

Proposed NMLS Money Services Businesses Call Report

Request for Public Comments

Proposal 2015-3

October 5, 2015 – December 5, 2015

The State Regulatory Registry (SRR) invited public comments on the proposed NMLS Money Services Businesses (MSB) Call Report during a public comment period from October 5, 2015 to December 5, 2015. Eight individuals or organizations submitted comments during the comment period.

The comments are contained in this document as 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 MSB Call Report Working Group will review the comments and make recommendations to the [NMLS Policy Committee](#). The NMLS Policy Committee, after consultation with participating NMLS state regulatory agencies, will make final approvals for the final design and implementation of the MSB Call Report in NMLS and publicly respond to comments received.

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Request for Comments on Proposed MSB Call Report

#	Date	Organization	Submitter	Comments
1	10/22/2015	Barrio Group	Alberto Laureano	<ul style="list-style-type: none"> - Include section on transaction volume and principal handled via other licensed entities (example a company that has its own service but also is an agent for another company); - Include section on pay-outs (not only originated transactions, but also paid transactions originated elsewhere), including breakdown for "own" transactions and somebody else's transactions; - In check cashing, include breakdown by type of check (payroll, government, personal) and also include bad debt and/or fraud (charged off amounts); - In currency exchange include clarification on what specific currencies are available to be exchanged (pesos, lempiras, euros, etc.); - In prepaid/store value, include separate section for # of items/cards sold, and also for # of reloads (to pre-existing cards) performed, including \$ amount in each section;
2	12/3/2015	Nationwide Biweekly Administration, Inc.	-	<p>Thank you for the opportunity to review the proposed report draft and provide feedback. Our company's comments will come from a somewhat unique perspective, in that we maintain 24 Money Transmitter (or equivalent) and 3 mortgage lender/broker licenses in NMLS, and 16 money transmitter licenses outside of NMLS.</p> <p>We're excited about the idea of a single quarterly report to satisfy the MT requirements in these 24 jurisdictions but remain realistic in the certainty that there will still be requirements outside of NMLS.</p> <p>Our questions are these:</p> <ol style="list-style-type: none"> 1. "Business to business transactions" - is this for payments made to another business on the customer's behalf, or payments made to another business in the course of conducting a licensee's own affairs? 2. During the conference call, it was asked if Line "FC59 Taxes and licenses" means that licensing fees considered taxes for the purposes of this report. We look forward to hearing the determination made on this. 3. Will there be agreement between the regulators regarding the definition of "outstanding" payments? Currently, some states consider these to be all payment instruments that have been issued but remain uncleared, and some states consider this to be any money collected from a consumer that has not been deposited by the intended recipient (outstanding liability). Given the very different amounts of money represented by these two definitions, we wanted to make sure this potential for confusion was being considered. <p>I look forward to seeing the comments from others and especially to reviewing the changes that will come about in the proposed report draft from them. Thank you very much for considering this idea and for allowing companies to have input as well. Keep us posted!</p>

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#	Date	Organization	Submitter	Comments
3	12/4/2015	DolEx Dollar Express, Inc.	Laybaa Hernandez	<p>Thank you for providing us with the opportunity to comment. Listed below are our biggest concerns with this initiative. We are available to discuss these with you at your convenience.</p> <ul style="list-style-type: none"> • The reports will not replace and standardize the currently required reports because each state will have the autonomy to decide which type of information they will require based on their current legislation. • The reports will create an additional incremental burden on companies for the states not currently requiring detailed financial data • The reports will create an additional incremental burden on companies if the states decide to required detailed information down to the agent/location level • There is uncertainty on how adjustments to reports submitted will be made, if the quarterly reports will replace the annual reports, and how many states will be onboard with this initiative. • So in our view, until they define and clearly acknowledge that all states are on board and that this will replace those states current reporting requirements, this initiative will just create more reporting and more confusion to what is already a burdensome reporting and auditing state regulatory process
4	12/4/2015	Morrison & Foerster LLP on behalf of The Money Services Roundtable	Adam Fleisher	See Attachment A
5	12/4/2015	Western Union	Nikki Ayers	See Attachment B
6	12/4/2015	Money Services Business Association	Kathy Tomasofofsky	See Attachment C
7	12/5/2015	CheckFreePay	Jenny Ricci O'Donnell	See Attachment D

