

SB3670



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3670

Introduced 2/9/2024, by Sen. Laura Ellman

SYNOPSIS AS INTRODUCED:

New Act
205 ILCS 657/Act rep.

Creates the Uniform Money Transmission Modernization Act. Provides that the provisions supersede the Transmitters of Money Act. Sets forth provisions concerning money transmission licenses; acquisition of control; reporting and records; authorized delegates; timely transmission, refunds, and disclosures; prudential standards; and enforcement. Repeals the Transmitters of Money Act. Makes other changes. Effective January 1, 2026.

LRB103 39026 RTM 69163 b

A BILL FOR

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. This Act may be cited as the
6 Uniform Money Transmission Modernization Act.

7 Section 1-2. Purpose.

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

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

16 (2) protect the public from financial crime;

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

20 (4) modernize safety and soundness requirements to
21 ensure customer funds are protected in an environment that
22 supports innovative and competitive business practices.

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

3 ARTICLE II. Definitions

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

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

8 "Authorized delegate" means a person delegated by a
9 licensee to engage in money transmission on behalf of the
10 licensee.

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

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

23 "Bill payment service" means the business of transmitting
24 money on behalf of an Illinois person for the purposes of

1 paying the person's bills.

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

7 "Control" means, when in reference to a person:

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

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

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

21 (2) Rebuttable presumption of control.

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

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

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

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

15 "Eligible rating" means a credit rating of any of the 3
16 highest rating categories provided by an eligible rating
17 service, whereby each category may include rating category
18 modifiers such as "plus" or "minus" for S&P, or the equivalent
19 for any other eligible rating service. For purposes of this
20 definition, long-term credit ratings are deemed eligible if
21 the rating is equal to "A-" or higher by S&P, or the equivalent
22 from any other eligible rating service; short-term credit
23 ratings are deemed eligible if the rating is equal to or higher
24 than "A-2" or "SP-2" by S&P, or the equivalent from any other
25 eligible rating service; if ratings differ among eligible
26 rating services, the highest rating shall apply when

1 determining whether a security bears an eligible rating.

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

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

14 "In this State" means at a physical location within this
15 State for a transaction requested in person. For a transaction
16 requested electronically or by phone, the provider of money
17 transmission may determine if the person requesting the
18 transaction is in this State by relying on other information
19 provided by the person regarding the location of the
20 individual's residential address or a business entity's
21 principal place of business or other physical address
22 location, and any records associated with the person that the
23 provider of money transmission may have that indicate such
24 location, including, but not limited to, an address associated
25 with an account.

26 "Individual" means a natural person.

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

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

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

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

19 "Monetary value" means a medium of exchange, whether or
20 not redeemable in money.

21 "Money transmission" means any of the following:

22 (1) Selling or issuing payment instruments to a person
23 located in this State.

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

26 (3) Receiving money for transmission from a person

1 located in this State or transmitting money in this State.

2 "Money transmission" includes bill payment services and
3 payroll processing services. "Money transmission" does not
4 include the provision solely of online or telecommunications
5 services or network access.

6 "MSB accredited state agency" means a state agency that is
7 accredited by the Conference of State Bank Supervisors and
8 Money Transmitter Regulators Association for money
9 transmission licensing and supervision.

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

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

23 "Outstanding money transmission obligations" means any of
24 the following:

25 (1) Any payment instrument or stored value issued or
26 sold by the licensee to a person located in the United

1 States or reported as sold by an authorized delegate of
2 the licensee to a person that is located in the United
3 States that has not yet been paid or refunded by or for the
4 licensee or escheated in accordance with applicable
5 abandoned property laws; or

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

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

17 "Passive investor" means a person that:

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

22 (2) is not employed by and does not have any
23 managerial duties of the licensee or person in control of
24 a licensee;

25 (3) does not have the power to exercise, directly or
26 indirectly, a controlling influence over the management or

1 policies of a licensee or person in control of a licensee;
2 and

3 (4) either:

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

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

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

19 "Payroll processing services" means receiving money for
20 transmission pursuant to a contract with a person to deliver
21 wages or salaries, make payment of payroll taxes to State and
22 federal agencies, make payments relating to employee benefit
23 plans, or make distributions of other authorized deductions
24 from wages or salaries. "Payroll processing services" does not
25 include an employer performing payroll processing services on
26 its own behalf or on behalf of its affiliate.

1 "Person" means any individual, general partnership,
2 limited partnership, limited liability company, corporation,
3 trust, association, joint stock corporation, or other
4 corporate entity identified by the Secretary.

5 "Receiving money for transmission" or "money received for
6 transmission" means receiving money or monetary value in the
7 United States for transmission within or outside the United
8 States by electronic or other means.

9 "Secretary" means the Secretary of Financial and
10 Professional Regulation, the acting Secretary, or a person
11 authorized by the Secretary.

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

23 "Tangible net worth" means the aggregate assets of a
24 licensee excluding all intangible assets, less liabilities, as
25 determined in accordance with United States generally accepted
26 accounting principles.

1 ARTICLE III. Exemptions

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

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

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

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

16 (B) the payee holds the agent out to the public as
17 accepting payments for goods or services on the payee's
18 behalf; and

19 (C) payment for the goods and services is treated as
20 received by the payee upon receipt by the agent so that the
21 payor's obligation is extinguished and there is no risk of
22 loss to the payor if the agent fails to remit the funds to
23 the payee.

24 (3) A person that acts as an intermediary by processing

1 payments between an entity that has directly incurred an
2 outstanding money transmission obligation to a sender, and the
3 sender's designated recipient, if the entity:

4 (A) is properly licensed or exempt from licensing
5 requirements under this Act;

6 (B) provides a receipt, electronic record, or other
7 written confirmation to the sender identifying the entity
8 as the provider of money transmission in the transaction;
9 and

10 (C) bears sole responsibility to satisfy the
11 outstanding money transmission obligation to the sender,
12 including the obligation to make the sender whole in
13 connection with any failure to transmit the funds to the
14 sender's designated recipient.

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

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

19 (6) A State, county, city, or any other governmental
20 agency or governmental subdivision or instrumentality of a
21 State, or its agent.

22 (7) A federally insured depository financial institution,
23 bank holding company, office of an international banking
24 corporation, foreign bank that establishes a federal branch
25 pursuant to the International Bank Act, 12 U.S.C. 3102, as
26 amended or recodified from time to time, corporation organized

1 pursuant to the Bank Service Corporation Act, 12 U.S.C.
2 Sections 1861 through 1867, as amended or recodified from time
3 to time, or corporation organized under the Edge Act, 12
4 U.S.C. Sections 611 through 633, as amended or recodified from
5 time to time, under the laws of a state or the United States.

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

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

17 (10) A registered futures commission merchant under the
18 federal commodities laws to the extent of its operation as
19 such a merchant.

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

23 (12) An individual employed by a licensee, authorized
24 delegate, or any person exempted from the licensing
25 requirements of the Act when acting within the scope of
26 employment and under the supervision of the licensee,

1 authorized delegate, or exempted person as an employee and not
2 as an independent contractor.

