

March 6, 2020

Writer's Direct Contact
+1 (202) 887.8781
AFleisher@mofocom

Delegate Dereck E. Davis
Chair, Economic Matters Committee
Room 231
House Office Building
Annapolis, MD 21401

Re: Comments regarding HB 855 (Amending Maryland Money Transmission Law)

Dear Chair Davis:

I write on behalf of The Money Services Round Table ("TMSRT")¹ in regard to HB 855, which would make a number of changes to the Maryland Money Transmission Act, Md. Code. Ann. Financial Institutions, § 12-401 *et seq.*, (the "Act"). TMSRT was founded in 1988 as an information sharing and advocacy group for the nation's leading non-bank money transmitters. Since it was founded more than 30 years ago, TMSRT has worked collaboratively with states and others to assist in the passage of more than 27 state licensing laws, as well as countless revisions and amendments to such laws and their implementing regulations.

HB 855 would modify the Act to, among other things, update the definition of "money transmission" activity subject to regulation under the Act and incorporate the definitions of "prepaid access" from the federal Bank Secrecy Act. HB 855 would also eliminate state-specific reporting requirements and instead require licensed money transmitters only to submit call reports through the Nationwide Multistate Licensing System ("NMLS") on a quarterly basis on the dates required by, and containing the information required by, NMLS. Similarly, the legislation would affirm that licensees are to provide information regarding their authorized agents through NMLS on a quarterly basis in accordance with the NMLS process.

¹ TMSRT is comprised of the leading non-bank money transmitters RIA Financial Services, Sigue Corporation, American Express Travel Related Services Company, Inc., Moneydart Global Services, Inc. and Travelex Currency Services Inc., Viamericas Corporation, Western Union Financial Services, Inc., and MoneyGram Payment Systems, Inc. These companies offer a variety of funds transmission services including bill payments and funds transfers (domestic and international) through retail points of sale, the Internet, and mobile devices, as well as the sale and reloading of stored value products and other money transmission services. Each of these companies is a licensed as a money transmitter under the Maryland Money Transmission Act, Md. Code. Ann. Financial Institutions, § 12-401 *et seq.*, and is treated as a "Money Services Business" under the Bank Secrecy Act, 31 U.S.C. § 5311 *et seq.*, and its implementing regulations, 31 CFR Chapter X (collectively, the "BSA").

March 6, 2020
Delegate Dereck E. Davis
Page Two

TMSRT supports efforts to create harmonized and modernized regulation and supervision of money transmitters, including through the use of NMLS to process licensing applications, renewals, authorized agents, and related recordkeeping and reporting. TMSRT also believes, however, that it is important that technological mechanisms to manage the regulation and oversight of money services companies are aligned with the underlying statutes and regulations with which such companies must comply. Otherwise, the adoption of uniform technological solutions can create confusion if they attempt to override or otherwise conflict with state law. In this regard, we believe that the above-noted proposed amendments to the Act relating to the use of NMLS are a positive development.

We also believe there is opportunity for Maryland to subsequently consider a comprehensive modernization of the state's money transmission laws in light of recent developments in the provision and regulation of payments services. These developments include the efforts by the Conference of State Bank Supervisors ("CSBS"), through its Vision2020 initiative, to harmonize regulation of non-bank financial services companies. As part of this initiative, CSBS convened a Fintech Industry Advisory Panel (the "FIAP"), which developed a number of recommendations, embraced by CSBS and state banking departments, for harmonized regulation of payments services companies.² Building on these efforts, CSBS is also in the process of developing model payments language to facilitate harmonization of state money transmission laws and in turn enable more consistent oversight and regulation through NMLS.

Drawing on the collective experience of its members, TMSRT would welcome the opportunity to work with the Office of the Commissioner of Financial Regulation and to provide input in connection with a process of updating the Maryland money transmission law to reflect the recent efforts of CSBS and the FIAP and to more closely align with newer money transmission laws in other U.S. jurisdictions.

+ + +

If you have any questions or would like to further discuss the matters raised herein, please do not hesitate to contact me at afleisher@mofo.com or (202) 887-8781.

Sincerely,



Adam J. Fleisher
Counsel to The Money Services Round Table

² The summary of the Fintech Industry Advisory Panel Recommendations and Next Steps, including the response of regulators, is available here: <https://www.csbs.org/sites/default/files/2019-02/FIAP%20Chart%20and%20Next%20Steps.pdf>.