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#	Date	Organization	Submitter	Comments
8	12/5/2015	Blackhawk Network	Lily Swift	<p>In reply to your request for comments dated October 5, 2015, regarding the proposed NMLS Money Services Business Call Report, please see the below:</p> <p>4. How do licensees currently handle their permissible investment allocations based upon varying state requirements? For example, do licensees ensure that all their permissible investments adhere to the strictest state's permissible investment requirements that they are obligated to follow?</p> <p>Yes, we calculate our permissible investments according to the strictest state's requirements.</p> <p>5. In order to improve regulatory supervision, the NMLS MSB Call Report is intended to be collected on a quarterly basis. SRR invites comments on the frequency of data collection that best meets the goals of state money services business regulators.</p> <p>We believe that collecting data on a quarterly basis is reasonable. As a licensee with a fiscal quarter schedule, rather than a calendar quarter schedule, it is not clear how this report will reconcile the states that we are allowed to report fiscal financial information to with states that require quarterly financial data by statute. Will multiple reports need to be filed? If this is the case, the stated goal of providing a single, uniform report will not be met. We prefer to report fiscal information, as that is our official quarter end.</p> <p>6. SRR recognizes that multiple technological methods (from manual data input to automated data upload) exist that would enable companies to supply this information through NMLS. We invite specific comments if your company has an opinion on the manner in which this information is entered in the System.</p> <p>Licensees can have hundreds, if not thousands, of agent locations within each state, therefore we request that at a minimum, batch data uploads are allowed for the "Company Owned Location and Agent Transaction Detail" section of the report.</p> <p>Additional comment: The proposed report policies state that "Consolidated financial information (that contains parent company financial information) will not be accepted for the NMLS MSB Call Report."</p> <p>For licensees that currently submit a consolidated financial statement, will they be exempt from that section of the report and continue to submit consolidated financials elsewhere in the System? Requiring them to produce a separate set of financial data is both costly and burdensome.</p>

December 4, 2015

Writer's Direct Contact

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VIA EMAIL to comments@csbs.org

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

Re: MSB Call Reports Proposal

Dear Mr. Doyle:

The Money Services Round Table¹ ("TMSRT") respectfully submits this letter in response to the Conference of State Bank Supervisors ("CSBS") request for public comments on its proposed NMLS Money Services Businesses ("MSB") Call Report. TMSRT does not believe that CSBS should proceed with its proposal. It does not appear that the proposed Call Report for MSBs would ease the reporting burden for licensees. Instead, TMSRT is concerned that the proposal will create several new challenges for MSBs and significantly increase their regulatory burdens and associated costs of compliance.

We understand that CSBS is making an effort to provide a mechanism for reporting timely, comprehensive, uniform information regarding licensees' financial condition, transactions, and permissible investments through the mandatory, quarterly call reports. The proposal appears to assume that the Call Report will replace other financial reporting that MSBs are required to undertake pursuant to state statutes and regulations governing licensed money transmitters, and will consequently ease licensees' overall regulatory reporting burden. In that regard, as discussed below, the CSBS proposal appears to assume that states would accept call reports as a substitute for their current financial reporting requirements. Because certain states may require supplemental legal authority—or may need to undertake specified procedural steps—to require substituting the proposed Call Report with their current

¹ TMSRT is comprised of the leading national non-bank money transmitters, including RIA Financial Services, Sigie Corporation, American Express Travel Related Services Company, Inc., Western Union Financial Services, Inc., and MoneyGram Payment Systems, Inc. These companies offer a variety of non-bank funds transmission services, often in locations not served by banks and other depository institutions. Examples of offered services include bill payments, international remittances, or other funds transfers through retail points of sale, the internet, mobile phones, stored value devices, and other avenues.

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statutory reporting requirements, CSBS should ascertain whether state regulatory authorities currently have the legal authority to adopt the Call Report. In addition, if the state regulatory authorities have such authority, CSBS should ascertain whether and how many states are likely to substitute the proposed Call Report for their entire current reporting requirements. Until this important issue is addressed, it appears that the proposed Call Report would increase the regulatory reporting requirements without any benefit to either regulators or licensees. Instead of enabling more efficient reporting and oversight of licensees (laudable goals), it will simply add a very burdensome reporting requirement on top of the already significant reporting requirements for MSBs. In addition, TMSRT believes that there are a number of significant problems with the *substance* of the Call Report proposal. Our comments will address both issues.

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TMSRT Does Not Support the CSBS's Proposed Imposition of Call Reports on MSBs

NMLS, as currently used by state money transmitter licensing authorities, can be an effective tool for the collection and dissemination of information generally required by state licensing laws, such as background information about officers and directors. NMLS can provide MSBs with an efficient way of transmitting information to state regulators when multiple state licensing regimes require submission of the same information.

It does not appear, however, that the proposed NMLS Call Report as conceived will provide any efficiencies for MSBs. The proposal will require quarterly reports when most states require financial data only on a semi-annual or annual basis, and state-specific reporting deadlines are staggered throughout the year.² In addition, most states, either by statute or regulation, currently require MSBs to report different information than the information required in the proposed Call Report. (For many states, this information must be reported on certain designated forms and formats.) Unless all state regulators that regulate MSBs (1) have or exercise the authority to alter their reporting requirements and (2) will alter their reporting requirements to adopt the proposed NMLS Call Report, the proposal will significantly increase MSBs' financial reporting burdens without any benefit.³

² We also note that the proposed 45-day quarterly deadline for the reports would be a significant challenge for the accounting departments of many MSBs, especially in light of the numerous parallel reporting obligations that will likely still be required.

³ Indeed, it is our understanding that not all states have accepted the NMLS Call Reports for the mortgage industry (even though all states manage mortgage licensing through NMLS), and we are greatly concerned that CSBS will not be able to secure acceptance of MSB Call Reports by state regulators, assuming that those regulators have the authority to accept them.