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

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

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

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

22 (15) Currency exchanges licensed under the Currency
23 Exchange Act to the extent of its operation as such a currency
24 exchange.

25 (16) A credit union organized under the laws of the United
26 States or any state of the United States with member share

1 accounts insured by an insurer approved by the credit union's
2 primary financial regulatory agency. An out-of-state-credit
3 union may not conduct any activity in this State that is not
4 authorized for a credit union chartered under the law of this
5 State.

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

13 ARTICLE IV. Implementation, Confidentiality, Supervision &
14 Relationship to Federal Law

15 Section 4-1. Implementation.

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

19 (1) enter into agreements or relationships with other
20 government officials or federal and State regulatory
21 agencies and regulatory associations in order to improve
22 efficiencies and reduce regulatory burden by standardizing
23 methods or procedures, and sharing resources, records or

1 related information obtained under this Act;

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

5 (3) accept, from other state or federal government
6 agencies or officials, licensing, examination, or
7 investigation reports made by such other state or federal
8 government agencies or officials; and

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

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

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

26 (2) such rules and regulations as may be necessary and

1 appropriate to define improper or fraudulent business
2 practices in connection with the activities of licensees;

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

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

8 (5) such rules and regulations establishing fees the
9 Secretary deems necessary to cover the cost of
10 administration of this Act.

11 Section 4-2. Confidentiality.

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

21 (b) The Secretary may disclose information not otherwise
22 subject to disclosure under subsection (a) to representatives
23 of State or federal agencies who promise in a record that they
24 will maintain the confidentiality of the information or where
25 the Secretary finds that the release is reasonably necessary

1 for the protection and interest of the public.

2 (c) This Section does not prohibit the Secretary from
3 disclosing to the public a list of all licensees or the
4 aggregated financial or transactional data concerning those
5 licensees.

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

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

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

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

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

19 (5) copies of any final orders of the Department
20 relating to any violation of this Act or regulations
21 implementing this Act; and

22 (e) Imposition of an administrative action under this Act
23 is not confidential.

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

1 Section 4-3. Supervision.

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

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

12 (2) conduct an examination in conjunction with an
13 examination conducted by representatives of other state
14 agencies or agencies of another state or of the federal
15 government;

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

21 (4) summon and examine under oath a key individual or
22 employee of a licensee or authorized delegate and require
23 the person to produce records regarding any matter related
24 to the condition and business of the licensee or
25 authorized delegate.

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

10 (c) Unless otherwise directed by the Secretary, a licensee
11 shall pay all costs reasonably incurred in connection with an
12 examination of the licensee or the licensee's authorized
13 delegates.

14 Section 4-4. Networked supervision.

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

24 (1) cooperate, coordinate, and share information with
25 other state and federal regulators in accordance with

1 Section 4-2;

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

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

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

18 (c) A joint examination or investigation, or acceptance of
19 an examination or investigation report, does not waive an
20 examination assessment provided for in this Act.

21 Section 4-5. Relationship to federal law.

22 (a) If State money transmission jurisdiction is
23 conditioned on a federal law, any inconsistencies between a
24 provision of this Act and the federal law governing money
25 transmission shall be governed by the applicable federal law

1 to the extent of the inconsistency.

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

5 (1) identifies the inconsistency; and

6 (2) identifies the appropriate means of compliance
7 with federal law.

8 ARTICLE V. Money Transmission Licenses

9 Section 5-1. License required.

10 (a) A person may not engage in the business of money
11 transmission or advertise, solicit, or hold oneself out as
12 providing money transmission unless the person is licensed
13 under this Act.

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

15 (1) A person who is an authorized delegate of a person
16 licensed under this Act acting within the scope of
17 authority conferred by a written contract with the
18 licensee; or

19 (2) A person who is exempt pursuant to Section 3-1 and
20 does not engage in money transmission outside the scope of
21 such exemption.

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

1 Section 5-2. Consistent State licensing.

2 (a) To establish consistent licensing between this State
3 and other states, the Secretary is authorized and encouraged
4 to:

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

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

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

15 (1) collect and maintain records;

16 (2) coordinate multistate licensing processes and
17 supervision processes;

18 (3) process fees; and

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

21 (c) The Secretary is authorized and encouraged to utilize
22 NMLS for all aspects of licensing in accordance with this Act,
23 including, but not limited to, license applications,
24 applications for acquisitions of control, surety bonds,
25 reporting, criminal history background checks, credit checks,
26 fee processing, and examinations.

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

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

14 Section 5-3. Application for license.

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

23 (1) the legal name and residential and business
24 addresses of the applicant and any fictitious or trade
25 name used by the applicant in conducting its business;

1 (2) a list of any criminal convictions of the
2 applicant and any material litigation in which the
3 applicant has been involved in the 10-year period
4 preceding the submission of the application;

5 (3) a description of any money transmission previously
6 provided by the applicant and the money transmission that
7 the applicant seeks to provide in this State;

8 (4) a list of the applicant's proposed authorized
9 delegates and the locations in this State where the
10 applicant and its authorized delegates propose to engage
11 in money transmission;

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

16 (6) information concerning any bankruptcy or
17 receivership proceedings affecting the licensee or a
18 person in control of a licensee;

19 (7) a sample form of contract for authorized
20 delegates, if applicable;

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

23 (9) the name and address of any federally insured
24 depository financial institution through which the
25 applicant plans to conduct money transmission; and

26 (10) any other information the Secretary or NMLS

1 reasonably requires with respect to the applicant.

2 (b) If an applicant is a corporation, limited liability
3 company, partnership, or other legal entity, the applicant
4 shall also provide:

5 (1) the date of the applicant's incorporation or
6 formation and State or country of incorporation or
7 formation;

8 (2) if applicable, a certificate of good standing from
9 the State or country in which the applicant is
10 incorporated or formed;

11 (3) a brief description of the structure or
12 organization of the applicant, including any parents or
13 subsidiaries of the applicant, and whether any parents or
14 subsidiaries are publicly traded;

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

20 (5) a list of any criminal convictions and material
21 litigation in which a person in control of the applicant
22 that is not an individual has been involved in the 10-year
23 period preceding the submission of the application;

24 (6) a copy of audited financial statements of the
25 applicant for the most recent fiscal year and for the
26 2-year period preceding the submission of the application;

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

3 (8) if the applicant is a publicly traded corporation,
4 a copy of the most recent report filed with the United
5 States Securities and Exchange Commission under Section 13
6 of the federal Securities Exchange Act of 1934, 15 U.S.C.
7 78m, as amended or recodified from time to time;

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

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

16 (B) a corporation publicly traded outside the
17 United States, a copy of similar documentation filed
18 with the regulator of the parent corporation's
19 domicile outside the United States;

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

22 (11) any other information the Secretary reasonably
23 requires with respect to the applicant.

24 A nonrefundable application fee must accompany an
25 application for a license under this Section in accordance
26 with 38 Ill. Adm. Code 205.35, as amended or recodified from

1 time to time.

