

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 ARTICLE I. Title & Purpose

5 Section 1-1. Short title; references. Articles 1 through
6 12 may be cited as the Uniform Money Transmission
7 Modernization Act. In Articles 1 through 12, references to
8 "this Act" mean Articles 1 through 12.

9 Section 1-2. Purpose.

10 (a) This Act is designed to replace existing state money
11 transmission laws currently codified under the Transmitters of
12 Money Act. It is the intent of the General Assembly that the
13 provisions of this Act accomplish the following:

14 (1) ensure states can coordinate in all areas of
15 regulation, licensing, and supervision to eliminate
16 unnecessary regulatory burden and more effectively utilize
17 regulator resources;

18 (2) protect the public from financial crime;

19 (3) standardize the types of activities that are
20 subject to licensing or otherwise exempt from licensing;
21 and

22 (4) modernize safety and soundness requirements to

1 ensure customer funds are protected in an environment that
2 supports innovative and competitive business practices.

3 (b) The provisions of this Act shall be liberally
4 construed to effectuate its purposes.

5 ARTICLE II. Definitions

6 Section 2-1. Definitions. As used in this Act:

7 "Acting in concert" means persons knowingly acting
8 together with a common goal of jointly acquiring control of a
9 licensee whether or not pursuant to an express agreement.

10 "Authorized delegate" means a person a licensee designates
11 to engage in money transmission on behalf of the licensee.

12 "Average daily money transmission liability" means the
13 amount of the licensee's outstanding money transmission
14 obligations in this State at the end of each day in a given
15 period of time, added together, and divided by the total
16 number of days in the given period of time. For purposes of
17 calculating average daily money transmission liability under
18 this Act for any licensee required to do so, the given period
19 of time shall be the quarters ending March 31, June 30,
20 September 30, and December 31.

21 "Bank Secrecy Act" means the Bank Secrecy Act, 31 U.S.C.
22 5311, et seq. and its implementing rules and regulations, as
23 amended and recodified from time to time.

24 "Bill payment service" means the business of transmitting

1 money on behalf of an Illinois person for the purposes of
2 paying the person's bills.

3 "Closed loop stored value" means stored value that is
4 redeemable by the issuer only for goods or services provided
5 by the issuer or its affiliate or franchisees of the issuer or
6 its affiliate, except to the extent required by applicable law
7 to be redeemable in cash for its cash value.

8 "Control" means:

9 (1) (A) the power to vote, directly or indirectly, at
10 least 25% of the outstanding voting shares or voting
11 interests of a licensee or person in control of a
12 licensee;

13 (B) the power to elect or appoint a majority of key
14 individuals or executive officers, managers,
15 directors, trustees, or other persons exercising
16 managerial authority of a person in control of a
17 licensee; or

18 (C) the power to exercise, directly or indirectly,
19 a controlling influence over the management or
20 policies of a licensee or person in control of a
21 licensee.

22 (2) Rebuttable Presumption of Control.

23 (A) A person is presumed to exercise a controlling
24 influence when the person holds the power to vote,
25 directly or indirectly, at least 10% of the
26 outstanding voting shares or voting interests of a

1 licensee or person in control of a licensee.

2 (B) A person presumed to exercise a controlling
3 influence as defined by this Section can rebut the
4 presumption of control if the person is a passive
5 investor.

6 (3) For purposes of determining the percentage of a
7 person controlled by any other person, the person's
8 interest shall be aggregated with the interest of any
9 other immediate family member, including the person's
10 spouse, parents, children, siblings, mothers-in-law and
11 fathers-in-law, sons-in-law and daughters-in-law,
12 brothers-in-law and sisters-in-law, and any other person
13 who shares such person's home.

14 "Department" means the Department of Financial and
15 Professional Regulation.

16 "Division" means the Division of Financial Institutions of
17 the Department of Financial and Professional Regulation.

18 "Eligible rating" means a credit rating of any of the 3
19 highest rating categories provided by an eligible rating
20 service, whereby each category may include rating category
21 modifiers such as "plus" or "minus" for S&P, or the equivalent
22 for any other eligible rating service. For purposes of this
23 definition, long-term credit ratings are deemed eligible if
24 the rating is equal to "A-" or higher by S&P, or the equivalent
25 from any other eligible rating service; short-term credit
26 ratings are deemed eligible if the rating is equal to or higher

1 than "A-2" or "SP-2" by S&P, or the equivalent from any other
2 eligible rating service; if ratings differ among eligible
3 rating services, the highest rating shall apply when
4 determining whether a security bears an eligible rating.

5 "Eligible rating service" means any nationally recognized
6 statistical rating organization as defined by the U.S.
7 Securities and Exchange Commission, and any other organization
8 designated by the Secretary by rule or order.

9 "Federally insured depository financial institution" means
10 a bank, credit union, savings and loan association, trust
11 company, savings association, savings bank, industrial bank,
12 or industrial loan company organized under the laws of the
13 United States or any state of the United States, if the bank,
14 credit union, savings and loan association, trust company,
15 savings association, savings bank, industrial bank, or
16 industrial loan company has federally insured deposits.

17 "In this State" means at a physical location within this
18 State for a transaction requested in person. For a transaction
19 requested electronically or by phone, the provider of money
20 transmission may determine if the person requesting the
21 transaction is in this State by relying on other information
22 provided by the person regarding the location of the
23 individual's residential address or a business entity's
24 principal place of business or other physical address
25 location, and any records associated with the person that the
26 provider of money transmission may have that indicate such

1 location, including, but not limited to, an address associated
2 with an account.

3 "Individual" means a natural person.

4 "Key individual" means any individual ultimately
5 responsible for establishing or directing policies and
6 procedures of the licensee, such as an executive officer,
7 manager, director, or trustee.

8 "Licensee" means a person licensed under this Act.

9 "Material litigation" means litigation, that according to
10 United States generally accepted accounting principles, is
11 significant to a person's financial health and would be
12 required to be disclosed in the person's annual audited
13 financial statements, report to shareholders, or similar
14 records.

15 "Money" means a medium of exchange that is authorized or
16 adopted by the United States or a foreign government as part of
17 its currency and that is customarily used and accepted as a
18 medium of exchange in the country of issuance. "Money"
19 includes a monetary unit of account established by an
20 intergovernmental organization or by agreement between 2 or
21 more governments.

22 "Monetary value" means a medium of exchange, whether or
23 not redeemable in money unless excluded by rule by the
24 Secretary.

25 "Money transmission" means any of the following:

26 (1) Selling or issuing payment instruments to a person

1 located in this State.

2 (2) Selling or issuing stored value to a person
3 located in this State.

4 (3) Receiving money for transmission from a person
5 located in this State or transmitting money in this State.

6 "Money transmission" includes bill payment services and
7 payroll processing services. "Money transmission" does not
8 include the provision solely of online or telecommunications
9 services or network access.

10 "MSB accredited state agency" means a state agency that is
11 accredited by the Conference of State Bank Supervisors and
12 Money Transmitter Regulators Association for money
13 transmission licensing and supervision.

14 "Multistate licensing process" means any agreement entered
15 into by and among state regulators relating to coordinated
16 processing of applications for money transmission licenses,
17 applications for the acquisition of control of a licensee,
18 control determinations, or notice and information requirements
19 for a change of key individuals.

20 "NMLS" means the Nationwide Multistate Licensing System
21 and Registry developed by the Conference of State Bank
22 Supervisors and the American Association of Residential
23 Mortgage Regulators and owned and operated by the State
24 Regulatory Registry, LLC, or any successor or affiliated
25 entity, for the licensing and registration of persons in
26 financial services industries.

1 "Outstanding money transmission obligations" means any of
2 the following:

3 (1) Any payment instrument or stored value issued or
4 sold by the licensee to a person located in the United
5 States or reported as sold by an authorized delegate of
6 the licensee to a person that is located in the United
7 States that has not yet been paid or refunded by or for the
8 licensee or escheated in accordance with applicable
9 abandoned property laws; or

10 (2) Any money received for transmission by the
11 licensee or an authorized delegate in the United States
12 from a person located in the United States that has not
13 been received by the payee, refunded to the sender, or
14 escheated in accordance with applicable abandoned property
15 laws.

16 For purposes of this definition, "in the United States"
17 includes, to the extent applicable, a person in any state,
18 territory, or possession of the United States; the District of
19 Columbia; the Commonwealth of Puerto Rico; or a U.S. military
20 installation that is located in a foreign country.

21 "Passive investor" means a person that:

22 (1) does not have the power to elect a majority of key
23 individuals or executive officers, managers, directors,
24 trustees, or other persons exercising managerial authority
25 of a person in control of a licensee;

26 (2) is not employed by and does not have any

1 managerial duties of the licensee or person in control of
2 a licensee;

3 (3) does not have the power to exercise, directly or
4 indirectly, a controlling influence over the management or
5 policies of a licensee or person in control of a licensee;
6 and

7 (4) either:

8 (A) attests to items (1), (2), and (3), in a form
9 and in a medium prescribed by the Secretary; or

10 (B) commits to the passivity characteristics of
11 items (1), (2), and (3), in a written document.

12 "Payment instrument" means a written or electronic check,
13 draft, money order, traveler's check, or other written or
14 electronic instrument for the transmission or payment of money
15 or monetary value, whether or not negotiable. "Payment
16 instrument" does not include stored value or any instrument
17 that (1) is redeemable by the issuer only for goods or services
18 provided by the issuer or its affiliate or franchisees of the
19 issuer or its affiliate, except to the extent required by
20 applicable law to be redeemable in cash for its cash value; or
21 (2) not sold to the public but issued and distributed as part
22 of a loyalty, rewards, or promotional program.

23 "Payroll processing services" means receiving money for
24 transmission pursuant to a contract with a person to deliver
25 wages or salaries, make payment of payroll taxes to State and
26 federal agencies, make payments relating to employee benefit

1 plans, or make distributions of other authorized deductions
2 from wages or salaries. "Payroll processing services" does not
3 include an employer performing payroll processing services on
4 its own behalf or on behalf of its affiliate.

5 "Person" means any individual, general partnership,
6 limited partnership, limited liability company, corporation,
7 trust, association, joint stock corporation, or other
8 corporate entity identified by the Secretary.

9 "Receiving money for transmission" or "money received for
10 transmission" means receiving money or monetary value in the
11 United States for transmission within or outside the United
12 States by electronic or other means.

13 "Secretary" means the Secretary of Financial and
14 Professional Regulation, the acting Secretary, or a person
15 authorized by the Secretary.

16 "Stored value" means monetary value representing a claim
17 against the issuer evidenced by an electronic or digital
18 record, and that is intended and accepted for use as a means of
19 redemption for money or monetary value, or payment for goods
20 or services. "Stored value" includes, but is not limited to,
21 "prepaid access" as defined by 31 CFR Section 1010.100, as
22 amended or recodified from time to time. Notwithstanding the
23 foregoing, "stored value" does not include a payment
24 instrument or closed loop stored value, or stored value not
25 sold to the public but issued and distributed as part of a
26 loyalty, rewards, or promotional program.

1 "Tangible net worth" means the aggregate assets of a
2 licensee excluding all intangible assets, less liabilities, as
3 determined in accordance with United States generally accepted
4 accounting principles.

5 ARTICLE III. Exemptions

6 Section 3-1. Exemptions. This Act does not apply to:

7 (1) An operator of a payment system to the extent that it
8 provides processing, clearing, or settlement services, between
9 or among persons exempted by this Section or licensees, in
10 connection with wire transfers, credit card transactions,
11 debit card transactions, stored value transactions, automated
12 clearinghouse transfers, or similar funds transfers.

13 (2) A person appointed as an agent of a payee to collect
14 and process a payment from a payor to the payee for goods or
15 services, other than money transmission itself, provided to
16 the payor by the payee, if:

17 (A) there exists a written agreement between the payee
18 and the agent directing the agent to collect and process
19 payments from payors on the payee's behalf;

20 (B) the payee holds the agent out to the public as
21 accepting payments for goods or services on the payee's
22 behalf; and

23 (C) payment for the goods and services is treated as
24 received by the payee upon receipt by the agent so that the

1 payor's obligation is extinguished and there is no risk of
2 loss to the payor if the agent fails to remit the funds to
3 the payee.

4 (3) A person that acts as an intermediary by processing
5 payments between an entity that has directly incurred an
6 outstanding money transmission obligation to a sender, and the
7 sender's designated recipient, if the entity:

8 (A) is properly licensed or exempt from licensing
9 requirements under this Act;

10 (B) provides a receipt, electronic record, or other
11 written confirmation to the sender identifying the entity
12 as the provider of money transmission in the transaction;
13 and

14 (C) bears sole responsibility to satisfy the
15 outstanding money transmission obligation to the sender,
16 including the obligation to make the sender whole in
17 connection with any failure to transmit the funds to the
18 sender's designated recipient.

19 (4) The United States or a department, agency, or
20 instrumentality thereof, or its agent.

21 (5) Money transmission by the United States Postal Service
22 or by an agent of the United States Postal Service.

23 (6) A State, county, city, or any other governmental
24 agency or governmental subdivision or instrumentality of a
25 State, or its agent.

26 (7) A federally insured depository financial institution,

1 bank holding company, office of an international banking
2 corporation, foreign bank that establishes a federal branch
3 pursuant to the International Bank Act, 12 U.S.C. 3102, as
4 amended or recodified from time to time, corporation organized
5 pursuant to the Bank Service Corporation Act, 12 U.S.C.
6 Sections 1861 through 1867, as amended or recodified from time
7 to time, or corporation organized under the Edge Act, 12
8 U.S.C. Sections 611 through 633, as amended or recodified from
9 time to time, under the laws of a state or the United States.

10 (8) Electronic funds transfer of governmental benefits for
11 a federal, State, county, or governmental agency by a
12 contractor on behalf of the United States or a department,
13 agency, or instrumentality thereof, or on behalf of a State or
14 governmental subdivision, agency, or instrumentality thereof.

15 (9) A board of trade designated as a contract market under
16 the federal Commodity Exchange Act, 7 U.S.C. Section 1 et
17 seq., as amended or recodified from time to time, or a person
18 that, in the ordinary course of business, provides clearance
19 and settlement services for a board of trade to the extent of
20 its operation as or for such a board.

21 (10) A registered futures commission merchant under the
22 federal commodities laws to the extent of its operation as
23 such a merchant.

24 (11) A person registered as a securities broker-dealer
25 under federal or State securities laws to the extent of its
26 operation as such a broker-dealer.

1 (12) An individual employed by a licensee, authorized
2 delegate, or any person exempted from the licensing
3 requirements of the Act when acting within the scope of
4 employment and under the supervision of the licensee,
5 authorized delegate, or exempted person as an employee and not
6 as an independent contractor.

7 (13) A person expressly appointed as a third-party service
8 provider to or agent of an entity exempt under paragraph (7) or
9 (16), solely to the extent that:

10 (A) such service provider or agent is engaging in
11 money transmission on behalf of and pursuant to a written
12 agreement with the exempt entity that sets forth the
13 specific functions that the service provider or agent is
14 to perform; and

15 (B) the exempt entity assumes all risk of loss and all
16 legal responsibility for satisfying the outstanding money
17 transmission obligations owed to purchasers and holders of
18 the outstanding money transmission obligations upon
19 receipt of the purchaser's or holder's money or monetary
20 value by the service provider or agent.

21 (14) Any other person, transaction, or class of persons or
22 transactions exempted by rule or any other person or
23 transaction exempted by the Secretary's order on a finding
24 that the licensing of the person is not necessary to achieve
25 the purposes of this Act.

26 (15) Currency exchanges licensed under the Currency

1 Exchange Act to the extent of its operation as such a currency
2 exchange.

3 (16) A credit union organized under the laws of the United
4 States or any state of the United States with member share
5 accounts insured by an insurer approved by the credit union's
6 primary financial regulatory agency.

7 (17) A person licensed to engage in digital asset business
8 activities under the Digital Assets Regulation Act to the
9 extent of its operation as such a digital asset business.

10 Section 3-2. Authority to require demonstration of
11 exemption. The Secretary may require that any person or entity
12 claiming to be exempt from licensing pursuant to Section 3-1
13 provide information and documentation to the Secretary
14 demonstrating that it qualifies for any claimed exemption. The
15 burden of proving the applicability of an exemption is upon
16 the person claiming the exclusion or exception.

17 ARTICLE IV. Implementation, Confidentiality, Supervision &
18 Relationship to Federal Law

19 Section 4-1. Implementation.

20 (a) In order to carry out the purposes of this Act, the
21 Secretary may, subject to the provisions of subsections (a)
22 and (b) of Section 4-2:

23 (1) enter into agreements or relationships with other

1 government officials or federal and State regulatory
2 agencies and regulatory associations in order to improve
3 efficiencies and reduce regulatory burden by standardizing
4 methods or procedures, and sharing resources, records or
5 related information obtained under this Act;

6 (2) use, hire, contract, or employ analytical systems,
7 methods, or software to examine or investigate any person
8 subject to this Act.

9 (3) accept, from other state or federal government
10 agencies or officials, licensing, examination, or
11 investigation reports made by such other state or federal
12 government agencies or officials; and

13 (4) accept audit reports made by an independent
14 certified public accountant or other qualified third-party
15 auditor for an applicant or licensee and incorporate the
16 audit report in any report of examination or
17 investigation.

18 (b) The Department shall have the broad administrative
19 authority to administer, interpret and enforce this Act, and
20 adopt rules or regulations implementing this Act and to
21 recover the cost of administering and enforcing this Act by
22 imposing and collecting proportionate and equitable fees and
23 costs associated with applications, examinations,
24 investigations, and other actions required to achieve the
25 purpose of this Act. The Department's rulemaking authority
26 shall include, but not be limited to:

1 (1) such rules and regulations in connection with the
2 activities of licensees as may be necessary and
3 appropriate for the protection of consumers in this State;

4 (2) such rules and regulations as may be necessary and
5 appropriate to define improper or fraudulent business
6 practices in connection with the activities of licensees;

7 (3) such rules and regulations as may define the terms
8 used in this Act and as may be necessary and appropriate to
9 interpret and implement the provisions of this Act;

10 (4) such rules and regulations as may be necessary for
11 the implementation or enforcement of this Act; and

12 (5) such rules and regulations establishing fees the
13 Secretary deems necessary to cover the cost of
14 administration of this Act.

15 Section 4-2. Confidentiality.

16 (a) Except as otherwise provided in this Section, all
17 information or reports obtained by the Secretary from an
18 applicant, licensee, or authorized delegate, and all
19 information contained in or related to an examination,
20 investigation, operating report, or condition report prepared
21 by, on behalf of, or for the use of the Secretary, or financial
22 statements, balance sheets, or authorized delegate
23 information, are confidential and are not subject to
24 disclosure under the Freedom of Information Act.

25 (b) The Secretary may disclose information not otherwise

1 subject to disclosure under subsection (a) to representatives
2 of State or federal agencies who promise in a record that they
3 will maintain the confidentiality of the information or where
4 the Secretary finds that the release is reasonably necessary
5 for the protection and interest of the public.

6 (c) This Section does not prohibit the Secretary from
7 disclosing to the public a list of all licensees or the
8 aggregated financial or transactional data concerning those
9 licensees.

10 (d) Information contained in the records of the Department
11 that is not confidential and may be made available to the
12 public either on the Department's website, upon receipt by the
13 Department of a written request, or in NMLS shall include:

14 (1) the name, business address, telephone number, and
15 unique identifier of a licensee;

16 (2) the business address of a licensee's registered
17 agent for service;

18 (3) the name, business address, and telephone number
19 of all authorized delegates;

20 (4) the terms of or a copy of any bond filed by a
21 licensee, if confidential information, including, but not
22 limited to, prices and fees, for such bond is redacted;

23 (5) copies of any final orders of the Department
24 relating to any violation of this Act or regulations
25 implementing this Act; and

26 (e) Imposition of an administrative action under this Act

1 is not confidential.

2 (f) The Secretary, in his or her sole discretion, may
3 disclose otherwise confidential information when he or she
4 determines disclosure is in the public interest.

5 Section 4-3. Supervision.

6 (a) The Secretary may conduct an examination or
7 investigation of a licensee or authorized delegate or
8 otherwise take independent action authorized by this Act or by
9 a rule adopted or order issued under this Act as reasonably
10 necessary or appropriate to administer and enforce this Act,
11 rules and regulations implementing this Act, and other
12 applicable law, including the Bank Secrecy Act and the USA
13 PATRIOT ACT. The Secretary may:

14 (1) conduct an examination either on-site or off-site
15 as the Secretary may reasonably require;

16 (2) conduct an examination in conjunction with an
17 examination conducted by representatives of other state
18 agencies or agencies of another state or of the federal
19 government;

20 (3) accept the examination report of another state
21 agency or an agency of another state or of the federal
22 government, or a report prepared by an independent
23 accounting firm, which on being accepted is considered for
24 all purposes as an official report of the Secretary; and

25 (4) summon and examine under oath a key individual or

1 employee of a licensee or authorized delegate and require
2 the person to produce records regarding any matter related
3 to the condition and business of the licensee or
4 authorized delegate.

5 (b) A licensee or authorized delegate shall provide, and
6 the Secretary shall have full and complete access to, all
7 records the Secretary may reasonably require to conduct a
8 complete examination. The records must be provided at the
9 location and in the format specified by the Secretary,
10 however, the Secretary may utilize multistate record
11 production standards and examination procedures when such
12 standards will reasonably achieve the requirements of this
13 subsection.

14 (c) Unless otherwise directed by the Secretary, a licensee
15 shall pay all costs reasonably incurred in connection with an
16 examination of the licensee or the licensee's authorized
17 delegates.

18 Section 4-4. Networked supervision.

19 (a) To efficiently and effectively administer and enforce
20 this Act and to minimize regulatory burden, the Secretary is
21 authorized and encouraged to participate in multistate
22 supervisory processes established between states and
23 coordinated through the Conference of State Bank Supervisors,
24 Money Transmitter Regulators Association, and affiliates and
25 successors thereof for all licensees that hold licenses in

1 this State and other states. As a participant in multistate
2 supervision, the Secretary may:

3 (1) cooperate, coordinate, and share information with
4 other state and federal regulators in accordance with
5 Section 4-2;

6 (2) enter into written cooperation, coordination, or
7 information-sharing contracts or agreements with
8 organizations the membership of which is made up of state
9 or federal governmental agencies; and

10 (3) cooperate, coordinate, and share information with
11 organizations the membership of which is made up of state
12 or federal governmental agencies, if the organizations
13 agree in writing to maintain the confidentiality and
14 security of the shared information in accordance with
15 Section 4-2.

16 (b) The Secretary may not waive, and nothing in this
17 Section constitutes a waiver of, the Secretary's authority to
18 conduct an examination or investigation or otherwise take
19 independent action authorized by this Act or a rule adopted or
20 order issued under this Act to enforce compliance with
21 applicable state or federal law.

22 (c) A joint examination or investigation, or acceptance of
23 an examination or investigation report, does not waive an
24 examination assessment provided for in this Act.

25 Section 4-5. Relationship to federal law.

1 (a) If state money transmission jurisdiction is
2 conditioned on a federal law, any inconsistencies between a
3 provision of this Act and the federal law governing money
4 transmission shall be governed by the applicable federal law
5 to the extent of the inconsistency.

6 (b) In the event of any inconsistencies between this Act
7 and a federal law that governs pursuant to subsection (a), the
8 Secretary may provide interpretive rule or guidance that:

9 (1) identifies the inconsistency; and

10 (2) identifies the appropriate means of compliance
11 with federal law.

12 ARTICLE V. Money Transmission Licenses

13 Section 5-1. License required.

14 (a) A person may not engage in the business of money
15 transmission or advertise, solicit, or hold oneself out as
16 providing money transmission unless the person is licensed
17 under this Act.

18 (b) Subsection (a) does not apply to:

19 (1) A person who is an authorized delegate of a person
20 licensed under this Act acting within the scope of
21 authority conferred by a written contract with the
22 licensee; or

23 (2) A person who is exempt pursuant to Section 3-1 and
24 does not engage in money transmission outside the scope of

1 such exemption.

2 (c) A license issued under Section 5-5 is not transferable
3 or assignable.

4 Section 5-2. Consistent State licensing.

5 (a) To establish consistent licensing between this State
6 and other states, the Secretary is authorized and encouraged
7 to:

8 (1) implement all licensing provisions of this Act in
9 a manner that is consistent with other states that have
10 adopted this Act or multistate licensing processes; and

11 (2) participate in nationwide protocols for licensing
12 cooperation and coordination among state regulators
13 provided that such protocols are consistent with this Act.

14 (b) In order to fulfill the purposes of this Act, the
15 Secretary is authorized and encouraged to establish
16 relationships or contracts with NMLS or other entities
17 designated by NMLS to enable the Secretary to:

18 (1) collect and maintain records;

19 (2) coordinate multistate licensing processes and
20 supervision processes;

21 (3) process fees; and

22 (4) facilitate communication between this State and
23 licensees or other persons subject to this Act.

24 (c) The Secretary is authorized and encouraged to utilize
25 NMLS for all aspects of licensing in accordance with this Act,

1 including, but not limited to, license applications,
2 applications for acquisitions of control, surety bonds,
3 reporting, criminal history background checks, credit checks,
4 fee processing, and examinations.

5 (d) The Secretary is authorized and encouraged to utilize
6 NMLS forms, processes, and functionalities in accordance with
7 this Act. If NMLS does not provide functionality, forms, or
8 processes for a provision of this Act, the Secretary is
9 authorized and encouraged to strive to implement the
10 requirements in a manner that facilitates uniformity with
11 respect to licensing, supervision, reporting, and regulation
12 of licensees which are licensed in multiple jurisdictions.

13 (e) For the purpose of participating in NMLS, the
14 Secretary is authorized to waive or modify, in whole or in
15 part, by rule, regulation or order, any or all of the
16 requirements and to establish new requirements as reasonably
17 necessary to participate in NMLS.

18 Section 5-3. Application for license.

19 (a) Applicants for a license shall apply in a form and in a
20 medium as prescribed by the Secretary. Each such form shall
21 contain content as set forth by rule, regulation, instruction
22 or procedure of the Secretary and may be changed or updated by
23 the Secretary in accordance with applicable law in order to
24 carry out the purposes of this Act and maintain consistency
25 with NMLS licensing standards and practices. The application

1 must state or contain, as applicable:

2 (1) the legal name and residential and business
3 addresses of the applicant and any fictitious or trade
4 name used by the applicant in conducting its business;

5 (2) a list of any criminal convictions of the
6 applicant and any material litigation in which the
7 applicant has been involved in the 10-year period
8 preceding the submission of the application;

9 (3) a description of any money transmission previously
10 provided by the applicant and the money transmission that
11 the applicant seeks to provide in this State;

12 (4) a list of the applicant's proposed authorized
13 delegates and the locations in this State where the
14 applicant and its authorized delegates propose to engage
15 in money transmission;

16 (5) a list of other states in which the applicant is
17 licensed to engage in money transmission and any license
18 revocations, suspensions, or other disciplinary action
19 taken against the applicant in another state;

20 (6) information concerning any bankruptcy or
21 receivership proceedings affecting the licensee or a
22 person in control of a licensee;

23 (7) a sample form of contract for authorized
24 delegates, if applicable;

25 (8) a sample form of payment instrument or stored
26 value, as applicable;

1 (9) the name and address of any federally insured
2 depository financial institution through which the
3 applicant plans to conduct money transmission; and

4 (10) any other information the Secretary or NMLS
5 reasonably requires with respect to the applicant.

6 (b) If an applicant is a corporation, limited liability
7 company, partnership, or other legal entity, the applicant
8 shall also provide:

9 (1) the date of the applicant's incorporation or
10 formation and State or country of incorporation or
11 formation;

12 (2) if applicable, a certificate of good standing from
13 the State or country in which the applicant is
14 incorporated or formed;

15 (3) a brief description of the structure or
16 organization of the applicant, including any parents or
17 subsidiaries of the applicant, and whether any parents or
18 subsidiaries are publicly traded;

19 (4) the legal name, any fictitious or trade name, all
20 business and residential addresses, and the employment, as
21 applicable, in the 10-year period preceding the submission
22 of the application of each key individual and person in
23 control of the applicant;

24 (5) a list of any criminal convictions and material
25 litigation in which a person in control of the applicant
26 that is not an individual has been involved in the 10-year

1 period preceding the submission of the application;

2 (6) a copy of audited financial statements of the
3 applicant for the most recent fiscal year and for the
4 2-year period preceding the submission of the application
5 or, if determined to be acceptable to the Secretary;

6 (7) a certified copy of unaudited financial statements
7 of the applicant for the most recent fiscal quarter;

8 (8) if the applicant is a publicly traded corporation,
9 a copy of the most recent report filed with the United
10 States Securities and Exchange Commission under Section 13
11 of the federal Securities Exchange Act of 1934, 15 U.S.C.
12 78m, as amended or recodified from time to time;

13 (9) if the applicant is a wholly owned subsidiary of:

14 (A) a corporation publicly traded in the United
15 States, a copy of audited financial statements for the
16 parent corporation for the most recent fiscal year or
17 a copy of the parent corporation's most recent report
18 filed under Section 13 of the federal Securities
19 Exchange Act of 1934, 15 U.S.C. 78m, as amended or
20 recodified from time to time; or

21 (B) a corporation publicly traded outside the
22 United States, a copy of similar documentation filed
23 with the regulator of the parent corporation's
24 domicile outside the United States;

25 (10) the name and address of the applicant's
26 registered agent in this State; and

1 (11) any other information the Secretary reasonably
2 requires with respect to the applicant.