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If the proposal is adopted, MSBs will be required to comply with new and more burdensome financial reporting requirements not necessarily required by any state, without relief from existing state regulatory reporting requirements. Because state regulatory authorities already obtain the financial information that they need through their own processes, it is not clear why CSBS should impose this additional burden on MSBs.

TMSRT understands that CSBS believes that any state that participates in NMLS could review, and rely upon, any hypothetical call report. As we understand it, CSBS takes the position that even though all company filings in NMLS are confidential, these reports would be available to *all* state regulators in NMLS.⁴ TMSRT is concerned that the automatic dissemination of financial information in the proposed Call Report to state regulators that have not formally authorized the receipt of such information could violate state administrative procedures laws and could compromise the ability of MSBs to keep their confidential information confidential.

TMSRT Has Numerous Concerns about the Substance of the Proposal

TMSRT is also concerned with several other aspects of the Call Report proposal. MSBs will find it very challenging to actually complete the proposed Call Report on a quarterly basis, even if the specific concerns identified by industry could somehow be addressed.

As a preliminary matter, the proposed Call Report itself appears to be insufficiently developed. The Call Report includes, for example, duplicate pages (see page 25), undefined terms, and materials that were apparently copied from mortgage call reports not applicable to money transmitter licensees (such as a reference to “regulatory and automobile” license taxes and fees).

In addition, the proposed Call Report should not be a vehicle for all state regulatory authorities to impose burdensome reporting requirements without considering their required regulatory processes. For instance, CSBS has suggested that the Call Report should include functionality allowing states to require their licensees to report the destination country of money transmissions. Only a handful of states currently require destination country information and it can take days for an MSB to collect and process just this limited information set. Expanding the destination country requirement to all NMLS states would require significant information technology resources to develop programs to pull this data on a state-specific basis, which could require more than a year of development lead time. Once

⁴ The confidentiality of MSB financial reporting would also be undermined by CSBS’s suggested approach of making high-level aggregate data about transactions and financials publicly available. There is no authority to centralize and aggregate this data in the first place, and no justification for making it publicly available in this fashion.

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implemented, the actual reporting, which would still require manual effort, could require significantly more personnel time than is now required.

If any state regulator wishes to impose this obligation on its licensees, it should do so only after it has (1) obtained or affirmed that it has the authority to require such information and (2) adopted a regulation or otherwise formally affirmed that this information is required by the state for it to properly supervise its licensees. NMLS should not be a vehicle to bypass the normal state-by-state regulatory processes for requiring licensees to provide information as part of their ordinary reporting requirements. TMSRT would also note that it is not clear how destination-country reporting on an agent-by-agent basis or even a state-by-state basis would be helpful or beneficial to regulators or why this information should be required.

The proposal also appears to not take into account the practical burdens the proposal would impose on the operations of a money transmitter business. For instance, it differentiates between consumer-initiated transactions and business-to-business transactions. Licensees' systems are not necessarily set up to track these types of transactions as state MSB laws impose no separate reporting or recordkeeping requirements based on the nature of the initiator of the transaction. Furthermore, it is not clear what benefit there would be to state regulators if transactions had to be reported in this fashion—assuming licensees could even configure their systems to actually track this information.

It will also be a challenge for licensees to reconfigure their systems to generate another set of financial reports in a specific, unique format. A number of states already impose specific reporting requirements that include uploading documents, submitting them via email, or manually entering data into a state-specific online reporting system. Adapting systems to make data compatible for an automated upload or manually inputting information will create new burdens on MSB's information technology and accounting departments, again with little benefit and limited relief from existing reporting obligations. At the level of detail required by the proposed Call Report, configuring systems to supply this information—however it would be supplied—will be a daunting task.

We also believe there are a number of significant definitional issues in the proposal. For instance, items FC21 and FC22 appear to define outstanding payment instruments and outstanding stored value to foreclose the use of a GAAP-recognized accounting practice whereby liability can be extinguished for certain stored value devices, such as open-loop payment cards for which payment of the obligation is remote. Similarly, the definition of outstanding money received for transmission (FC20), which includes in part the statement that "liability may be extinguished only when transaction received by beneficiary bank," appears to not contemplate business models in which liability may be extinguished by the licensee when funds are pushed to an intermediary.

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Furthermore, bill payment is not defined by the proposal, but the Call Report requests certain specific information about so-called “bill payment” transactions. Leaving aside the definitional issue, it is not clear why this type of transaction would need to be itemized in any financial report. Similarly, “money transmission” itself is not defined for purposes of transaction activity reporting, although it apparently would include “bill pay” and “business to business” transactions. The absence of clearly defined terms will create a significant reporting challenge for licensees, especially in light of the varying definitions of terms such as payment instruments and stored value on a state-by-state basis. Indeed, this variation in definitions between the states reinforces the problems of trying to impose on MSBs a sweeping one-size-fits-all approach through the proposed Call Report, as opposed to at least starting from a more modest uniform report. The detailed and varying information that is proposed to be reported is not likely to be useful to many states because it calls for the presentation of data in a form that is not consistent with their regulatory frameworks.