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

5 Section 5-4. Information requirements for certain
6 individuals.

7 (a) Any individual in control of a licensee or applicant,
8 any individual that seeks to acquire control of a licensee,
9 and each key individual shall furnish to the Secretary through
10 NMLS the following items:

11 (1) The individual's fingerprints for submission to
12 the Federal Bureau of Investigation and the Secretary for
13 purposes of a national criminal history background check
14 unless the person currently resides outside of the United
15 States and has resided outside of the United States for
16 the last 10 years.

17 (2) Personal history and experience in a form and in a
18 medium prescribed by the Secretary, to obtain the
19 following:

20 (A) an independent credit report from a consumer
21 reporting agency unless the individual does not have a
22 social security number, in which case, this
23 requirement shall be waived;

24 (B) information related to any criminal
25 convictions or pending charges; and

1 (C) information related to any regulatory or
2 administrative action and any civil litigation
3 involving claims of fraud, misrepresentation,
4 conversion, mismanagement of funds, breach of
5 fiduciary duty, or breach of contract.

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

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

11 (A) demonstrate that it has sufficient knowledge,
12 resources, and employs accepted and reasonable
13 methodologies to conduct the research of the
14 background report; and

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

17 (2) At a minimum, the investigative background report
18 shall be written in the English language and shall contain
19 the following:

20 (A) if available in the individual's current
21 jurisdiction of residency, a comprehensive credit
22 report, or any equivalent information obtained or
23 generated by the independent search firm to accomplish
24 such report, including a search of the court data in
25 the countries, provinces, states, cities, towns, and
26 contiguous areas where the individual resided and

1 worked;

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

8 (C) employment history;

9 (D) media history, including an electronic search
10 of national and local publications, wire services, and
11 business applications; and

12 (E) financial services-related regulatory history,
13 including, but not limited to, money transmission,
14 securities, banking, insurance, and mortgage related
15 industries.

16 Section 5-5. Issuance of license.

17 (a) When an application for an original license under this
18 Act appears to include all the items and addresses of all of
19 the matters that are required, the application is complete and
20 the Secretary shall promptly notify the applicant in a record
21 of the date on which the application is determined to be
22 complete, and:

23 (1) unless extended by the Secretary pursuant to the
24 Secretary's discretion, the Secretary shall approve or
25 deny the application within 120 days after the completion

1 date; or

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

5 (A) the application is approved; and

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

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

16 (c) When an application is filed and considered complete
17 under this Section, the Secretary shall investigate the
18 applicant's financial condition and responsibility, financial
19 and business experience, character, and general fitness. The
20 Secretary may conduct an on-site investigation of the
21 applicant, the reasonable cost of which the applicant must
22 pay. The Secretary shall issue a license to an applicant under
23 this Section if the Secretary finds that all of the following
24 conditions have been fulfilled:

25 (1) the applicant has complied with Sections 5-3 and
26 5-4; and

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

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

10 (1) the Secretary is authorized and encouraged to
11 accept the investigation results of a lead investigative
12 state for the purpose of subsection (c) if the lead
13 investigative state has sufficient staffing, expertise,
14 and minimum standards; or

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

22 (e) The Secretary shall issue a formal written notice of
23 the denial of a license application within 30 days after the
24 decision to deny the application. The Secretary shall set
25 forth the specific reasons for the denial of the application
26 in the notice of denial and serve the applicant, either

1 personally or by certified mail. Service by certified mail
2 shall be deemed completed when the notice is deposited into
3 the U.S. Mail. An applicant whose application is denied by the
4 Secretary under this Section may submit a written request for
5 a hearing that shall include the particular reasons why the
6 applicant believes that the decision to deny the application
7 was incorrect, within 10 days after service of the notice of
8 the denial. If an applicant submits a timely request for a
9 hearing, the Secretary shall schedule a hearing after the
10 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, as
13 amended or recodified from time to time.

14 (f) The initial license term shall begin on the day that
15 the application is approved. The license shall expire on
16 December 31 of the year in which the license term began, unless
17 the initial license date is between November 1 and December
18 31, in which instance the initial license term shall run
19 through December 31 of the following year.

20 Section 5-6. Renewal of license.

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

22 (b) An annual renewal fee in accordance with 38 Ill. Adm.
23 Code 205.35, as amended or recodified from time to time, shall
24 be paid to the Department. The renewal term shall be for a
25 period of one year and shall begin on January 1 of each year

1 after the initial license term and shall expire on December 31
2 of the year the renewal term begins.

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

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

17 (e) The Secretary is authorized and encouraged to utilize
18 NMLS to process license renewals if such functionality is
19 consistent with this Section.

20 (f) The Secretary shall issue a formal written notice of
21 the denial of renewal within 30 days after the decision to deny
22 the renewal. The Secretary shall set forth the specific
23 reasons for denying the renewal in the notice of denial and
24 serve the licensee, either personally or by certified mail.
25 Service by certified mail shall be deemed completed when the
26 notice is deposited into the U.S. Mail. A licensee whose

1 renewal is denied by the Secretary under this Section may
2 submit a written request for a hearing that shall include the
3 particular reasons why the licensee believes that the decision
4 to deny the renewal was incorrect within 10 days after service
5 of the notice of the denial. If a licensee submits a timely
6 request for a hearing, the Secretary shall schedule a hearing
7 unless otherwise agreed to by the parties. The Secretary shall
8 conduct hearings pursuant to this Section and in accordance
9 with 38 Ill. Adm. Code 100, as amended or recodified from time
10 to time. The expiring license shall be deemed to continue in
11 force until 10 days after the service of the notice of denial
12 or, if a timely hearing is requested during that period, until
13 a final order is entered pursuant to a hearing.

14 Section 5-7. Maintenance of license.

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

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

1 Section 5-8. Fees.

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

7 (1) investigation of licensees and license applicant
8 fees;

9 (2) examination fees;

10 (3) contingent fees; and

11 (4) such other categories as may be required to
12 administer this Act.

13 (b) The Secretary shall charge and collect fees, which
14 shall be nonrefundable unless otherwise indicated, in
15 accordance with 38 Ill. Adm. Code 205, as amended or
16 recodified from time to time.

17 (c) All fees currently assessed in accordance with 38 Ill.
18 Adm. Code 205, as amended or recodified from time to time,
19 shall remain in effect until amended by rule in accordance
20 with this Act. Except for money required to be deposited into
21 the TOMA Consumer Protection Fund pursuant to this Act, all
22 moneys received by the Department shall be deposited into the
23 Financial Institution Fund. Failure to pay any required fee by
24 the due date shall subject the licensee to a penalty fee of \$25
25 per day and disciplinary action.

1 the person, or group of persons acting in concert, to submit
2 some or all information required by the Secretary pursuant to
3 subsection (b) without using NMLS.

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

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

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

16 (2) if the application is not approved or denied
17 within 60 days after the completion date or any extension
18 thereof:

19 (A) the application is approved; and

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

22 (f) A determination by the Secretary that an application
23 is complete and is accepted for processing means only that the
24 application, on its face, appears to include all of the items
25 and address all of the matters that are required, and is not an
26 assessment of the substance of the application or of the

1 sufficiency of the information provided.

