also be covered? Note that where User A debits their account to credit User B, that does change the obligations of the reporting entity as a hosted crypto wallet vis-à-vis the users. Perhaps peer-to-peer hosted wallet transactions within a single reporting entity could be deemed $0 for the purposes of reporting.

**TA 190, T 210:** This item refers to determination of U.S. Dollar exchange by reference to a blended index. There is concern that states may take differing views of what indices are acceptable as U.S. Dollar exchange data points. Perhaps CSBS could point to a clutch of established U.S. exchanges – that are reporting entities - for the applicable rate?

**TA 200:** Where an item refers to U.S. Dollar transactions does this include or exclude transactions involving U.S. Dollar stablecoins?

**Crypto Loans:** If reporting entities are to track data with respect to loans in crypto – to or from the reporting entity – what is the data that is required to be reported? Could the Call Report Rules assist reporting entities in avoiding double-reporting of certain transactions by rendering it clear, for example, that the loan of crypto by a consumer to a reporting entity is not equal to the reporting entity agreeing to host crypto for the consumer in a hosted crypto wallet?

**Types of Crypto:** Does CSBS require transaction reporting that contains granular data as to each type of crypto transacted or would it allow reporting entities to aggregate information? An obligation to provide suites of reports on every pair of cryptocurrencies could result in an overwhelming quantity of data to be reported.

MSBA membership takes comfort that the Call Report Rules are to take effect in Q1 2023. MSBA would be pleased to make itself or members available to join CSBS review of these complex questions. The primary objective for MSBA in ant update to Call Report Rules is to (i) improve the financial stability of reporting entities; and (ii) ensure that the public is protected.

Thank you in advance for any consideration given to our comments.

Yours truly,

[Signature]

Executive Director, MSBA