The proposed Call Report would also require reporting relating to permissible investments coverage. State requirements relating to permissible investments differ even more than their ordinary financial reporting requirements. In light of different state definitions, and calculations, for permissible investments, it does not appear that the permissible investment information will have any practical use to state authorities. MSBs will simply have to report that information both on the Call Report and separately to each state in compliance with state regulations. Furthermore, the permissible investments worksheet does not take into account the significant current variances in state money transmitter laws with respect to virtual currency.

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TMSRT urges the CSBS to withdraw its NMLS Call Report proposal and to perhaps revisit it, with industry input from the outset, to attempt to develop an approach that can provide regulators with valuable information without severe detriment to licensees. The proposal as contemplated appears likely to impose a significant burden on MSBs without providing a regulatory benefit.

Sincerely,



Bradley S. Lu



December 4, 2015

State Regulatory Registry
Conference State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th Street SW, 9th Floor
Washington, DC 20036

Transmitted via FedEx and to: comments@csbs.org

Re: *Comments on Proposed NMLS MSB Call Report (the "Proposal")*

Dear Mr. Doyle:

This letter is submitted on behalf of Western Union Financial Services, Inc. ("WUFSI"), Western Union Business Solutions (USA), LLC ("WUBS USA") and Custom House USA, LLC ("CH USA"), (collectively referred to as "Western Union").

Western Union appreciates the goals of the Nationwide Multistate Licensing System & Registry ("NMLS") to reduce regulatory burden by establishing a uniform financial and activity report that could be used to satisfy reporting requirements on a multi-state basis. We also appreciate the publication of the Proposal for public comment. However, as explained below, we have serious concerns that the Proposal will actually increase, rather than reduce, regulatory burden without any apparent corresponding regulatory benefit (as evidenced by current reporting requirements for the vast majority of the states that participate in NMLS). Accordingly, Western Union respectfully requests NMLS to adopt the suggestions set forth herein. These suggestions reflect Western Union's experience in working with the states and its commitment to providing transparent and meaningful information to the various regulators who oversee our services.

Western Union Respectfully Requests that the Proposal be Withdrawn or Substantially Modified to More Appropriately Balance State Needs, as Reflected by Current Reporting Requirements for the Vast Majority of NMLS States, With the Regulatory Burden Imposed on Industry.

Currently, thirty-two jurisdictions use NMLS. Excluding Uniform Authorized Agent Reporting (“UAAR”),¹ approximately ten of these jurisdictions require some quarterly financial reporting, but for five of these states quarterly reports are limited to state and U.S. transactional information, information about state and U.S. outstanding instruments and coverages of those outstanding amounts. Thus, it appears that only five current NMLS states require filings with the type of information in the Proposal (Georgia, Michigan, Puerto Rico, Texas, and Vermont). Even these five jurisdictions, do not require anything approaching the detail contained in the Proposal. Further, with respect to annual reports, we are not aware of any state which requests the detailed information found in the Proposal.²

In many respects the Proposal appears to adopt the most detailed state quarterly financial reporting for licensed money transmitters. However, several of these states which appear to have been considered as models in this compilation of the Proposal are *not currently NMLS participants*. Further, the majority of the information on schedules Part II (b) and Part II (c) of the Proposal is generally only provided to jurisdictions in connection with examination requests. We also do not believe that the information sought specifically by Parts II (b) and II (c) are currently requested by *any* jurisdiction on a quarterly basis.

As a result, the Proposal will require significantly more work, time and additional staff for the purpose of NMLS reporting and therefore will be quite costly to complete. In light of this added burden, we respectfully request NMLS to withdraw the Proposal or to work with industry to substantially modify the Proposal by concentrating on the information and data requests currently required by the vast majority of NMLS member jurisdictions, rather than attempting to provide an omnibus Call Report that includes data requests that are only required in isolated incidents or by non-NMLS states.

¹ The UAAR process allows licensed money service businesses to file a single, uniform report of their authorized agent (also known as authorized delegate) locations through NMLS to all participating state agencies. Reporting through NMLS replaces these states’ agent location reporting requirements.

² For example, we believe that only one state currently requests transactional information by country on an annual basis. In light of current practices, we respectfully request NMLS to reconsider whether this level of detail affords the states sufficient benefit to justify the burden to industry in terms of time, staff and cost.

If Adopted, the Proposal Should be Clarified to Identify the Initial Participating States and to Provide Industry With Sufficient Implementation Time. The Proposal Should Also Contain Minimum Implementation Time Periods for Subsequent State Adopters and Changes.

The uniform financial and activity report contemplated by the Proposal would permit individual states to select whether they would like certain information fields populated. Much of the information contained in the Proposal (especially in Part II (b) and (c) relating to transaction data) is not currently requested or prepared on a state-by-state basis in the specific categorized fashion required in the Proposal. Therefore, it will be critical to determine which states will request which specific fields as preparation of that information will be a timely and difficult endeavor. Further, we respectfully request that the Proposal be clarified to identify which states will require which information and to set forth minimum implementation time periods (e.g., 18 months) between when a jurisdiction requests additional information and when that reporting must be commenced. In our experience, transmitters must be afforded a sufficient period of time to change our processes and data processing programs to capture the relevant information and such changes can often take up to 18 months depending upon the existing information technology changes scheduled for the year. Further, once one state requests the new report data, other states may similarly request (in the same or modified form) similar information for that state, even if the data in question was not previously requested or used for any regulatory purpose. The result will be both be burdensome and costly for the industry.