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

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

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

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

24 (1) the Secretary is authorized and encouraged to
25 accept the investigation results of a lead investigative
26 state for the purpose of subsection (g) if the lead

1 investigative state has sufficient staffing, expertise,
2 and minimum standards; 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 (g) and the
6 timeframes established by agreement through the multistate
7 licensing process.

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

26 (j) The requirements of subsections (a) and (b) do not

1 apply to any of the following:

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

6 (2) a person that acquires control of a licensee by
7 devise or descent;

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

12 (4) a person that is exempt under paragraphs (7) or
13 (16) of Section 3-1;

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

16 (6) A public offering of securities of a licensee or a
17 person in control of a licensee; or

18 (7) An internal reorganization of a person in control
19 of the licensee where the ultimate person in control of
20 the licensee remains the same.

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

24 (l) Streamlined acquisition of control.

25 (1) The requirements of subsections (a) and (b) do not
26 apply to a person that has complied with and received

1 approval to engage in money transmission under this Act or
2 was identified as a person in control in a prior
3 application filed with and approved by the Secretary or by
4 an MSB accredited state agency pursuant to a multistate
5 licensing process, if:

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

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

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

22 (D) the licensee to be acquired will not implement
23 any material changes to its business plan as a result
24 of the acquisition of control, and if the person
25 acquiring control is a licensee, that licensee also
26 will not implement any material changes to its

1 business plan as a result of the acquisition of
2 control; and

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

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

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

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

22 (1) The Secretary is authorized and encouraged to
23 accept the control determination of a lead investigative
24 state with sufficient staffing, expertise, and minimum
25 standards for the purpose of subsection (m); or

26 (2) If the Department is a lead investigative state,

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

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

7 (a) A licensee adding or replacing any key individual
8 shall:

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

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

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

21 (c) The Secretary shall set forth the specific reasons for
22 the denial in the notice of denial and serve the licensee and
23 the denied individual, either personally, or by certified
24 mail. Service by certified mail shall be deemed completed when
25 the notice is deposited into the U.S. Mail. A licensee who has

1 been denied by the Secretary under this subsection (c) may
2 submit a written request for hearing which shall include the
3 particular reasons why the licensee believes that the decision
4 to deny was incorrect, within 10 days after service of the
5 notice of the denial. If a licensee submits a timely request
6 for a hearing, the Secretary shall schedule a hearing after
7 the request for a hearing unless otherwise agreed to by the
8 parties. The Secretary shall conduct hearings pursuant to this
9 Section and in accordance with 38 Ill. Adm. Code 100.

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

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

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

20 (2) if the investigating state has sufficient
21 staffing, expertise, and minimum standards for the purpose
22 of this Section; or

23 (3) if the Department is a lead investigative state,
24 the Secretary is authorized and encouraged to investigate
25 the applicant pursuant to subsection (b) and the
26 timeframes established by agreement through the multistate

1 licensing process.

2 ARTICLE VII. Reporting and Records

3 Section 7-1. Report of condition.

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

8 (b) The report of condition shall include:

9 (1) financial information at the licensee level;

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

14 (3) permissible investments report;

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

17 (5) any other information the Secretary reasonably
18 requires with respect to the licensee. The Secretary is
19 authorized and encouraged to utilize NMLS for the
20 submission of the report required by subsection (a) and is
21 authorized to change or update as necessary the
22 requirements of this Section to carry out the purposes of
23 this Act and maintain consistency with NMLS reporting.

24 (c) The information required by paragraph (4) of

1 subsection (b) shall only be included in a report of condition
2 submitted within 45 days of the end of the fourth calendar
3 quarter.

4 Section 7-2. Audited financial statements.

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

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

11 (2) any other information as the Secretary may
12 reasonably require.

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

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

1 accountant to remove the qualification.

2 Section 7-3. Authorized delegate reporting.

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

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

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

1 Section 7-4. Reports of certain events.

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

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

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

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

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

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

23 (2) a charge or conviction of an authorized delegate
24 for a felony.

25 Section 7-5. Bank Secrecy Act reports. A licensee and an

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

9 Section 7-6. Records.

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

13 (1) a record of each outstanding money transmission
14 obligation sold;

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

18 (3) bank statements and bank reconciliation records;

19 (4) records of outstanding money transmission
20 obligations;

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

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

25 (7) any other records the Secretary reasonably

1 requires by rule.

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

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

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

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

18 ARTICLE VIII. Authorized Delegates

19 Section 8-1. Relationship between licensee and authorized
20 delegate.

21 (a) As used in this Section, "remit" means to make direct
22 payments of money to a licensee or its representative
23 authorized to receive money or to deposit money in a bank in an
24 account specified by the licensee.

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

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

8 (2) enter into a written contract that complies with
9 subsection (d); and

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

14 (c) An authorized delegate must operate in full compliance
15 with this Act.

16 (d) The written contract required by subsection (b) must
17 be signed by the licensee and the authorized delegate and, at a
18 minimum, must:

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

22 (2) set forth the nature and scope of the relationship
23 between the licensee and the authorized delegate and the
24 respective rights and responsibilities of the parties;

25 (3) require the authorized delegate to agree to fully
26 comply with all applicable State and federal laws, rules,

1 and regulations pertaining to money transmission,
2 including this Act and regulations implementing this Act,
3 relevant provisions of the Bank Secrecy Act, and the USA
4 PATRIOT ACT;

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

9 (5) impose a trust on money and monetary value net of
10 fees received for money transmission for the benefit of
11 the licensee;

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

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

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

23 (9) acknowledge receipt of the written policies and
24 procedures required under paragraph (1) of subsection (b).

25 (e) If the licensee's license is suspended, revoked,
26 surrendered, or expired, the licensee must, within 5 business

1 days, provide documentation to the Secretary that the licensee
2 has notified all applicable authorized delegates of the
3 licensee whose names are in a record filed with the Secretary
4 of the suspension, revocation, surrender, or expiration of a
5 license. Upon suspension, revocation, surrender, or expiration
6 of a license, applicable authorized delegates shall
7 immediately cease to provide money transmission as an
8 authorized delegate of the licensee.

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

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

20 Section 8-2. Unauthorized activities. A person shall not
21 engage in the business of money transmission on behalf of a
22 person not licensed under this Act or not exempt pursuant to
23 Article III of this Act. A person that engages in such activity
24 provides money transmission to the same extent as if the
25 person were a licensee, and shall be jointly and severally

1 liable with the unlicensed or nonexempt person.

2 Section 8-3. Prohibited authorized delegates.

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

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

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

21 (d) An authorized delegate who holds money in trust for
22 the benefit of a licensee and knowingly fails to remit no more
23 than \$999 of such money is guilty of a Class A misdemeanor.