3 A nonrefundable application fee must accompany an
4 application for a license under this Section in accordance
5 with 38 Ill. Adm. Code 205.35, as amended or recodified from
6 time to time.

7 (c) The Secretary may waive one or more requirements of
8 subsections (a) and (b) or permit an applicant to submit other
9 information instead of the required information.

10 Section 5-4. Information requirements for certain
11 individuals.

12 (a) Any individual in control of a licensee or applicant,
13 any individual that seeks to acquire control of a licensee,
14 and each key individual shall furnish to the Secretary through
15 NMLS the following items:

16 (1) The individual's fingerprints for submission to
17 the Federal Bureau of Investigation and the Secretary for
18 purposes of a national criminal history background check
19 unless the person currently resides outside of the United
20 States and has resided outside of the United States for
21 the last 10 years.

22 (2) Personal history and experience in a form and in a
23 medium prescribed by the Secretary, to obtain the
24 following:

25 (A) an independent credit report from a consumer

1 reporting agency unless the individual does not have a
2 social security number, in which case, this
3 requirement shall be waived;

4 (B) information related to any criminal
5 convictions or pending charges; and

6 (C) information related to any regulatory or
7 administrative action and any civil litigation
8 involving claims of fraud, misrepresentation,
9 conversion, mismanagement of funds, breach of
10 fiduciary duty, or breach of contract.

11 (b) If the individual has resided outside of the United
12 States at any time in the last 10 years, the individual shall
13 also provide an investigative background report prepared by an
14 independent search firm that meets the following requirements:

15 (1) At a minimum, the search firm shall:

16 (A) demonstrate that it has sufficient knowledge,
17 resources, and employs accepted and reasonable
18 methodologies to conduct the research of the
19 background report; and

20 (B) not be affiliated with or have an interest
21 with the individual it is researching.

22 (2) At a minimum, the investigative background report
23 shall be written in the English language and shall contain
24 the following:

25 (A) if available in the individual's current
26 jurisdiction of residency, a comprehensive credit

1 report, or any equivalent information obtained or
2 generated by the independent search firm to accomplish
3 such report, including a search of the court data in
4 the countries, provinces, states, cities, towns, and
5 contiguous areas where the individual resided and
6 worked;

7 (B) criminal records information for the past 10
8 years, including, but not limited to, felonies,
9 misdemeanors, or similar convictions for violations of
10 law in the countries, provinces, states, cities,
11 towns, and contiguous areas where the individual
12 resided and worked;

13 (C) employment history;

14 (D) media history, including an electronic search
15 of national and local publications, wire services, and
16 business applications; and

17 (E) financial services-related regulatory history,
18 including, but not limited to, money transmission,
19 securities, banking, insurance, and mortgage related
20 industries.

21 Section 5-5. Issuance of license.

22 (a) When an application for an original license under this
23 Act appears to include all the items and addresses of all of
24 the matters that are required, the application is complete and
25 the Secretary shall promptly notify the applicant in a record

1 of the date on which the application is determined to be
2 complete, and:

3 (1) unless extended by the Secretary pursuant to the
4 Secretary's discretion, the Secretary shall approve or
5 deny the application within 120 days after the completion
6 date; or

7 (2) if the application is not approved or denied
8 within 120 days after the completion date or any extension
9 thereof:

10 (A) the application is approved; and

11 (B) the license takes effect as of the first
12 business day after expiration of the 120-day period.

13 (b) A determination by the Secretary that an application
14 is complete and is accepted for processing means only that the
15 application, on its face, appears to include all of the items,
16 including the Criminal Background Check response from the
17 Federal Bureau of Investigation, and address all of the
18 matters that are required, and is not an assessment of the
19 substance of the application or of the sufficiency of the
20 information provided.

21 (c) When an application is filed and considered complete
22 under this Section, the Secretary shall investigate the
23 applicant's financial condition and responsibility, financial
24 and business experience, character, and general fitness. The
25 Secretary may conduct an on-site investigation of the
26 applicant, the reasonable cost of which the applicant must

1 pay. The Secretary shall issue a license to an applicant under
2 this Section if the Secretary finds that all of the following
3 conditions have been fulfilled:

4 (1) the applicant has complied with Sections 5-3 and
5 5-4; and

6 (2) the financial condition and responsibility,
7 financial and business experience, competence, character,
8 and general fitness of the applicant and the competence,
9 experience, character, and general fitness of the key
10 individuals and persons in control of the applicant
11 indicate that it is in the interest of the public to permit
12 the applicant to engage in money transmission.

13 (d) If an applicant avails itself or is otherwise subject
14 to a multistate licensing process:

15 (1) the Secretary is authorized and encouraged to
16 accept the investigation results of a lead investigative
17 state for the purpose of subsection (c) if the lead
18 investigative state has sufficient staffing, expertise,
19 and minimum standards; or

20 (2) if the Department is a lead investigative state,
21 the Secretary is authorized and encouraged to investigate
22 the applicant pursuant to subsection (c) and the
23 timeframes established by agreement through the multistate
24 licensing process, however, in no case shall such
25 timeframe be noncompliant with the application period in
26 paragraph (1) of subsection (a).

1 (e) The Secretary shall issue a formal written notice of
2 the denial of a license application within 30 days after the
3 decision to deny the application. The Secretary shall set
4 forth the specific reasons for the denial of the application
5 in the notice of denial and serve the applicant, either
6 personally or by certified mail. Service by certified mail
7 shall be deemed completed when the notice is deposited into
8 the U.S. Mail. An applicant whose application is denied by the
9 Secretary under this Section may submit a written request for
10 a hearing that shall include the particular reasons why the
11 applicant believes that the decision to deny the application
12 was incorrect, within 10 days after service of the notice of
13 the denial. If an applicant submits a timely request for a
14 hearing, the Secretary shall schedule a hearing after the
15 request for a hearing unless otherwise agreed to by the
16 parties. The Secretary shall conduct hearings pursuant to this
17 Section and in accordance with 38 Ill. Adm. Code 100, as
18 amended or recodified from time to time.

19 (f) The initial license term shall begin on the day that
20 the application is approved. The license shall expire on
21 December 31 of the year in which the license term began, unless
22 the initial license date is between November 1 and December
23 31, in which instance the initial license term shall run
24 through December 31 of the following year.

25 Section 5-6. Renewal of license.

1 (a) A license under this Act shall be renewed annually.

2 (b) An annual renewal fee in accordance with 38 Ill. Adm.
3 Code 205.35 as amended or recodified from time to time shall be
4 paid to the Department. The renewal term shall be for a period
5 of one year and shall begin on January 1 of each year after the
6 initial license term and shall expire on December 31 of the
7 year the renewal term begins.

8 (c) A licensee shall submit a renewal report, in a form and
9 in a medium prescribed by the Secretary by December 1 of each
10 year. The form requires any information deemed necessary by
11 the Secretary to review a renewal application. At a minimum,
12 the renewal report must state or contain a description of each
13 material change in information submitted by the licensee in
14 its original license application which has not been reported
15 to the Secretary and a statement of the dollar amount and
16 number of money transmissions and payment instruments sold,
17 issued, exchanged, or transmitted in this State by the
18 licensee and its authorized delegate for the past 4 completed
19 calendar quarters.

20 (d) The Secretary, in his or her discretion, may grant an
21 extension of the renewal date.

22 (e) The Secretary is authorized and encouraged to utilize
23 NMLS to process license renewals if such functionality is
24 consistent with this Section.

25 (f) The Secretary shall issue a formal written notice of
26 the denial of renewal within 30 days after the decision to deny

1 the renewal. The Secretary shall set forth the specific
2 reasons for denying the renewal in the notice of denial and
3 serve the licensee, either personally or by certified mail.
4 Service by certified mail shall be deemed completed when the
5 notice is deposited into the U.S. Mail. A licensee whose
6 renewal is denied by the Secretary under this Section may
7 submit a written request for a hearing that shall include the
8 particular reasons why the licensee believes that the decision
9 to deny the renewal was incorrect within 10 days after service
10 of the notice of the denial. If a licensee submits a timely
11 request for a hearing, the Secretary shall schedule a hearing
12 unless otherwise agreed to by the parties. The Secretary shall
13 conduct hearings pursuant to this Section and in accordance
14 with 38 Ill. Adm. Code 100, as amended or recodified from time
15 to time. The expiring license shall be deemed to continue in
16 force until 10 days after the service of the notice of denial
17 or, if a timely hearing is requested during that period, until
18 a final order is entered pursuant to a hearing.

19 Section 5-7. Maintenance of license.

20 (a) If a licensee does not continue to meet the
21 qualifications or satisfy the requirements that apply to an
22 applicant for a new money transmission license, the Secretary
23 may suspend or revoke the licensee's license in accordance
24 with the procedures established by this Act or other
25 applicable State law for such suspension or revocation.

1 (b) An applicant for a money transmission license must
2 demonstrate that it meets or will meet, and a money
3 transmission licensee must at all times meet, the requirements
4 in Article X of this Act.

5 Section 5-8. Fees.

6 The expenses of administering this Act, including
7 investigations and examinations provided for in this Act,
8 shall be borne by and assessed against entities regulated by
9 this Act. The Department may establish fees by rule, including
10 in the following categories:

- 11 (1) investigation of licensees and license applicant
12 fees;
13 (2) examination fees;
14 (3) contingent fees; and
15 (4) such other categories as may be required to
16 administer this Act.

17 (b) The Secretary shall charge and collect fees, which
18 shall be nonrefundable unless otherwise indicated, in
19 accordance with 38 Ill. Adm. Code 205.35.

20 (c) All fees currently assessed in accordance with 38 Ill.
21 Adm. Code 205.35, as amended or recodified from time to time,
22 shall remain in effect. Except for money required to be
23 deposited into the TOMA Consumer Protection Fund pursuant to
24 this Act, all moneys received by the Department shall be
25 deposited into the Financial Institution Fund. Failure to pay

1 any required fee by the due date shall subject the licensee to
2 a penalty fee of \$25 per day and disciplinary action.

3 Section 5-9. Liability of licensees. A licensee is liable
4 for the payment of all moneys covered by payment instruments
5 that it sells or issues in any form in this State through its
6 authorized delegate and all moneys it receives itself or
7 through its authorized delegate for transmission by any means
8 whether or not any instrument is a negotiable instrument under
9 the laws of this State.

10 ARTICLE VI. Acquisition of Control and Change of Key
11 Individual

12 Section 6-1. Acquisition of control.

13 (a) Any person, or group of persons acting in concert,
14 seeking to acquire control of a licensee shall obtain the
15 written approval of the Secretary before acquiring control. An
16 individual is not deemed to acquire control of a licensee and
17 is not subject to this Section when that individual becomes a
18 key individual in the ordinary course of business.

19 (b) A person, or group of persons acting in concert,
20 seeking to acquire control of a licensee shall, in cooperation
21 with the licensee:

22 (1) submit an application in a form and in a medium
23 prescribed by the Secretary; and

1 (2) submit a nonrefundable fee of \$1,000 with the
2 request for approval.

3 (c) Upon request, the Secretary may permit a licensee or
4 the person, or group of persons acting in concert, to submit
5 some or all information required by the Secretary pursuant to
6 subsection (b) without using NMLS.

7 (d) The application required by subsection (b) shall
8 include information required by Section 5-4 for any new key
9 individuals that have not previously completed the
10 requirements of Section 5-4 for a licensee.

11 (e) When an application for acquisition of control under
12 this Section appears to include all the items and address all
13 of the matters that are required, the application shall be
14 considered complete and:

15 (1) unless extended by the Secretary pursuant to the
16 Secretary's discretion, the Secretary shall approve or
17 deny the application within 60 days after the completion
18 date; or

19 (2) if the application is not approved or denied
20 within 60 days after the completion date or any extension
21 thereof:

22 (A) the application is approved; and

23 (B) the person, or group of persons acting in
24 concert, are not prohibited from acquiring control.

25 (f) A determination by the Secretary that an application
26 is complete and is accepted for processing means only that the

1 application, on its face, appears to include all of the items
2 and address all of the matters that are required, and is not an
3 assessment of the substance of the application or of the
4 sufficiency of the information provided.

5 (g) When an application is filed and considered complete
6 under subsection (e), the Secretary shall investigate the
7 financial condition and responsibility, financial and business
8 experience, character, and general fitness of the person, or
9 group of persons acting in concert, seeking to acquire
10 control. The Secretary shall approve an acquisition of control
11 pursuant to this Section if the Secretary finds that all of the
12 following conditions have been fulfilled:

13 (1) The requirements of subsections (b) and (d) have
14 been met, as applicable; and

15 (2) the financial condition and responsibility,
16 financial and business experience, competence, character,
17 and general fitness of the person, or group of persons
18 acting in concert, seeking to acquire control; and the
19 competence, experience, character, and general fitness of
20 the key individuals and persons that would be in control
21 of the licensee after the acquisition of control indicate
22 that it is in the interest of the public to permit the
23 person, or group of persons acting in concert, to control
24 the licensee.

25 (h) If an applicant avails itself or is otherwise subject
26 to a multistate licensing process:

1 (1) the Secretary is authorized and encouraged to
2 accept the investigation results of a lead investigative
3 state for the purpose of subsection (g) if the lead
4 investigative state has sufficient staffing, expertise,
5 and minimum standards; or

6 (2) if the Department is a lead investigative state,
7 the Secretary is authorized and encouraged to investigate
8 the applicant pursuant to subsection (g) and the
9 timeframes established by agreement through the multistate
10 licensing process.

11 (i) The Secretary shall issue a formal written notice of
12 the denial of an application to acquire control within 30 days
13 after the decision to deny the application. The Secretary
14 shall set forth the specific reasons for the denial of the
15 application in the notice of denial and serve the applicant,
16 either personally or by certified mail. Service by certified
17 mail shall be deemed completed when the notice is deposited
18 into the U.S. mail. An applicant whose application is denied
19 by the Secretary under this subsection (i) may submit a
20 written request for hearing which shall include the particular
21 reasons why the applicant believes that the decision to deny
22 the application was incorrect, within 10 days after service of
23 the notice of denial. If an applicant submits a timely request
24 for a hearing, the Secretary shall schedule a hearing unless
25 otherwise agreed to by the parties. The Secretary shall
26 conduct hearings pursuant to this Section and in accordance

1 with 38 Ill. Adm. Code 100, as amended or recodified from time
2 to time.

3 (j) The requirements of subsections (a) and (b) do not
4 apply to any of the following:

5 (1) a person that acts as a proxy for the sole purpose
6 of voting at a designated meeting of the shareholders or
7 holders of voting shares or voting interests of a licensee
8 or a person in control of a licensee;

9 (2) a person that acquires control of a licensee by
10 devise or descent;

11 (3) a person that acquires control of a licensee as a
12 personal representative, custodian, guardian,
13 conservator, or trustee, or as an officer appointed by a
14 court of competent jurisdiction or by operation of law;

15 (4) a person that is exempt under subsection (g) of
16 Section 3-1;

17 (5) A person that the Secretary determines is not
18 subject to subsection (a) based on the public interest;

19 (6) A public offering of securities of a licensee or a
20 person in control of a licensee; or

21 (7) An internal reorganization of a person in control
22 of the licensee where the ultimate person in control of
23 the licensee remains the same.

24 (k) Persons in paragraphs (2), (3), (4), (6), and (7) of
25 subsection (j) in cooperation with the licensee shall notify
26 the Secretary within 15 days after the acquisition of control.

1 (1) Streamlined acquisition of control.

2 (1) The requirements of subsections (a) and (b) do not
3 apply to a person that has complied with and received
4 approval to engage in money transmission under this Act or
5 was identified as a person in control in a prior
6 application filed with and approved by the Secretary or by
7 an MSB accredited state agency pursuant to a multistate
8 licensing process, if:

9 (A) the person has not had a license revoked or
10 suspended or controlled a licensee that has had a
11 license revoked or suspended while the person was in
12 control of the licensee in the previous 5 years;

13 (B) if the person is a licensee, the person is well
14 managed and has received at least a satisfactory
15 rating for compliance at its most recent examination
16 by an MSB accredited state agency if such rating was
17 given;

18 (C) the licensee to be acquired is projected to
19 meet the requirements of Article X of this Act after
20 the acquisition of control is completed, and if the
21 person acquiring control is a licensee, that licensee
22 is also projected to meet the requirements of Article
23 X of this Act after the acquisition of control is
24 completed;

25 (D) the licensee to be acquired will not implement
26 any material changes to its business plan as a result

1 of the acquisition of control, and if the person
2 acquiring control is a licensee, that licensee also
3 will not implement any material changes to its
4 business plan as a result of the acquisition of
5 control; and

6 (E) the person provides notice of the acquisition
7 in cooperation with the licensee and attests to this
8 subsection in a form and in a medium prescribed by the
9 Secretary.

10 (2) If the notice is not denied within 30 days after
11 the date on which the notice was determined to be
12 complete, the notice is deemed approved.

13 (m) Before filing an application for approval to acquire
14 control of a licensee a person may request in writing a
15 determination from the Secretary as to whether the person
16 would be considered a person in control of a licensee upon
17 consummation of a proposed transaction. If the Secretary
18 determines that the person would not be a person in control of
19 a licensee, the proposed person and transaction is not subject
20 to the requirements of subsections (a) and (b).

21 (n) If a multistate licensing process includes a
22 determination pursuant to subsection (m) and an applicant
23 avails itself or is otherwise subject to the multistate
24 licensing process:

25 (1) The Secretary is authorized and encouraged to
26 accept the control determination of a lead investigative

1 state with sufficient staffing, expertise, and minimum
2 standards for the purpose of subsection (m); or

3 (2) If the Department is a lead investigative state,
4 the Secretary is authorized and encouraged to investigate
5 the applicant pursuant to subsection (m) and the
6 timeframes established by agreement through the multistate
7 licensing process.

8 Section 6-2. Notice and information requirements for a
9 change of key individuals.

10 (a) A licensee adding or replacing any key individual
11 shall:

12 (1) provide notice in a manner prescribed by the
13 Secretary within 15 days after the effective date of the
14 key individual's appointment; and

15 (2) provide information as required by Section 5-4
16 within 45 days after the effective date.

17 (b) The Secretary may issue a formal written notice of
18 denial of key individual within 90 days after the date on which
19 the notice provided pursuant to subsection (a) was determined
20 to be complete if the competence, experience, character, or
21 integrity of the individual would not be in the best interests
22 of the public or the customers of the licensee to permit the
23 individual to be a key individual of such licensee.

24 (c) The Secretary shall set forth the specific reasons for
25 the denial in the notice of denial and serve the licensee and

1 the denied individual, either personally, or by certified
2 mail. Service by certified mail shall be deemed completed when
3 the notice is deposited into the U.S. Mail. A licensee who has
4 been denied by the Secretary under this subsection (c) may
5 submit a written request for hearing which shall include the
6 particular reasons why the licensee believes that the decision
7 to deny was incorrect, within 10 days after service of the
8 notice of the denial. If a licensee submits a timely request
9 for a hearing, the Secretary shall schedule a hearing after
10 the request for a hearing unless otherwise agreed to by the
11 parties. The Secretary shall conduct hearings pursuant to this
12 Section and in accordance with 38 Ill. Adm. Code 100.

13 (d) If the notice provided pursuant to subsection (a) is
14 not denied within 90 days after the date on which the notice
15 was determined to be complete, or any extension thereof, the
16 key individual is deemed approved.

17 (e) If a multistate licensing process includes a key
18 individual notice review and denial process pursuant to this
19 Section and the licensee avails itself or is otherwise subject
20 to the multistate licensing process:

21 (1) the Secretary is authorized and encouraged to
22 accept the determination of another state;

23 (2) if the investigating state has sufficient
24 staffing, expertise, and minimum standards for the purpose
25 of this Section; or

26 (3) if the Department is a lead investigative state,

1 the Secretary is authorized and encouraged to investigate
2 the applicant pursuant to subsection (b) and the
3 timeframes established by agreement through the multistate
4 licensing process.

5 ARTICLE VII. Reporting and Records

6 Section 7-1. Report of condition.

7 (a) Each licensee, under penalty of perjury, shall submit
8 a report of condition within 45 days of the end of the calendar
9 quarter, or within any extended time as the Secretary may
10 prescribe.

11 (b) The report of condition shall include:

12 (1) financial information at the licensee level;

13 (2) nationwide and state-specific money transmission
14 transaction information in every jurisdiction in the
15 United States where the licensee is licensed to engage in
16 money transmission;

17 (3) permissible investments report;

18 (4) transaction destination country reporting for
19 money received for transmission, if applicable; and

20 (5) any other information the Secretary reasonably
21 requires with respect to the licensee. The Secretary is
22 authorized and encouraged to utilize NMLS for the
23 submission of the report required by subsection (a) and is
24 authorized to change or update as necessary the

1 requirements of this Section to carry out the purposes of
2 this Act and maintain consistency with NMLS reporting.

3 (c) The information required by paragraph (4) of
4 subsection (b) shall only be included in a report of condition
5 submitted within 45 days of the end of the fourth calendar
6 quarter.

7 Section 7-2. Audited financials.

8 (a) Each licensee shall, within 90 days after the end of
9 each fiscal year, or within any extended time as the Secretary
10 may prescribe, file with the Secretary:

11 (1) an audited financial statement of the licensee for
12 the fiscal year prepared in accordance with United States
13 generally accepted accounting principles; and

14 (2) any other information as the Secretary may
15 reasonably require.

16 (b) The audited financial statements shall be prepared by
17 an independent certified public accountant or independent
18 public accountant who is satisfactory to the Secretary;

19 (c) The audited financial statements shall include or be
20 accompanied by a certificate of opinion of the independent
21 certified public accountant or independent public accountant
22 that is satisfactory in form and content to the Secretary. If
23 the opinion or certificate is qualified, the licensee must
24 make a separate report to the Secretary notifying them of the
25 qualified opinion or certification. If the certificate or

1 opinion is qualified, the Secretary may order the licensee to
2 take any action as the Secretary may find necessary to enable
3 the certified public accountant or independent public
4 accountant to remove the qualification.

5 Section 7-3. Authorized delegate reporting.

6 (a) Each licensee shall submit a report of authorized
7 delegates within 45 days of the end of the calendar quarter.
8 The Secretary is authorized and encouraged to utilize NMLS for
9 the submission of the report required by this Section provided
10 that such functionality is consistent with the requirements of
11 this Section.

12 (b) The authorized delegate report shall include, at a
13 minimum, each authorized delegate's:

- 14 (1) company legal name;
- 15 (2) taxpayer employer identification number;
- 16 (3) principal provider identifier;
- 17 (4) physical address;
- 18 (5) mailing address;
- 19 (6) any business conducted in other states;
- 20 (7) any fictitious or trade name;
- 21 (8) contact person name, phone number, and email;
- 22 (9) start date as licensee's authorized delegate;
- 23 (10) end date acting as licensee's authorized
24 delegate, if applicable;
- 25 (11) court orders pursuant to Section 8-3; and

1 (12) Any other information the Secretary reasonably
2 requires with respect to the authorized delegate.

3 Section 7-4. Reports of certain events.

4 (a) A licensee shall file a report with the Secretary
5 within one business day after the licensee has reason to know
6 of the occurrence of any of the following events:

7 (1) the filing of a petition by or against the
8 licensee under the United States Bankruptcy Code, 11
9 U.S.C. Sections 101 through 110, as amended or recodified
10 from time to time, for bankruptcy or reorganization;

11 (2) the filing of a petition by or against the
12 licensee for receivership, the commencement of any other
13 judicial or administrative proceeding for its dissolution
14 or reorganization, or the making of a general assignment
15 for the benefit of its creditors; or

16 (3) the commencement of a proceeding to revoke or
17 suspend its license in a state or country in which the
18 licensee engages in business or is licensed.

19 (b) A licensee shall file a report with the Secretary
20 within 3 business days after the licensee has reason to know of
21 the occurrence of any of the following events:

22 (1) a charge or conviction of the licensee or of a key
23 individual or person in control of the licensee for a
24 felony; or

25 (2) a charge or conviction of an authorized delegate

1 for a felony.

2 Section 7-5. Bank Secrecy Act reports. A licensee and an
3 authorized delegate shall file all reports required by federal
4 currency reporting, record keeping, and suspicious activity
5 reporting requirements as set forth in the Bank Secrecy Act
6 and other federal and State laws pertaining to money
7 laundering. The timely filing of a complete and accurate
8 report required under this Section with the appropriate
9 federal agency is deemed compliant with the requirements of
10 this Section.

11 Section 7-6. Records.

12 (a) Licensee shall maintain the following records, for
13 determining its compliance with this Act, for at least 3
14 years:

15 (1) a record of each outstanding money transmission
16 obligation sold;

17 (2) a general ledger posted at least monthly
18 containing all asset, liability, capital, income, and
19 expense accounts;

20 (3) bank statements and bank reconciliation records;

21 (4) records of outstanding money transmission
22 obligations;

23 (5) records of each outstanding money transmission
24 obligation paid within the 3-year period;

1 (6) a list of the last known names and addresses of all
2 of the licensee's authorized delegates; and

3 (7) any other records the Secretary reasonably
4 requires by rule.

5 (b) The records specified in subsection (a) may be
6 maintained in electronic or other retrievable form of record.

7 (c) The records specified in subsection (a) shall be
8 maintained at the licensee's principal place of business or,
9 with notice to the Secretary, at another location designated
10 by the licensee. If the records are maintained outside this
11 State, the licensee shall make them accessible to the
12 Secretary on 7 business-days' notice.

13 (d) All records maintained by the licensee as required in
14 subsections (a) through (c) are open to inspection by the
15 Secretary pursuant to subsection (a) of Section 4-3.

16 (e) A licensee shall require and its authorized sellers
17 must preserve for at least 3 years all documents relating to
18 money transmission activities, unless the data embodied in
19 those documents has been transmitted for recordation by the
20 licensee.

21 ARTICLE VIII. Authorized Delegates

22 Section 8-1. Relationship between licensee and authorized
23 delegate.

24 (a) As used in this Section, "remit" means to make direct

1 payments of money to a licensee or its representative
2 authorized to receive money or to deposit money in a bank in an
3 account specified by the licensee.

4 (b) Before a licensee is authorized to conduct business
5 through an authorized delegate or allows a person to act as the
6 licensee's authorized delegate, the licensee must:

7 (1) adopt, and update as necessary, written policies
8 and procedures reasonably designed to ensure that the
9 licensee's authorized delegates comply with applicable
10 State and federal law;

11 (2) enter into a written contract that complies with
12 subsection (d); and

13 (3) conduct a reasonable risk-based background
14 investigation sufficient for the licensee to determine
15 whether the authorized delegate has complied and will
16 likely comply with applicable state and federal law.

17 (c) An authorized delegate must operate in full compliance
18 with this Act.

19 (d) The written contract required by subsection (b) must
20 be signed by the licensee and the authorized delegate and, at a
21 minimum, must:

22 (1) expressly appoint the person signing the contract
23 as the licensee's authorized delegate with the authority
24 to conduct money transmission on behalf of the licensee;

25 (2) set forth the nature and scope of the relationship
26 between the licensee and the authorized delegate and the

1 respective rights and responsibilities of the parties;

2 (3) require the authorized delegate to agree to fully
3 comply with all applicable State and federal laws, rules,
4 and regulations pertaining to money transmission,
5 including this Act and regulations implementing this Act,
6 relevant provisions of the Bank Secrecy Act, and the USA
7 PATRIOT ACT;

8 (4) require the authorized delegate to remit and
9 handle money and monetary value in accordance with the
10 terms of the contract between the licensee and the
11 authorized delegate;

12 (5) impose a trust on money and monetary value net of
13 fees received for money transmission for the benefit of
14 the licensee;

15 (6) require the authorized delegate to prepare and
16 maintain records as required by this Act or regulations
17 implementing this Act, or as reasonably requested by the
18 Secretary;

19 (7) acknowledge that the authorized delegate consents
20 to examination or investigation by the Secretary;

21 (8) state that the licensee is subject to regulation
22 by the Secretary and that, as part of that regulation, the
23 Secretary may suspend or revoke an authorized delegate
24 designation or require the licensee to terminate an
25 authorized delegate designation; and

26 (9) acknowledge receipt of the written policies and

1 procedures required under paragraph (1) of subsection (b).

