MSB Call Report FAQ

General Questions

Q: Is there a fee for submission or use of the MSB Call Report functionality?

A: Similar to the Mortgage Call Report, the SRR Board of Managers has not proposed an additional fee to be required for the use of the MSB Call Report for either regulators or licensees.

Financial Condition Section

Q: My company files consolidated financial statements of our parent company to state agencies. May we use these for the NMLS MSB Call Report?

A: No. The financial condition component of the MSB Call Report must be reflective of the licensee and not "rolled-up" or consolidated information of the parent company. The financial statements must be consolidated at the licensee level. Financial condition information shall include consolidated financial data for the licensee submitting the report inclusive of its subsidiaries.

Q: My company has virtual currency assets; how do I calculate a U.S. Dollar value for them?

A: Virtual currency valuation must be in U.S. Dollars and should be based on a generally accepted exchange rate and the licensee, when requested, should be able to document and substantiate how they arrived at the valuation.

Q. How does my company determine if a transmission liability is still outstanding? May I extinguish a transmission liability when money is transmitted to third party intermediaries even though the beneficiary has not yet been paid?

A. No. A money transmission liability is outstanding until the funds have been paid to the beneficiary, refunded to the customer or escheated. With respect to payment instruments and stored value, the transmission liability remains outstanding until the funds have been paid and the instrument has been cleared. A company cannot extinguish the transmission liability simply by transmitted funds to third party paying agents until there is evidence that funds have been received by the beneficiaries, and/or the instrument has cleared payment.

In the event the company does not have immediate transparency as to when beneficiaries receive payment, it should conduct a review of its payment channels to determine when payment is received by the beneficiary, and maintain a record of that review and the methodology employed to extinguish transmission liabilities. The supporting documentation and methodology are subject to the review and approval of regulators.

Q: For financial condition reporting, are the quarters reported as standalone or year-to-date at each quarter end?

A: Quarters are reported as standalone. The balance sheet information is reported as of the quarter-end, while the income statement is to be reported for the reporting calendar quarter only (three-month period). For example, if net income is $1,000 in calendar Q1; and $2,000 in calendar Q2, report the $2,000 net income performance in the income statement section for the Q2 report.

Q: For line FC360 (Retained Earnings) in the Financial Condition section, should the prior quarter's earnings be included in the balance sheet for quarterly reporting?

A: Yes, aligned with the data definition for FC360, submitters would roll previous quarter's earnings into the balance sheet for the quarterly reporting. This results in the profit and loss results being closed to the balance sheet on a quarterly basis for MSB Call Report reporting purposes.

Q: For line FC380 (Shareholder Distribution) in the Financial Condition section, should it include dividends for the current quarter, year-to-date or life-to-date?

A: Shareholder Distribution (FC380) is reported for the current quarter time period. All previous period shareholder distributions should be netted in the retained earnings field (FC360).

Q: For line FC 480 (Other Income) I hold a check casher license, but also act as an agent for a licensed money transmitter. For reporting purposes in the Financial Condition section of the MSB Call Report, where would I report fee income from completing money transmission activity as an agent?

A: Fee income that a check casher receives for being an agent of a licensed money transmitter should be reported on line FC480 (Other Income). Income from check cashing activity conducted under a check cashing license should be reported on line FC440 (Fee income from check cashing services).

Q: What virtual currency assets should my company report in FC90 (Virtual currency (in U.S. Dollars))?

A: Companies should include all virtual currency assets in FC90 in compliance with SEC guidance. This includes virtual currency "custodial" accounts held on behalf of customers and virtual currency accounts held on behalf of the company.

Q: Can my company's outstanding virtual currency liability, FC230, be less than the virtual currency balance held on behalf of customers, PI140?

A: No. The outstanding virtual currency liability (FC230) cannot be less than the virtual currency balance held on behalf of customers (PI140).

Company-wide and State Level Transactions Sections

Q: Payment processing and bill paying transaction reporting requirements vary from state to state, how do I report these transactions on the MSB Call Report?

A. Payment processing and bill paying transactions should be included in quantity and dollar volume reporting fields in the company-wide transaction reporting sections. In the state-specific transaction reporting sections, submitting entities may adjust their transaction amounts based on the regulations specific to the state they are reporting to.

Q: I hold a check casher license, but also act as an agent for a licensed money transmitter. For reporting purposes in the Transaction Activity sections of the MSB Call Report, do I report money transmission activity conducted under contract by a licensed money transmitter (principal)?

A: Money transmission activity a check casher completes for being an agent of a licensed money transmitter should not be included in the report by the agent. Transaction activity from check cashing conducted under a check cashing license should be reported by the entity submitting the report.