24 ARTICLE IX. Timely Transmission, Refunds, and Disclosures

1 Section 9-1. Timely transmission.

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

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

15 Section 9-2. Refunds.

16 (a) This Section does not apply to:

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

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

24 (b) Every licensee shall refund to the sender within 10

1 days after receipt of the sender's written request for a
2 refund of any and all money received for transmission unless
3 any of the following occurs:

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

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

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

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

23 (5) the refund request does not enable the licensee
24 to:

25 (A) identify the sender's name and address or
26 telephone number; or

1 (B) identify the particular transaction to be
2 refunded if the sender has multiple transactions
3 outstanding.

4 Section 9-3. Receipts.

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

12 (b) Every licensee or its authorized delegate shall
13 provide the sender a receipt for money received for
14 transmission.

15 (1) The receipt shall contain the following
16 information, as applicable:

17 (A) the name of the sender;

18 (B) the name of the designated recipient;

19 (C) the date of the transaction;

20 (D) the unique transaction or identification
21 number;

22 (E) the name of the licensee, NMLS Unique ID, the
23 licensee's business address, and the licensee's
24 customer service telephone number;

25 (F) the amount of the transaction in United States

1 dollars;

2 (G) any fee charged by the licensee to the sender
3 for the transaction; and

4 (H) any taxes collected by the licensee from the
5 sender for the transaction.

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

12 (c) This Section does not apply to:

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

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

20 (3) payroll processing services; or

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

22 Section 9-4. Notice. Every licensee or authorized delegate
23 shall include on a receipt or disclose on the licensee's
24 website or mobile application the name and phone number of the
25 Department and a statement that the licensee's customers can

1 contact the Department with questions or complaints about the
2 licensee's money transmission services.

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

4 (a) A licensee that provides payroll processing services
5 shall:

6 (1) issue reports to clients detailing client payroll
7 obligations in advance of the payroll funds being deducted
8 from an account; and

9 (2) make worker paystubs or an equivalent statement
10 available to workers.

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

16 ARTICLE X. Prudential Standards

17 Section 10-1. Net worth.

18 (a) A licensee under this Act shall maintain at all times a
19 tangible net worth of the greater of \$100,000 or 3% of total
20 assets for the first \$100,000,000, 2% of additional assets for
21 \$100,000,000 to \$1,000,000,000, and 0.5% of additional assets
22 for over \$1,000,000,000.

23 (b) Tangible net worth must be demonstrated at initial

1 application by the applicant's most recent financial
2 statements pursuant to paragraph (6) of subsection (b) of
3 Section 5-3.

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

8 Section 10-2. Surety bond.

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

21 (b) The amount of the required security shall be the
22 greater of \$1,000,000 or an amount equal to 100% of the
23 licensee's average daily money transmission liability in this
24 State calculated for the most recently completed quarter, up
25 to a maximum of \$2,000,000;

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

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

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

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

19 Section 10-3. Maintenance of permissible investments.

20 (a) A licensee shall maintain at all times permissible
21 investments that have a market value computed in accordance
22 with United States generally accepted accounting principles of
23 not less than the aggregate amount of all of its outstanding
24 money transmission obligations.

25 (b) Except for permissible investments enumerated in

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

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

24 (d) Upon the establishment of a statutory trust in
25 accordance with subsection (c) or when any funds are drawn on a
26 letter of credit pursuant to paragraph (4) of subsection (a)

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

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

24 Section 10-4. Types of permissible investments.

25 (a) The following investments are permissible under

1 Section 10-3:

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

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

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

25 (4) the full drawable amount of an irrevocable standby
26 letter of credit for which the stated beneficiary is the

1 Secretary that stipulates that the beneficiary need only
2 draw a sight draft under the letter of credit and present
3 it to obtain funds up to the letter of credit amount within
4 7 days of presentation of the items required by
5 subparagraph (C) of this paragraph.

6 (A) The letter of credit must:

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

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

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

26 (iv) contain an issue date and expiration date

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

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

1 agent for the benefit of the purchasers and holders of
2 the licensee's outstanding money transmission
3 obligations.

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

9 (i) the original letter of credit, including
10 any amendments; and

11 (ii) a written statement from the beneficiary
12 stating that any of the following events have
13 occurred:

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

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

25 (III) the seizure of assets of a licensee
26 by the Secretary pursuant to an emergency

1 order issued in accordance with applicable
2 law, on the basis of an action, violation, or
3 condition that has caused or is likely to
4 cause the insolvency of the licensee; or

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

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

22 (E) The Secretary is authorized and encouraged to
23 participate in multistate processes designed to
24 facilitate the issuance and administration of letters
25 of credit, including, but not limited to, services
26 provided by the NMLS and State Regulatory Registry,

1 LLC.

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

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

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

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

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

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

24 (B) commercial paper bearing an eligible rating;

25 (C) a bill, note, bond, or debenture bearing an
26 eligible rating;

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

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

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

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

19 (A) has an eligible rating;

20 (B) is registered under the Foreign Account Tax
21 Compliance Act;

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

25 (D) is not located in a high-risk or
26 non-cooperative jurisdiction as designated by the

1 Financial Action Task Force.

2 ARTICLE XI. Enforcement

3 Section 11-1. Prohibited acts and practices for licensees.
4 It is a violation of this Act for a licensee, or other person
5 subject to this Act to:

6 (1) directly or indirectly employ any scheme, device,
7 or artifice to defraud or mislead any person, including,
8 but not limited to, engaging in bait and switch
9 advertising or sales practices;

10 (2) directly or indirectly engage in any unfair or
11 deceptive act or practice toward any person, including,
12 but not limited to, any false or deceptive statement about
13 fees or other terms of a money transmission or currency
14 exchange;

15 (3) directly or indirectly obtain property by fraud or
16 misrepresentation;

17 (4) knowingly make, publish, or disseminate any false,
18 deceptive, or misleading information in the provision of
19 money services;

20 (5) knowingly receive or take possession for personal
21 use of any property of any money services business, other
22 than in payment for services rendered, and with intent to
23 defraud, omit to make, or cause or direct to omit to make,
24 a full and true entry thereof in the books and accounts of

1 the business;

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

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

12 (8) fail to make any report or statement lawfully
13 required by the Secretary or other public official;

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

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

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

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

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

1 (1) the licensee has failed to comply with any
2 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 licensee does not cooperate with an
6 examination or investigation by the Secretary;

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

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

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

20 (6) the licensee engages in an unsafe or unsound
21 practice;

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

25 (8) the licensee does not remove an authorized
26 delegate after the Secretary issues and serves upon the

1 licensee a final order including a finding that the
2 authorized delegate has violated this Act;

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

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

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

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

19 (13) the licensee violates the Illinois Uniform
20 Revised Unclaimed Property Act.

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

26 (c) In every case in which a license is suspended or

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

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

16 (e) 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 Section 11-3. Suspension and revocation of authorized
20 delegates.

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

24 (1) the authorized delegate has failed to comply with
25 any provision of this Act or any order, decision, finding,

1 rule, regulation, or direction of the Secretary lawfully
2 made pursuant to the authority of this Act;

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

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

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

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

15 (6) the authorized delegate engages in an unsafe or
16 unsound practice.