2 (e) If the licensee's license is suspended, revoked,
3 surrendered, or expired, the licensee must, within 5 business
4 days, provide documentation to the Secretary that the licensee
5 has notified all applicable authorized delegates of the
6 licensee whose names are in a record filed with the Secretary
7 of the suspension, revocation, surrender, or expiration of a
8 license. Upon suspension, revocation, surrender, or expiration
9 of a license, applicable authorized delegates shall
10 immediately cease to provide money transmission as an
11 authorized delegate of the licensee.

12 (f) An authorized delegate of a licensee holds in trust
13 for the benefit of the licensee all money net of fees received
14 from money transmission. If any authorized delegate commingles
15 any funds received from money transmission with any other
16 funds or property owned or controlled by the authorized
17 delegate, all commingled funds and other property shall be
18 considered held in trust in favor of the licensee in an amount
19 equal to the amount of money net of fees received from money
20 transmission.

21 (g) An authorized delegate may not use a subdelegate to
22 conduct money transmission on behalf of a licensee.

23 Section 8-2. Unauthorized activities. A person shall not
24 engage in the business of money transmission on behalf of a
25 person not licensed under this Act or not exempt pursuant to

1 Article III of this Act. A person that engages in such activity
2 provides money transmission to the same extent as if the
3 person were a licensee, and shall be jointly and severally
4 liable with the unlicensed or nonexempt person.

5 Section 8-3. Prohibited authorized delegates.

6 (a) The circuit court in an action brought by a licensee
7 shall have jurisdiction to grant appropriate equitable or
8 legal relief, including, without limitation, prohibiting the
9 authorized delegate from directly or indirectly acting as an
10 authorized delegate for any licensee in this State and the
11 payment of restitution, damages or other monetary relief, if
12 the circuit court finds that an authorized delegate failed to
13 remit money in accordance with the written contract required
14 by subsection (b) of Section 8-1 or as otherwise directed by
15 the licensee or required by law.

16 (b) If the circuit court issues an order prohibiting a
17 person from acting as an authorized delegate for any licensee
18 pursuant to subsection (a), the licensee that brought the
19 action shall report the order to the Secretary within 30 days
20 and shall report the order through NMLS within 90 days.

21 (c) An authorized delegate who holds money in trust for
22 the benefit of a licensee and knowingly fails to remit more
23 than \$1,000 of such money is guilty of a Class 3 felony.

24 (d) An authorized delegate who holds money in trust for
25 the benefit of a licensee and knowingly fails to remit no more

1 than \$999 of such money is guilty of a Class A misdemeanor.

2 ARTICLE IX. Timely Transmission, Refunds, and Disclosures

3 Section 9-1. Timely transmission.

4 (a) Every licensee shall forward all money received for
5 transmission in accordance with the terms of the agreement
6 between the licensee and the sender, which shall be no more
7 than 3 business days after the receipt of the money to be
8 transmitted, unless the licensee has a reasonable belief or a
9 reasonable basis to believe that the sender may be a victim of
10 fraud or that a crime or violation of law, rule, or regulation
11 has occurred, is occurring, or may occur.

12 (b) If a licensee fails to forward money received for
13 transmission in accordance with this Section, the licensee
14 must respond to inquiries by the sender with the reason for the
15 failure unless providing a response would violate a State or
16 federal law, rule, or regulation.

17 Section 9-2. Refunds.

18 (a) This Section does not apply to:

19 (1) money received for transmission subject to the
20 federal Remittance Rule, 12 CFR Part 1005, Subpart B, as
21 amended or recodified from time to time; or

22 (2) money received for transmission pursuant to a
23 written agreement between the licensee and payee to

1 process payments for goods or services provided by the
2 payee.

3 (b) Every licensee shall refund to the sender within 10
4 days after receipt of the sender's written request for a
5 refund of any and all money received for transmission unless
6 any of the following occurs:

7 (1) the money has been forwarded within 10 days after
8 the date on which the money was received for transmission;

9 (2) instructions have been given committing an
10 equivalent amount of money to the person designated by the
11 sender within 10 days of the date on which the money was
12 received for transmission;

13 (3) the agreement between the licensee and the sender
14 instructs the licensee to forward the money at a time that
15 is beyond 10 days after the date on which the money was
16 received for transmission; if funds have not yet been
17 forwarded in accordance with the terms of the agreement
18 between the licensee and the sender, the licensee shall
19 issue a refund in accordance with the other provisions of
20 this Section; or

21 (4) the refund is requested for a transaction that the
22 licensee has not completed based on a reasonable belief or
23 a reasonable basis to believe that a crime or violation of
24 law, rule, or regulation has occurred, is occurring, or
25 may occur.

26 (5) the refund request does not enable the licensee

1 to:

2 (A) identify the sender's name and address or
3 telephone number; or

4 (B) identify the particular transaction to be
5 refunded if the sender has multiple transactions
6 outstanding.

7 Section 9-3. Receipts.

8 (a) As used in this Section, "receipt" means a paper
9 receipt, electronic record, or other written confirmation. For
10 a transaction conducted in person, the receipt may be provided
11 electronically if the sender requests or agrees to receive an
12 electronic receipt. For a transaction conducted electronically
13 or by phone, a receipt may be provided electronically. All
14 electronic receipts shall be provided in a retainable form.

15 (b) Every licensee or its authorized delegate shall
16 provide the sender a receipt for money received for
17 transmission.

18 (1) The receipt shall contain the following
19 information, as applicable:

20 (A) the name of the sender;

21 (B) the name of the designated recipient;

22 (C) the date of the transaction;

23 (D) the unique transaction or identification
24 number;

25 (E) the name of the licensee, NMLS Unique ID, the

1 licensee's business address, and the licensee's
2 customer service telephone number;

3 (F) the amount of the transaction in United States
4 dollars;

5 (G) any fee charged by the licensee to the sender
6 for the transaction; and

7 (H) any taxes collected by the licensee from the
8 sender for the transaction.

9 (2) The receipt required by this Section shall be in
10 English and in the language principally used by the
11 licensee or authorized delegate to advertise, solicit, or
12 negotiate, either orally or in writing, for a transaction
13 conducted in person, electronically or by phone, if other
14 than English.

15 (c) This Section does not apply to:

16 (1) money received for transmission subject to the
17 federal Remittance Rule, 12 CFR Part 1005, Subpart B, as
18 amended or recodified from time to time;

19 (2) money received for transmission pursuant to a
20 written agreement between the licensee and payee to
21 process payments for goods or services provided by the
22 payee;

23 (3) payroll processing services; or

24 (4) as authorized in the Secretary's sole discretion.

25 Section 9-4. Notice. Every licensee or authorized delegate

1 shall include on a receipt or disclose on the licensee's
2 website or mobile application the name and phone number of the
3 Department and a statement that the licensee's customers can
4 contact the Department with questions or complaints about the
5 licensee's money transmission services.

6 Section 9-5. Disclosures for payroll processing services.

7 (a) A licensee that provides payroll processing services
8 shall:

9 (1) issue reports to clients detailing client payroll
10 obligations in advance of the payroll funds being deducted
11 from an account; and

12 (2) make worker paystubs or an equivalent statement
13 available to workers.

14 (b) Subsection (a) does not apply to a licensee providing
15 payroll processing services where the licensee's client
16 designates the intended recipients to the licensee and is
17 responsible for providing the disclosures required by
18 paragraph (2) of subsection (a).

19 ARTICLE X. Prudential Standards

20 Section 10-1. Net worth.

21 (a) A licensee under this Act shall maintain at all times a
22 tangible net worth of the greater of \$100,000 or 3% of total
23 assets for the first \$100,000,000, 2% of additional assets for

1 \$100,000,000 to \$1,000,000,000, and 0.5% of additional assets
2 for over \$1,000,000,000.

3 (b) Tangible net worth must be demonstrated at initial
4 application by the applicant's most recent audited or
5 unaudited financial statements pursuant to paragraph (6) of
6 subsection (b) of Section 5-3.

7 (c) Notwithstanding the provisions of this Section, the
8 Secretary shall have discretionary authority to exempt, in
9 part or in whole, from the requirements of this Section any
10 applicant or licensee.

11 Section 10-2. Surety bond.

12 (a) An applicant for a money transmission license must
13 provide, and a licensee at all times must maintain, security
14 consisting of a surety bond in a form satisfactory to the
15 Secretary. The bond shall run to the State of Illinois for the
16 benefit of any claimant against the applicant or licensee with
17 respect to the receipt, handling, transmission, and payment of
18 money by the licensee or authorized delegate in connection
19 with the licensed operations. A claimant damaged by a breach
20 of the conditions of a bond shall have a right to action upon
21 the bond for damages suffered thereby and may bring suit
22 directly on the bond, or the Secretary may bring suit on behalf
23 of the claimant.

24 (b) The amount of the required security shall be the
25 greater of \$1,000,000 or an amount equal to 100% of the

1 licensee's average daily money transmission liability in this
2 State calculated for the most recently completed quarter, up
3 to a maximum of \$2,000,000;

4 (c) A licensee that maintains a bond in the maximum amount
5 provided for in subsection (b) is not required to calculate
6 its average daily money transmission liability in this State
7 for purposes of this Section.

8 (d) A licensee may exceed the maximum required bond amount
9 pursuant to paragraph (5) of subsection (a) of Section 10-4.

10 (e) After receiving a license, the licensee must maintain
11 the required bond plus net worth until 3 years after it ceases
12 to do business in this State unless all outstanding payment
13 instruments are eliminated or the provisions under the Revised
14 Uniform Unclaimed Property Act have become operative and are
15 adhered to by the licensee. Notwithstanding this provision,
16 however, the amount required to be maintained may be reduced
17 to the extent that the amount of the licensee's payment
18 instruments outstanding in this State are reduced.

19 (f) Instead of a paper surety bond, each licensee and
20 applicant shall file and maintain an electronic surety bond in
21 NMLS or in a manner otherwise authorized by the Secretary.

22 Section 10-3. Maintenance of permissible investments.

23 (a) A licensee shall maintain at all times permissible
24 investments that have a market value computed in accordance
25 with United States generally accepted accounting principles of

1 not less than the aggregate amount of all of its outstanding
2 money transmission obligations.

3 (b) Except for permissible investments enumerated in
4 subsection (a) of Section 10-4, the Secretary, with respect to
5 any licensee, may by rule or order limit the extent to which a
6 specific investment maintained by a licensee within a class of
7 permissible investments may be considered a permissible
8 investment, if the specific investment represents undue risk
9 to customers, not reflected in the market value of
10 investments.

11 (c) Permissible investments, even if commingled with other
12 assets of the licensee, are held in trust for the benefit of
13 the purchasers and holders of the licensee's outstanding money
14 transmission obligations in the event of insolvency, the
15 filing of a petition by or against the licensee under the
16 United States Bankruptcy Code, 11 U.S.C. Sections 101 through
17 110, as amended or recodified from time to time, for
18 bankruptcy or reorganization, the filing of a petition by or
19 against the licensee for receivership, the commencement of any
20 other judicial or administrative proceeding for its
21 dissolution or reorganization, or in the event of an action by
22 a creditor against the licensee who is not a beneficiary of
23 this statutory trust. No permissible investments impressed
24 with a trust pursuant to this subsection shall be subject to
25 attachment, levy of execution, or sequestration by order of
26 any court, except for a beneficiary of this statutory trust.

1 (d) Upon the establishment of a statutory trust in
2 accordance with subsection (c) or when any funds are drawn on a
3 letter of credit pursuant to paragraph (4) of subsection (a)
4 of Section 10-4, the Secretary shall notify the applicable
5 regulator of each state in which the licensee is licensed to
6 engage in money transmission, if any, of the establishment of
7 the trust or the funds drawn on the letter of credit, as
8 applicable. Notice shall be deemed satisfied if performed
9 pursuant to a multistate agreement or through NMLS. Funds
10 drawn on a letter of credit, and any other permissible
11 investments held in trust for the benefit of the purchasers
12 and holders of the licensee's outstanding money transmission
13 obligations, are deemed held in trust for the benefit of such
14 purchasers and holders on a pro rata and equitable basis in
15 accordance with statutes pursuant to which permissible
16 investments are required to be held in this State, and other
17 states, as applicable. Any statutory trust established
18 hereunder shall be terminated upon extinguishment of all of
19 the licensee's outstanding money transmission obligations.

20 (e) The Secretary by rule or by order may allow other types
21 of investments that the Secretary determines are of sufficient
22 liquidity and quality to be a permissible investment. The
23 Secretary is authorized to participate in efforts with other
24 state regulators to determine that other types of investments
25 are of sufficient liquidity and quality to be a permissible
26 investment.

1 Section 10-4. Types of permissible investments.

2 (a) The following investments are permissible under
3 Section 10-3:

4 (1) Cash, including demand deposits, savings deposits,
5 and funds in such accounts held for the benefit of the
6 licensee's customers in an insured depository financial
7 institution, and cash equivalents including ACH items in
8 transit to the licensee and ACH items or international
9 wires in transit to a payee, cash in transit via armored
10 car, cash in smart safes, cash in licensee-owned
11 locations, debit card or credit card-funded transmission
12 receivables owed by any bank, or money market mutual funds
13 rated "AAA" by S&P, or the equivalent from any eligible
14 rating service;

15 (2) certificates of deposit or senior debt obligations
16 of an insured depository institution, as defined in
17 Section 3 of the Federal Deposit Insurance Act, 12 U.S.C.
18 1813, as amended or recodified from time to time, or as
19 defined under the federal Credit Union Act, 12 U.S.C.
20 1781, as amended or recodified from time to time;

21 (3) an obligation of the United States or a
22 commission, agency, or instrumentality thereof; an
23 obligation that is guaranteed fully as to principal and
24 interest by the United States; or an obligation of a State
25 or a governmental subdivision, agency, or instrumentality

1 thereof;

2 (4) the full drawable amount of an irrevocable standby
3 letter of credit for which the stated beneficiary is the
4 Secretary that stipulates that the beneficiary need only
5 draw a sight draft under the letter of credit and present
6 it to obtain funds up to the letter of credit amount within
7 7 days of presentation of the items required by
8 subparagraph (C) of this paragraph.

9 (A) The letter of credit must:

10 (i) be issued by an insured depository
11 financial institution, a foreign bank that is
12 authorized under federal law to maintain a federal
13 agency or federal branch office in a State or
14 states, or a foreign bank that is authorized under
15 State law to maintain a branch in a State that (I)
16 bears an eligible rating or whose parent company
17 bears an eligible rating; and (II) is regulated,
18 supervised, and examined by United States federal
19 or State authorities having regulatory authority
20 over banks, credit unions, and trust companies;

21 (ii) be irrevocable, unconditional, and
22 indicate that it is not subject to any condition
23 or qualifications outside of the letter of credit;

24 (iii) not contain reference to any other
25 agreements, documents, or entities, or otherwise
26 provide for any security interest in the licensee;

1 and

2 (iv) contain an issue date and expiration date
3 and expressly provide for automatic extension,
4 without a written amendment, for an additional
5 period of one year from the present or each future
6 expiration date, unless the issuer of the letter
7 of credit notifies the Secretary in writing by
8 certified or registered mail or courier mail or
9 other receipted means, at least 60 days before any
10 expiration date, that the irrevocable letter of
11 credit will not be extended.

12 (B) If any notice of expiration or nonextension of
13 a letter of credit issued under subdivision (iv) of
14 subparagraph (A), the licensee shall be required to
15 demonstrate to the satisfaction of the Secretary, 15
16 days before expiration, that the licensee maintains
17 and will maintain permissible investments in
18 accordance with subsection (a) of Section 10-3 upon
19 the expiration of the letter of credit. If the
20 licensee is not able to do so, the Secretary may draw
21 on the letter of credit in an amount up to the amount
22 necessary to meet the licensee's requirements to
23 maintain permissible investments in accordance with
24 subsection (a) of Section 10-3. Any such draw shall be
25 offset against the licensee's outstanding money
26 transmission obligations. The drawn funds shall be

1 held in trust by the Secretary or the Secretary's
2 designated agent, to the extent authorized by law, as
3 agent for the benefit of the purchasers and holders of
4 the licensee's outstanding money transmission
5 obligations.

6 (C) The letter of credit shall provide that the
7 issuer of the letter of credit will honor, at sight, a
8 presentation made by the beneficiary to the issuer of
9 the following documents on or before the expiration
10 date of the letter of credit:

11 (i) the original letter of credit, including
12 any amendments; and

13 (ii) A written statement from the beneficiary
14 stating that any of the following events have
15 occurred:

16 (I) the filing of a petition by or against
17 the licensee under the United States
18 Bankruptcy Code, 11 U.S.C. Sections 101
19 through 110, as amended or recodified from
20 time to time, for bankruptcy or
21 reorganization;

22 (II) the filing of a petition by or
23 against the licensee for receivership, or the
24 commencement of any other judicial or
25 administrative proceeding for its dissolution
26 or reorganization;

1 (III) the seizure of assets of a licensee
2 by the Secretary pursuant to an emergency
3 order issued in accordance with applicable
4 law, on the basis of an action, violation, or
5 condition that has caused or is likely to
6 cause the insolvency of the licensee; or

7 (IV) the beneficiary has received notice
8 of expiration or nonextension of a letter of
9 credit and the licensee failed to demonstrate
10 to the satisfaction of the beneficiary that
11 the licensee will maintain permissible
12 investments in accordance with subsection (a)
13 of Section 10-3 upon the expiration or
14 nonextension of the letter of credit.

15 (D) The Secretary may designate an agent to serve
16 on the Secretary's behalf as beneficiary to a letter
17 of credit so long as the agent and letter of credit
18 meet requirements established by the Secretary. The
19 Secretary's agent may serve as agent for multiple
20 licensing authorities for a single irrevocable letter
21 of credit if the proceeds of the drawable amount for
22 the purposes of this Section are assigned to the
23 Secretary.

24 (E) The Secretary is authorized and encouraged to
25 participate in multistate processes designed to
26 facilitate the issuance and administration of letters

1 of credit, including, but not limited to, services
2 provided by the NMLS and State Regulatory Registry,
3 LLC.

4 (5) 100% of the surety bond or deposit provided for
5 under Section 10-2 that exceeds the average daily money
6 transmission liability in this State.

7 (b) Unless permitted by the Secretary by rule or by order
8 to exceed the limit as set forth herein, the following
9 investments are permissible under Section 10-3 to the extent
10 specified:

11 (1) receivables that are payable to a licensee from
12 its authorized delegates in the ordinary course of
13 business that are less than 7 days old, up to 50% of the
14 aggregate value of the licensee's total permissible
15 investments;

16 (2) of the receivables permissible under paragraph (1)
17 of this subsection (b), receivables that are payable to a
18 licensee from a single authorized delegate in the ordinary
19 course of business may not exceed 10% of the aggregate
20 value of the licensee's total permissible investments.

21 (3) the following investments are permissible up to
22 20% per category and combined up to 50% of the aggregate
23 value of the licensee's total permissible investments:

24 (A) a short-term, of up to 6 months, investment
25 bearing an eligible rating;

26 (B) commercial paper bearing an eligible rating;

1 (C) a bill, note, bond, or debenture bearing an
2 eligible rating;

3 (D) U.S. tri-party repurchase agreements
4 collateralized at 100% or more with U.S. government or
5 agency securities, municipal bonds, or other
6 securities bearing an eligible rating;

7 (E) money market mutual funds rated less than
8 "AAA" and equal to or higher than "A-" by S&P, or the
9 equivalent from any other eligible rating service; and

10 (F) a mutual fund or other investment fund
11 composed solely and exclusively of one or more
12 permissible investments listed in paragraphs (1)
13 through (3) of subsection (a).

14 (4) cash, including demand deposits, savings deposits,
15 and funds in such accounts held for the benefit of the
16 licensee's customers, at foreign depository institutions
17 are permissible up to 10% of the aggregate value of the
18 licensee's total permissible investments if the licensee
19 has received a satisfactory rating in its most recent
20 examination and the foreign depository institution:

21 (A) has an eligible rating;

22 (B) is registered under the Foreign Account Tax
23 Compliance Act;

24 (C) is not located in any country subject to
25 sanctions from the Office of Foreign Asset Control;
26 and

1 defraud, omit to make, or cause or direct to omit to make,
2 a full and true entry thereof in the books and accounts of
3 the business;

4 (6) make or concur in making any false entry, or omit
5 or concur in omitting any material entry, in the books or
6 accounts of the business;

7 (7) knowingly make or publish to the Director or the
8 Director's designee, or concur in making or publishing to
9 the Director or the Director's designee any written
10 report, exhibit, or statement of its affairs or pecuniary
11 condition containing any material statement which is
12 false, or omit or concur in omitting any statement
13 required by law to be contained therein;

14 (8) fail to make any report or statement lawfully
15 required by the Director or other public official.

16 (9) demonstrate by course of conduct, negligence or
17 incompetence in performing any act directly or indirectly
18 relating to licensed activity;

19 (10) engage in unsafe and unsound practices directly
20 or indirectly relating to licensed activity; or

21 (11) fail to comply with the provisions of this Act or
22 with any lawful order or agreement, rule, or regulations
23 made or issued under the provisions of this Act.

24 Section 11-2. Suspension and revocation of licenses.

25 (a) The Secretary may issue an order to suspend or revoke a

1 license of a licensee or order a licensee to revoke the
2 designation of an authorized delegate if:

3 (1) the licensee has failed to comply with any
4 provision of this Act, or any order, decision, finding,
5 rule, regulation or direction of the Secretary lawfully
6 made pursuant to the authority of this Act;

7 (2) the licensee does not cooperate with an
8 examination or investigation by the Secretary;

9 (3) the licensee engages in fraud, intentional
10 misrepresentation, or gross negligence;

11 (4) an authorized delegate is convicted of a violation
12 of a State or federal anti-money laundering statute, or
13 violates a rule adopted or an order issued under this Act,
14 as a result of the licensee's willful misconduct or
15 grossly negligent inattention to its legal obligations;

16 (5) the competence, experience, character, or general
17 fitness of the licensee, authorized delegate, person in
18 control of a licensee, key individual, or responsible
19 person of the authorized delegate indicates that it is not
20 in the public interest to permit the person to provide
21 money transmission;

22 (6) the licensee engages in an unsafe or unsound
23 practice;

24 (7) the licensee is insolvent, suspends payment of its
25 obligations, or makes a general assignment for the benefit
26 of its creditors;

1 (8) the licensee does not remove an authorized
2 delegate after the Secretary issues and serves upon the
3 licensee a final order including a finding that the
4 authorized delegate has violated this Act;

5 (9) a fact or condition exists that, if it had existed
6 or had been known at the time the licensee applied for its
7 license, would have been ground for denying the
8 application;

9 (10) the licensee knowingly fails to make a report
10 required by this Act;

11 (11) the licensee fails to pay a judgment entered in
12 favor of a claimant, plaintiff, or credit in an action
13 arising out of the licensee's business regulated under
14 this Act within 30 days after the judgment becomes final
15 or within 30 days after the expiration or termination of a
16 stay of execution;

17 (12) the licensee has been convicted under the laws of
18 this State, another state, or the United States of a
19 felony or of a crime involving breach of trust or
20 dishonesty; or

21 (13) the licensee violates the Illinois Uniform
22 Revised Unclaimed Property Act.

23 (b) In determining whether a licensee is engaging in an
24 unsafe or unsound practice, the Secretary may consider the
25 size and condition of the licensee's money transmission, the
26 magnitude of the loss, the gravity of the violation of this

1 Act, and the previous conduct of the person involved.

2 (c) In every case in which a license is suspended or
3 revoked, the Secretary shall issue a formal written notice of
4 the suspension or revocation, setting forth the specific
5 reasons for the suspension or revocation of the license and
6 serve the licensee, either personally or by certified mail.
7 Service by certified mail shall be deemed completed when the
8 notice is deposited into U.S. Mail and the order of suspension
9 or revocation of a license shall take effect upon service of
10 the order.

11 (d) A licensee whose license has been suspended or revoked
12 by the Secretary under this Section may request a hearing, in
13 writing, within 10 days after the date of service. If a
14 licensee submits a timely request for a hearing, the order
15 shall be stayed until a final administrative order is entered
16 and the Secretary shall schedule a hearing unless otherwise
17 agreed to by the parties.

18 (e) The Secretary shall conduct hearings pursuant to this
19 Section and in accordance with 38 Ill. Adm. Code 100, as
20 amended or recodified from time to time.

21 Section 11-3. Suspension and revocation of authorized
22 delegates.

23 (a) The Secretary may issue an order to suspend or revoke
24 the designation of an authorized delegate, if the Secretary
25 finds that:

1 (1) the authorized delegate has failed to comply with
2 any provision of this Act or any order, decision, finding,
3 rule, regulation, or direction of the Secretary lawfully
4 made pursuant to the authority of this Act;

5 (2) the authorized delegate does not cooperate with an
6 examination or investigation by the Secretary;

7 (3) the authorized delegate engages in fraud,
8 intentional misrepresentation, or gross negligence;

9 (4) the authorized delegate is convicted of a
10 violation of a State or federal anti-money laundering
11 statute;

12 (5) the competence, experience, character, or general
13 fitness of the authorized delegate or a person in control
14 of the authorized delegate indicates that it is not in the
15 public interest to permit the authorized delegate to
16 provide money transmission; or

17 (6) the authorized delegate engages in an unsafe or
18 unsound practice.

19 (b) In determining whether an authorized delegate is
20 engaging in an unsafe or unsound practice, the Secretary may
21 consider the size and condition of the authorized delegate's
22 provision of money transmission, the magnitude of the loss,
23 the gravity of the violation of this Act or a rule adopted or
24 order issued under this Act, and the previous conduct of the
25 authorized delegate.

26 (c) In every case in which the designation of an

1 authorized delegate is suspended or revoked, the Secretary
2 shall issue a formal written notice of the suspension or
3 revocation, setting forth the specific reasons for the
4 suspension or revocation of the designation and serve the
5 authorized delegate, either personally or by certified mail.
6 Service by certified mail shall be deemed completed when the
7 notice is deposited into U.S. Mail and the order of suspension
8 or revocation of a license shall take effect upon service of
9 the order.

10 (d) An authorized delegate whose designation has been
11 suspended or revoked by the Secretary under this Section may
12 request a hearing, in writing, within 10 days after the date of
13 service. If an authorized delegate submits a timely request
14 for a hearing, the order shall be stayed until a final
15 administrative order is entered and the Secretary shall
16 schedule a hearing unless otherwise agreed to by the parties.

17 (e) The Secretary shall conduct hearings pursuant to this
18 Section and in accordance with 38 Ill. Adm. Code 100, as
19 amended or recodified from time to time.

20 Section 11-4. Orders to cease and desist; civil penalties.

21 (a) If the Secretary determines that a licensee, an
22 authorized delegate, or any other person has engaged or is
23 engaged in practices contrary to this Act, the rules adopted
24 under this Act, or an order issued under this Act, the
25 Secretary may issue an order requiring the licensee or

1 authorized delegate to cease and desist from the violation.
2 The order becomes effective upon service of it upon the
3 licensee or authorized delegate.

4 (b) The Secretary may issue an order against a licensee to
5 cease and desist from providing money transmission through an
6 authorized delegate that is the subject of a separate order by
7 the Secretary.

8 (c) The Secretary may, in addition to or without the
9 issuance of a cease and desist order, assess a penalty of up to
10 \$1,000 against a licensee or other person for each violation
11 of this Act, the rules adopted under this Act, or an order
12 issued under this Act as set forth in Section 11-6. The
13 issuance of an order under this Section shall not be a
14 prerequisite to the taking of any action by the Secretary
15 under this Section or any other Section of this Act.

16 (d) The Secretary shall issue a formal written notice of
17 the cease and desist order, setting forth the specific reasons
18 for the order and serve the licensee or the authorized
19 delegate, either personally or by certified mail. Service by
20 certified mail shall be deemed completed when the notice is
21 deposited in United States mail.

22 Section 11-5. Consent orders; settlements.

23 (a) The Secretary may enter into a consent order or
24 settlement agreement at any time with a person to resolve a
25 matter arising under this Act, the rules adopted under this

1 Act, or order issued under this Act. A consent order or
2 settlement agreement must be signed by the person to whom it is
3 issued or by the person's authorized representative, and must
4 indicate agreement with the terms contained in the order. A
5 consent order or settlement agreement may provide that it does
6 not constitute an admission by a person that this Act or a rule
7 adopted or an order issued under this Act has been violated.

8 (b) Notwithstanding the issuance of a consent order or
9 settlement agreement, the Secretary may seek civil or criminal
10 penalties or compromise civil penalties concerning matter
11 encompassed by the consent order unless the consent order by
12 its terms expressly precludes the Secretary from doing so.