The Proposal Appears Unlikely to Yield Meaningful Benefits to the States in Connection with Examination Planning.

Western Union understands that the Proposal is intended to assist the states with examination planning. Western Union currently provides detailed and specific information to its state regulators in anticipation of examinations and during examinations. There is no objection to providing any type of information to meet specific examination needs. In our experience, the current examination process appears to satisfy existing needs. For this reason, we respectfully request NMLS to reconsider if the Proposal, as drafted, offers meaningful benefits to the states in connection with examination planning.

The Proposal Requires Additional Clarification.

Western Union has additional clarifying questions as follows:

- It is unclear whether Part II (c) needs to be filled out for each agent in the state or on an aggregated basis for all agents in the state. We recommend that NMLS clarify that this information is only required on an aggregated basis since this is primarily consistent with how such information must be reported to the states now.
- Item 11 on page 4 suggests that aggregated data that does not disclose any particular company's information may be made available by the State Regulatory Registry (SRR) or state regulators. To whom and what exact information will be made available? During the Public Comment conference call, the representatives from the drafting committee suggested that this

aggregated data could be very useful for statistical purposes as to U.S. activity. Currently, three of the most populous states, with a large volume of U.S. transactions are not participating in NMLS. Any aggregated data obtained through NMLS would not be representative of U.S. activity without those states. Western Union respectfully requests clarification for the purpose of disclosing aggregated data.

- Part II (b) and (c), Line ST1 asks for the number of bill pay transactions initiated in states and Line ST3 asks for the number of business-to-business transactions initiated in states. Bill pay transactions should be defined since business-to-business transactions may also be bill pay transactions. Further, Western Union does not currently categorize its transactions for reporting in this manner, nor are there any existing state reporting requirements that mandate such categorization. It would require a great deal of programming configuration to be able to systematically report transactions in these categories. Moreover, Western Union does not believe that the categorization of this information provides any material benefit to the assessment of a licensee's safety and soundness and contends that the benefit of this information does not outweigh the substantial regulatory burden it places on industry.
- There are inconsistencies in the definition provided in the Glossary between FC20, which is the total amount of money received for transmission and not yet paid to beneficiaries (implying that international liabilities should also be included) and PI12 which is the total domestic outstanding transmission liabilities. The Western Union licensees' financial statements are prepared on a consolidated basis and have international liabilities that would be reported on FC20. Clarification on how these liabilities should be reported is respectfully requested.
- The definition in the Glossary found at PI 1 provides that "Domestic Cash on Hand and in Bank" includes cash on hand, cash in transit, checks, drafts, and ACH debits in the process of clearing or collection. Based on our experience, states may take a different position on whether items in transit qualify as permissible investments. We respectfully request confirmation that all participating states agree with the foregoing definition and that Western Union would only have to complete one permissible investment form and not have to customize based on any other state specific definition or interpretation as to the definition of this term.
- Will there be a separate schedule created to report the details of investments as per the definition of FC8 in the Glossary? Depending upon the level of detail provided, this could be an extremely burdensome requirement; especially given that no jurisdiction has requested any more detail than what is currently provided in order to determine compatibility of investments to those defined as "Permissible Investments". We are willing to speak confidentially and in more detail with the states regarding this topic.

Western Union's Response to the Specific Questions Posed in Connection With the Proposal

Specific questions were posed in the Request for Public Comment. Below are the responses of Western Union to those questions.

1. Will the proposed NMLS MSB Call Report provide sufficient information to state money services businesses regulators regarding the transaction activity of the various money services businesses activity types in order to eliminate unique state reports and improve supervision? If not, what additional information should be requested?

RESPONSE: The information being requested appears to be far greater than anything currently requested by states. It is not clear how this additional information, which has not been considered useful previously, would be useful now.

2. Certain states require the transmission activity to include destination country information. Would it be convenient/beneficial for industry if the NMLS MSB Call Report included functionality for states that require their licensees to report destination country to receive it through the NMLS MSB Call Report? This would most likely be accomplished through the submission of additional data elements in the state specific transactional activity section of the report.

RESPONSE: It would not be convenient or beneficial for states to report destination country to receive it through the Call Report. The vast majority of the states do not currently require this information on a quarterly, semi-annual, or annual basis.

3. Does the proposed NMLS MSB Call Report provide sufficient information to state money services businesses regulators regarding high-level permissible investment amounts (if applicable to licensee's activity type(s))? If not, what additional information should be requested?