Q: In conducting check cashing services, in most states my company does not offer check cashing as a percentage fee. Instead, we charge a flat rate based on the face amount. What should we enter in Maximum Amount Charged for Check (ST140) for states where we charge a flat fee.

A: For states where this is the case, determine the smallest check cashed during the period and the flat fee charged and calculate the percentage fee charged. For example, if the smallest check cashed is $10 and a $3 flat fee is charged, the maximum percentage charged for the quarter is 30%.

Q: In a scenario where a VC company is holding both VC and cash on behalf of a customer, where do they report the cash liability? This scenario includes a fiat currency hosted wallet.

A:
1. The transaction that resulted in cash being held by the company on behalf of the customer should be reported under TA90, TA100, ST90 and ST100.
2. Report the corresponding liability under FC220.
3. Include liabilities for stored value in PI120.
4. The company should also update their company record in NMLS to indicate they perform the activity of issuing stored value.

Q: What is an exchange transaction?

A: An exchange transaction is a two-party transaction between one customer and a platform. The term exchange does not refer to the reporting entity's platform or business model.

Q: What is a facilitated exchange transaction?

A: Facilitated exchange transactions only include peer-to-peer activity and shall not include transactions where the reporting entity is the buyer or seller or where a party moves funds between two accounts owned by said party.

Q: What is a transmission that is not an exchange transaction?

A: A transmission is a one-way transaction involving only a sender and receiver. These are transmissions to another wallet, not owned by the customer initiating the transaction.

Q: Should companies report virtual currency to/from all fiat currency facilitated exchange transactions in ST280, ST290, TA280, and TA290?

A: Yes, companies should report virtual currency to/from USD and to/from all other fiat currency facilitated exchange transactions in ST280, ST290, TA280, and TA290.

Q: When does a reporting entity maintain control of a customer's virtual currency asset?

A: A reporting entity maintains control of the customer's virtual currency assets when the entity conducts custodial services for the customer and/or has the ability to direct the customer's assets, either directly or indirectly. If a customer has unilateral control over the virtual currency through a private wallet, the reporting entity would not have control. However, the reporting entity's use of a sub-custodian does not eliminate the reporting responsibility of the entity or its liability to the consumer because the reporting entity is responsible to the consumer for the virtual currency that is stored.

Q: If a licensee holds a bond for money transmission activity and a separate bond for stored value activity, how should they report the ADTL in ST361 and surety bond amount in ST360?

A: The licensee should calculate a combined ADTL for these activities in ST361. The bond amounts should be added for ST360. Do not include bonds for currency exchange or check cashing since there is no associated liability or need for permissible investments.

Q: What activities should be included in the ADTL in ST361?

A: A: The ADTL should include any monies received that have not been paid for money transmission, stored value, and payment instrument activity. In states that also regulate virtual currency, the ADTL should also include any monies received that have not been paid for related to virtual currency activity. This should be the daily average for the sum of FC200, FC210, and FC220 in states that do not regulate virtual currency under their money transmission laws. In states that regulate virtual currency under their money transmission laws, this should be the daily average for the sum of FC200, FC210, FC220, and FC230. For the full definition of the ADTL, see Section 2.01(u) of the Money Transmission Modernization Act.

Permissible Investments Section

Q: What activity should be included in the Average Daily Outstanding Transmission Liability (ADTL) calculation?

A: For purposes of determining Average Daily Outstanding Transmission Liability (ADTL), "money transmissions" is intended to include any money transmission activity conducted under the company's license, including sales of monetary instruments if applicable, and the outstanding liability calculation should include any outstanding payment instruments as well as any other money transmission liabilities to customers.

Q: How should I calculate Average Daily Outstanding Transmission Liability (ADTL)?

A: Average Daily Outstanding Transmission Liability (ADTL) is defined as the average sum of the daily amounts of a licensee's total outstanding money transmissions, as calculated each day of the quarter divided by the number of days in the quarter. This amount shall include company-wide foreign and domestic transactions.

Q: For line PI60 (Due from Agents) in the Permissible Investments section, what aging should we use since states have differing requirements. Also is the expectation that this number would align with FC20 (Due from Agents) on the Financial Condition section?

A: In general, PI60 is expected to agree with the FC20 value reported. Companies may choose to provide a more conservative figure (based on a stricter state requirement being followed). The explanatory notes in the Permissible Investments section can be used to explain any variance in the reporting between PI60 and FC20.

The materiality of the variance in state allowances for this item will vary depending on the company and the states in which the company is licensed in.

Q: What business activity should be included in the Total Outstanding Transmission Liability (PI120)?

A: For purposes of determining total outstanding transmission liability, the figure should include transmission liability for any money transmission activity conducted under the company's license, including sales of monetary instruments and stored value if applicable.