13 (c) The Secretary is authorized to compromise, settle, and
14 collect civil penalties and administrative penalties, as set
15 by rule, with any person for violations of this Act or of any
16 rule or order issued or adopted under this Act.

17 Section 11-6. Criminal penalties. A person who engages in
18 conduct requiring a license under this Act and fails to obtain
19 a license from the Secretary or knowingly makes a false
20 statement, misrepresentation, or false certification in an
21 application, financial statement, account record, report, or
22 other document filed or required to be maintained or filed
23 under this Act or who knowingly makes a false entry or omits a
24 material entry in a document is guilty of a Class 3 felony.

1 Section 12-1. Uniformity of application and construction.
2 In applying and construing this Act, consideration must be
3 given to the need to promote uniformity of the law with respect
4 to its subject matter among states that enact it.

5 Section 12-2. Severability. The provisions of this Act are
6 severable under Section 1.31 of the Statute on Statutes.

7 Section 12-3. Transition period.

8 (a) Licensees pursuant to the Transmitters of Money Act in
9 good standing on the effective date of this Act shall be
10 licensed under this Act upon the filing of and approval by the
11 Department of a renewal application in accordance with Section
12 5-6 and may continue to operate lawfully as a licensee in this
13 State unless and until their next renewal application after
14 the effective date is denied by the Department. An authorized
15 seller of licensee pursuant to the Transmitters of Money Act
16 in good standing as of the effective date shall become an
17 authorized delegate of a licensee upon the filing of and
18 approval by the Department of a renewal application by the
19 licensee in accordance with Section 5-6 and may continue to
20 operate lawfully in this State as an authorized delegate of a
21 licensee unless and until the licensee's next renewal
22 application after the effective date is denied by the
23 Department.

1 (b) A person licensed in this State to engage in the
2 business of money transmission and their authorized sellers
3 shall not be subject to the provisions of this Act, to the
4 extent that this Act conflicts with the Transmitters of Money
5 Act or this Act establishes new requirements not imposed under
6 the Transmitters of Money Act, until the licensee renews its
7 current license or for 6 months after the effective date of
8 this Act, whichever is later, so long as they comply with the
9 Transmitters of Money Act and its implementing rules.

10 (c) Notwithstanding subsection (a), a licensee shall only
11 be required to amend its authorized delegate contracts for
12 contracts entered into or amended after the effective date of
13 this Act or the completion of any transition period
14 contemplated under subsection (b). Nothing herein shall be
15 construed as limiting an authorized delegate's obligations to
16 operate in full compliance with this Act as required by
17 subsection (c) of Section 8-1 after the time period set forth
18 in subsection (b).

19 (d) A person not required to be licensed pursuant to the
20 Transmitters of Money Act shall not be required to be licensed
21 and comply with this Act until January 1, 2025, unless the
22 Secretary extends the time by rule.

23 (e) Except as otherwise stated, this Act supersedes the
24 Transmitters of Money Act.

25 Section 12-4. TOMA Consumer Protection Fund.

1 (a) The special income-earning fund in the State treasury
2 is known as the TOMA Consumer Protection Fund.

3 (b) All moneys paid into the fund together with all
4 accumulated undistributed income thereon shall be held as a
5 special fund in the State treasury. The fund shall be used
6 solely for the purpose of providing restitution to consumers
7 who have suffered monetary loss arising out of a transaction
8 regulated by this Act.

9 (c) The fund shall be applied only to restitution when
10 restitution has been ordered by the Secretary. Restitution
11 shall not exceed the amount actually lost by the consumer. The
12 fund shall not be used for the payment of any attorney or other
13 fees.

14 (d) The fund shall be subrogated to the amount of the
15 restitution, and the Secretary shall request the Attorney
16 General to engage in all reasonable collection steps to
17 collect restitution from the party responsible for the loss
18 and reimburse the fund.

19 (e) Notwithstanding any other provisions of this Section,
20 the payment of restitution from the fund shall be a matter of
21 grace and not of right, and no consumer shall have any vested
22 rights in the fund as a beneficiary or otherwise. Before
23 seeking restitution from the fund, the consumer or beneficiary
24 seeking payment of restitution shall apply for restitution on
25 a form provided by the Secretary. The form shall include any
26 information the Secretary may reasonably require in order to

1 determine that restitution is appropriate.

2 (f) Notwithstanding any other provision of this Section,
3 moneys in the TOMA Consumer Protection Fund may be transferred
4 to the Professions Indirect Cost Fund, as authorized under
5 Section 2105-300 of the Department of Professional Regulation
6 Law of the Civil Administrative Code of Illinois.

7 Article 101. General Provisions

8 Section 101-1. Short title; references. Articles 101
9 through 135 may be cited as the Digital Assets Regulation Act.
10 In Articles 101 through 135, references to "this Act" mean
11 Articles 101 through 135.

12 Section 101-5. Definitions.

13 (a) As used in this Act:

14 "Affiliate" shall mean any person that controls, is
15 controlled by, or is under common control with another person.
16 For purposes of this definition, "control" means the
17 possession, direct or indirect, of the power to direct or
18 cause the direction of the management and policies of a
19 person.

20 "Applicant" means a person that applies for a license
21 under this Act.

22 "Bank" means a bank, savings banks, savings and loan
23 association, savings association, or industrial loan company

1 chartered under the laws of this State or any other state or
2 under the laws of the United States.

3 "Confidential supervisory information" means information
4 or documents obtained by employees, agents, or representatives
5 of the Department in the course of any examination,
6 investigation, audit, visit, registration, certification,
7 review, licensing, or any other regulatory or supervisory
8 activity pursuant to this Act, and any record prepared or
9 obtained by the Department to the extent that the record
10 summarizes or contains information derived from any report,
11 document, or record described in this Act.

12 "Conflict of interest" means an interest that might
13 incline a covered person or an individual who is an associated
14 person of a covered person to make a recommendation that is not
15 disinterested.

16 "Corporate fiduciary" shall mean a corporate fiduciary as
17 defined by Section 1-5.05 of the Corporate Fiduciary Act.

18 "Covered person" means a licensee or person required to
19 obtain a license pursuant to this Act.

20 "Covered exchange" means a covered person that exchanges
21 or holds itself out as being able to exchange a digital asset
22 for a resident.

23 "Credit union" means a credit union chartered under the
24 laws of this State or any other state or under the laws of the
25 United States.

26 "Department" means the Department of Financial and

1 Professional Regulation.

2 "Digital asset" means a digital representation of value
3 that is used as a medium of exchange, unit of account, or store
4 of value, and that is not fiat currency, whether or not
5 denominated in fiat currency. "Digital asset" does not include
6 any of the following:

7 (1) A digital representation of value which a merchant
8 grants, as part of an affinity or rewards program, and
9 that cannot be taken from or exchanged with the merchant
10 for fiat currency or a digital asset.

11 (2) A digital representation of value that is issued
12 by or on behalf of a game publisher, used solely within a
13 gaming platform, has no market or application outside of
14 such gaming platform, and cannot be converted into, or
15 redeemed for, fiat currency or digital assets.

16 (3) A digital representation of value that is used as
17 part of prepaid cards.

18 "Digital asset administration" means controlling,
19 administering, or issuing a digital asset.

20 "Digital asset business activity" means any of the
21 following:

22 (1) Exchanging, transferring, or storing a digital
23 asset.

24 (2) Engaging in digital asset administration.

25 (3) Any other business activity involving digital
26 assets designated by rule by the Department as may be

1 necessary and appropriate for the protection of residents.

2 "Digital asset business activity" does not include the
3 development and dissemination of software in and of itself.

4 "Exchange", when used as a verb, means to exchange, buy,
5 sell, trade, or convert, on behalf of a resident, either of the
6 following:

7 (1) A digital asset for fiat currency or one or more
8 forms of digital assets.

9 (2) Fiat currency for one or more forms of digital
10 assets.

11 "Exchange" does not include buying, selling, or trading
12 digital assets for a person's own account in a principal
13 capacity.

14 "Executive officer" includes, without limitation, an
15 individual who is a director, officer, manager, managing
16 member, partner, or trustee, or other functionally equivalent
17 responsible individual, of a person.

18 "Federally insured depository institution" shall mean an
19 insured depository institution as defined by Section 3(c)(2)
20 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c)(2), as
21 amended, or an insured credit union as defined by Section
22 101(7) of the Federal Credit Union Act, 12 U.S.C. 1752(7), as
23 amended.

24 "Fiat currency" means money that is authorized or adopted
25 by the United States or a foreign government as part of its
26 currency and that is customarily used and accepted as a medium

1 of exchange in the country of issuance.

2 "Insolvent" means any of the following:

3 (1) Having generally ceased to pay debts in the
4 ordinary course of business other than as a result of a
5 bona fide dispute.

6 (2) Being unable to pay debts as they become due.

7 (3) Being insolvent within the meaning of federal
8 bankruptcy law.

9 "Licensee" means a person licensed under this Act.

10 "Person" includes, without limitation, any individual,
11 corporation, business trust, estate, trust, partnership,
12 proprietorship, syndicate, limited liability company,
13 association, joint venture, government, governmental
14 subsection, agency or instrumentality, public corporation or
15 joint stock company, or any other organization or legal or
16 commercial entity.

17 "Prepaid card" means an electronic payment device that,
18 subject to any rules adopted by the Department:

19 (1) is usable at a single merchant or an affiliated
20 group of merchants that share the same name, mark, or
21 logo, or is usable at multiple, unaffiliated merchants or
22 service providers;

23 (2) is issued in and for a specified amount of fiat
24 currency;

25 (3) can be reloaded in and for only fiat currency, if
26 at all;

1 (4) is issued or reloaded on a prepaid basis for the
2 future purchase or delivery of goods or services;

3 (5) is honored upon presentation;

4 (6) can be redeemed in and for only fiat currency, if
5 at all;

6 (7) is governed by the Uniform Money Transmission
7 Modernization Act; and

8 (8) complies with any other condition designated by
9 rule by the Department as may be necessary and appropriate
10 for the protection of residents.

11 "Qualified custodian" means a bank, credit union, or trust
12 company, subject to any rules adopted by the Department.

13 "Record" means information that is inscribed on a tangible
14 medium or that is stored in an electronic or other medium and
15 is retrievable in perceivable form.

16 "Resident" means any of the following:

17 (1) A person who is domiciled in this State.

18 (2) A person who is physically located in this State
19 for more than 183 days of the previous 365 days.

20 (3) A person who has a place of business in this State.

21 (4) A legal representative of a person that is
22 domiciled in this State.

23 "Request for assistance" means all inquiries, complaints,
24 account disputes, and requests for documentation a covered
25 person receives from residents.

26 "Responsible individual" means an individual who has

1 direct control over, or significant management, policy, or
2 decision-making authority with respect to, a person's digital
3 asset business activity in this State.

4 "Secretary" means the Secretary of Financial and
5 Professional Regulation and any authorized representative of
6 the Secretary.

7 "Service provider" means any person that provides a
8 material service to a covered person in connection with the
9 offering or provision by that covered person of a digital
10 asset business activity in this State, including a person that
11 either:

12 (1) Participates in designing, operating, or
13 maintaining the digital asset business activity.

14 (2) Processes transactions relating to the digital
15 asset business activity, other than unknowingly or
16 incidentally transmitting or processing financial data in
17 a manner that the data is undifferentiated from other
18 types of data of the same form as the person transmits or
19 processes.

20 "State" means a state of the United States, the District
21 of Columbia, Puerto Rico, the United States Virgin Islands, or
22 any territory or insular possession subject to the
23 jurisdiction of the United States.

24 "Store," "storage", and "storing", except in the phrase
25 "store of value," means to store, hold, or maintain custody or
26 control of a digital asset on behalf of a resident by a person

1 other than the resident.

2 "Transfer" means to transfer or transmit a digital asset
3 on behalf of a resident, including by doing any of the
4 following:

5 (1) Crediting the digital asset to the account or
6 storage of another person.

7 (2) Moving the digital asset from one account or
8 storage of a resident to another account or storage of the
9 same resident.

10 (3) Relinquishing custody or control of a digital
11 asset to another person.

12 "United States dollar equivalent of digital assets" means
13 the equivalent value of a particular digital asset in United
14 States dollars shown on a covered exchange regulated in the
15 United States for a particular date or period specified in
16 this Act, subject to any rules adopted by the Department.

17 (b) Whenever the terms "include", "including" or terms of
18 similar import appear in this Act, unless the context requires
19 otherwise, such terms shall not be construed to imply the
20 exclusion of any person, class, or thing not specifically
21 included.

22 (c) A reference in this Act to any other law or statute of
23 this State, or of any other jurisdiction, means such law or
24 statute as amended to the effective date of this Act, and
25 unless the context otherwise requires, as amended thereafter.

1 Section 101-10. Applicability.

2 (a) This Act governs the digital asset business activity
3 of a person doing business in this State or, wherever located,
4 who engages in or holds itself out as engaging in the activity
5 with or on behalf of a resident, to the extent not preempted by
6 federal law and except as otherwise provided in subsections
7 (b), (c), (d), or (e).

8 (b) (1) This Act does not apply to the exchange, transfer,
9 or storage of a digital asset or to digital asset
10 administration to the extent that:

11 (A) the Securities Exchange Act of 1934, 15 U.S.C.
12 78a et seq., or the Illinois Securities Law of 1953
13 govern the activity as a security transaction and the
14 activity is actually regulated for the purpose of
15 investor protection by the U.S. Securities and
16 Exchange Commission or the Illinois Secretary of
17 State; or

18 (B) the Commodity Exchange Act, 7 U.S.C. 1 et
19 seq., governs the activity as a contract of sale of a
20 commodity for future delivery or a swap and the
21 activity is actually regulated for the purpose of
22 investor protection by the U.S. Commodity Futures
23 Trading Commission.

24 (2) This subsection shall be construed in a manner
25 consistent with affording the greatest protection to
26 residents and the Department's authority under subsection

1 (a) of Section 101-15 to exercise nonexclusive oversight
2 and enforcement under any federal law applicable to
3 digital asset business activity. This subsection shall not
4 be construed to exempt an activity solely because a
5 financial regulatory agency has anti-fraud and
6 anti-manipulation enforcement authority over the activity.

7 (c) This Act does not apply to the following:

8 (1) The United States, a State, political subdivision
9 of a State, agency, or instrumentality of federal, State,
10 or local government, or a foreign government or a
11 subdivision, department, agency, or instrumentality of a
12 foreign government.

13 (2) A federally insured depository institution.

14 (3) A corporate fiduciary acting as a fiduciary or
15 otherwise engaging in fiduciary activities.

16 (4) A merchant using digital assets solely for the
17 purchase or sale of goods or services in the ordinary
18 course of its business.

19 (5) A person using digital assets solely for the
20 purchase or sale of goods or services for personal,
21 family, or household purposes.

22 (6) A credit union with member share accounts insured
23 by an insurer approved by the credit union's primary
24 financial regulatory agency, however, an out-of-state
25 credit union may not conduct any activity in this State
26 that is not authorized for a credit union chartered under

1 the laws of this State.

2 Nothing in this Act grants persons described in this
3 subsection (c) authority to engage in any activity not
4 otherwise granted under existing law.

5 (d) The Department may by rule or order clarify whether an
6 activity is governed by the Uniform Money Transmission
7 Modernization Act or this Act, however, this subsection (d)
8 shall not be applied in a manner inconsistent with the
9 protection of residents.

10 (e) Notwithstanding any other provision of this Act, the
11 Department, by rule or order, may conditionally or
12 unconditionally exempt any person, digital asset, or
13 transaction, or any class or classes of persons, digital
14 assets, or transactions, from any provision of this Act or of
15 any rule thereunder, to the extent that the exemption is
16 necessary or appropriate, in the public interest, and
17 consistent with the protection of residents.

18 Section 101-15. General powers and duties.

19 (a) The Department shall regulate digital asset business
20 activity in this State, unless it is exempt pursuant to
21 Section 101-10. To the extent permissible under federal law,
22 the Department shall exercise nonexclusive oversight and
23 enforcement under any federal law applicable to digital asset
24 business activity.

25 (b) The functions, powers, and duties conferred upon the

1 Department by this Act are cumulative to any other functions,
2 powers, and duties conferred upon the Department by other laws
3 applicable to digital asset business activity.

4 (c) The Department shall have the following functions,
5 powers, and duties in carrying out its responsibilities under
6 this Act and any other law applicable to digital asset
7 business activity in this State:

8 (1) to issue or refuse to issue any license or other
9 authorization under this Act;

10 (2) to revoke or suspend for cause any license or
11 other authorization under this Act;

12 (3) to keep records of all licenses or other
13 authorizations under this Act;

14 (4) to receive, consider, investigate, and act upon
15 complaints made by any person relating to any digital
16 asset business activity in this State;

17 (5) to prescribe the forms of and receive:

18 (A) applications for licenses or other
19 authorizations under this Act; and

20 (B) all reports and all books and records required
21 to be made under this Act;

22 (6) to subpoena documents and witnesses and compel
23 their attendance and production, to administer oaths, and
24 to require the production of any books, papers, or other
25 materials relevant to any inquiry authorized by this Act
26 or other law applicable to digital asset business activity

1 in this State;

2 (7) to issue orders against any person:

3 (A) if the Secretary has reasonable cause to
4 believe that an unsafe, unsound, or unlawful practice
5 has occurred, is occurring, or is about to occur;

6 (B) if any person has violated, is violating, or
7 is about to violate any law, rule, or written
8 agreement with the Secretary; or

9 (C) for the purpose of administering the
10 provisions of this Act or other law applicable to
11 digital asset business activity and any rule adopted
12 in accordance with this Act or other law applicable to
13 digital asset business activity;

14 (8) to address any inquiries to any covered person, or
15 the directors, officers, or employees of the covered
16 person, or the affiliates or service providers of the
17 covered person, in relation to the covered person's
18 activities and conditions or any other matter connected
19 with its affairs, and it shall be the duty of any person so
20 addressed to promptly reply in writing to those inquiries;
21 the Secretary may also require reports from any covered
22 person at any time the Secretary chooses;

23 (9) to examine the books and records of every covered
24 person, affiliate, or service provider;

25 (10) to enforce the provisions of this Act and any
26 state or federal law applicable to digital asset business

1 activity;

2 (11) to levy fees, fines, and civil penalties, charges
3 for services, and assessments to defray operating
4 expenses, including direct and indirect costs, of
5 administering this Act and other laws applicable to
6 digital asset business activity;

7 (12) to appoint examiners, supervisors, experts, and
8 special assistants as needed to effectively and
9 efficiently administer this Act and other laws applicable
10 to digital asset business activity;

11 (13) to conduct hearings for the purpose of carrying
12 out the purposes of this Act;

13 (14) to exercise visitorial power over a covered
14 person, affiliate, or service provider;

15 (15) to enter into cooperative agreements with federal
16 and state regulatory authorities and to accept reports of
17 examinations from federal and state regulatory
18 authorities;

19 (16) to assign on an emergency basis an examiner or
20 examiners to monitor the affairs of a covered person,
21 affiliate, or service provider with whatever frequency the
22 Secretary determines appropriate and to charge the covered
23 person for reasonable and necessary expenses of the
24 Secretary if in the opinion of the Secretary an emergency
25 exists or appears likely to occur;

26 (17) to impose civil penalties against a covered

1 person, affiliate, or service provider for failing to
2 respond to a regulatory request or reporting requirement;
3 and

4 (18) to conduct investigations, market surveillance,
5 and research, studies, and analyses of matters affecting
6 the interests of users of digital assets;

7 (19) to take such actions as the Secretary deems
8 necessary to educate and protect users of digital assets;

9 (20) to develop and implement initiatives and programs
10 to promote responsible innovation in digital asset
11 business activity; and

12 (21) to perform any other lawful acts necessary or
13 desirable to carry out the purposes and provisions of this
14 Act and other laws applicable to digital asset business
15 activity.

16 (d) The Department is authorized and encouraged to share
17 any information obtained pursuant to this Act or any other law
18 applicable to digital asset business activity with law
19 enforcement officials or other regulatory agencies.

20 Section 101-20. Funds.

21 (a) All moneys collected or received by the Department
22 under this Act shall be deposited into the Digital Assets
23 Regulation Fund, which is hereby created as a special fund in
24 the State treasury. The amounts deposited into the Digital
25 Assets Regulation Fund shall be used for the ordinary and

1 contingent expenses of the Department in administering this
2 Act and other financial laws; nothing in this Act shall
3 prevent the continuation of the practice of paying expenses
4 involving salaries, retirement, social security, and
5 State-paid insurance of State officers and employees by
6 appropriation from the General Revenue Fund or any other fund.
7 Moneys deposited into the Digital Assets Regulation Fund may
8 be transferred to the Professions Indirect Cost Fund or any
9 other Department fund.

10 (b) The expenses of administering this Act, including
11 investigations and examinations provided for in this Act,
12 shall be borne by and assessed against persons regulated by
13 this Act. The Department may establish fees by rule, including
14 in the following categories:

15 (1) investigation of licensees and license applicant
16 fees;

17 (2) examination fees;

18 (3) contingent fees; and

19 (4) such other categories as may be required to
20 administer this Act.

21 Article 105. Customer Protections

22 Section 105-5. Customer disclosures.

23 (a) When engaging in digital asset business activity with
24 a resident, a covered person shall provide to a resident the

1 customer disclosures required by subsection (b) and any
2 additional disclosures the Department by rule determines to be
3 necessary and appropriate for the protection of residents. The
4 Department may determine by rule the time and form required
5 for disclosures. A disclosure required by this Section shall
6 be made separately from any other information provided by the
7 covered person and in a clear and conspicuous manner in a
8 record the resident may keep.

9 (b) Before engaging in digital asset business activity
10 with a resident, a covered person shall disclose, to the
11 extent applicable to the digital asset business activity the
12 covered person will undertake with the resident, subject to
13 any rule or order issued by the Department, all of the
14 following:

15 (1) A schedule of fees and charges the covered person
16 may assess, the manner by which fees and charges will be
17 calculated if they are not set in advance and disclosed,
18 and the timing of the fees and charges.

19 (2) Whether the product or service provided by the
20 covered person is covered by either of the following:

21 (A) A form of insurance or other guarantee against
22 loss by an agency of the United States as follows:

23 (i) Up to the full United States dollar
24 equivalent of digital assets placed under the
25 custody or control of, or purchased from, the
26 covered person as of the date of the placement or

1 purchase, including the maximum amount provided by
2 insurance under the Federal Deposit Insurance
3 Corporation or National Credit Union
4 Administration or otherwise available from the
5 Securities Investor Protection Corporation.

6 (ii) If not provided at the full United States
7 dollar equivalent of the digital assets placed
8 under the custody or control of or purchased from
9 the covered person, the maximum amount of coverage
10 for each resident expressed in the United States
11 dollar equivalent of the digital asset.

12 (iii) If not applicable to the product or
13 service provided by the covered person, a clear
14 and conspicuous statement that the product is not
15 insured, as applicable, by the Federal Deposit
16 Insurance Corporation, National Credit Union
17 Administration, or the Securities Investor
18 Protection Corporation.

19 (B) (i) Private insurance against loss or theft,
20 including cybertheft or theft by other means.

21 (ii) A covered person shall disclose all
22 material terms of the insurance policy to the
23 resident in a manner that allows the resident to
24 understand the specific insured risks and any
25 maximum coverage amounts that may result in
26 partial coverage of the resident's assets.

1 (3) The irrevocability of a transfer or exchange and
2 any exception to irrevocability.

3 (4) A description of all of the following:

4 (A) The covered person's liability for an
5 unauthorized, mistaken, or accidental transfer or
6 exchange.

7 (B) The resident's responsibility to provide
8 notice to the covered person of an unauthorized,
9 mistaken, or accidental transfer or exchange.

10 (C) The basis for any recovery by the resident
11 from the covered person in case of an unauthorized,
12 mistaken, or accidental transfer or exchange.

13 (D) General error resolution rights applicable to
14 an unauthorized, mistaken, or accidental transfer or
15 exchange.

16 (E) The method for the resident to update the
17 resident's contact information with the covered
18 person.

19 (5) That the date or time when the transfer or
20 exchange is made and the resident's account is debited may
21 differ from the date or time when the resident initiates
22 the instruction to make the transfer or exchange.

23 (6) Whether the resident has a right to stop a
24 preauthorized payment or revoke authorization for a
25 transfer and the procedure to initiate a stop-payment
26 order or revoke authorization for a subsequent transfer.

1 (7) The resident's right to receive a receipt, trade
2 ticket, or other evidence of the transfer or exchange.

3 (8) The resident's right to at least 14 days' prior
4 notice of a change in the covered person's fee schedule,
5 other terms and conditions that have a material impact on
6 digital asset business activity with the resident, or the
7 policies applicable to the resident's account.

8 (9) That no digital asset is currently recognized as
9 legal tender by Illinois or the United States.

10 (10) (A) A list of instances in the past 12 months when
11 the covered person's service was unavailable to customers
12 seeking to engage in digital asset business activity due
13 to a service outage on the part of the covered person and
14 the causes of each identified service outage.

15 (B) As part of the disclosure required by this
16 paragraph, the covered person may list any steps the
17 covered person has taken to resolve underlying causes
18 for those outages.

19 (c) Except as otherwise provided in subsection (d), at the
20 conclusion of a digital asset transaction with, or on behalf
21 of, a resident, a covered person shall provide the resident a
22 confirmation in a record which contains all of the following:

23 (1) The name and contact information of the covered
24 person, including the toll-free telephone number required
25 under Section 105-20.

26 (2) The type, value, date, precise time, and amount of

1 the transaction.

2 (3) The fee charged for the transaction, including any
3 charge for conversion of a digital asset to fiat currency
4 or other digital asset, as well as any indirect charges.

5 (d) If a covered person discloses that it will provide a
6 daily confirmation in the initial disclosure under subsection
7 (c), the covered person may elect to provide a single, daily
8 confirmation for all transactions with or on behalf of a
9 resident on that day instead of a per transaction
10 confirmation.

11 Section 105-10. Custody and protection of customer assets.

12 (a) A covered person that stores, holds, or maintains
13 custody or control of a digital asset for one or more persons
14 shall at all times maintain an amount of each type of digital
15 asset sufficient to satisfy the aggregate entitlements of the
16 persons to the type of digital asset.

17 (b) The following provisions apply to a covered person
18 that stores, holds, or maintains custody or control of a
19 digital asset for one or more persons:

20 (1) If a covered person violates subsection (a), the
21 property interests of the persons in the digital asset are
22 pro rata property interests in the type of digital asset
23 to which the persons are entitled without regard to the
24 time the persons became entitled to the digital asset or
25 the covered person obtained control of the digital asset.

1 (2) A digital asset maintained for purposes of
2 compliance with this Section shall meet all of the
3 following criteria:

4 (A) The digital asset shall be held for the
5 persons entitled to the digital asset.

6 (B) The digital asset shall not be property of the
7 covered person.

8 (C) The digital asset shall not be subject to the
9 claims of creditors of the covered person.

10 (3) The Department may, by rule, amend the provisions
11 of this subsection as may be necessary and appropriate for
12 the protection of residents.

13 (c) The Department may adopt rules applicable to covered
14 persons related to additional protections of customer assets,
15 including, but not limited to:

16 (1) rules requiring that digital assets and funds
17 controlled by the covered person on behalf of residents be
18 held in accounts segregated from the covered person's own
19 digital assets and funds;

20 (2) rules related to qualified custodians that may
21 hold such segregated accounts;

22 (3) rules related to titling of such segregated
23 accounts;

24 (4) rules related to audit requirements for customer
25 assets;

26 (5) rules requiring compliance with specific

1 provisions of the Uniform Commercial Code applicable to
2 digital assets;

3 (6) rules restricting selling, transferring,
4 assigning, lending, hypothecating, pledging, or otherwise
5 using or encumbering customer assets; and

6 (7) any rules as may be as may be necessary and
7 appropriate for the protection of residents or necessary
8 to effectuate the purposes of this Section.

9 Section 105-15. Covered exchanges.

10 (a) (1) Except as provided for under paragraph (2) of this
11 subsection, a covered exchange, before listing or offering a
12 digital asset that the covered exchange can exchange on behalf
13 of a resident, shall certify on a form provided by the
14 Department that the covered exchange has done the following:

15 (A) Identified the risk that the digital asset would
16 be deemed a security by federal or state regulators.

17 (B) Provided, in writing, full and fair disclosure of
18 all material facts relating to conflicts of interest that
19 are associated with the covered exchange and the digital
20 asset.

21 (C) Conducted a comprehensive risk assessment designed
22 to ensure consumers are adequately protected from
23 cybersecurity risk, risk of malfeasance, including theft,
24 risks related to code or protocol defects, market-related
25 risks, including price manipulation and fraud, and any

1 other material risks.