RESPONSE: The proposed high level permissible investment reporting is relatively consistent with most states' current reporting requirements; however, there are NMLS participating jurisdictions that do have different requirements. It is not clear if licensees will be expected to continue to prepare unique permissible investment reports for those states. Considering that the differences are in some cases statutorily driven, it seems likely that licensees will continue to be required to prepare a variety of versions of permissible investment reports.

4. How do licensees currently handle their permissible investment allocations based upon varying state requirements? For example, do licensees ensure that all their permissible investments adhere to the strictest state's permissible investment requirements that they are obligated to follow?

RESPONSE: We are willing to speak confidentially with the states regarding this topic.

5. In order to improve regulatory supervision, the NMLS MSB Call Report is intended to be collected on a quarterly basis. SRR invites comments on the frequency of data collection that best meets the goals of state money services business regulators.

RESPONSE: The majority of the states included in the proposed Call Report do not currently require information to be collected on a quarterly basis. As most information in Part II (b) and (c) is not provided to states outside of exams, providing this information on a quarterly basis creates additional work for companies needing to file.

Western Union is committed to complying with all applicable laws and regulations relating to our businesses. We are also committed to working with the states to provide transparent and meaningful information to the various regulators who oversee our services. We hope the suggestions in this letter will be helpful to you, and we commend you again for publishing a Proposal and soliciting public comments. Thank you for your consideration of the comments outlined in the response.

Should you require any additional information or wish to discuss our response, please do not hesitate to contact me at (720) 332-4621.

Very truly yours,



Nicole Ayres
Director, Global Compliance



Money Service Business Association
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Montvale, NJ 07645-1022

Phone: 201-781-2590
Email: info@msbassociation.org

December 4, 2015

State Regulatory Registry
Conference of State Bank Supervisors
1129 20th St, NW 9th Floor
Washington, DC 20036

Re: Request for Comment: NMLS – Money Services Business Call Report – Proposal 2015-3.

Dear Ladies and Gentleman:

This letter is submitted to the NMLS Working Group and the State Regulatory Registry LLC on behalf of the Money Services Business Association (“MSBA”) in response to a request for comment issued on October 5, 2015.

The MSBA is a newly formed trade association focused on the non-bank money services industry. The Association was started to establish an industry led organization that supports the non-bank financial services industry and encourages the continued innovation and development in the payments industry while assisting in the education and communication with Federal and State Regulators.¹

Overall, the MSBA supports the goal of the NMLS to replace and standardize financial and activity reports currently required by state regulators. We have encouraged our members to submit technical comments on the reports themselves, which may identify omissions from current reporting processes, and eliminate the need for duplicative reporting within a state.

Our industry members fully support NMLS efforts to “unify” requirements, simplify “uploading” and concentration of licensees’ information and facilitate the states visibility on critical items. The NMLS is a step in the right direction, however the benefits cannot be fully leveraged until all states are part of the system, and the requirements by each state are more similar than different. The NMLS Call Report, if not supported by all states, will only serve to increase the work on Money Service Businesses. We would encourage additional discussions with the states to gain assurances of acceptance prior to implementation so that Money Service Businesses are not placed under additional reporting burdens.

¹ This letter does not necessarily represent the position of each organization that is a member of the MSBA.

Money Service Business Association
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The MSBA stands ready to cooperate and assist in collaborating in discussions on regulation standardization across all states which will only benefit the states in the long-term by promoting business growth within their state and ensuring safe, secure and cost effective products for consumers.

The MSBA would like to thank the CSBS for the opportunity to comment on this important NMLS initiative and we applaud the efforts of the state regulators who were members of the NMLS Working Group.

We look forward to working with you to support uniform reporting and regulation. If you have any questions or require further information, please do not hesitate to contact us.

Sincerely,



Alberto Laureano
Chair, MSBA
alaureano@barrigroup.com

Kathy Tomasofsky



Director of Operations, MSBA
Kathy.Tomasofsky@MSBAAssociation.org



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December 4, 2015

SENT VIA EMAIL (comments@csbs.org)

State Regulatory Registry
 Conference of State Bank Supervisors
 Attn: Tim Doyle, Senior Vice President

Re: Request for Public Comments Proposal 2015-3: NMLS MSB Call Report

Dear Mr. Doyle:

CheckFreePay Corporation (“CheckFreePay”) submits this letter in response to the request for public comments on Proposal 2015-3 NMLS MSB Call Report (the “Proposal”). We appreciate the opportunity to provide comments concerning the NMLS MSB Call Report (the “Report”), and hope that they are helpful to the NMLS MSB Call Report Working Group (the “Working Group”), and Money Services Businesses (“MSBs”) generally. CheckFreePay is licensed in forty-nine (49) states in connection with its direct-to-consumer offering various products and services, and is an active user of the NMLS. In addition, CheckFreePay participated in the October 27, 2015 conference call hosted by the Working Group (the “Call”) concerning the Proposal.

CheckFreePay is appreciative of the efforts of the Working Group, and supports its mission to create uniform financial and activity reporting for MSBs, however, CheckFreePay is not in favor of the use of the Report for the reasons articulated herein. Specifically, CheckFreePay believes that the Report will not alleviate burden on MSBs, and instead will have the opposite impact – adding to the already heavy burden by creating additional reporting requirements. Approximately half of the twenty-seven (27) states that participate in the NMLS today require additional renewal information be submitted separately and directly to their states, in addition to the information that is required to be submitted within the NMLS. These additional reporting requirements are contrary to the notion of a single, uniform system, and is exemplar of the reason that CheckFreePay does not support the Report.