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

24 (c) In every case in which the designation of an
25 authorized delegate is suspended or revoked, the Secretary
26 shall issue a formal written notice of the suspension or

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

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

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

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

19 (a) If the Secretary determines that a licensee, an
20 authorized delegate, or any other person has engaged or is
21 engaged in practices contrary to this Act, the rules adopted
22 under this Act, or an order issued under this Act, the
23 Secretary may issue an order requiring the licensee or
24 authorized delegate to cease and desist from the violation.
25 The order becomes effective upon service of it upon the

1 licensee or authorized delegate.

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

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

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

20 Section 11-5. Consent orders; settlements.

21 (a) The Secretary may enter into a consent order or
22 settlement agreement at any time with a person to resolve a
23 matter arising under this Act, the rules adopted under this
24 Act, or order issued under this Act. A consent order or
25 settlement agreement must be signed by the person to whom it is

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

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

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

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

23 Section 11-7. Civil penalties. The Secretary may assess a
24 civil penalty against a person that violates this Act, a rule

1 adopted or an order issued under this Act in an amount not to
2 exceed \$1,000 per day for each day the violation is
3 outstanding, plus this State's costs and expenses for the
4 investigation and prosecution of the matter, including
5 reasonable attorney's fees. Each transaction in violation of
6 this Act or the rules adopted under this Act or issued under
7 this Act, for each day that a violation continues shall be a
8 separate offense.

9 Section 11-8. Unlicensed persons. Any person who, without
10 the required license, engages in conduct requiring a license
11 under this Act shall be liable to the Department in an amount
12 equal to the greater of (1) \$5,000 or (2) an amount of money
13 accepted for transmission plus an amount equal to 3 times the
14 amount accepted for transmission. The Department shall cause
15 any funds so recovered to be deposited into the TOMA Consumer
16 Protection Fund.

17 Section 11-9. Judicial review. All final administrative
18 decisions of the Department under this Act are subject to
19 judicial review under the Administrative Review Law and any
20 rules adopted under the Administrative Review Law.

21 ARTICLE XII. Miscellaneous Provisions

22 Section 12-1. Uniformity of application and construction.

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

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

6 Section 12-3. Transition period.

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

23 (b) A person licensed in this State to engage in the
24 business of money transmission and their authorized sellers

1 shall not be subject to the provisions of this Act, to the
2 extent that this Act conflicts with the Transmitters of Money
3 Act or this Act establishes new requirements not imposed under
4 the Transmitters of Money Act, until the licensee renews its
5 current license or for 6 months after the effective date of
6 this Act, whichever is later, so long as they comply with the
7 Transmitters of Money Act and its implementing rules.

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

17 (d) A person not required to be licensed pursuant to the
18 Transmitters of Money Act shall not be required to be licensed
19 and comply with this Act until January 1, 2026, unless the
20 Secretary extends the time by rule.

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

23 Section 12-4. TOMA Consumer Protection Fund.

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

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

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

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

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

26 (f) Notwithstanding any other provision of this Section,

1 moneys in the TOMA Consumer Protection Fund may be transferred
2 to the Professions Indirect Cost Fund, as authorized under
3 Section 2105-300 of the Department of Professional Regulation
4 Law of the Civil Administrative Code of Illinois.

5 Article XIII. Token Currency

6 Section 13-1. Definitions. As used in this Article:

7 "Covered person" means a person required to obtain a
8 license pursuant to this Article.

9 "Insured depository institution" means a federally insured
10 depository financial institution as defined in this Act or an
11 insured credit union exempt pursuant to paragraph (16) of
12 Section 3-1 of this Act.

13 "National currency" means United States coins, Federal
14 Reserve notes, or other lawful money under 12 U.S.C. 411;
15 money issued by a central bank; or money issued by an
16 intergovernmental organization pursuant to an agreement by one
17 or more governments.

18 "Token currency" means a digital representation of value:

19 (1) the issuer of which (A) is obligated to convert,
20 redeem, or repurchase for a fixed amount of money or
21 monetary value denominated in national currency or (B)
22 represents will maintain, or creates the reasonable
23 expectation that it will maintain, a stable value relative
24 to the value of a fixed amount of money or monetary value

1 denominated in national currency; and

2 (2) that is not (A) a national currency or (B) a
3 security issued by an investment company registered under
4 the Investment Company Act of 1940, 15 U.S.C. 80a et seq.

5 "Token currency" includes, without limitation, any
6 interest or instrument commonly known as a "dollar token,"
7 "electronic money token," or "stablecoin".

8 "Token currency business activity" means engaging in the
9 business of token currency issuance or token currency
10 transmission.

11 "Token currency issuance" means issuing token currency in
12 this State or to a person located in this State.

13 "Token currency issuer" means a covered person engaged in
14 token currency issuance.

15 "Token currency transmission" means:

16 (1) selling token currency to a person located in this
17 State; or

18 (2) receiving token currency for transmission from a
19 person located in this State or transmitting token
20 currency in this State.

21 Section 13-2. Scope. Nothing in this Article shall limit
22 the authority of an insured depository institution to engage
23 in activities permissible pursuant to applicable State and
24 federal law, including accepting or receiving deposits and
25 issuing token currency that represent deposits, or to limit

1 the authority of the Secretary or federal banking agencies to
2 implement and interpret applicable law or establish
3 limitations and conditions on such activities.

4 Section 13-3. Conditions precedent to engaging in token
5 currency issuance or transmission.

6 (a) Except as provided in paragraphs (2) or (3) of
7 subsection (b) of this Section, a covered person engaged in
8 token currency issuance or token currency transmission is
9 engaged in the business of money transmission and is subject
10 to the requirements of this Act.

11 (b) A covered person shall not engage in token currency
12 issuance, or hold himself or herself out as being able to
13 engage in token currency issuance, unless the covered person
14 is:

15 (1) licensed in this State by the Secretary pursuant
16 to Section 5-5 of this Act; or

17 (2) an insured depository institution.

18 (c) A covered person shall not engage in token currency
19 transmission, or hold himself or herself out as being able to
20 engage in token currency transmission, with or on behalf of
21 another person unless the covered person is:

22 (1) licensed in this State by the Secretary pursuant
23 to Section 5-5 of this Act; or

24 (2) exempt from licensing under Section 3-1 of this
25 Act.

1 Section 13-4. Required disclosures.

2 (a) A covered person that engages in token currency
3 business activity shall provide to a person who uses the
4 covered person's products or services the disclosures required
5 by subsection (b) of this Section and any additional
6 disclosure the Secretary, by rule, determines reasonably
7 necessary for the protection of persons. The Secretary may
8 determine, by rule, the time and form required for disclosure.
9 A disclosure required by this Section must be made separately
10 from any other information provided by the covered person, in
11 a clear manner, and in a record the person may keep.