2 (D) Established policies and procedures to reevaluate
3 the appropriateness of the continued listing or offering
4 of the digital asset, including an evaluation of whether
5 material changes have occurred.

6 (E) Established policies and procedures to cease
7 listing or offering the digital asset, including
8 notification to affected consumers and counterparties.

9 (F) Any other requirement designated by rule by the
10 Department as may be necessary and appropriate for the
11 protection of residents.

12 (2) Certification by a covered exchange shall not be
13 required for any digital asset approved for listing on or
14 before January 1, 2023, by the New York Department of
15 Financial Services pursuant to Part 200 of Title 23 of the New
16 York Code of Rules and Regulations, if the covered exchange
17 provides notification to the Department on a form provided by
18 the Department.

19 (3) After a finding that a covered exchange has listed or
20 offered a digital asset without appropriate certification or
21 after a finding that misrepresentations were made in the
22 certification process, the Department may require the covered
23 exchange to cease listing or offering the digital asset and
24 may take an enforcement action under Section 120-50 of this
25 Act.

26 (b)(1) A covered exchange shall make every effort to

1 execute a resident's request to exchange a digital asset that
2 the covered exchange receives fully and promptly.

3 (2) A covered exchange shall use reasonable diligence to
4 ascertain the best market for a digital asset and exchange it
5 in that market so that the outcome to the resident is as
6 favorable as possible under prevailing market conditions.
7 Compliance with this paragraph shall be determined by factors,
8 including, but not limited to, all of the following:

9 (A) The character of the market for the digital asset,
10 including price and volatility.

11 (B) The size and type of transaction.

12 (C) The number of markets checked.

13 (D) Accessibility of appropriate pricing.

14 (E) Any other factor designated by rule by the
15 Department as may be necessary and appropriate for the
16 protection of residents.

17 (3) In a transaction for or with a resident, the covered
18 exchange shall not interject a third party between the covered
19 exchange and the best market for the digital asset in a manner
20 inconsistent with this subsection.

21 (4) If a covered exchange cannot execute directly with a
22 market and employs other means in order to ensure an execution
23 advantageous to the resident, the burden of showing the
24 acceptable circumstances for doing so is on the covered
25 exchange.

1 Section 105-20. Customer service; requests for assistance.

2 (a) A covered person shall prominently display on its
3 internet website a toll-free telephone number through which a
4 resident can contact the covered person for requests for
5 assistance and receive live customer assistance, subject to
6 any rules adopted by the Department.

7 (b) A covered person shall implement reasonable policies
8 and procedures for accepting, processing, investigating, and
9 responding to requests for assistance in a timely and
10 effective manner. Such policies and procedures shall include
11 all of the following:

12 (1) A procedure for resolving disputes between the
13 covered person and a resident.

14 (2) A procedure for a resident to report an
15 unauthorized, mistaken, or accidental digital asset
16 business activity transaction.

17 (3) A procedure for a resident to file a complaint
18 with the covered person and for the resolution of the
19 complaint in a fair and timely manner with notice to the
20 resident as soon as reasonably practical of the resolution
21 and the reasons for the resolution.

22 (4) Any other procedure designated by rule by the
23 Department as may be necessary and appropriate for the
24 protection of residents.

25 Section 105-25. Collection of compensation. Unless exempt

1 from licensure under this Act, no person engaged in or
2 offering to engage in any act or service for which a license
3 under this Act is required may bring or maintain any action in
4 any court to collect compensation for the performance of the
5 licensable services without alleging and proving that he or
6 she was the holder of a valid license under this Act at all
7 times during the performance of those services.

8 Article 110. Compliance

9 Section 110-5. General requirements.

10 (a) Each licensee is required to comply with the
11 provisions of this Act, any lawful order, rule, or regulation
12 made or issued under the provisions of this Act, and all
13 applicable federal and State laws, rules, and regulations.

14 (b) Each licensee shall designate a qualified individual
15 or individuals responsible for coordinating and monitoring
16 compliance with subsection (a).

17 (c) Each licensee shall maintain, implement, update, and
18 enforce written compliance policies and procedures, in
19 accordance with Section 110-10 and subject to any rules
20 adopted by the Department, which policies and procedures must
21 be reviewed and approved by the licensee's board of directors
22 or an equivalent governing body of the licensee.

23 Section 110-10. Required policies and procedures.

1 (a) An applicant, before submitting an application, shall
2 create and a licensee, during licensure, shall maintain,
3 implement, update, and enforce, written compliance policies
4 and procedures for all of the following:

5 (1) A cybersecurity program.

6 (2) A business continuity program.

7 (3) A disaster recovery program.

8 (4) An anti-fraud program.

9 (5) An anti-money laundering and countering the
10 financing of terrorism program.

11 (6) An operational security program.

12 (7) (A) A program designed to ensure compliance with
13 this Act and other laws of this State or federal laws that
14 are relevant to the digital asset business activity
15 contemplated by the licensee with or on behalf of
16 residents and to assist the licensee in achieving the
17 purposes of other State laws and federal laws if violation
18 of those laws has a remedy under this Act.

19 (B) At a minimum, the program described by this
20 paragraph shall specify the policies and procedures that
21 the licensee undertakes to minimize the risk that the
22 licensee facilitates the exchange of unregistered
23 securities.

24 (8) A conflict of interest program.

25 (9) A request for assistance program to comply with
26 Section 105-20.

1 (10) Any other compliance program, policy, or
2 procedure the Department establishes by rule as necessary
3 for the protection of residents or for the safety and
4 soundness of the licensee's business or to effectuate the
5 purposes of this Act.

6 (b) A policy required by subsection (a) shall be
7 maintained in a record and designed to be adequate for a
8 licensee's contemplated digital asset business activity with
9 or on behalf of residents, considering the circumstances of
10 all participants and the safe operation of the activity. Any
11 policy and implementing procedure shall be compatible with
12 other policies and the procedures implementing them and not
13 conflict with policies or procedures applicable to the
14 licensee under other State law.

15 (c) A licensee's anti-fraud program shall include, at a
16 minimum, all of the following:

17 (1) Identification and assessment of the material
18 risks of its digital asset business activity related to
19 fraud, which shall include any form of market manipulation
20 and insider trading by the licensee, its employees, its
21 associated persons, or its customers.

22 (2) Protection against any material risk related to
23 fraud identified by the Department or the licensee.

24 (3) Periodic evaluation and revision of the anti-fraud
25 program, policies, and procedures.

26 (d) A licensee's anti-money laundering and countering the

1 financing of terrorism program shall include, at a minimum,
2 all of the following:

3 (1) Identification and assessment of the material
4 risks of its digital asset business activity related to
5 money laundering and financing of terrorist activity.

6 (2) Procedures, in accordance with federal law or
7 guidance published by federal agencies responsible for
8 enforcing federal law, pertaining to money laundering and
9 financing of terrorist activity.

10 (3) Filing reports under the Bank Secrecy Act, 31
11 U.S.C. 5311 et seq., or Chapter X of Title 31 of the Code
12 of Federal Regulations and other federal or State law
13 pertaining to the prevention or detection of money
14 laundering or financing of terrorist activity.

15 (e) A licensee's operational security program shall
16 include, at a minimum, reasonable and appropriate
17 administrative, physical, and technical safeguards to protect
18 the confidentiality, integrity, and availability of any
19 nonpublic information or digital asset it receives, maintains,
20 or transmits.

21 (f)(1) A licensee's cybersecurity program shall include,
22 at a minimum, all of the following:

23 (A) Maintaining, updating, and enforcing policies and
24 procedures designed to protect the confidentiality,
25 integrity, and availability of the licensee's information
26 systems and nonpublic information stored on those

1 information systems.

2 (B) Implementing and maintaining a written policy or
3 policies, approved at least annually by an executive
4 officer or the licensee's board of directors, or an
5 appropriate committee thereof, or equivalent governing
6 body, setting forth the licensee's policies and procedures
7 for the protection of its information systems and
8 nonpublic information stored on those information systems.

9 (C) Designating a qualified individual responsible for
10 overseeing and implementing the licensee's cybersecurity
11 program and enforcing its cybersecurity policy. The
12 individual must have adequate authority to ensure
13 cybersecurity risks are appropriately managed, including
14 the ability to direct sufficient resources to implement
15 and maintain a cybersecurity program. The individual may
16 be employed by the licensee, one of its affiliates, or a
17 service provider.

18 (2) To assist in carrying out this subsection, the
19 Department may adopt rules to define terms used in this
20 subsection and to establish specific requirements for the
21 required cybersecurity program, including, but not limited to,
22 rules related to:

23 (A) penetration testing and vulnerability assessment;

24 (B) audit trails;

25 (C) access privileges;

26 (D) application security;

- 1 (E) risk assessment;
- 2 (F) cybersecurity personnel and intelligence;
- 3 (G) affiliates and service providers;
- 4 (H) authentication;
- 5 (I) data retention;
- 6 (J) training and monitoring;
- 7 (K) encryption;
- 8 (L) incident response;
- 9 (M) notice of cybersecurity events; and
- 10 (N) any other requirement necessary and appropriate
- 11 for the protection of residents or for the safety and
- 12 soundness of the licensee or to effectuate the purposes of
- 13 this subsection.

14 (g) The Department may require a licensee to file with the

15 Department a copy of any report it makes to a federal or state

16 authority.

17 (h) After the policies and procedures required under this

18 Article are created and approved by the licensee, the licensee

19 shall engage a qualified individual or individuals with

20 adequate authority and experience to monitor and implement

21 each policy and procedure, publicize it as appropriate,

22 recommend changes as necessary, and enforce it.

23 Article 115. Licensure

24 Section 115-5. License required. A person shall not engage

1 in digital asset business activity, or hold itself out as
2 being able to engage in digital asset business activity, with
3 or on behalf of a resident unless the person is licensed in
4 this State by the Department under this Article, or the person
5 is exempt from licensure pursuant to Section 101-10.

6 Section 115-10. Application.

7 (a) An application for a license under this Act shall meet
8 all of the following requirements:

9 (1) The application shall be in a form and medium
10 prescribed by the Department. The Department may require
11 the filing of the application through a multistate
12 licensing system.

13 (2) The application shall provide all of the following
14 information relevant to the applicant's proposed digital
15 asset business activity:

16 (A) The legal name of the applicant, any current
17 or proposed business United States Postal Service
18 address of the applicant, and any fictitious or trade
19 name the applicant uses or plans to use in conducting
20 the applicant's digital asset business activity with
21 or on behalf of a resident.

22 (B) The legal name, any former or fictitious name,
23 and the residential and business United States Postal
24 Service address of any executive officer and
25 responsible individual of the applicant and any person

1 that has control of the applicant.

2 (C) A description of the current and former
3 business of the applicant and any affiliate of the
4 applicant for the 5 years before the application is
5 submitted, or, if the business has operated for less
6 than 5 years, for the time the business has operated,
7 including its products and services, associated
8 internet website addresses and social media pages,
9 principal place of business, projected user base, and
10 specific marketing targets.

11 (D) A list of all of the following:

12 (i) Any digital asset, money service, or money
13 transmitter license the applicant and any
14 affiliates hold in another state or from an agency
15 of the United States.

16 (ii) The date the licenses described in
17 subdivision (i) expire.

18 (iii) Any license revocation, license
19 suspension, or other disciplinary action taken
20 against the applicant and any affiliates in any
21 state or by an agency of the United States and any
22 license applications rejected by any state or
23 agency of the United States.

24 (E) A list of any criminal conviction, deferred
25 prosecution agreement, and pending criminal proceeding
26 in any jurisdiction against all of the following:

- 1 (i) The applicant.
- 2 (ii) Any executive officer of the applicant.
- 3 (iii) Any responsible individual of the
4 applicant.
- 5 (iv) Any person that has control over the
6 applicant.
- 7 (v) Any affiliate of the applicant.
- 8 (F) A list of any litigation, arbitration, or
9 administrative proceeding in any jurisdiction in which
10 the applicant or an executive officer, responsible
11 individual, or affiliate of the applicant has been a
12 party for the 10 years before the application is
13 submitted determined to be material in accordance with
14 generally accepted accounting principles and, to the
15 extent the applicant or such other person would be
16 required to disclose the litigation, arbitration, or
17 administrative proceeding in the applicant's or such
18 other person's audited financial statements, reports
19 to equity owners, and similar statements or reports.
- 20 (G) A list of any bankruptcy or receivership
21 proceeding in any jurisdiction for the 10 years before
22 the application is submitted in which any of the
23 following was a debtor:
- 24 (i) The applicant.
- 25 (ii) An executive officer of the applicant.
- 26 (iii) A responsible individual of the

1 applicant.

2 (iv) A person that has control over the
3 applicant.

4 (v) An affiliate of the applicant.

5 (H) The name and United States Postal Service
6 address of any bank or credit union in which the
7 applicant and any affiliates plan to deposit funds
8 obtained by digital asset business activity.

9 (I) The source of funds and credit to be used by
10 the applicant and any affiliate to conduct digital
11 asset business activity with or on behalf of a
12 resident.

13 (J) A current financial statement and other
14 documentation satisfactory to the Department
15 demonstrating that the applicant has the capital and
16 liquidity required by Section 120-5.

17 (K) The United States Postal Service address and
18 email address to which communications from the
19 Department can be sent.

20 (L) The name, United States Postal Service
21 address, and email address of the registered agent of
22 the applicant in this State.

23 (M) A copy of the certificate, or a detailed
24 summary acceptable to the Department, of coverage for
25 any liability, casualty, business interruption, or
26 cybersecurity insurance policy maintained by the

1 applicant for itself, an executive officer, a
2 responsible individual, an affiliate, or the
3 applicant's users.

4 (N) If applicable, the date on which and the state
5 in which the applicant is formed and a copy of a
6 current certificate of good standing issued by that
7 state.

8 (O) If a person has control of the applicant and
9 the person's equity interests are publicly traded in
10 the United States, a copy of the audited financial
11 statement of the person for the most recent fiscal
12 year or most recent report of the person filed under
13 Section 13 of the Securities Exchange Act of 1934, 15
14 U.S.C. 78m.

15 (P) If a person has control of the applicant and
16 the person's equity interests are publicly traded
17 outside the United States, a copy of the audited
18 financial statement of the person for the most recent
19 fiscal year of the person or a copy of the most recent
20 documentation similar to that required in subparagraph
21 (N) filed with the foreign regulator in the domicile
22 of the person.

23 (Q) If the applicant is a partnership or a
24 member-managed limited liability company, the names
25 and United States Postal Service addresses of any
26 general partner or member.

1 (R) If the applicant is required to register with
2 the Financial Crimes Enforcement Network of the United
3 States Department of the Treasury as a money service
4 business, evidence of the registration.

5 (S) A set of fingerprints for each executive
6 officer and responsible individual of the applicant.

7 (T) If available, for any executive officer and
8 responsible individual of the applicant, for the 10
9 years before the application is submitted, employment
10 history and history of any investigation of the
11 individual or legal proceeding to which the individual
12 was a party.

13 (U) The plans through which the applicant will
14 meet its obligations under Article 110.

15 (V) Any other information the Department requires
16 by rule.

17 (3) The application shall be accompanied by a
18 nonrefundable fee in the amount determined by the
19 Department to cover the costs of regulation.

20 (b)(1) On receipt of a completed application, the
21 Department shall investigate all of the following:

22 (A) The financial condition and responsibility of the
23 applicant and any affiliate of the applicant.

24 (B) The relevant financial and business experience,
25 character, and general fitness of the applicant and any
26 affiliate of the applicant.

1 (C) The competence, experience, character, and general
2 fitness of each executive officer and director, each
3 responsible individual, and any person that has control of
4 the applicant.

5 (2) On receipt of a completed application, the Department
6 may investigate the business premises of an applicant or an
7 affiliate of the applicant or require the submission of any
8 other documents or information the Department deems relevant
9 to the application.

10 (3) The investigation required by this subsection must
11 allow the Secretary to issue positive findings stating that
12 the financial condition, financial responsibility, competence,
13 experience, character, and general fitness of the applicant,
14 each executive officer and director, each responsible
15 individual, any person that has control of the applicant, and
16 any affiliate of the applicant are such as to command the
17 confidence of the community and to warrant belief that the
18 business will be operated honestly, fairly, and efficiently
19 within the purpose of this Act; if the Secretary does not so
20 find, he or she shall not issue the license, and he or she
21 shall notify the license applicant of the denial.

22 (c)(1) After completing the investigation required by
23 subsection (b), the Department shall send the applicant notice
24 of its decision to approve, conditionally approve, or deny the
25 application. If the Department does not receive notice from
26 the applicant that the applicant accepts conditions specified

1 by the Department within 31 days following the Department's
2 notice of the conditions, the application shall be deemed
3 withdrawn.

4 (2) The Secretary may impose conditions on a license if
5 the Secretary determines that those conditions are necessary
6 or appropriate. These conditions shall be imposed in writing
7 and shall continue in effect for the period prescribed by the
8 Secretary.

9 (d) A license issued pursuant to this Act shall take
10 effect on the later of the following:

11 (1) The date the Department issues the license.

12 (2) The date the licensee provides the security
13 required by Section 120-5.

14 (e) In addition to the fee required by paragraph (3) of
15 subsection (a), an applicant shall pay the costs of the
16 Department's investigation under subsection (b).

17 (f) A license issued pursuant to this Act shall remain in
18 full force and effect until it expires without renewal, is
19 surrendered by the licensee, or revoked or suspended as
20 hereinafter provided.

21 (g) (1) The Department may issue a conditional license to
22 an applicant who holds or maintains a license to conduct
23 virtual currency business activity in the State of New York
24 pursuant to Part 200 of Title 23 of the New York Code of Rules
25 and Regulations, or a charter as a New York State limited
26 purpose trust company with approval to conduct virtual

1 currency business under the New York Banking Law, if the
2 license or approval was issued no later than January 1, 2023
3 and the applicant pays all appropriate fees and complies with
4 the requirements of this Act.

5 (2) A conditional license issued pursuant to this
6 subsection shall expire at the earliest of the following:

7 (A) upon issuance of an unconditional license;

8 (B) upon denial of a license application;

9 (C) upon revocation of a license issued pursuant to
10 Part 200 of Title 23 of the New York Code of Rules and
11 Regulations.

12 Section 115-15. Renewal.

13 (a) Licenses shall be subject to renewal every year using
14 a common renewal period as established by the Department by
15 rule. A licensee may apply for renewal of the license by
16 submitting a renewal application under subsection (b) and
17 paying a renewal fee determined by the Department, not to
18 exceed the reasonable costs of regulation.

19 (b) A renewal application required by subsection (a) shall
20 be submitted in a form and medium prescribed by the
21 Department. The report shall contain all of the following:

22 (1) Either a copy of the licensee's most recent
23 reviewed annual financial statement, if the gross revenue
24 generated by the licensee's digital asset business
25 activity in this State was not more than \$2,000,000 for

1 the fiscal year ending before the anniversary date of
2 issuance of its license under this Act, or a copy of the
3 licensee's most recent audited annual financial statement,
4 if the licensee's digital asset business activity in this
5 State amounted to more than \$2,000,000, for the fiscal
6 year ending before the anniversary date.

7 (2) If a person other than an individual has control
8 of the licensee, a copy of either of the following:

9 (A) The person's most recent reviewed annual
10 financial statement, if the person's gross revenue was
11 not more than \$2,000,000 in the previous fiscal year
12 measured as of the anniversary date of issuance of its
13 license under this Act.

14 (B) The person's most recent audited consolidated
15 annual financial statement, if the person's gross
16 revenue was more than \$2,000,000 in the previous
17 fiscal year measured as of the anniversary date of
18 issuance of its license under this Act.

19 (3) A description of any of the following:

20 (A) Any material change in the financial condition
21 of the licensee and any affiliate of the licensee.

22 (B) Any material litigation related to the
23 licensee's digital asset business activity and
24 involving the licensee or an executive officer,
25 responsible individual, or affiliate of the licensee.

26 (C) Any federal, state, or foreign investigation

1 involving the licensee or an executive officer,
2 responsible individual, or affiliate of the licensee.

3 (D) (i) Any data security breach involving the
4 licensee.

5 (ii) A description of a data security breach
6 pursuant to this subparagraph does not constitute
7 disclosure or notification of a security breach
8 for purposes of any other law.

9 (4) Information or records required by Section 120-25
10 that the licensee has not reported to the Department.

11 (5) The number of digital asset business activity
12 transactions with or on behalf of residents for the period
13 since the later of the date the license was issued or the
14 date the last renewal application was submitted.

15 (6) (A) The amount of United States dollar equivalent
16 of digital assets in the custody or control of the
17 licensee at the end of the last month that ends not later
18 than 30 days before the date of the renewal report.

19 (B) The total number of residents for whom the
20 licensee had custody or control of United States
21 dollar equivalent of digital assets on that date.

22 (7) Evidence that the licensee is in compliance with
23 Section 105-10.

24 (8) Evidence that the licensee is in compliance with
25 Section 120-5.

26 (9) A list of any location where the licensee operates

1 its digital asset business activity.

2 (10) Any other information the Department requires by
3 rule.

4 (c) If a licensee does not timely comply with subsection
5 (a), the Department may use enforcement actions provided under
6 Section 120-50. Notice or hearing is not required for a
7 suspension or revocation of a license under this Act for
8 failure to pay a renewal fee or file a renewal application.

9 (d) Suspension or revocation of a license under this
10 Section does not invalidate a transfer or exchange of digital
11 assets for or on behalf of a resident made during the
12 suspension or revocation and does not insulate the licensee
13 from liability under this Act.

14 (e) For good cause, the Department, in its sole
15 discretion, may extend a period under this Section.

16 (f) A licensee that does not comply with this Section
17 shall cease digital asset business activities with or on
18 behalf of a resident. A licensee ceasing an activity or
19 activities regulated by this Act and desiring to no longer be
20 licensed shall so inform the Department in writing and, at the
21 same time, convey any license issued and all other symbols or
22 indicia of licensure. The licensee shall include a plan for
23 the withdrawal from regulated business, including a timetable
24 for the disposition of the business, and comply with the
25 surrender guidelines or requirements of the Department.

26 (g) A licensee shall pay the reasonable and necessary

1 costs of the Department's investigation under this Section.

2 Section 115-20. Nontransferable license. A license under
3 this Act is not transferable or assignable.

4 Article 120. Supervision

5 Section 120-5. Surety bond; capital and liquidity
6 requirements.

7 (a) (1) (A) A licensee shall maintain a surety bond or trust
8 account in United States dollars in a form and amount as
9 determined by the Department for the protection of residents
10 that engage in digital asset business activity with the
11 licensee.

12 (B) If a licensee maintains a trust account
13 pursuant to this Section, that trust account shall be
14 maintained with a qualified custodian.

15 (2) Security deposited under this Section shall be for
16 the benefit of a claim against the licensee on account of
17 the licensee's digital asset business activity with or on
18 behalf of a resident.

19 (3) Security deposited under this Section shall cover
20 claims for the period the Department specifies by rule and
21 for an additional period the Department specifies after
22 the licensee ceases to engage in digital asset business
23 activity with or on behalf of a resident.

1 (4) The Department may require the licensee to
2 increase the amount of security deposited under this
3 Section, and the licensee shall deposit the additional
4 security not later than 15 days after the licensee
5 receives notice in a record of the required increase.

6 (5) The Department may permit a licensee to substitute
7 or deposit an alternate form of security satisfactory to
8 the Department if the licensee at all times complies with
9 this Section.

10 (b) In addition to the security required under subsection
11 (a), a licensee shall maintain at all times capital and
12 liquidity, each in an amount and form as the Department
13 determines is sufficient to ensure the financial integrity of
14 the licensee and its ongoing operations based on an assessment
15 of the specific risks applicable to the licensee. In
16 determining the minimum amount of capital and liquidity that
17 shall be maintained by a licensee, the Department may consider
18 factors, including, but not limited to, all of the following:

19 (1) The composition of the licensee's total assets,
20 including the position, size, liquidity, risk exposure,
21 and price volatility of each type of asset.

22 (2) The composition of the licensee's total
23 liabilities, including the size and repayment timing of
24 each type of liability.

25 (3) The actual and expected volume of the licensee's
26 digital asset business activity.

1 (4) The amount of leverage employed by the licensee.

2 (5) The liquidity position of the licensee.

3 (6) The financial protection that the licensee
4 provides pursuant to subsection (a).

5 (7) The types of entities to be serviced by the
6 licensee.

7 (8) The types of products or services to be offered by
8 the licensee.

9 (9) Arrangements adopted by the licensee for the
10 protection of its customers in the event of the licensee's
11 insolvency.

12 (c) A licensee shall hold liquidity required to be
13 maintained in accordance with this Section in the form of cash
14 or high-quality liquid assets, as defined by the Department
15 and in proportions determined by the Department.

16 (d) The Department may require a licensee to increase the
17 capital or liquidity required under this Section. A licensee
18 shall submit evidence satisfactory to the Department that it
19 has additional capital or liquidity required pursuant to this
20 subsection not later than 15 days after the licensee receives
21 notice in a record of the required increase.

22 Section 120-10. Examination.

23 (a) (1) (A) The Department may, at any time and from time to
24 time, examine the business and any office, within or outside
25 this State, of any covered person, or any agent of a covered

1 person, in order to ascertain (i) the financial condition of
2 the covered person, (ii) the safety and soundness of the
3 conduct of its business, (iii) the policies of its management,
4 (iv) whether the business is being conducted in a lawful
5 manner, (v) whether all digital asset business activity is
6 properly accounted for, and (vi) such other matters as the
7 Department may determine, including, but not limited to, any
8 activities of the covered person outside the State if in the
9 Department's judgment such activities may affect the covered
10 person's digital asset business activity.

11 (B) The directors, officers, and employees of a
12 covered person, or agent of a covered person, being
13 examined by the Department shall exhibit to the
14 Department, on request, any or all of the covered
15 person's accounts, books, correspondence, memoranda,
16 papers, and other records and shall otherwise
17 facilitate the examination so far as it may be in their
18 power to do so.

19 (C) The covered person shall permit and assist the
20 Department to examine an affiliate or service provider
21 of the covered person when, in the Department's
22 judgment, it is necessary or advisable to do so.

23 (2) The Department may examine a covered person, its
24 affiliate, or service provider pursuant to this paragraph
25 without prior notice to the covered person, affiliate, or
26 service provider.

1 (b) A covered person shall pay the necessary costs of an
2 examination under this Section.

3 Section 120-15. Books and records.

4 (a) A licensee shall maintain, for all digital asset
5 business activity with or on behalf of a resident for 5 years
6 after the date of the activity, a record of all of the
7 following:

8 (1) Any transaction of the licensee with or on behalf
9 of the resident or for the licensee's account in this
10 State, including all of the following:

11 (A) The identity of the resident.

12 (B) The form of the transaction.

13 (C) The amount, date, and payment instructions
14 given by the resident.

15 (D) The account number, name, and physical address
16 of:

17 (i) the parties to the transaction that are
18 customers or account holders of the licensee; and

19 (ii) to the extent practicable, any other
20 parties to the transaction.

21 (2) The aggregate number of transactions and aggregate
22 value of transactions by the licensee with, or on behalf
23 of, the resident and for the licensee's account in this
24 State expressed in United States dollar equivalent of
25 digital assets for the previous 12 calendar months.

1 (3) Any transaction in which the licensee exchanged
2 one form of digital asset for fiat currency or another
3 form of digital asset with or on behalf of the resident.

4 (4) A general ledger posted at least monthly that
5 lists all assets, liabilities, capital, income, and
6 expenses of the licensee.

7 (5) Any call report the licensee is required to create
8 or provide to the Department.

9 (6) Bank statements and bank reconciliation records
10 for the licensee and the name, account number, and United
11 States Postal Service address of any bank or credit union
12 the licensee uses in the conduct of its digital asset
13 business activity with or on behalf of the resident.

14 (7) A report of any dispute with a resident.

15 (b) A licensee shall maintain records required by
16 subsection (a) in a form that enables the Department to
17 determine whether the licensee is in compliance with this Act,
18 any court order, and the laws of this State.

19 (c) If a licensee maintains records outside this State
20 that pertain to transactions with or on behalf of a resident,
21 the licensee shall make the records available to the
22 Department not later than 3 days after request, or, on a
23 determination of good cause by the Department, in its sole
24 discretion, at a later time.

25 (d) All records maintained by a licensee, any affiliate,
26 or any service provider are subject to inspection by the

1 Department.

2 Section 120-20. Regulatory cooperation. The Department may
3 cooperate, coordinate, jointly examine, consult, and share
4 records and other information with the appropriate regulatory
5 agency of another state, a self-regulatory organization,
6 federal or state regulator of banking or non-depository
7 institutions, or a regulator of a jurisdiction outside the
8 United States, concerning the affairs and conduct of a covered
9 person, affiliate, or service provider in this State.