NMLS Money Services Businesses Call Report Policies

1. The NMLS MSB Call Report is a uniform form that will be completed by MSB companies, licensed in states that choose to require their licensees to submit the report. Companies will only be required to complete sections and questions that are relevant to the company’s MSB activities and/or authorities. Those areas of the form that are not applicable to a specific company would not be required, by the system, to be completed.



COMMENT: CheckFreePay recommends that the Working Group consider the fact that states may oversee and regulate the products and services of MSBs' with a multi-state footprint differently, from state to state. MSB activity might not be considered regulated activity in a particular state whereas another state may indeed regulate that same activity. The Working Group indicated on the Call that the specific areas of the form which are required to be completed would be based upon which states adopt the Report, and based upon those activities the MSB indicates that it participates. CheckFreePay requests clarification regarding how the system will identify what specific activity information will be required on a state-by-state basis.

3. In adopting states, companies that, under state laws or regulations, are required to submit a self-prepared financial statement as part of maintaining a license or registration may use the NMLS MSB Call Report to meet this requirement. Companies that are required to submit a Compiled, Reviewed or Audited financial statement must complete and submit such financial statements through NMLS in addition to the NMLS MSB Call Report.

COMMENT: CheckFreePay requests clarification as to whether MSBs will be notified through the NMLS whether completion and submission of a "Compiled, Reviewed or Audited financial statement" is required, and by which state(s) in addition to and/or in lieu of the Report.

5. Companies are only required to complete sections relevant to their activities in the Transactional Activity Reporting Section (Part II). For example, if a company only conducts check cashing activity, the system only requires the license to complete the check cashing transactional activity data fields. Activity is to be reported on a year-to-date (YTD) basis.

COMMENT: According to the Proposal, the Report is intended to be a quarterly condition report. Therefore, CheckFreePay believes that the activity should be reported on a quarterly basis, and not on a YTD basis.

8. Companies with one or more licenses in any "approved" status during the quarter will be required to file the NMLS MSB Call Report on a quarterly basis in states that adopt the Report. The collection of the NMLS MSB Call Report will replace certain existing reporting requirements in states that adopt the Report.

COMMENT: CheckFreePay recommends that those states that adopt the Report clearly notify MSBs which of the existing state reporting requirements will be replaced by the Report. This clarification will help eliminate any potential confusion or ambiguity that may exist, which could result in potential reporting violations by the MSB.

11. State, regional, and national aggregated data that does not disclose any particular company's information may be made available by SRR or state regulators.

COMMENT: CheckFreePay requests that MSBs are provided advanced written notification as to whom and for what purposes the aggregated data is to be made available. This will ensure that MSBs are able to track interested parties and their use of the data, as it may impact the MSBs.



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Part I: Financial Condition Report

MSBs are generally required by state money transmitter laws to maintain books and records in accordance with generally accepted accounting principles (“GAAP”). The Proposal MSB Call Report Glossary (the “Glossary”) includes definitions that are inconsistent with GAAP, as discussed below:

Assets FC1: Cash on Hand and in Bank: Include cash on hand, cash in transit, checks, drafts, ACH debits in the process of clearing or collection in the United States, certificates of deposit (CDs), and demand and time balances of accounts at federally insured financial institutions in the United States and banks in foreign countries.

COMMENT: The definition of “Cash on Hand and in Bank” includes “cash in transit” and “ACH debits in the process of clearing or collection”. For avoidance of doubt and in accordance with GAAP, this definition should be amended to include “ACH credits in the process of clearing”.

Assets FC2: Due from agents (net of allowance for doubtful accounts): Include all moneys owed to licensee from receiving and paying agents net of allowance for doubtful accounts. Also include all money advanced or pre-funded to a paying agent for the purposes of paying transmission liability to beneficiaries. This is a gross figure. Do not net any advances or pre-funds against transmission liability.

COMMENT: This definition should be expanded to include amounts owed to the licensee from consumers and customers (e.g. biller clients for bill payment). Not all transmission receivables are due from agents, as some are due from billers (e.g. rejected payments), or may be owed directly from consumers (e.g. ACH failures).

Liabilities and Equity FC 20: Outstanding money received for transmission liability: Report licensee’s total amount of money received for transmission and not yet paid to beneficiaries. This amount should include all outstanding transmission liability. Liability may be extinguished only when transaction received by beneficiary bank.

COMMENT: The definition of “outstanding money received for transmission liability” indicates “[L]iability may be extinguished only when transaction received by beneficiary bank.” This requirement is inconsistent with GAAP, and the sentence should be deleted. Pursuant to GAAP, the liability is extinguished when the ACH transaction file is transmitted to the beneficiary bank, and not when it is received by the beneficiary bank.