12 (b) Before establishing a relationship with a person, a
13 covered person shall disclose:

14 (1) a schedule of fees and charges the covered person
15 may assess, the manner by which fees and charges will be
16 calculated if the fees or charges are not set in advance
17 and disclosed, and the timing of the fees and charges;

18 (2) that the product or service provided by the
19 covered person is not guaranteed by the United States
20 Government, covered by deposit insurance by the Federal
21 Deposit Insurance Corporation, or by share insurance of
22 the National Credit Union Administration;

23 (3) the irrevocability of a transfer or exchange and
24 any exception to irrevocability;

25 (4) a description of:

1 (A) the covered person's liability for an
2 unauthorized, mistaken, or accidental transfer or
3 exchange;

4 (B) the person's responsibility to provide notice
5 to the covered person of an unauthorized, mistaken, or
6 accidental transfer or exchange;

7 (C) the basis for any recovery by the person from
8 the covered person in case of an unauthorized,
9 mistaken, or accidental transfer or exchange;

10 (D) general error-resolution rights applicable to
11 the transfer or exchange; and

12 (E) the method for the person to update the
13 person's contact information with the covered person;

14 (5) that the date or time when the transfer or
15 exchange is made and the person's account is debited may
16 differ from the date or time when the person initiates the
17 instruction to make the transfer or exchange;

18 (6) whether the person has a right to stop a
19 pre-authorized payment or revoke authorization for a
20 transfer and the procedure to initiate a stop-payment
21 order or revoke authorization for a subsequent transfer;

22 (7) the person's right to receive a receipt, trade
23 ticket, or other evidence of the transfer or exchange;

24 (8) the person's right to at least 14 days prior
25 notice of a change in the covered person's fee schedule,
26 other terms and conditions that have a material impact on

1 token currency business activity with the person, or the
2 policies applicable to the person's account; and

3 (9) that token currency is not currently recognized as
4 legal tender by Illinois or the United States.

5 (c) Except as otherwise provided in subsection (d) of this
6 Section, at the conclusion of a token currency transaction
7 with or on behalf of a person, a covered person shall provide
8 the person a confirmation in a record which contains:

9 (1) the name and contact information of the covered
10 person, including information the person may need to ask a
11 question or file a complaint;

12 (2) the type, value, date, precise time, and amount of
13 the transaction; and

14 (3) the fee charged for the transaction, including any
15 charge for conversion of token currency to other money or
16 monetary value.

17 (d) If a covered person discloses that he or she will
18 provide a daily confirmation in the initial disclosure under
19 subsection (c) of this Section, the covered person may elect
20 to provide a single, daily confirmation for all transactions
21 with or on behalf of a person on that day instead of a per
22 transaction confirmation.

23 Section 13-5. Custody and protection of token currency on
24 behalf of another person.

25 (a) A covered person that has custody or control of token

1 currency for a person shall:

2 (1) at all times hold an amount of each type of token
3 currency sufficient to satisfy the aggregate entitlements
4 of the person to the type of token currency;

5 (2) segregate such token currency from the other
6 assets of the covered person; and

7 (3) not sell, transfer, assign, lend, hypothecate,
8 pledge, or otherwise use or encumber such token currency,
9 except for the sale, transfer, or assignment of such token
10 currency at the direction of such other person.

11 (b) If a covered person violates subsection (a) of this
12 Section, the property interests of the person in the token
13 currency are pro rata property interests in the type of token
14 currency to which the person is entitled without regard to the
15 time the person became entitled to the token currency or the
16 covered person obtained custody or control of the token
17 currency.

18 (c) Token currency subject to this Section is:

19 (1) held for the persons entitled to the token
20 currency under subsection (a) of this Section;

21 (2) not property of the covered person; and

22 (3) not subject to the claims of creditors of the
23 covered person.

24 (d) Token currency subject to this Section, even if
25 commingled with other assets of the covered person, are held
26 in trust for the benefit of the person entitled to the token

1 currency under subsection (a) of this Section, in the event of
2 insolvency, the filing of a petition by or against the covered
3 person under 11 U.S.C. Sections et seq., as amended or
4 recodified from time to time, for bankruptcy or
5 reorganization, the filing of a petition by or against the
6 covered person for receivership, the commencement of any other
7 judicial or administrative proceeding for its dissolution or
8 reorganization, or in the event of an action by a creditor
9 against the covered person who is not a beneficiary of this
10 statutory trust. No token currency impressed with a trust
11 pursuant to this subsection shall be subject to attachment,
12 levy of execution, or sequestration by order of any court,
13 except for a beneficiary of this statutory trust.

14 Section 13-6. Books and records.

15 (a) A covered person shall maintain, for all token
16 currency business activity with or on behalf of a person for
17 5 years after the date of the activity, a record of all of the
18 following:

19 (1) Any transaction of the covered person with or on
20 behalf of another person or for the covered person's
21 account in this State, including:

22 (A) the identity of the person;

23 (B) the form of the transaction;

24 (C) the amount, date, and payment instructions
25 given by the person; and

1 (D) the account number, name, and physical address
2 of:

3 (i) the parties to the transaction that are
4 customers or account holders of the covered
5 person; and

6 (ii) to the extent practicable, any other
7 party to the transaction.

8 (2) The aggregate number of transactions and aggregate
9 value of transactions by the covered person with or on
10 behalf of other persons and for the covered person's
11 account in this State, expressed in United States Dollar
12 equivalent of token currency for the previous 12 calendar
13 months.

14 (3) Any transaction in which the covered person
15 exchanged one form of token currency for money or monetary
16 value or another form of token currency with or on behalf
17 of another person.

18 (4) A general ledger maintained at least monthly that
19 lists all assets, liabilities, capital, income, and
20 expenses of the covered person.

21 (5) Any report of condition or other reports to the
22 Department, at such times and in such form, as the
23 Department may request.

24 (6) Bank statements and bank reconciliation records
25 for the covered person and the name, account number, and
26 United States Postal Service address of any bank or credit

1 union the covered person uses in the conduct of its token
2 currency business activity with or on behalf of another
3 person.

4 (7) A report of any dispute regarding token currency
5 business activity with or on behalf of a person.

6 (b) A covered person shall maintain records required by
7 this Section in a form that enables the Department to
8 determine whether the covered person is in compliance with
9 this Act, any court order, and the laws of this State.

10 (c) If a covered person maintains records outside this
11 State that pertain to token currency business activity with or
12 on behalf of a person, then the covered person shall make the
13 records available to the Department not later than 3 days
14 after request, or, on a determination of good cause by the
15 Department at a later time.

16 (d) All records maintained by a covered person, an
17 affiliate, or a service provider are subject to inspection by
18 the Department.

19 Section 13-7. Compliance; material changes.

20 (a) A covered person must comply with all provisions of
21 this Act to the extent applicable to the covered person's
22 activities and maintain appropriate controls to conduct his or
23 her token currency business activities in a safe and sound
24 manner and in compliance with any applicable State and federal
25 law, rule, regulation, or order, or condition imposed in

1 writing by the Secretary.

