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Kansas Senate
Committee on Financial Institutions and Insurance
Kansas State Capitol
300 SW 10th St.
Topeka, KS 66612

Re: ***Senate Bill 406 – Legislation to Adopt CSBS Model Money Transmission Law***

Dear Chair Longbine and Members of the Committee:

This letter is submitted on behalf of The Money Services Round Table ("**TMSRT**"), a consortium of leading national non-bank money transmission companies.[1]

TMSRT has reviewed Senate Bill 406, which would replace the current Kansas money transmitter act with a new law based almost entirely on the "Model Money Transmission Modernization Act" (the "**Model Law**"). The Model Law was developed by the Conference of State Bank Supervisors ("**CSBS**") with extensive input from regulators and industry stakeholders. The transparent effort involved hundreds of hours of collaborative meetings among state regulators from across the country, licensed money transmitters, and industry trade groups, as well as input from a variety of consumer and financial services stakeholders. The result was strong consensus support for the Model Law's money transmission provisions (Articles 1-12).

The Model Law was drafted to establish a common regulatory baseline for the regulation of money transmitters across the country, which, as CSBS explains, "is a crucial step in advancing multistate harmonization in the money transmission industry, as states will be better able to work together in the licensing, regulation and supervision of money transmitters operating across state lines." Uniform and comprehensive adoption of the Model Law will create a robust national standard for customer protections, clarify and standardize definitions of regulated activity and related key elements of regulation, and streamline states' ability to license and examine money transmitters through the Nationwide Multistate Licensing System. Uniform adoption of the Model Law would therefore not only enable a more seamless approach to regulation than the status quo, but also help preserve States' limited resources with respect to licensing and supervisory efforts.

TMSRT has reviewed Senate Bill 406 and believes that, in its current form, while the legislation has some minor deviations from the Model Law,[2] adoption of this law would largely align the

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[1] Current members are RIA Financial Services, American Express Travel Related Services Company, Inc., Western Union Financial Services, Inc. and Western Union International Services, Inc., and MoneyGram Payment Systems, Inc. These companies offer a variety of non-bank funds transmission services, often in locations not served by banks and other depository institutions. Each company is currently licensed as a money transmitter throughout the United States, including in Kansas.

[2] TMSRT also notes that there appears to be a very minor drafting error in Section 2(a)(13), which currently states that a "person expressly appointed as a third-party service provider to or agent of an entity exempt under paragraph

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regulation of money transmission in Kansas with the Model Law and other states that have adopted the Model Law in a similar manner. Therefore, TMSRT supports the passage of this legislation in its current form. If you have any additional questions for TMSRT regarding the Model Law or the regulation of money transmitter licensees generally, TMSRT would be happy to respond.

Sincerely,

Adam Fleisher
Counsel to The Money Services Round Table

cc: Mr. Jim Payne, Assistant Commissioner, Office of the State Bank Commissioner

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(a)(6)" is exempt (if certain conditions are met). However, (a)(6) is the exemption for certain state entities and agencies, while the Model Law provides (and we believe it was the intent of Senate Bill 406 to provide) an exemption for a third-party service provider to or agent of an entity exempt under paragraph *(a)(7)*, which is the exemption for banks such as federally insured depository financial institutions.

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