Liabilities and Equity FC 21: Outstanding payment instrument: Report licensee’s total amount of outstanding payment instruments (including money orders, and travelers’ checks) not yet paid to beneficiaries or negotiated. This amount should include all outstanding payment instrument liability. Liability extinguished only when funds settled with beneficiary (entity the instrument is payable to).

COMMENT: The definition of “outstanding payment instruments” as it is currently drafted includes payment instruments that have been issued, but not yet negotiated. This is inconsistent



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with GAAP. The reference to “or negotiated” should be deleted from the definition. Further, the last sentence is also inconsistent with GAAP for the same reason, and should be removed from the definition. Pursuant to GAAP, the liability is extinguished when the transaction is transmitted to the beneficiary. For example, the liability is extinguished when paper checks are mailed for the benefit of the consumer. The liability is not required to be maintained until the check is cashed.

Liabilities and Equity FC 22: Report licensee’s total amount of outstanding stored value. This amount should include all outstanding stored value liability. Liability extinguished only when received by merchant.

COMMENT: The definition of “Outstanding stored value” indicates “Liability extinguished only when received by merchant.” This requirement is inconsistent with GAAP, and the sentence should be deleted. Pursuant to GAAP, the liability is extinguished at the time that transaction is transmitted to the issuing bank, and not at the time that it is received by the merchant. Further, the definition as currently drafted assumes that all stored value transactions are merchant centric transactions. Stored value transactions may also include person-to-person and ATM transactions.

General Comment to Liabilities and Equity FC 21 Outstanding Payment Instruments and FC 22 Outstanding Stored Value: Certain states do not maintain a separate definition of stored value, have eliminated the term, or instead consider stored value within its definition of payment instruments. CheckFreePay requests clarification regarding how the Working Group intends to address the disparity in state-by-state variations.

Expenses FC59 Taxes and licenses: Expenses related to payroll and property taxes and regulatory and automobile licenses.

COMMENT: CheckFreePay requests clarification regarding the specific information being requested with respect to “regulatory and automobile licenses”.

Part II(b): Transactional Activity Report State Transaction Detail

Money Transmission ST 7: # of all other consumer transmission transactions from in-state to U.S. states and territories Report the total number of all other consumer transactions from in-state to be sent to another state or territory of the United States in the quarter. Does not include bill pay or business to business transactions.

Money Transmission ST 8: \$ amounts received for all other consumer transmission (outbound) from in-state to U.S. states and territories Report the total dollar amount of money received for all other consumer transmission from in-state to be sent to another state or territory of the United States in the quarter. Does not include bill pay or business to business transactions.

COMMENT: Both ST 7 and ST8 indicate that information should be provided from in-state transactions “to be sent to *another* state or territory...” (emphasis added). CheckFreePay believes that this would exclude in-state transactions, and requests clarification regarding whether or not the Working Group intends to exclude from the Report in-state transactions where both money sent and received are within the same state.



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Part II(c): Transactional Activity Report Company Owned Location and Agent Transaction Detail

COMMENT: CheckFreePay strongly urges that this information should not be included as part of the Report.

The main objective of the Report is to standardize state reporting requirements. The requested information, however, cannot be standardized as the activity is specific to state locations. In other words, there is not standard information that will satisfy all states. The numbers reported will always vary by state, which is in direct opposition of the main objective of the Report. There is no benefit to a licensed entity or a regulator by presenting this information in the Report.

Furthermore, CheckFreePay is only aware of two (2) states today that require reporting of this information. The reporting is extremely burdensome, and the burden would be exponential if it were expanded to include additional states. If a state requires company owned location and/or agent transaction detail, then it can, as it is presently, be requested and provided separately, and not as part of the Report.

Part III: Permissible Investment Report

Footnote 6 on page 18: “Reported at company level. To determine compliance to state specific permissible investment regulations, regulators will utilize the NMLS Data Analytics Module where they can select only certain permissible investment categories to calculate investment percentages compared to the whole.”

COMMENT: The Proposal does not indicate how MSBs will be notified of which permissible investment categories a state will select. It is imperative that MSBs are provided advance written notice by each state that adopts the Report of the specific permissible investment categories it has selected, and what percentage of the total of each category that it will allow. MSBs require this information in order to ensure that it can meet each state’s permissible investment requirement. Also, CheckFreePay requests clarification regarding whether state specific reports will be made available to MSBs for its records following submission.

Other General Comments:

CheckFreePay requests at least one hundred and eighty (180) days advance written notice should prior to implementation of the Report. In addition, the notice should clarify which states have adopted the Report, and which of the state(s) existing reports are being replaced by the Report. This will enable MSBs to evaluate and implement any possible changes it may need to make to its current processes and procedures in order to meet its reporting requirements. CheckFreePay additionally requests that training be made available to MSBs on completion of the Report within NMLS, coincident with the 180 days advance written notice.



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Finally, CheckFreePay submits that the Reports should be able to be modified by MSB post submission in order to ensure correctness of information which may need to be updated from time-to-time.

Thank you for your time and consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Jenny Ricci O'Donnell".

Jenny Ricci O'Donnell
Director, Regulatory Compliance