10 Section 120-25. Material business changes.

11 (a) A licensee shall file with the Department a report of
12 the following, as may be applicable:

13 (1) A material change in information in the
14 application for a license under this Act or the most
15 recent renewal report of the licensee under this Act.

16 (2) A material change in the licensee's business for
17 the conduct of its digital asset business activity with or
18 on behalf of a resident.

19 (3) A change of an affiliate, executive officer,
20 responsible individual, or person in control of the
21 licensee.

22 (b) Absent good cause, as determined in the sole
23 discretion of the Department, a report required by this
24 Section shall be filed not later than 15 days after the change

1 described in subsection (a).

2 Section 120-30. Change in control.

3 (a) As used in this Section, "proposed person to be in
4 control" means the person that would control a licensee after
5 a proposed transaction that would result in a change in
6 control of the licensee.

7 (b) The following rules apply in determining whether a
8 person has control over a licensee:

9 (1) There is a rebuttable presumption of control if
10 the person's voting power in the licensee constitutes or
11 will constitute at least 25% of the total voting power of
12 the licensee.

13 (2) There is a rebuttable presumption of control if
14 the person's voting power in another person constitutes or
15 will constitute at least 10% of the total voting power of
16 the other person and the other person's voting power in
17 the licensee constitutes at least 25% of the total voting
18 power of the licensee.

19 (3) There is no presumption of control solely because
20 an individual is an executive officer of the licensee.

21 (c) At least 30 days before a proposed change in control of
22 a licensee, the proposed person to be in control shall submit
23 to the Department in a record all of the following:

24 (1) An application in a form and medium prescribed by
25 the Department.

1 (2) The information and records that Section 115-10
2 would require if the proposed person to be in control
3 already had control of the licensee.

4 (3) A license application under Section 115-10 by the
5 proposed person to be in control.

6 (d) The Department, in accordance with Section 115-10,
7 shall approve, approve with conditions, or deny an application
8 for a change in control of a licensee. The Department, in a
9 record, shall send notice of its decision to the licensee and
10 the person that would be in control if the Department had
11 approved the change in control. If the Department denies the
12 application, the licensee shall abandon the proposed change in
13 control or cease digital asset business activity with or on
14 behalf of residents.

15 (e) If the Department applies a condition to approval of a
16 change in control of a licensee, and the Department does not
17 receive notice of the applicant's acceptance of the condition
18 specified by the Department not later than 31 days after the
19 Department sends notice of the condition, the application is
20 deemed denied. If the application is deemed denied, the
21 licensee shall abandon the proposed change in control or cease
22 digital asset business activity with or on behalf of
23 residents.

24 (f) The Department may revoke or modify a determination
25 under subsection (d), after notice and opportunity to be
26 heard, if, in its judgment, revocation or modification is

1 consistent with this Act.

2 (g) If a change in control of a licensee requires approval
3 of another regulatory agency, and the action of the other
4 agency conflicts with that of the Department, the Department
5 shall confer with the other agency. If the proposed change in
6 control cannot be completed because the conflict cannot be
7 resolved, the licensee shall abandon the change in control or
8 cease digital asset business activity with or on behalf of
9 residents.

10 Section 120-35. Mergers.

11 (a) At least 30 days before a proposed merger or
12 consolidation of a licensee with another person, the licensee
13 shall submit all of the following, as applicable, to the
14 Department:

15 (1) An application in a form and medium prescribed by
16 the Department.

17 (2) The plan of merger or consolidation in accordance
18 with subsection (e).

19 (3) In the case of a licensee, the information
20 required by Section 115-10 concerning the person that
21 would be the surviving entity in the proposed merger or
22 consolidation.

23 (b) If a proposed merger or consolidation would change the
24 control of a licensee, the licensee shall comply with Section
25 120-30 and this Section.

1 (c) The Department, in accordance with Section 115-10,
2 shall approve, conditionally approve, or deny an application
3 for approval of a merger or consolidation of a licensee. The
4 Department, in a record, shall send notice of its decision to
5 the licensee and the person that would be the surviving
6 entity. If the Department denies the application, the licensee
7 shall abandon the merger or consolidation or cease digital
8 asset business activity with or on behalf of residents.

9 (d) The Department may revoke or modify a determination
10 under paragraph (c), after notice and opportunity to be heard,
11 if, in its judgment, revocation or modification is consistent
12 with this Act.

13 (e) A plan of merger or consolidation of a licensee with
14 another person shall do all of the following:

15 (1) Describe the effect of the proposed transaction on
16 the licensee's conduct of digital asset business activity
17 with or on behalf of residents.

18 (2) Identify each person to be merged or consolidated
19 and the person that would be the surviving entity.

20 (3) Describe the terms and conditions of the merger or
21 consolidation and the mode of carrying it into effect.

22 (f) If a merger or consolidation of a licensee and another
23 person requires approval of another regulatory agency, and the
24 action of the other agency conflicts with that of the
25 Department, the Department shall confer with the other agency.
26 If the proposed merger or consolidation cannot be completed

1 because the conflict cannot be resolved, the licensee shall
2 abandon the merger or consolidation or cease digital asset
3 business activity with or on behalf of residents.

4 (g) The Department may condition approval of an
5 application under subsection (a). If the Department does not
6 receive notice from the parties that the parties accept the
7 Department's condition not later than 31 days after the
8 Department sends notice in a record of the condition, the
9 application is deemed denied. If the application is deemed
10 denied, the licensee shall abandon the merger or consolidation
11 or cease digital asset business activity with, or on behalf
12 of, residents.

13 (h) If a licensee acquires substantially all of the assets
14 of a person, whether or not the person's license was approved
15 by the Department, the transaction is subject to this Section.

16 Section 120-40. Investigation of complaints. The Secretary
17 shall be authorized at all times to maintain staff and
18 facilities adequate to receive, record, and investigate
19 complaints and inquiries made by any person concerning this
20 Act and any covered persons, affiliates, and service providers
21 under this Act. Each such person shall open their books,
22 records, documents, and offices wherever situated to the
23 Secretary or his or her appointees as needed to facilitate
24 such investigations.

1 Section 120-45. Additional investigation and examination
2 authority. In addition to any authority allowed under this Act
3 or other applicable law, the Secretary shall have the
4 authority to conduct investigations and examinations as
5 follows:

6 (1) For purposes of initial licensing, license
7 renewal, license suspension, license conditioning, license
8 revocation or termination, or general or specific inquiry
9 or investigation to determine compliance with this Act,
10 the Secretary shall have the authority to access, receive,
11 and use any books, accounts, records, files, documents,
12 information, or evidence, including, but not limited to,
13 the following:

14 (A) criminal, civil, and administrative history
15 information, including nonconviction data as specified
16 in the Criminal Code of 2012;

17 (B) personal history and experience information,
18 including independent credit reports obtained from a
19 consumer reporting agency described in Section 603(p)
20 of the federal Fair Credit Reporting Act; and

21 (C) any other documents, information, or evidence
22 the Secretary deems relevant to the inquiry or
23 investigation, regardless of the location, possession,
24 control, or custody of the documents, information, or
25 evidence.

26 (2) For the purposes of investigating violations or

1 complaints arising under this Act or for the purposes of
2 examination, the Secretary may review, investigate, or
3 examine any covered person, affiliate, service provider,
4 individual, or person subject to this Act as often as
5 necessary in order to carry out the purposes of this Act.
6 The Secretary may direct, subpoena, or order the
7 attendance of and examine under oath all persons whose
8 testimony may be required about the transactions or the
9 business or subject matter of any such examination or
10 investigation, and may direct, subpoena, or order the
11 person to produce books, accounts, records, files, and any
12 other documents the Secretary deems relevant to the
13 inquiry.

14 (3) Each covered person, affiliate, service provider,
15 individual, or person subject to this Act shall make
16 available to the Secretary upon request the books and
17 records relating to the operations of the licensee,
18 affiliate, individual, or person subject to this Act. The
19 Secretary shall have access to those books and records and
20 interview the officers, principals, employees, independent
21 contractors, agents, and customers of the covered person,
22 affiliate, service provider, individual, or person subject
23 to this Act concerning their business.

24 (4) Each covered person, affiliate, service provider,
25 individual, or person subject to this Act shall make or
26 compile reports or prepare other information as directed

1 by the Secretary in order to carry out the purposes of this
2 Section, including, but not limited to:

3 (A) accounting compilations;

4 (B) information lists and data concerning
5 transactions in a format prescribed by the Secretary;
6 or

7 (C) other information deemed necessary to carry
8 out the purposes of this Section.

9 (5) In making any examination or investigation
10 authorized by this Act, the Secretary may control access
11 to any documents and records of the covered person or
12 person under examination or investigation. The Secretary
13 may take possession of the documents and records or place
14 a person in exclusive charge of the documents and records
15 in the place where they are usually kept. During the
16 period of control, no person shall remove or attempt to
17 remove any of the documents or records, except pursuant to
18 a court order or with the consent of the Secretary. Unless
19 the Secretary has reasonable grounds to believe the
20 documents or records of the covered person or person under
21 examination or investigation have been or are at risk of
22 being altered or destroyed for purposes of concealing a
23 violation of this Act, the covered person or owner of the
24 documents and records shall have access to the documents
25 or records as necessary to conduct its ordinary business
26 affairs.

1 (6) In order to carry out the purposes of this
2 Section, the Secretary may:

3 (A) retain attorneys, accountants, or other
4 professionals and specialists as examiners, auditors,
5 or investigators to conduct or assist in the conduct
6 of examinations or investigations;

7 (B) enter into agreements or relationships with
8 other government officials, regulatory associations,
9 or self-regulatory organizations in order to improve
10 efficiencies and reduce regulatory burden by sharing
11 resources, standardized or uniform methods or
12 procedures, and documents, records, information, or
13 evidence obtained under this Section;

14 (C) use, hire, contract, or employ public or
15 privately available analytical systems, methods, or
16 software to examine or investigate the covered person,
17 affiliate, service provider, individual, or person
18 subject to this Act;

19 (D) accept and rely on examination or
20 investigation reports made by other government
21 officials, within or outside this State; or

22 (E) accept audit reports made by an independent
23 certified public accountant for the covered person,
24 affiliate, service provider, individual, or person
25 subject to this Act in the course of that part of the
26 examination covering the same general subject matter

1 as the audit and may incorporate the audit report in
2 the report of the examination, report of
3 investigation, or other writing of the Secretary.

4 (7) The authority of this Section shall remain in
5 effect, whether such a covered person, affiliate, service
6 provider, individual, or person subject to this Act acts
7 or claims to act under any licensing or registration law
8 of this State or claims to act without the authority.

9 (8) No covered person, affiliate, service provider,
10 individual, or person subject to investigation or
11 examination under this Section may knowingly withhold,
12 abstract, remove, mutilate, destroy, or secrete any books,
13 records, computer records, or other information.

14 Section 120-50. Enforcement actions.

15 (a) As used in this Article, "enforcement action" means an
16 action including, but not limited to, all of the following:

17 (1) Suspending or revoking a license under this Act.

18 (2) Ordering a person to cease and desist from doing
19 digital asset business activity with or on behalf of a
20 resident.

21 (3) Requesting the court to appoint a receiver for the
22 assets of a person doing digital asset business activity
23 with or on behalf of a resident.

24 (4) Requesting the court to issue temporary,
25 preliminary, or permanent injunctive relief against a

1 person doing digital asset business activity with or on
2 behalf of a resident.

3 (5) Assessing a civil penalty under Section 120-70.

4 (6) Recovering on the security under Section 120-5 and
5 initiating a plan to distribute the proceeds for the
6 benefit of a resident injured by a violation of this Act,
7 or law of this State other than this Act that applies to
8 digital asset business activity with or on behalf of a
9 resident.

10 (7) Imposing necessary or appropriate conditions on
11 the conduct of digital asset business activity with or on
12 behalf of a resident.

13 (8) Seeking restitution on behalf of a resident if the
14 Department shows economic injury due to a violation of
15 this Act.

16 (b) The Department may enter into a consent order with a
17 person regarding an enforcement action.

18 (c) This Section does not provide a private right of
19 action to a resident, provided this Section does not preclude
20 an action by a resident to enforce rights under Article 105 or
21 subsection (a) of Section 120-5.

22 Section 120-55. Violations.

23 (a) The Department may take an enforcement action against
24 a covered person or any person otherwise subject to this Act in
25 any of the following instances:

1 (1) The covered person or person violates this Act, a
2 rule adopted or order issued under this Act, or a State or
3 federal law or regulation that applies to digital asset
4 business activity of the violator with or on behalf of a
5 resident.

6 (2) The covered person or person does not cooperate
7 with an examination or investigation by the Department,
8 fails to pay a fee, or fails to submit a report or
9 documentation.

10 (3) The covered person or person, in the conduct of
11 its digital asset business activity with or on behalf of a
12 resident, engages in any of the following:

13 (A) An unsafe, unsound, or unlawful act or
14 practice.

15 (B) An unfair, deceptive, or abusive act or
16 practice.

17 (C) Fraud, misrepresentation, deceit, or
18 negligence.

19 (D) Misappropriation of fiat currency, a digital
20 asset, or other value.

21 (4) An agency of the United States or another state
22 takes an action against the covered person or person that
23 would constitute an enforcement action if the Department
24 had taken the action.

25 (5) The covered person or person is convicted of a
26 crime related to its digital asset business activity with

1 or on behalf of a resident or involving fraud or felonious
2 activity that, as determined by the Department, makes the
3 covered person or person unsuitable to engage in digital
4 asset business activity.

5 (6) Any of the following occurs:

6 (A) The covered person or person becomes
7 insolvent.

8 (B) The covered person or person makes a general
9 assignment for the benefit of its creditors.

10 (C) The covered person or person becomes the
11 debtor, alleged debtor, respondent, or person in a
12 similar capacity in a case or other proceeding under
13 any bankruptcy, reorganization, arrangement,
14 readjustment, insolvency, receivership, dissolution,
15 liquidation, or similar law, and does not obtain from
16 the court, within a reasonable time, confirmation of a
17 plan or dismissal of the case or proceeding.

18 (D) The covered person or person applies for, or
19 permits the appointment of, a receiver, trustee, or
20 other agent of a court for itself or for a substantial
21 part of its assets.

22 (7) The covered person or person makes a
23 misrepresentation to the Department.

24 (b) If the Secretary finds, as the result of examination,
25 investigation, or review of reports submitted by a licensee,
26 that the business and affairs of a licensee are not being

1 conducted in accordance with this Act, the Secretary may
2 notify the licensee of the correction necessary. If a licensee
3 fails to correct such violations, the Secretary may issue an
4 order requiring immediate correction and compliance with this
5 Act and may specify a reasonable date for performance.

6 Section 120-60. Hearings.

7 (a) Except as provided in subsection (b), the Department
8 may take an enforcement action only after notice and
9 opportunity for a hearing as appropriate in the circumstances.
10 All hearings provided for in this Act shall be conducted in
11 accordance with Title 38, Part 100 of the Illinois
12 Administrative Code, and the Secretary shall have all the
13 powers granted therein.

14 (b) (1) (A) The Department may take an enforcement action,
15 other than the imposition of a civil penalty under Section
16 120-70, without notice if the circumstances require action
17 before notice can be given.

18 (B) A person subject to an enforcement action
19 pursuant to this subsection shall have the right to an
20 expedited post-action hearing by the Department unless
21 the person has waived the hearing.

22 (2) (A) The Department may take an enforcement action,
23 other than the imposition of a civil penalty under Section
24 120-70, after notice and without a prior hearing if the
25 circumstances require action before a hearing can be held.

1 (B) A person subject to an enforcement action
2 pursuant to this subsection shall have the right to an
3 expedited post-action hearing by the Department unless
4 the person has waived the hearing.

5 (3) The Department may take an enforcement action
6 after notice and without a hearing if the person subject
7 to the enforcement action does not timely request a
8 hearing.

9 Section 120-65. Hearing rules.

10 (a) The Department may, in accordance with the Illinois
11 Administrative Procedure Act, adopt rules to provide for
12 review within the Department of the Secretary's decisions
13 affecting the rights of persons or entities under this Act.
14 The review shall provide for, at a minimum:

15 (1) appointment of a hearing officer;

16 (2) appropriate procedural rules, specific deadlines
17 for filings, and standards of evidence and of proof; and

18 (3) provision for apportioning costs among parties to
19 the appeal.

20 (b) All final administrative decisions of the Department
21 under this Act, all amendments and modifications of final
22 administrative decisions, and any rules adopted by the
23 Department pursuant to this Act shall be subject to judicial
24 review pursuant to the provisions of the Administrative Review
25 Law.

1 Section 120-70. Civil penalties.

2 (a) If a person other than a licensee engages in digital
3 asset business activity with or on behalf of a resident in
4 violation of this Act, the Department may assess a civil
5 penalty against the person in an amount not to exceed \$100,000
6 for each day the person is in violation of this Act.

7 (b) If a person violates a provision of this Act, the
8 Department may assess a civil penalty in an amount not to
9 exceed \$25,000 for each day of violation or for each act or
10 omission in violation, except that a fine may be imposed not to
11 exceed \$75,000 for each day of violation or for each act or
12 omission in violation related to fraud, misrepresentation,
13 deceit, or negligence.

14 (c) A civil penalty under this Section continues to accrue
15 until the date the violation ceases.

16 (d) A civil penalty under this Section is cumulative to
17 any civil penalties enforceable by the Department under any
18 other law.

19 Section 120-75. Subpoena power.

20 (a) The Secretary shall have the power to issue and to
21 serve subpoenas and subpoenas duces tecum to compel the
22 attendance of witnesses and the production of all books,
23 accounts, records, and other documents and materials relevant
24 to an examination or investigation. The Secretary, or his or

1 her duly authorized representative, shall have power to
2 administer oaths and affirmations to any person.

3 (b) In the event of noncompliance with a subpoena or
4 subpoena duces tecum issued or caused to be issued by the
5 Secretary, the Secretary may, through the Attorney General or
6 the State's Attorney of the county in which the person
7 subpoenaed resides or has its principal place of business,
8 petition the circuit court of the county for an order
9 requiring the subpoenaed person to appear and testify and to
10 produce such books, accounts, records, and other documents as
11 are specified in the subpoena duces tecum. The court may grant
12 injunctive relief restraining the person from advertising,
13 promoting, soliciting, entering into, offering to enter into,
14 continuing, or completing any digital asset business activity.
15 The court may grant other relief, including, but not limited
16 to, the restraint, by injunction or appointment of a receiver,
17 of any transfer, pledge, assignment, or other disposition of
18 the person's assets or any concealment, alteration,
19 destruction, or other disposition of books, accounts, records,
20 or other documents and materials as the court deems
21 appropriate, until the person has fully complied with the
22 subpoena or subpoena duces tecum and the Secretary has
23 completed an investigation or examination.

24 (c) If it appears to the Secretary that the compliance
25 with a subpoena or subpoena duces tecum issued or caused to be
26 issued by the Secretary pursuant to this Section is essential

1 to an investigation or examination, the Secretary, in addition
2 to the other remedies provided for in this Act, may, through
3 the Attorney General or the State's Attorney of the county in
4 which the subpoenaed person resides or has its principal place
5 of business, apply for relief to the circuit court of the
6 county. The court shall thereupon direct the issuance of an
7 order against the subpoenaed person requiring sufficient bond
8 conditioned on compliance with the subpoena or subpoena duces
9 tecum. The court shall cause to be endorsed on the order a
10 suitable amount of bond or payment pursuant to which the
11 person named in the order shall be freed, having a due regard
12 to the nature of the case.

13 (d) In addition, the Secretary may, through the Attorney
14 General or the State's Attorney of the applicable county, seek
15 a writ of attachment or an equivalent order from the circuit
16 court having jurisdiction over the person who has refused to
17 obey a subpoena, who has refused to give testimony, or who has
18 refused to produce the matters described in the subpoena duces
19 tecum.

20 Section 120-80. Civil actions.

21 (a) The Department may bring a civil action in accordance
22 with the following:

23 (1) If a person violates any provision of this Act, a
24 rule or final order, or condition imposed in writing by
25 the Department, the Department through the Attorney

1 General or the State's Attorney of the county in which any
2 such violation occurs may bring an action in the circuit
3 court to enjoin the acts or practices or to enforce
4 compliance with this Act or any rule or order adopted
5 pursuant to this Act. Upon a proper showing, a permanent
6 or preliminary injunction, restraining order, or writ of
7 mandate shall be granted and a receiver, monitor,
8 conservator, or other designated fiduciary or officer of
9 the court may be appointed for the defendant or the
10 defendant's assets, or any other ancillary relief may be
11 granted as appropriate. A receiver, monitor, conservator,
12 or other designated fiduciary or officer of the court
13 appointed by the circuit court pursuant to this Section
14 may, with the approval of the court, exercise any or all of
15 the powers of the defendant's officers, directors,
16 partners, trustees, or persons who exercise similar powers
17 and perform similar duties, including the filing of a
18 petition for bankruptcy. No action at law or in equity may
19 be maintained by any party against the Secretary, a
20 receiver, monitor, conservator, or other designated
21 fiduciary or officer of the court, by reason of their
22 exercising these powers or performing these duties
23 pursuant to the order of, or with the approval of, the
24 circuit court.

25 (2) The Secretary may include in any action relief
26 authorized by Section 120-50. The circuit court shall have

1 jurisdiction to award additional relief.

2 (3) In any action brought by the Department, the
3 Department may recover its costs and attorney's fees in
4 connection with prosecuting the action if the Department
5 is the prevailing party in the action.

6 (b) The Attorney General may enforce a violation of
7 Article 105 as an unlawful practice under the Consumer Fraud
8 and Deceptive Business Practices Act.

9 (c) A claim of violation of Article 105 may be asserted in
10 a civil action. Additionally, a prevailing resident may be
11 awarded reasonable attorney's fees and court costs.

12 Article 125. General Restrictions and Prohibitions

13 Section 125-5. Restricted stablecoin activities.

14 (a) As used in this Section:

15 "Reserve assets" means cash, central bank reserves,
16 insured deposit accounts, short-term U.S. Treasury securities,
17 short-term U.S. Treasury reverse repurchase agreements, or
18 similar high-quality liquid assets, as defined by the
19 Department and in proportions determined by the Department.

20 "Nominal redemption value" means the value at which a
21 digital asset can be readily converted, on demand at the time
22 of issuance, into United States dollars or any other national
23 or state currency or a monetary equivalent or otherwise
24 accepted in payment or to satisfy debts denominated in United

1 States dollars or any national or state currency.

2 "Stablecoin" means a digital asset (A) that is denominated
3 in United States dollars or pegged to the United States dollar
4 or denominated in or pegged to another national or state
5 currency and is issued with a fixed nominal redemption value
6 with the intent of establishing a reasonable expectation or
7 belief among the general public that the instrument will
8 retain a nominal redemption value that is so stable as to
9 render the nominal redemption effectively fixed and (B) that
10 is not (i) a national or state currency or (ii) a security
11 issued by an investment company registered under the
12 Investment Company Act of 1940, 15 U.S.C. 80a et seq.

13 (b) Subject to any rules adopted by the Department, a
14 covered person shall not exchange, transfer, or store a
15 digital asset or engage in digital asset administration if
16 that digital asset is a stablecoin unless both of the
17 following are true:

18 (1) The issuer of the stablecoin is licensed pursuant
19 to this Act or is a federally insured depository
20 institution exempt from licensure under subsection (c) of
21 Section 101-10.

22 (2) The issuer of the stablecoin at all times owns
23 reserve assets having an aggregate market value computed
24 in accordance with United States generally accepted
25 accounting principles of not less than the aggregate
26 amount of all of its outstanding stablecoins issued or

1 sold.

2 (c) The Department may adopt rules to establish additional
3 requirements for issuers of stablecoins, including, but not
4 limited to, rules related to:

5 (1) reserve asset requirements;

6 (2) restrictions on pledging, rehypothecating, or
7 reusing reserve assets;

8 (3) redemption requirements; or

9 (4) any requirement necessary and appropriate for the
10 protection of residents, safety and soundness, or
11 financial stability or to effectuate the purposes of this
12 Section.

13 Section 125-10. No evasion.

14 (a) It shall be unlawful to engage in any device,
15 subterfuge, or pretense to willfully evade or attempt to evade
16 the requirements of this Act or any rule or order issued by the
17 Department hereunder.

18 (b) Any financial product, service, or transaction that is
19 willfully structured to evade or attempt to evade the
20 definitions of digital asset or digital asset business
21 activity shall be a digital asset or digital asset business
22 activity, respectively, for purposes of this Act.

23 Article 130. Additional Procedural Provisions

1 Section 130-5. Confidential supervisory information.

2 (a) Confidential supervisory information shall, unless
3 made a matter of public record, not be subject to disclosure
4 under the Freedom of Information Act, and shall only be
5 subject to disclosure pursuant to subpoena or court order as
6 provided in subsection (e).

7 (b) All records of communications or summaries of
8 communications between employees, agents, or representatives
9 of the Department and employees, agents, or representatives of
10 other governmental agencies, a provider of any multistate
11 licensing system, or associations or organizations
12 representing federal, state, or local law enforcement or
13 regulatory agencies or providers of any multistate licensing
14 system, pursuant to any regulatory or supervision activity
15 under this Act (1) shall not be subject to disclosure under the
16 Freedom of Information Act, and (2) to the extent the records
17 contain confidential supervisory information, shall only be
18 subject to disclosure pursuant to subpoena or court order as
19 provided in subsection (e).

20 (c) All confidential supervisory information received from
21 other governmental agencies, a multistate licensing system
22 provider, or associations or organizations consisting of
23 employees, agents, or representatives of such agencies or
24 providers, shall not be subject to disclosure under the
25 Freedom of Information Act, and only subject to disclosure
26 pursuant to subpoena or court order as provided in subsection

1 (e).

2 (d) The sharing of any confidential supervisory
3 information under this Act with governmental agencies,
4 providers of any multistate licensing system, or associations
5 or organizations consisting of employees, agents, or
6 representatives of such federal, state, or local law
7 enforcement or regulatory agencies, shall not result in the
8 loss of privilege arising under federal or state law, or the
9 loss of confidentiality protections provided by federal law or
10 state law, and are only subject to disclosure pursuant to
11 subpoena or court order as provided in subsection (e).

12 (e) Confidential supervisory information may not be
13 disclosed to anyone other than the regulated person, law
14 enforcement officials or other regulatory agencies that have
15 an appropriate regulatory interest as determined by the
16 Secretary, or to a party presenting a lawful subpoena, order,
17 or other judicial or administrative process to the Secretary.
18 The Secretary may immediately appeal to the court of
19 jurisdiction the disclosure of such confidential supervisory
20 information and seek a stay of the subpoena pending the
21 outcome of the appeal. Reports required of regulated persons
22 by the Secretary under this Act and results of examinations
23 performed by the Secretary under this Act shall be the
24 property of only the Secretary but may be shared with the
25 regulated person. Access under this Act to the books and
26 records of each regulated person shall be limited to the

1 Secretary and his agents as provided in this Act and to the
2 regulated person and its authorized agents and designees. No
3 other person shall have access to the books and records of a
4 regulated person under this Act. Any person upon whom a demand
5 for production of confidential supervisory information is
6 made, whether by subpoena, order, or other judicial or
7 administrative process, must withhold production of the
8 confidential supervisory information and must notify the
9 Secretary of the demand, at which time the Secretary is
10 authorized to intervene for the purpose of enforcing the
11 limitations of this Section or seeking the withdrawal or
12 termination of the attempt to compel production of the
13 confidential supervisory information. The Secretary may impose
14 any conditions and limitations on the disclosure of
15 confidential supervisory information that are necessary to
16 protect the confidentiality of such information. Except as
17 authorized by the Secretary, no person obtaining access to
18 confidential supervisory information may make a copy of the
19 confidential supervisory information. The Secretary may
20 condition a decision to disclose confidential supervisory
21 information on entry of a protective order by the court or
22 administrative tribunal presiding in the particular case or on
23 a written agreement of confidentiality. In a case in which a
24 protective order or agreement has already been entered between
25 parties other than the Secretary, the Secretary may
26 nevertheless condition approval for release of confidential

1 supervisory information upon the inclusion of additional or
2 amended provisions in the protective order. The Secretary may
3 authorize a party who obtained the records for use in one case
4 to provide them to another party in another case, subject to
5 any conditions that the Secretary may impose on either or both
6 parties. The requester shall promptly notify other parties to
7 a case of the release of confidential supervisory information
8 obtained and, upon entry of a protective order, shall provide
9 copies of confidential supervisory information to the other
10 parties.

11 (f) The Secretary is authorized to enter agreements or
12 sharing arrangements with other governmental agencies,
13 providers of any multistate licensing system, or associations
14 or organizations representing governmental agencies or
15 providers of any multistate licensing system. Notwithstanding
16 the foregoing, the provisions of this Section shall apply
17 regardless of the existence of any such agreement or sharing
18 arrangement.