2 (b) Each covered person must notify the Department and
3 submit a written plan at least 60 days before engaging in a
4 materially new token currency business activity or making a
5 material change to an existing token currency business
6 activity. The written plan shall describe the proposed
7 materially new token currency business activity or the
8 proposed material change, demonstrate that the covered person
9 has established appropriate policies and practices to
10 identify, measure, monitor, and control the risks of the
11 proposed activity, and include such other information as
12 requested by the Department. The Secretary may, by rule or
13 order, impose limitations and conditions as the Secretary
14 deems necessary or appropriate on covered persons proposing to
15 engage in a materially new token currency business activity or
16 a material change to an existing token currency business
17 activity.

18 Section 13-8. Additional prudential standards.

19 (a) A token currency issuer shall at all times maintain
20 reserves backing its token currency outstanding on at least a
21 one-to-one basis and comprising only the following assets:

22 (1) National currency;

23 (2) Central bank reserve deposits;

24 (3) Funds held as insured demand deposits or insured
25 share accounts at insured depository institutions;

1 (4) U.S. Treasury bills with a maturity of 90 days or
2 less;

3 (5) repurchase agreements with a maturity of 7 days or
4 less that are backed by U.S. Treasury bills with a
5 maturity of 90 days or less; and

6 (6) similar high-quality liquid assets, as defined by
7 rule by the Department.

8 (b) With respect to the reserves described in subsection
9 (a) of this Section, a token currency issuer shall:

10 (1) obtain a monthly attestation and examination of
11 management's assertions pertaining to the composition and
12 value of the reserve assets by an independent certified
13 public accountant licensed in the United States and
14 applying the attestation standards of the American
15 Institute of Certified Public Accountants.

16 (2) segregate such reserves from the other assets of
17 the token currency issuer.

18 (3) not pledge, rehypothecate, or reuse the reserves,
19 except for the purpose of creating liquidity to meet
20 reasonable expectations of requests to redeem token
21 currency, subject to rule adopted or order issued by the
22 Secretary.

23 (c) The reserves described in subsection (a) of this
24 Section, even if commingled with other assets of the covered
25 person, are held in trust for the benefit of the purchaser or
26 holder of the covered person's outstanding token currency

1 obligations in the event of insolvency, the filing of a
2 petition by or against the licensee under the United States
3 Bankruptcy Code, 11 U.S.C. Sections et seq., as amended or
4 recodified from time to time, for bankruptcy or
5 reorganization, the filing of a petition by or against the
6 covered person for receivership, the commencement of any other
7 judicial or administrative proceeding for its dissolution or
8 reorganization, or in the event of an action by a creditor
9 against the covered person who is not a beneficiary of this
10 statutory trust. No reserves impressed with a trust pursuant
11 to this subsection shall be subject to attachment, levy of
12 execution, or sequestration by order of any court, except for
13 a beneficiary of this statutory trust.

14 (d) A token currency issuer shall disclose the monthly
15 attestation report required by paragraph (1) of subsection (b)
16 of this Section on the website of the token currency issuer, in
17 a form satisfactory to the Department, not more than 30 days
18 after the end of the period covered by the attestation.

19 (e) A token currency issuer shall establish a process to
20 allow redemption of token currency within a reasonable
21 timeframe, as determined by rule or order by the Secretary.
22 The timeframe to establish a process to allow redemption of
23 token currency may not be longer than 2 business days after the
24 redemption request. In extraordinary circumstances where the
25 Secretary concludes that redemption would likely jeopardize
26 the reserve-backing requirement of subsection (c) of this

1 Section or the orderly liquidation of reserves, the Secretary
2 has the authority to vary this requirement as the Secretary
3 deems necessary.

4 (f) In addition to the prudential standards under this
5 Section and Article X of this Act, the Secretary may, by rule
6 or order, establish additional capital, liquidity, and risk
7 management requirements to ensure the financial integrity and
8 ongoing operations of covered persons based on an assessment
9 of the specific risks applicable to a covered person or class
10 of covered persons.

11 Section 13-9. Implementation.

12 (a) In addition to the fees charged and collected under
13 Section 5-8 of this Act and 38 Ill. Adm. Code 205, as amended
14 or recodified from time to time, the Department shall charge
15 and collect fees from a covered person, which shall be
16 nonrefundable unless otherwise indicated, for the expenses of
17 administering this Article, as follows:

18 (1) Each covered person shall pay \$150 for each hour
19 or part thereof for each examiner or staff assigned to the
20 supervision of the covered person plus actual travel costs
21 for any examination of token currency business activity
22 pursuant to the Act.

23 (2) Each covered person shall pay an annual assessment
24 fee on token currency business activity, which may be
25 billed, yearly, quarterly, or some other frequency, based

1 on the total United States Dollar value of token currency
2 issued or transmitted in this State and applying fee rates
3 at least equal to the rates applicable to money
4 transmission volume under 38 Ill. Adm. Code 205.35, as
5 amended or recodified from time to time.

6 (3) Each covered person shall pay to the Department
7 his or her pro rata share of the cost for administration of
8 this Article that exceeds other fees listed in this
9 subsection, as estimated by the Department, for the
10 current year and any deficit actually incurred in the
11 administration of the Article in prior years. Each covered
12 person's share under this paragraph shall initially be
13 divided equally among licensees engaged in token currency
14 business activity.

15 (4) Beginning one year after the effective date of
16 this Act, the Department may, by rule, amend the fees set
17 forth in this subsection in accordance with this Act. The
18 Department is authorized to consider setting fees for
19 token currency business activity based on the value of
20 token currency transacted held in custody by a covered
21 person, and volume of a token currency or volume of token
22 currency transacted by covered persons or held in custody
23 by a covered person.

24 (b) The Secretary is authorized to coordinate and consult
25 with the Board of Governors of the Federal Reserve System,
26 other federal banking agencies, and any law enforcement

1 officials and regulatory agencies that the Secretary
2 determines to have an appropriate regulatory interest in the
3 implementation of this Article.

4 (c) In addition to such powers and rulemaking authority as
5 prescribed elsewhere in this Act, the Department is hereby
6 authorized and empowered to adopt rules consistent with the
7 purposes of this Article, including, but not limited to:

8 (1) such rules in connection with the activities of a
9 covered person as may be necessary and appropriate for the
10 protection of the residents of this State;

11 (2) such rules as may be necessary and appropriate to
12 define improper or fraudulent business practices in
13 connection with the activity of a covered person;

14 (3) rules as may define the terms used in this Article
15 and as may be necessary and appropriate to interpret and
16 implement the provisions of this Article;

17 (4) rules that may be necessary for the implementation
18 or enforcement of this Article;

19 (5) rules establishing fees the Secretary deems
20 necessary to cover the cost of administration of this
21 Article; and

22 (6) rules in connection with the activity of a covered
23 person as may be necessary and appropriate for the safety
24 and soundness of such covered persons and the stability of
25 the financial system in this State.

1 Article 900. Amendatory Provisions

2 (205 ILCS 657/Act rep.)

3 Section 900-5. The Transmitters of Money Act is repealed.

4 Section 999-99. Effective date. This Act takes effect upon
5 becoming law, except that the changes to the Transmitters of
6 Money Act take effect January 1, 2026.