19 (g) This Section in no way limits any right, privilege, or
20 authority that the Department has pursuant to any other
21 applicable law. This Section does not in any way limit any
22 privilege arising under federal or state law or other
23 exemption from disclosure pursuant to the Freedom of
24 Information Act.

25 (h) Notwithstanding the foregoing, whenever the Secretary
26 determines, in his or her sole discretion, that it is in the

1 public's interest, he or she may publicly disclose information
2 or documents obtained under this Act, unless otherwise
3 prohibited by law.

4 Section 130-10. Additional rulemaking authority.

5 (a) In addition to such powers and rulemaking authority as
6 may be prescribed elsewhere in this Act or other financial
7 laws administered by the Department, the Department is hereby
8 authorized and empowered to adopt rules consistent with the
9 purposes of this Act, including, but not limited to:

10 (1) rules in connection with the activities of covered
11 persons, affiliates, and service providers as may be
12 necessary and appropriate for the protection of residents;

13 (2) rules to define the terms used in this Act and as
14 may be necessary and appropriate to interpret and
15 implement the provisions of this Act;

16 (3) rules as may be necessary for the administration
17 and enforcement of this Act;

18 (4) rules to set and collect fees necessary to
19 administer and enforce this Act;

20 (5) rules in connection with the activities of covered
21 persons, affiliates, and service providers as may be
22 necessary and appropriate for the safety and soundness of
23 such covered persons and affiliates and the stability of
24 the financial system in this State.

25 (b) The Secretary is hereby authorized and empowered to

1 make specific rulings, demands, and findings that he or she
2 deems necessary for the proper conduct of the licensees and
3 affiliates thereof.

4 Article 135. Miscellaneous Provisions

5 Section 135-5. Construction; severability.

6 (a) The provisions of this Act shall be liberally
7 construed to effectuate its purposes.

8 (b) The provisions of this Act are severable under Section
9 1.31 of the Statute on Statutes.

10 (c) To the extent that any provision of this Act is
11 preempted by federal law, the provision shall not apply and
12 shall not be enforced solely as to the extent of the preemption
13 and not as to other circumstances, persons, or applications.

14 Section 135-10. Transition period.

15 (a) A covered person engaging in digital asset business
16 activity without a license under this Act shall not be
17 considered in violation of Section 115-5 until January 1,
18 2025.

19 (b) A covered person engaging in digital asset business
20 activity shall not be considered in violation of Sections
21 105-5, 105-10, and 105-20 until January 1, 2024.

22 (c) A covered exchange shall not be considered in
23 violation of Section 105-15 until January 1, 2025.

24 (d) Notwithstanding the foregoing, the Department may

1 adopt rules pursuant to this Act upon this Act becoming law
2 with such rules not to take effect earlier than January 1,
3 2024.

4 Article 900. Amendatory provisions

5 Section 900-5. The Freedom of Information Act is amended
6 by changing Section 7.5 as follows:

7 (5 ILCS 140/7.5)

8 Sec. 7.5. Statutory exemptions. To the extent provided for
9 by the statutes referenced below, the following shall be
10 exempt from inspection and copying:

11 (a) All information determined to be confidential
12 under Section 4002 of the Technology Advancement and
13 Development Act.

14 (b) Library circulation and order records identifying
15 library users with specific materials under the Library
16 Records Confidentiality Act.

17 (c) Applications, related documents, and medical
18 records received by the Experimental Organ Transplantation
19 Procedures Board and any and all documents or other
20 records prepared by the Experimental Organ Transplantation
21 Procedures Board or its staff relating to applications it
22 has received.

23 (d) Information and records held by the Department of

1 Public Health and its authorized representatives relating
2 to known or suspected cases of sexually transmissible
3 disease or any information the disclosure of which is
4 restricted under the Illinois Sexually Transmissible
5 Disease Control Act.

6 (e) Information the disclosure of which is exempted
7 under Section 30 of the Radon Industry Licensing Act.

8 (f) Firm performance evaluations under Section 55 of
9 the Architectural, Engineering, and Land Surveying
10 Qualifications Based Selection Act.

11 (g) Information the disclosure of which is restricted
12 and exempted under Section 50 of the Illinois Prepaid
13 Tuition Act.

14 (h) Information the disclosure of which is exempted
15 under the State Officials and Employees Ethics Act, and
16 records of any lawfully created State or local inspector
17 general's office that would be exempt if created or
18 obtained by an Executive Inspector General's office under
19 that Act.

20 (i) Information contained in a local emergency energy
21 plan submitted to a municipality in accordance with a
22 local emergency energy plan ordinance that is adopted
23 under Section 11-21.5-5 of the Illinois Municipal Code.

24 (j) Information and data concerning the distribution
25 of surcharge moneys collected and remitted by carriers
26 under the Emergency Telephone System Act.

1 (k) Law enforcement officer identification information
2 or driver identification information compiled by a law
3 enforcement agency or the Department of Transportation
4 under Section 11-212 of the Illinois Vehicle Code.

5 (l) Records and information provided to a residential
6 health care facility resident sexual assault and death
7 review team or the Executive Council under the Abuse
8 Prevention Review Team Act.

9 (m) Information provided to the predatory lending
10 database created pursuant to Article 3 of the Residential
11 Real Property Disclosure Act, except to the extent
12 authorized under that Article.

13 (n) Defense budgets and petitions for certification of
14 compensation and expenses for court appointed trial
15 counsel as provided under Sections 10 and 15 of the
16 Capital Crimes Litigation Act. This subsection (n) shall
17 apply until the conclusion of the trial of the case, even
18 if the prosecution chooses not to pursue the death penalty
19 prior to trial or sentencing.

20 (o) Information that is prohibited from being
21 disclosed under Section 4 of the Illinois Health and
22 Hazardous Substances Registry Act.

23 (p) Security portions of system safety program plans,
24 investigation reports, surveys, schedules, lists, data, or
25 information compiled, collected, or prepared by or for the
26 Department of Transportation under Sections 2705-300 and

1 2705-616 of the Department of Transportation Law of the
2 Civil Administrative Code of Illinois, the Regional
3 Transportation Authority under Section 2.11 of the
4 Regional Transportation Authority Act, or the St. Clair
5 County Transit District under the Bi-State Transit Safety
6 Act.

7 (q) Information prohibited from being disclosed by the
8 Personnel Record Review Act.

9 (r) Information prohibited from being disclosed by the
10 Illinois School Student Records Act.

11 (s) Information the disclosure of which is restricted
12 under Section 5-108 of the Public Utilities Act.

13 (t) All identified or deidentified health information
14 in the form of health data or medical records contained
15 in, stored in, submitted to, transferred by, or released
16 from the Illinois Health Information Exchange, and
17 identified or deidentified health information in the form
18 of health data and medical records of the Illinois Health
19 Information Exchange in the possession of the Illinois
20 Health Information Exchange Office due to its
21 administration of the Illinois Health Information
22 Exchange. The terms "identified" and "deidentified" shall
23 be given the same meaning as in the Health Insurance
24 Portability and Accountability Act of 1996, Public Law
25 104-191, or any subsequent amendments thereto, and any
26 regulations promulgated thereunder.

1 (u) Records and information provided to an independent
2 team of experts under the Developmental Disability and
3 Mental Health Safety Act (also known as Brian's Law).

4 (v) Names and information of people who have applied
5 for or received Firearm Owner's Identification Cards under
6 the Firearm Owners Identification Card Act or applied for
7 or received a concealed carry license under the Firearm
8 Concealed Carry Act, unless otherwise authorized by the
9 Firearm Concealed Carry Act; and databases under the
10 Firearm Concealed Carry Act, records of the Concealed
11 Carry Licensing Review Board under the Firearm Concealed
12 Carry Act, and law enforcement agency objections under the
13 Firearm Concealed Carry Act.

14 (v-5) Records of the Firearm Owner's Identification
15 Card Review Board that are exempted from disclosure under
16 Section 10 of the Firearm Owners Identification Card Act.

17 (w) Personally identifiable information which is
18 exempted from disclosure under subsection (g) of Section
19 19.1 of the Toll Highway Act.

20 (x) Information which is exempted from disclosure
21 under Section 5-1014.3 of the Counties Code or Section
22 8-11-21 of the Illinois Municipal Code.

23 (y) Confidential information under the Adult
24 Protective Services Act and its predecessor enabling
25 statute, the Elder Abuse and Neglect Act, including
26 information about the identity and administrative finding

1 against any caregiver of a verified and substantiated
2 decision of abuse, neglect, or financial exploitation of
3 an eligible adult maintained in the Registry established
4 under Section 7.5 of the Adult Protective Services Act.

5 (z) Records and information provided to a fatality
6 review team or the Illinois Fatality Review Team Advisory
7 Council under Section 15 of the Adult Protective Services
8 Act.

9 (aa) Information which is exempted from disclosure
10 under Section 2.37 of the Wildlife Code.

11 (bb) Information which is or was prohibited from
12 disclosure by the Juvenile Court Act of 1987.

13 (cc) Recordings made under the Law Enforcement
14 Officer-Worn Body Camera Act, except to the extent
15 authorized under that Act.

16 (dd) Information that is prohibited from being
17 disclosed under Section 45 of the Condominium and Common
18 Interest Community Ombudsperson Act.

19 (ee) Information that is exempted from disclosure
20 under Section 30.1 of the Pharmacy Practice Act.

21 (ff) Information that is exempted from disclosure
22 under the Revised Uniform Unclaimed Property Act.

23 (gg) Information that is prohibited from being
24 disclosed under Section 7-603.5 of the Illinois Vehicle
25 Code.

26 (hh) Records that are exempt from disclosure under

1 Section 1A-16.7 of the Election Code.

2 (ii) Information which is exempted from disclosure
3 under Section 2505-800 of the Department of Revenue Law of
4 the Civil Administrative Code of Illinois.

5 (jj) Information and reports that are required to be
6 submitted to the Department of Labor by registering day
7 and temporary labor service agencies but are exempt from
8 disclosure under subsection (a-1) of Section 45 of the Day
9 and Temporary Labor Services Act.

10 (kk) Information prohibited from disclosure under the
11 Seizure and Forfeiture Reporting Act.

12 (ll) Information the disclosure of which is restricted
13 and exempted under Section 5-30.8 of the Illinois Public
14 Aid Code.

15 (mm) Records that are exempt from disclosure under
16 Section 4.2 of the Crime Victims Compensation Act.

17 (nn) Information that is exempt from disclosure under
18 Section 70 of the Higher Education Student Assistance Act.

19 (oo) Communications, notes, records, and reports
20 arising out of a peer support counseling session
21 prohibited from disclosure under the First Responders
22 Suicide Prevention Act.

23 (pp) Names and all identifying information relating to
24 an employee of an emergency services provider or law
25 enforcement agency under the First Responders Suicide
26 Prevention Act.

1 (qq) Information and records held by the Department of
2 Public Health and its authorized representatives collected
3 under the Reproductive Health Act.

4 (rr) Information that is exempt from disclosure under
5 the Cannabis Regulation and Tax Act.

6 (ss) Data reported by an employer to the Department of
7 Human Rights pursuant to Section 2-108 of the Illinois
8 Human Rights Act.

9 (tt) Recordings made under the Children's Advocacy
10 Center Act, except to the extent authorized under that
11 Act.

12 (uu) Information that is exempt from disclosure under
13 Section 50 of the Sexual Assault Evidence Submission Act.

14 (vv) Information that is exempt from disclosure under
15 subsections (f) and (j) of Section 5-36 of the Illinois
16 Public Aid Code.

17 (wv) Information that is exempt from disclosure under
18 Section 16.8 of the State Treasurer Act.

19 (xx) Information that is exempt from disclosure or
20 information that shall not be made public under the
21 Illinois Insurance Code.

22 (yy) Information prohibited from being disclosed under
23 the Illinois Educational Labor Relations Act.

24 (zz) Information prohibited from being disclosed under
25 the Illinois Public Labor Relations Act.

26 (aaa) Information prohibited from being disclosed

1 under Section 1-167 of the Illinois Pension Code.

2 (bbb) Information that is prohibited from disclosure
3 by the Illinois Police Training Act and the Illinois State
4 Police Act.

5 (ccc) Records exempt from disclosure under Section
6 2605-304 of the Illinois State Police Law of the Civil
7 Administrative Code of Illinois.

8 (ddd) Information prohibited from being disclosed
9 under Section 35 of the Address Confidentiality for
10 Victims of Domestic Violence, Sexual Assault, Human
11 Trafficking, or Stalking Act.

12 (eee) Information prohibited from being disclosed
13 under subsection (b) of Section 75 of the Domestic
14 Violence Fatality Review Act.

15 (fff) Images from cameras under the Expressway Camera
16 Act. This subsection (fff) is inoperative on and after
17 July 1, 2023.

18 (ggg) Information prohibited from disclosure under
19 paragraph (3) of subsection (a) of Section 14 of the Nurse
20 Agency Licensing Act.

21 (hhh) Information submitted to the Illinois Department
22 ~~of~~ State Police in an affidavit or application for an
23 assault weapon endorsement, assault weapon attachment
24 endorsement, .50 caliber rifle endorsement, or .50 caliber
25 cartridge endorsement under the Firearm Owners
26 Identification Card Act.

1 (iii) Information prohibited from being disclosed
2 under Section 4-2 of the Uniform Money Transmission
3 Modernization Act.

4 (jjj) Information prohibited from being disclosed
5 under Section 130-5 of the Digital Assets Regulation Act.

6 (Source: P.A. 101-13, eff. 6-12-19; 101-27, eff. 6-25-19;
7 101-81, eff. 7-12-19; 101-221, eff. 1-1-20; 101-236, eff.
8 1-1-20; 101-375, eff. 8-16-19; 101-377, eff. 8-16-19; 101-452,
9 eff. 1-1-20; 101-466, eff. 1-1-20; 101-600, eff. 12-6-19;
10 101-620, eff. 12-20-19; 101-649, eff. 7-7-20; 101-652, eff.
11 1-1-22; 101-656, eff. 3-23-21; 102-36, eff. 6-25-21; 102-237,
12 eff. 1-1-22; 102-292, eff. 1-1-22; 102-520, eff. 8-20-21;
13 102-559, eff. 8-20-21; 102-813, eff. 5-13-22; 102-946, eff.
14 7-1-22; 102-1042, eff. 6-3-22; 102-1116, eff. 1-10-23; revised
15 2-13-23.)

16 Section 900-10. The State Finance Act is amended by adding
17 Section 5.990 as follows:

18 (30 ILCS 105/5.990 new)

19 Sec. 5.990. The Digital Assets Regulation Fund.

20 Section 900-15. The Illinois Banking Act is amended by
21 changing Sections 2 and 30 as follows:

22 (205 ILCS 5/2) (from Ch. 17, par. 302)

1 Sec. 2. General definitions. In this Act, unless the
2 context otherwise requires, the following words and phrases
3 shall have the following meanings:

4 "Accommodation party" shall have the meaning ascribed to
5 that term in Section 3-419 of the Uniform Commercial Code.

6 "Action" in the sense of a judicial proceeding includes
7 recoupments, counterclaims, set-off, and any other proceeding
8 in which rights are determined.

9 "Affiliate facility" of a bank means a main banking
10 premises or branch of another commonly owned bank. The main
11 banking premises or any branch of a bank may be an "affiliate
12 facility" with respect to one or more other commonly owned
13 banks.

14 "Appropriate federal banking agency" means the Federal
15 Deposit Insurance Corporation, the Federal Reserve Bank of
16 Chicago, or the Federal Reserve Bank of St. Louis, as
17 determined by federal law.

18 "Bank" means any person doing a banking business whether
19 subject to the laws of this or any other jurisdiction.

20 A "banking house", "branch", "branch bank" or "branch
21 office" shall mean any place of business of a bank at which
22 deposits are received, checks paid, or loans made, but shall
23 not include any place at which only records thereof are made,
24 posted, or kept. A place of business at which deposits are
25 received, checks paid, or loans made shall not be deemed to be
26 a branch, branch bank, or branch office if the place of

1 business is adjacent to and connected with the main banking
2 premises, or if it is separated from the main banking premises
3 by not more than an alley; provided always that (i) if the
4 place of business is separated by an alley from the main
5 banking premises there is a connection between the two by
6 public or private way or by subterranean or overhead passage,
7 and (ii) if the place of business is in a building not wholly
8 occupied by the bank, the place of business shall not be within
9 any office or room in which any other business or service of
10 any kind or nature other than the business of the bank is
11 conducted or carried on. A place of business at which deposits
12 are received, checks paid, or loans made shall not be deemed to
13 be a branch, branch bank, or branch office (i) of any bank if
14 the place is a terminal established and maintained in
15 accordance with paragraph (17) of Section 5 of this Act, or
16 (ii) of a commonly owned bank by virtue of transactions
17 conducted at that place on behalf of the other commonly owned
18 bank under paragraph (23) of Section 5 of this Act if the place
19 is an affiliate facility with respect to the other bank.

20 "Branch of an out-of-state bank" means a branch
21 established or maintained in Illinois by an out-of-state bank
22 as a result of a merger between an Illinois bank and the
23 out-of-state bank that occurs on or after May 31, 1997, or any
24 branch established by the out-of-state bank following the
25 merger.

26 "Bylaws" means the bylaws of a bank that are adopted by the

1 bank's board of directors or shareholders for the regulation
2 and management of the bank's affairs. If the bank operates as a
3 limited liability company, however, "bylaws" means the
4 operating agreement of the bank.

5 "Call report fee" means the fee to be paid to the
6 Commissioner by each State bank pursuant to paragraph (a) of
7 subsection (3) of Section 48 of this Act.

8 "Capital" includes the aggregate of outstanding capital
9 stock and preferred stock.

10 "Cash flow reserve account" means the account within the
11 books and records of the Commissioner of Banks and Real Estate
12 used to record funds designated to maintain a reasonable Bank
13 and Trust Company Fund operating balance to meet agency
14 obligations on a timely basis.

15 "Charter" includes the original charter and all amendments
16 thereto and articles of merger or consolidation.

17 "Commissioner" means the Commissioner of Banks and Real
18 Estate, except that beginning on April 6, 2009 (the effective
19 date of Public Act 95-1047), all references in this Act to the
20 Commissioner of Banks and Real Estate are deemed, in
21 appropriate contexts, to be references to the Secretary of
22 Financial and Professional Regulation.

23 "Commonly owned banks" means 2 or more banks that each
24 qualify as a bank subsidiary of the same bank holding company
25 pursuant to Section 18 of the Federal Deposit Insurance Act;
26 "commonly owned bank" refers to one of a group of commonly

1 owned banks but only with respect to one or more of the other
2 banks in the same group.

3 "Community" means a city, village, or incorporated town
4 and also includes the area served by the banking offices of a
5 bank, but need not be limited or expanded to conform to the
6 geographic boundaries of units of local government.

7 "Company" means a corporation, limited liability company,
8 partnership, business trust, association, or similar
9 organization and, unless specifically excluded, includes a
10 "State bank" and a "bank".

11 "Consolidating bank" means a party to a consolidation.

12 "Consolidation" takes place when 2 or more banks, or a
13 trust company and a bank, are extinguished and by the same
14 process a new bank is created, taking over the assets and
15 assuming the liabilities of the banks or trust company passing
16 out of existence.

17 "Continuing bank" means a merging bank, the charter of
18 which becomes the charter of the resulting bank.

19 "Converting bank" means a State bank converting to become
20 a national bank, or a national bank converting to become a
21 State bank.

22 "Converting trust company" means a trust company
23 converting to become a State bank.

24 "Court" means a court of competent jurisdiction.

25 "Director" means a member of the board of directors of a
26 bank. In the case of a manager-managed limited liability

1 company, however, "director" means a manager of the bank and,
2 in the case of a member-managed limited liability company,
3 "director" means a member of the bank. The term "director"
4 does not include an advisory director, honorary director,
5 director emeritus, or similar person, unless the person is
6 otherwise performing functions similar to those of a member of
7 the board of directors.

8 "Director of Banking" means the Director of the Division
9 of Banking of the Department of Financial and Professional
10 Regulation.

11 "Eligible depository institution" means an insured savings
12 association that is in default, an insured savings association
13 that is in danger of default, a State or national bank that is
14 in default or a State or national bank that is in danger of
15 default, as those terms are defined in this Section, or a new
16 bank as that term defined in Section 11(m) of the Federal
17 Deposit Insurance Act or a bridge bank as that term is defined
18 in Section 11(n) of the Federal Deposit Insurance Act or a new
19 federal savings association authorized under Section
20 11(d) (2) (f) of the Federal Deposit Insurance Act.

21 "Fiduciary" means trustee, agent, executor, administrator,
22 committee, guardian for a minor or for a person under legal
23 disability, receiver, trustee in bankruptcy, assignee for
24 creditors, or any holder of similar position of trust.

25 "Financial institution" means a bank, savings bank,
26 savings and loan association, credit union, or any licensee

1 under the Consumer Installment Loan Act or the Sales Finance
2 Agency Act and, for purposes of Section 48.3, any proprietary
3 network, funds transfer corporation, or other entity providing
4 electronic funds transfer services, or any corporate
5 fiduciary, its subsidiaries, affiliates, parent company, or
6 contractual service provider that is examined by the
7 Commissioner. For purposes of Section 5c and subsection (b) of
8 Section 13 of this Act, "financial institution" includes any
9 proprietary network, funds transfer corporation, or other
10 entity providing electronic funds transfer services, and any
11 corporate fiduciary.

12 "Foundation" means the Illinois Bank Examiners' Education
13 Foundation.

14 "General obligation" means a bond, note, debenture,
15 security, or other instrument evidencing an obligation of the
16 government entity that is the issuer that is supported by the
17 full available resources of the issuer, the principal and
18 interest of which is payable in whole or in part by taxation.

19 "Guarantee" means an undertaking or promise to answer for
20 payment of another's debt or performance of another's duty,
21 liability, or obligation whether "payment guaranteed" or
22 "collection guaranteed".

23 "In danger of default" means a State or national bank, a
24 federally chartered insured savings association or an Illinois
25 state chartered insured savings association with respect to
26 which the Commissioner or the appropriate federal banking

1 agency has advised the Federal Deposit Insurance Corporation
2 that:

3 (1) in the opinion of the Commissioner or the
4 appropriate federal banking agency,

5 (A) the State or national bank or insured savings
6 association is not likely to be able to meet the
7 demands of the State or national bank's or savings
8 association's obligations in the normal course of
9 business; and

10 (B) there is no reasonable prospect that the State
11 or national bank or insured savings association will
12 be able to meet those demands or pay those obligations
13 without federal assistance; or

14 (2) in the opinion of the Commissioner or the
15 appropriate federal banking agency,

16 (A) the State or national bank or insured savings
17 association has incurred or is likely to incur losses
18 that will deplete all or substantially all of its
19 capital; and

20 (B) there is no reasonable prospect that the
21 capital of the State or national bank or insured
22 savings association will be replenished without
23 federal assistance.

24 "In default" means, with respect to a State or national
25 bank or an insured savings association, any adjudication or
26 other official determination by any court of competent

1 jurisdiction, the Commissioner, the appropriate federal
2 banking agency, or other public authority pursuant to which a
3 conservator, receiver, or other legal custodian is appointed
4 for a State or national bank or an insured savings
5 association.

6 "Insured savings association" means any federal savings
7 association chartered under Section 5 of the federal Home
8 Owners' Loan Act and any State savings association chartered
9 under the Illinois Savings and Loan Act of 1985 or a
10 predecessor Illinois statute, the deposits of which are
11 insured by the Federal Deposit Insurance Corporation. The term
12 also includes a savings bank organized or operating under the
13 Savings Bank Act.

14 "Insured savings association in recovery" means an insured
15 savings association that is not an eligible depository
16 institution and that does not meet the minimum capital
17 requirements applicable with respect to the insured savings
18 association.

19 "Issuer" means for purposes of Section 33 every person who
20 shall have issued or proposed to issue any security; except
21 that (1) with respect to certificates of deposit, voting trust
22 certificates, collateral-trust certificates, and certificates
23 of interest or shares in an unincorporated investment trust
24 not having a board of directors (or persons performing similar
25 functions), "issuer" means the person or persons performing
26 the acts and assuming the duties of depositor or manager

1 pursuant to the provisions of the trust, agreement, or
2 instrument under which the securities are issued; (2) with
3 respect to trusts other than those specified in clause (1)
4 above, where the trustee is a corporation authorized to accept
5 and execute trusts, "issuer" means the entrusters, depositors,
6 or creators of the trust and any manager or committee charged
7 with the general direction of the affairs of the trust
8 pursuant to the provisions of the agreement or instrument
9 creating the trust; and (3) with respect to equipment trust
10 certificates or like securities, "issuer" means the person to
11 whom the equipment or property is or is to be leased or
12 conditionally sold.

13 "Letter of credit" and "customer" shall have the meanings
14 ascribed to those terms in Section 5-102 of the Uniform
15 Commercial Code.

16 "Main banking premises" means the location that is
17 designated in a bank's charter as its main office.

18 "Maker or obligor" means for purposes of Section 33 the
19 issuer of a security, the promisor in a debenture or other debt
20 security, or the mortgagor or grantor of a trust deed or
21 similar conveyance of a security interest in real or personal
22 property.

23 "Merged bank" means a merging bank that is not the
24 continuing, resulting, or surviving bank in a consolidation or
25 merger.

26 "Merger" includes consolidation.

1 "Merging bank" means a party to a bank merger.

2 "Merging trust company" means a trust company party to a
3 merger with a State bank.

4 "Mid-tier bank holding company" means a corporation that
5 (a) owns 100% of the issued and outstanding shares of each
6 class of stock of a State bank, (b) has no other subsidiaries,
7 and (c) 100% of the issued and outstanding shares of the
8 corporation are owned by a parent bank holding company.

9 "Municipality" means any municipality, political
10 subdivision, school district, taxing district, or agency.

11 "National bank" means a national banking association
12 located in this State and after May 31, 1997, means a national
13 banking association without regard to its location.

14 "Out-of-state bank" means a bank chartered under the laws
15 of a state other than Illinois, a territory of the United
16 States, or the District of Columbia.

17 "Parent bank holding company" means a corporation that is
18 a bank holding company as that term is defined in the Illinois
19 Bank Holding Company Act of 1957 and owns 100% of the issued
20 and outstanding shares of a mid-tier bank holding company.

21 "Person" means an individual, corporation, limited
22 liability company, partnership, joint venture, trust, estate,
23 or unincorporated association.

24 "Public agency" means the State of Illinois, the various
25 counties, townships, cities, towns, villages, school
26 districts, educational service regions, special road

1 districts, public water supply districts, fire protection
2 districts, drainage districts, levee districts, sewer
3 districts, housing authorities, the Illinois Bank Examiners'
4 Education Foundation, the Chicago Park District, and all other
5 political corporations or subdivisions of the State of
6 Illinois, whether now or hereafter created, whether herein
7 specifically mentioned or not, and shall also include any
8 other state or any political corporation or subdivision of
9 another state.

10 "Public funds" or "public money" means current operating
11 funds, special funds, interest and sinking funds, and funds of
12 any kind or character belonging to, in the custody of, or
13 subject to the control or regulation of the United States or a
14 public agency. "Public funds" or "public money" shall include
15 funds held by any of the officers, agents, or employees of the
16 United States or of a public agency in the course of their
17 official duties and, with respect to public money of the
18 United States, shall include Postal Savings funds.

19 "Published" means, unless the context requires otherwise,
20 the publishing of the notice or instrument referred to in some
21 newspaper of general circulation in the community in which the
22 bank is located at least once each week for 3 successive weeks.
23 Publishing shall be accomplished by, and at the expense of,
24 the bank required to publish. Where publishing is required,
25 the bank shall submit to the Commissioner that evidence of the
26 publication as the Commissioner shall deem appropriate.

1 "Qualified financial contract" means any security
2 contract, commodity contract, forward contract, including spot
3 and forward foreign exchange contracts, repurchase agreement,
4 swap agreement, and any similar agreement, any option to enter
5 into any such agreement, including any combination of the
6 foregoing, and any master agreement for such agreements. A
7 master agreement, together with all supplements thereto, shall
8 be treated as one qualified financial contract. The contract,
9 option, agreement, or combination of contracts, options, or
10 agreements shall be reflected upon the books, accounts, or
11 records of the bank, or a party to the contract shall provide
12 documentary evidence of such agreement.

13 "Recorded" means the filing or recording of the notice or
14 instrument referred to in the office of the Recorder of the
15 county wherein the bank is located.

16 "Resulting bank" means the bank resulting from a merger or
17 conversion.

18 "Secretary" means the Secretary of Financial and
19 Professional Regulation, or a person authorized by the
20 Secretary or by this Act to act in the Secretary's stead.

21 "Securities" means stocks, bonds, debentures, notes, or
22 other similar obligations.

23 "Special purpose trust company" means a special purpose
24 trust company under Article IIA of the Corporate Fiduciary
25 Act.

26 "Stand-by letter of credit" means a letter of credit under

1 which drafts are payable upon the condition the customer has
2 defaulted in performance of a duty, liability, or obligation.

3 "State bank" means any banking corporation that has a
4 banking charter issued by the Commissioner under this Act.

5 "State Banking Board" means the State Banking Board of
6 Illinois.

7 "Subsidiary" with respect to a specified company means a
8 company that is controlled by the specified company. For
9 purposes of paragraphs (8) and (12) of Section 5 of this Act,
10 "control" means the exercise of operational or managerial
11 control of a corporation by the bank, either alone or together
12 with other affiliates of the bank.

13 "Surplus" means the aggregate of (i) amounts paid in
14 excess of the par value of capital stock and preferred stock;
15 (ii) amounts contributed other than for capital stock and
16 preferred stock and allocated to the surplus account; and
17 (iii) amounts transferred from undivided profits.

18 "Tier 1 Capital" and "Tier 2 Capital" have the meanings
19 assigned to those terms in regulations promulgated for the
20 appropriate federal banking agency of a state bank, as those
21 regulations are now or hereafter amended.

22 "Trust company" means a limited liability company or
23 corporation incorporated in this State for the purpose of
24 accepting and executing trusts.

25 "Undivided profits" means undistributed earnings less
26 discretionary transfers to surplus.

1 "Unimpaired capital and unimpaired surplus", for the
2 purposes of paragraph (21) of Section 5 and Sections 32, 33,
3 34, 35.1, 35.2, and 47 of this Act means the sum of the state
4 bank's Tier 1 Capital and Tier 2 Capital plus such other
5 shareholder equity as may be included by regulation of the
6 Commissioner. Unimpaired capital and unimpaired surplus shall
7 be calculated on the basis of the date of the last quarterly
8 call report filed with the Commissioner preceding the date of
9 the transaction for which the calculation is made, provided
10 that: (i) when a material event occurs after the date of the
11 last quarterly call report filed with the Commissioner that
12 reduces or increases the bank's unimpaired capital and
13 unimpaired surplus by 10% or more, then the unimpaired capital
14 and unimpaired surplus shall be calculated from the date of
15 the material event for a transaction conducted after the date
16 of the material event; and (ii) if the Commissioner determines
17 for safety and soundness reasons that a state bank should
18 calculate unimpaired capital and unimpaired surplus more
19 frequently than provided by this paragraph, the Commissioner
20 may by written notice direct the bank to calculate unimpaired
21 capital and unimpaired surplus at a more frequent interval. In
22 the case of a state bank newly chartered under Section 13 or a
23 state bank resulting from a merger, consolidation, or
24 conversion under Sections 21 through 26 for which no preceding
25 quarterly call report has been filed with the Commissioner,
26 unimpaired capital and unimpaired surplus shall be calculated

1 for the first calendar quarter on the basis of the effective
2 date of the charter, merger, consolidation, or conversion.

3 (Source: P.A. 95-924, eff. 8-26-08; 95-1047, eff. 4-6-09;
4 96-1000, eff. 7-2-10; 96-1163, eff. 1-1-11.)

5 (205 ILCS 5/30) (from Ch. 17, par. 337)

6 Sec. 30. Conversion; merger with trust company or special
7 purpose trust company. Upon approval by the Commissioner a
8 trust company having power so to do under the law under which
9 it is organized may convert into a state bank or may merge into
10 a state bank as prescribed by this Act; except that the action
11 by a trust company shall be taken in the manner prescribed by
12 and shall be subject to limitations and requirements imposed
13 by the law under which it is organized which law shall also
14 govern the rights of its dissenting stockholders. The rights
15 of dissenting stockholders of a state bank shall be governed
16 by Section 29 of this Act. The conversion or merger procedure
17 shall be:

18 (1) In the case of a merger, the board of directors of both
19 the merging trust company and the merging bank by a majority of
20 the entire board in each case shall approve a merger agreement
21 which shall contain:

22 (a) The name and location of the merging bank and of
23 the merging trust company and a list of the stockholders
24 of each as of the date of the merger agreement;

25 (b) With respect to the resulting bank (i) its name

1 and place of business; (ii) the amount of capital, surplus
2 and reserve for operating expenses; (iii) the classes and
3 the number of shares of stock and the par value of each
4 share; (iv) the charter which is to be the charter of the
5 resulting bank, together with the amendments to the
6 continuing charter and to the continuing by-laws; and (v)
7 a detailed financial statement showing the assets and
8 liabilities after the proposed merger;

9 (c) Provisions governing the manner of converting the
10 shares of the merging bank and of the merging trust
11 company into shares of the resulting bank;

12 (d) A statement that the merger agreement is subject
13 to approval by the Commissioner and by the stockholders of
14 the merging bank and the merging trust company, and that
15 whether approved or disapproved, the parties thereto will
16 pay the Commissioner's expenses of examination;

17 (e) Provisions governing the manner of disposing of
18 the shares of the resulting bank not taken by the
19 dissenting stockholders of the merging trust company; and

20 (f) Such other provisions as the Commissioner may
21 reasonably require to enable him to discharge his duties
22 with respect to the merger.

23 (2) After approval by the board of directors of the
24 merging bank and of the merging trust company, the merger
25 agreement shall be submitted to the Commissioner for approval
26 together with the certified copies of the authorizing

1 resolution of each board of directors showing approval by a
2 majority of each board.

3 (3) After receipt by the Commissioner of the papers
4 specified in subsection (2), he shall approve or disapprove
5 the merger agreement. The Commissioner shall not approve the
6 agreement unless he shall be of the opinion and finds:

7 (a) That the resulting bank meets the requirements of
8 this Act for the formation of a new bank at the proposed
9 place of business of the resulting bank;

10 (b) That the same matters exist in respect of the
11 resulting bank which would have been required under
12 Section 10 of this Act for the organization of a new bank;
13 and

14 (c) That the merger agreement is fair to all persons
15 affected. If the Commissioner disapproves the merger
16 agreement, he shall state his objections in writing and
17 give an opportunity to the merging bank and the merging
18 trust company to obviate such objections.

19 (4) To be effective, if approved by the Commissioner, a
20 merger of a bank and a trust company where there is to be a
21 resulting bank must be approved by the affirmative vote of the
22 holders of at least two-thirds of the outstanding shares of
23 stock of the merging bank entitled to vote at a meeting called
24 to consider such action, unless holders of preferred stock are
25 entitled to vote as a class in respect thereof, in which event
26 the proposed merger shall be adopted upon receiving the

1 affirmative vote of the holders of at least two-thirds of the
2 outstanding shares of each class of shares entitled to vote as
3 a class in respect thereof and of the total outstanding shares
4 entitled to vote at such meeting and must be approved by the
5 stockholders of the merging trust company as provided by the
6 Act under which it is organized. The prescribed vote by the
7 merging bank and the merging trust company shall constitute
8 the adoption of the charter and by-laws of the continuing
9 bank, including the amendments in the merger agreement, as the
10 charter and by-laws of the resulting bank. Written or printed
11 notice of the meeting of the stockholders of the merging bank
12 shall be given to each stockholder of record entitled to vote
13 at such meeting at least thirty days before such meeting and in
14 the manner provided in this Act for the giving of notice of
15 meetings of stockholders. The notice shall state that
16 dissenting stockholders of the merging trust company will be
17 entitled to payment of the value of those shares which are
18 voted against approval of the merger, if a proper demand is
19 made on the resulting bank and the requirements of the Act
20 under which the merging trust company is organized are
21 satisfied.

22 (5) Unless a later date is specified in the merger
23 agreement, the merger shall become effective upon the filing
24 with the Commissioner of the executed merger agreement,
25 together with copies of the resolutions of the stockholders of
26 the merging bank and the merging trust company approving it,

1 certified by the president or a vice-president or, the cashier
2 and also by the secretary or other officer charged with
3 keeping the records. The charter of the merging trust company
4 shall thereupon automatically terminate. The Commissioner
5 shall thereupon issue to the continuing bank a certificate of
6 merger which shall specify the name of the merging trust
7 company, the name of the continuing bank and the amendments to
8 the charter of the continuing bank provided for by the merger
9 agreement. Such certificate shall be conclusive evidence of
10 the merger and of the correctness of all proceedings therefor
11 in all courts and places including the office of the Secretary
12 of State, and said certificate shall be recorded.

13 (6) In the case of a conversion, a trust company shall
14 apply for a charter by filing with the Commissioner:

15 (a) A certificate signed by its president, or a
16 vice-president, and by a majority of the entire board of
17 directors setting forth the corporate action taken in
18 compliance with the provisions of the Act under which it
19 is organized governing the conversion of a trust company
20 to a bank or governing the merger of a trust company into
21 another corporation;

22 (b) The plan of conversion and the proposed charter
23 approved by the stockholders for the operation of the
24 trust company as a bank. The plan of conversion shall
25 contain (i) the name and location proposed for the
26 converting trust company; (ii) a list of its stockholders

1 as of the date of the stockholders' approval of the plan of
2 conversion; (iii) the amount of its capital, surplus and
3 reserve for operating expenses; (iv) the classes and the
4 number of shares of stock and the par value of each share;
5 (v) the charter which is to be the charter of the resulting
6 bank; and (vi) a detailed financial statement showing the
7 assets and liabilities of the converting trust company;

8 (c) A statement that the plan of conversion is subject
9 to approval by the Commissioner and that, whether approved
10 or disapproved, the converting trust company will pay the
11 Commissioner's expenses of examination; and

12 (d) Such other instruments as the Commissioner may
13 reasonably require to enable him to discharge his duties
14 with respect to the conversion.

15 (7) After receipt by the Commissioner of the papers
16 specified in subsection (6), he shall approve or disapprove
17 the plan of conversion. The Commissioner shall not approve the
18 plan of conversion unless he shall be of the opinion and finds:

19 (a) That the resulting bank meets the requirements of
20 this Act for the formation of a new bank at the proposed
21 place of business of the resulting bank;

22 (b) That the same matters exist in respect of the
23 resulting bank which would have been required under
24 Section 10 of this Act for the organization of a new bank;
25 and

26 (c) That the plan of conversion is fair to all persons

1 affected.

2 If the commissioner disapproves the plan of conversion, he
3 shall state his objections in writing and give an opportunity
4 to the converting trust company to obviate such objections.

5 (8) Unless a later date is specified in the plan of
6 conversion, the conversion shall become effective upon the
7 Commissioner's approval, and the charter proposed in the plan
8 of conversion shall constitute the charter of the resulting
9 bank. The Commissioner shall issue a certificate of conversion
10 which shall specify the name of the converting trust company,
11 the name of the resulting bank and the charter provided for by
12 said plan of conversion. Such certificate shall be conclusive
13 evidence of the conversion and of the correctness of all
14 proceedings therefor in all courts and places including the
15 office of the Secretary of State, and such certificate shall
16 be recorded.

17 (8.5) A special purpose trust company under Article IIA of
18 the Corporate Fiduciary Act may merge with a State bank or
19 convert to a State bank as if the special purpose trust company
20 were a trust company under Article II of the Corporate
21 Fiduciary Act, subject to rules adopted by the Department.

22 (9) In the case of either a merger or a conversion under
23 this Section 30, the resulting bank shall be considered the
24 same business and corporate entity as each merging bank and
25 merging trust company or as the converting trust company with
26 all the property, rights, powers, duties and obligations of

1 each as specified in Section 28 of this Act.

2 (Source: P.A. 91-357, eff. 7-29-99.)

3 Section 900-20. The Corporate Fiduciary Act is amended by
4 changing Sections 1-5.08, 2-1, 4-1, 4-2, 4-5, 4A-15, and 5-1
5 and by adding Article IIA as follows:

6 (205 ILCS 620/1-5.08) (from Ch. 17, par. 1551-5.08)

7 Sec. 1-5.08. "Foreign corporation" means:

8 (a) any bank, savings and loan association, savings bank,
9 or other corporation, limited liability company, or other
10 entity now or hereafter organized under the laws of any state
11 or territory of the United States of America, including the
12 District of Columbia, other than the State of Illinois;

13 (b) any national banking association having its principal
14 place of business in any state or territory of the United
15 States of America, including the District of Columbia, other
16 than the State of Illinois; and

17 (c) any federal savings and loan association or federal
18 savings bank having its principal place of business in any
19 state or territory of the United States of America, including
20 the District of Columbia, other than the State of Illinois.

21 (Source: P.A. 91-97, eff. 7-9-99.)

22 (205 ILCS 620/2-1) (from Ch. 17, par. 1552-1)

23 Sec. 2-1. (a) Any corporation which has been or shall be

1 incorporated under the general corporation laws of this State
2 and any limited liability company established under the
3 Limited Liability Company Act for the purpose of accepting and
4 executing trusts, and any state bank, state savings and loan
5 association, state savings bank, or other special corporation
6 now or hereafter authorized by law to accept or execute
7 trusts, may be appointed to act as a fiduciary in any capacity
8 a natural person or corporation may act, and shall include,
9 but not be limited to, acting as assignee or trustee by deed,
10 and executor, guardian or trustee by will, custodian under the
11 Illinois Uniform Transfers to Minors Act and such appointment
12 shall be of like force as in case of appointment of a natural
13 person and shall be designated a corporate fiduciary.

14 (b) No corporate fiduciary shall dissolve or cease its
15 corporate existence without prior notice to and approval by
16 the Commissioner and compliance with the requirements of
17 Section 7-1 of this Act.

18 (Source: P.A. 100-863, eff. 8-14-18.)

19 (205 ILCS 620/Art. IIA heading new)

20 ARTICLE IIA. SPECIAL PURPOSE TRUST COMPANY

21 AUTHORITY AND ORGANIZATION

22 (205 ILCS 620/2A-1 new)

23 Sec. 2A-1. Purpose. The General Assembly finds that
24 corporate fiduciaries perform a vital service in the custody,

1 safekeeping, and management of physical assets, traditional
2 electronic assets, and emerging digital assets for customers;
3 that it is in the public interest that trust companies may be
4 organized for the special purpose of providing fiduciary
5 custodial services and related services to customers; that the
6 operation of special purpose trust companies is impressed with
7 a public interest such that it should be supervised as an
8 activity under this Act; and that such special purpose trust
9 companies should obtain their authority, conduct their
10 operations, and be supervised as corporate fiduciaries as
11 provided in this Act.

12 (205 ILCS 620/2A-2 new)

13 Sec. 2A-2. Special purpose trust company. Any corporation
14 that has been or shall be incorporated under the general
15 corporation laws of this State and any limited liability
16 company established under the Limited Liability Company Act
17 for the special purpose of providing fiduciary custodial
18 services or providing other like or related services as
19 specified by rule, consistent with this Article, may be
20 appointed to act as a fiduciary with respect to such services
21 and shall be designated a special purpose trust company.

22 (205 ILCS 620/2A-3 new)

23 Sec. 2A-3. Certificate of authority.

24 (a) It shall be lawful for any person to engage in the

1 activity of a special purpose trust company after the
2 effective date of this amendatory Act of the 103rd General
3 Assembly upon filing an application for and procuring from the
4 Secretary a certificate of authority stating that the person
5 has complied with the requirements of this Act and is
6 qualified to engage in the activity of a special purpose trust
7 company.

8 (b) No natural person or natural persons, firm,
9 partnership, or corporation not having been authorized under
10 this Act shall transact in the activity of a special purpose
11 trust company. A person who violates this Section is guilty of
12 a Class A misdemeanor and the Attorney General or State's
13 Attorney of the county in which the violation occurs may
14 restrain the violation by a complaint for injunctive relief.

15 (c) Any entity that holds a certificate of authority under
16 Article II of this Act may engage in the activity of a special
17 purpose trust company without applying for or receiving a
18 certificate of authority under this Article IIA.

19 (d) Nothing in this Section shall limit the authority of a
20 depository institution to provide nonfiduciary custodial
21 services consistent with its charter in accordance with
22 applicable law and subject to any limitations and restrictions
23 imposed by its chartering authority.

24 (205 ILCS 620/2A-4 new)

25 Sec. 2A-4. Rulemaking and organization.

1 (a) The Department shall adopt rules for the
2 administration of this Article, including, but not limited to:
3 rules for defining statutory terms; applying for a certificate
4 of authority; review, investigation, and approval of
5 application for certificate of authority; capital
6 requirements; office location and name; collateralizing
7 fiduciary assets; and general corporate powers. The authority
8 of this subsection (a) is in addition to, and in no way limits,
9 the authority of the Secretary under subsection (a) of Section
10 5-1.

11 (b) Articles III, V, VI, VII, VIII, and IX of this Act
12 shall apply to a special purpose trust company under this
13 Article as if the special purpose trust company were a trust
14 company authorized under Article II of this Act, subject to
15 any rules adopted by the Department.

16 (205 ILCS 620/4-1) (from Ch. 17, par. 1554-1)

17 Sec. 4-1. Foreign corporate fiduciary; certificate of
18 authority. After July 13, 1953, no foreign corporation,
19 including banks, savings banks, and savings and loan
20 associations, now or hereafter organized under the laws of any
21 other state or territory, and no national banking association
22 having its principal place of business in any other state or
23 territory or federal savings and loan association or federal
24 savings bank having its principal place of business in any
25 other state or territory, may procure a certificate of

1 authority under Article II of this Act and any certificate of
2 authority heretofore issued hereunder to any such foreign
3 corporation or to any such national banking association shall
4 become null and void on July 13, 1953, except that any such
5 foreign corporation or any such national banking association
6 actually acting as trustee, executor, administrator,
7 administrator to collect, guardian, or in any other ~~like~~
8 fiduciary capacity in this State on July 13, 1953, may
9 continue to act as such fiduciary in that particular trust or
10 estate until such time as it has completed its duties
11 thereunder. Such foreign corporation and such national banking
12 association shall be subject to the provisions in this Article
13 IV, regardless of whether its certificate of authority was
14 obtained before July 13, 1953. The right and eligibility of
15 any foreign corporation, any national banking association
16 having its principal place of business in any other state or
17 territory or any federal savings and loan association or
18 federal savings bank having its principal place of business in
19 any other state or territory hereafter to act as trustee,
20 executor, administrator, administrator to collect, guardian,
21 or in any other ~~like~~ fiduciary capacity in this State shall be
22 governed solely by the provisions of this Act. Provided,
23 however, that the Commissioner shall not be required to
24 conduct an annual examination of such foreign corporation
25 pursuant to Section 5-2 of this Act, but may examine such
26 foreign corporation as the Commissioner deems appropriate.

1 "Principal place of business" of any bank, federal savings and
2 loan association or savings bank, for purposes of this Article
3 IV, means the principal office as designated on the charter by
4 its principal regulator.

5 (Source: P.A. 91-97, eff. 7-9-99.)

6 (205 ILCS 620/4-2) (from Ch. 17, par. 1554-2)

7 Sec. 4-2. Foreign corporation; eligibility. Any foreign
8 corporation may act in this State as trustee, executor,
9 administrator, administrator to collect, guardian, or in any
10 other like fiduciary capacity, whether the appointment is by
11 will, deed, court order or otherwise, without complying with
12 any laws of this State relating to the qualification of
13 corporations organized under the laws of this State to conduct
14 a trust business or laws relating to the qualification of
15 foreign corporations, provided only (1) such foreign
16 corporation is authorized by the laws of the state of its
17 organization or domicile to act as a fiduciary in that state,
18 and (2) a corporation organized under the laws of this State, a
19 national banking association having its principal place of
20 business in this State, and a federal savings and loan
21 association or federal savings bank having its principal place
22 of business in this State and authorized to act as a fiduciary
23 in this State, may, in such other state, act in a similar
24 fiduciary capacity or capacities, as the case may be, upon
25 conditions and qualifications which the Commissioner finds are

1 not unduly restrictive when compared to those imposed by the
2 laws of Illinois. Any foreign corporation eligible to act in a
3 fiduciary capacity in this State pursuant to the provisions of
4 this Act, shall be deemed qualified to accept and execute
5 trusts in this State within the meaning of this Act and the
6 Probate Act of 1975, approved August 7, 1975, as amended. No
7 foreign corporation shall be permitted to act as trustee,
8 executor, administrator, administrator to collect, guardian or
9 in any other ~~like~~ fiduciary capacity in this State except as
10 provided in Article IV of this Act; however, any foreign
11 corporation actually acting in any such fiduciary capacity in
12 this State on July 13, 1953, although not eligible to so act
13 pursuant to the provisions of this Article IV, may continue to
14 act as fiduciary in that particular trust or estate until such
15 time as it has completed its duties thereunder.

16 (Source: P.A. 92-685, eff. 7-16-02.)

17 (205 ILCS 620/4-5) (from Ch. 17, par. 1554-5)

18 Sec. 4-5. Certificate of authority; fees; certificate of
19 reciprocity.

20 (a) Prior to the time any foreign corporation acts in this
21 State as testamentary trustee, trustee appointed by any court,
22 trustee under any written agreement, declaration or instrument
23 of trust, executor, administrator, administrator to collect,
24 guardian or in any other ~~like~~ fiduciary capacity, such foreign
25 corporation shall apply to the Commissioner of Banks and Real

1 Estate for a certificate of authority with reference to the
2 fiduciary capacity or capacities in which such foreign
3 corporation proposes to act in this State, and the
4 Commissioner of Banks and Real Estate shall issue a
5 certificate of authority to such corporation concerning only
6 the fiduciary capacity or such of the fiduciary capacities to
7 which the application pertains and with respect to which he
8 has been furnished satisfactory evidence that such foreign
9 corporation meets the requirements of Section 4-2 of this Act.
10 The certificate of authority shall set forth the fiduciary
11 capacity or capacities, as the case may be, for which the
12 certificate is issued, and shall recite and certify that such
13 foreign corporation is eligible to act in this State in such
14 fiduciary capacity or capacities, as the case may be, pursuant
15 to the provisions of this Act. The certificate of authority
16 shall remain in full force and effect until such time as such
17 foreign corporation ceases to be eligible so to act under the
18 provisions of this Act.

19 (b) Each foreign corporation making application for a
20 certificate of authority shall pay reasonable fees to the
21 Commissioner of Banks and Real Estate as determined by the
22 Commissioner for the services of his office.

23 (c) Any foreign corporation holding a certificate of
24 reciprocity which recites and certifies that such foreign
25 corporation is eligible to act in this State in any such
26 fiduciary capacity pursuant to the provisions of Article IV of

1 this Act or any predecessor Act upon the same subject, issued
2 prior to the effective date of this amendatory Act of 1987 may
3 act in this State under such certificate of reciprocity in any
4 such fiduciary capacity without applying for a new certificate
5 of authority. Such certificate of reciprocity shall remain in
6 full force and effect until such time as such foreign
7 corporation ceases to be eligible so to act under the
8 provisions of Article IV of this Act.

9 (d) Any foreign corporation acting in Illinois under a
10 certificate of authority or a certificate of reciprocity shall
11 report changes in its name or address to the Commissioner and
12 shall notify the Commissioner when it is no longer serving as a
13 corporate fiduciary in Illinois.

14 (e) The provisions of this Section shall not apply to a
15 foreign corporation establishing or acquiring and maintaining
16 a place of business in this State to conduct business as a
17 fiduciary in accordance with Article IVA of this Act.

18 (Source: P.A. 92-483, eff. 8-23-01.)

19 (205 ILCS 620/4A-15)

20 Sec. 4A-15. Representative offices.

21 (a) A foreign corporation conducting fiduciary activities
22 outside this State, but not conducting fiduciary activities in
23 this State may establish a representative office under the
24 Foreign Bank Representative Office Act. At these offices, the
25 foreign corporation may market and solicit fiduciary services

1 and provide back office and administrative support to the
2 foreign corporation's fiduciary activities, but it may not
3 engage in fiduciary activities.

4 (b) A foreign corporation invested with trust powers or
5 authority to act as a fiduciary pursuant to the laws of its
6 home state but not conducting fiduciary activities must apply
7 for and procure a license under the Foreign Bank
8 Representative Office Act before establishing an office in
9 this State for the purpose of marketing, soliciting, or
10 transacting any service or product, unless such office is
11 otherwise established as permitted by and in accordance with
12 this Act, the Illinois Banking Act, the Savings Bank Act, the
13 Foreign Banking Office Act, or any Act specified by rules
14 adopted under this Act.

15 (Source: P.A. 92-483, eff. 8-23-01; 92-811, eff. 8-21-02.)

16 (205 ILCS 620/5-1) (from Ch. 17, par. 1555-1)

17 Sec. 5-1. Commissioner's powers. The Commissioner of Banks
18 and Real Estate shall have the following powers and authority
19 and is charged with the duties and responsibilities designated
20 in this Act:

21 (a) To promulgate, in accordance with the Illinois
22 Administrative Procedure Act, reasonable rules for the purpose
23 of administering the provisions of this Act, for the purpose
24 of protecting consumers of this State as may be necessary and
25 appropriate, and for the purpose of incorporating by reference

1 rules promulgated by the Federal Deposit Insurance
2 Corporation, the Board of Governors of the Federal Reserve
3 System, the Office of the Comptroller of the Currency, the
4 Office of Thrift Supervision, or their successors that pertain
5 to corporate fiduciaries, including, but not limited to,
6 standards for the operation and conduct of the affairs of
7 corporate fiduciaries;

8 (b) To issue orders for the purpose of administering the
9 provisions of this Act and any rule promulgated in accordance
10 with this Act;

11 (c) To appoint hearing officers to conduct hearings held
12 pursuant to any of the powers granted to the Commissioner
13 under this Section for the purpose of administering this Act
14 and any rule promulgated in accordance with this Act;

15 (d) To subpoena witnesses, to compel their attendance, to
16 administer an oath, to examine any person under oath and to
17 require the production of any relevant books, papers, accounts
18 and documents in the course of and pursuant to any
19 investigation being conducted, or any action being taken, by
20 the Commissioner in respect of any matter relating to the
21 duties imposed upon, or the powers vested in, the Commissioner
22 under the provisions of this Act, or any rule or regulation
23 promulgated in accordance with this Act;

24 (e) To conduct hearings;

25 (f) To promulgate the form and content of any applications
26 required under this Act;

1 (g) To impose civil penalties of up to \$100,000 against
2 any person or corporate fiduciary for each violation of any
3 provision of this Act, any rule promulgated in accordance with
4 this Act, any order of the Commissioner or any other action
5 which, in the Commissioner's discretion, is a detriment or
6 impediment to accepting or executing trusts; and

7 (h) To address any inquiries to any corporate fiduciary,
8 or the officers thereof, in relation to its doings and
9 conditions, or any other matter connected with its affairs,
10 and it shall be the duty of any corporate fiduciary or person
11 so addressed, to promptly reply in writing to such inquiries.
12 The Commissioner may also require reports from any corporate
13 fiduciary at any time he may deem desirable.

14 (Source: P.A. 96-1365, eff. 7-28-10.)

15 Section 900-25. The Consumer Fraud and Deceptive Business
16 Practices Act is amended by adding Section 2BBBB as follows:

17 (815 ILCS 505/2BBBB new)

18 Sec. 2BBBB. Violations of the Digital Assets Regulation
19 Act. Any person who violates Article 105 of the Digital Assets
20 Regulation Act commits an unlawful practice within the meaning
21 of this Act.

22 (205 ILCS 657/Act rep.)

23 Section 900-30. The Transmitters of Money Act is repealed.

1

Article 999.

2

Section 999-99. Effective date. This Act takes effect upon

3

becoming law, except that the changes to the Transmitters of

4

Money Act take effect January 1, 2025.

1	INDEX	
2	Statutes amended in order of appearance	
3	New Act	
4	5 ILCS 140/7.5	
5	30 ILCS 105/5.990 new	
6	30 ILCS 105/5.991 new	
7	205 ILCS 5/2	from Ch. 17, par. 302
8	205 ILCS 5/30	from Ch. 17, par. 337
9	205 ILCS 620/1-5.08	from Ch. 17, par. 1551-5.08
10	205 ILCS 620/2-1	from Ch. 17, par. 1552-1
11	205 ILCS 620/Art. IIA	
12	heading new	
13	205 ILCS 620/2A-1 new	
14	205 ILCS 620/2A-2 new	
15	205 ILCS 620/2A-3 new	
16	205 ILCS 620/2A-4 new	
17	205 ILCS 620/4-1	from Ch. 17, par. 1554-1
18	205 ILCS 620/4-2	from Ch. 17, par. 1554-2
19	205 ILCS 620/4-5	from Ch. 17, par. 1554-5
20	205 ILCS 620/4A-15	
21	205 ILCS 620/5-1	from Ch. 17, par. 1555-1
22	815 ILCS 505/2BBBB new	
23	205 ILCS 657/Act rep.	