A fishing boat is seen navigating through a vast field of ice floes in the ocean. The boat is positioned on the left side of the frame, moving towards the right. The ice floes are scattered across the water, creating a textured surface. The sky is overcast, and the overall scene conveys a sense of a challenging maritime environment.

**ALASKA MONEY SERVICES ACT**  
**HB 180**

**House Labor and Commerce Committee**

May, 2017

# What is a Money Services Business (MSB)?

- ▶ Currency Exchange/Money Transmission functions:
- ▶ Currency exchange means the receipt of revenues from the exchange of money of one government for money of another government.
  - US dollars to Euros
- ▶ Money transmission means selling or issuing payment instruments or stored value, or receiving money or monetary value for transmission.
  - Sending money via Western Union from Alaska to California
  - Moving money from a deposit account to a loadable card to use or give to another person

# Updates the Money Services Act to:

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- ▶ Expand the definitions of “money transmission” to include virtual currency and “payment instrument” to include an electronic check or electronic instrument to capture changing technology.
- Incorporate alternative payment systems and instruments.
- Allow licensees to contract with a delegate who may then use their network of delegates (subdelegates) to reload funds onto cards without having a separate contract between a licensee and subdelegate.
- Removes the out-of-state business advantage that allows applicants licensed in another state to submit minimal information and pay only half the fee an entity headquartered in Alaska pays.

# What does it do for current MSBs?

- ▶ Simplifies the licensing process by:
  - Requiring use of the Nationwide Multistate System and Registry (NMLS) for filing documents and paying fees; the NMLS is currently used by over 90% of MSBs in other states.
  - Replaces the net worth requirement with a surety bond requirement that can be adjusted based on the risk presented by the licensee's business model and focus.
  - Allows annual assessment fees to cover periodic examination fees and ongoing administrative costs associated with regulating the industry to be set by regulation.

# Enhances consumer protection

- Adds a background check component for all control persons
  - Requires licensees to comply with federal law
  - Increases the record retention schedule from three to five years
  - Removes advance exam notification requirement and allows joint examinations and investigations with other regulators
  - Updates enforcement provisions
- ▶ And, for businesses that aren't really in the Money Services Business
- Exempts an insurance company, title company and escrow agent or attorney that engages in ancillary money services business as part of their lawfully conducted business.

# “Stored Value” cards

This bill affects prepaid cards (stored value) that are **both** open loop and reloadable.

Updated definitions of “open loop” and “stored value”:

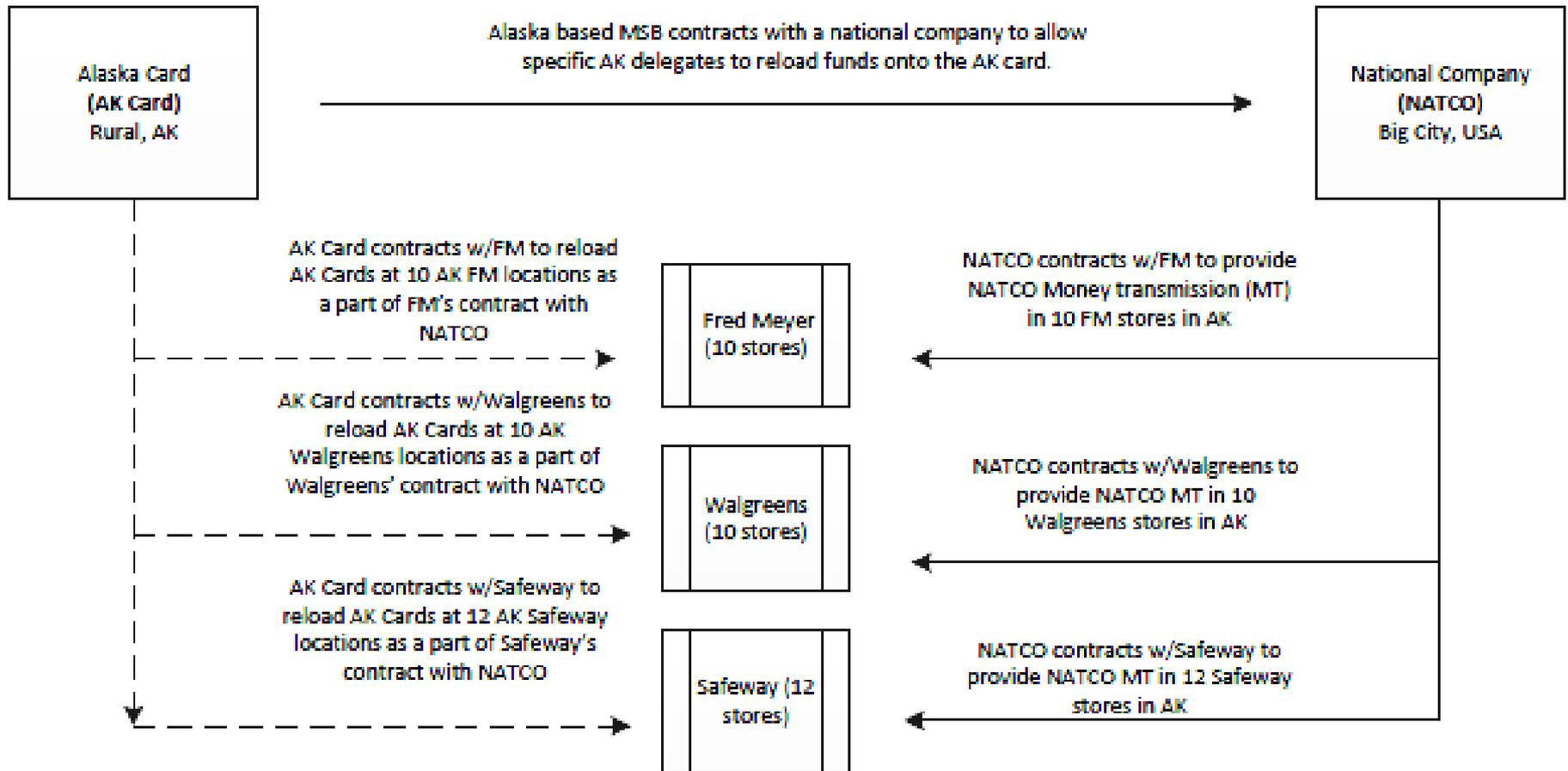
- ▶ Monetary value is prefunded and reduced at each use
- ▶ Includes an electronic device or vehicle (i.e. card code)
- ▶ Redeemable at multiple, unaffiliated merchants or ATMs
- ▶ Does not include an electronic record that is primarily intended to be redeemable only for goods or services from a specific merchant

# What is an open loop, stored value card?

Example:	Reloadable Card?	Requires an MSB licensee or delegate to issue or sell?
Olive Garden \$50 Gift Card	No	No
VISA/Green Dot	Yes	Yes

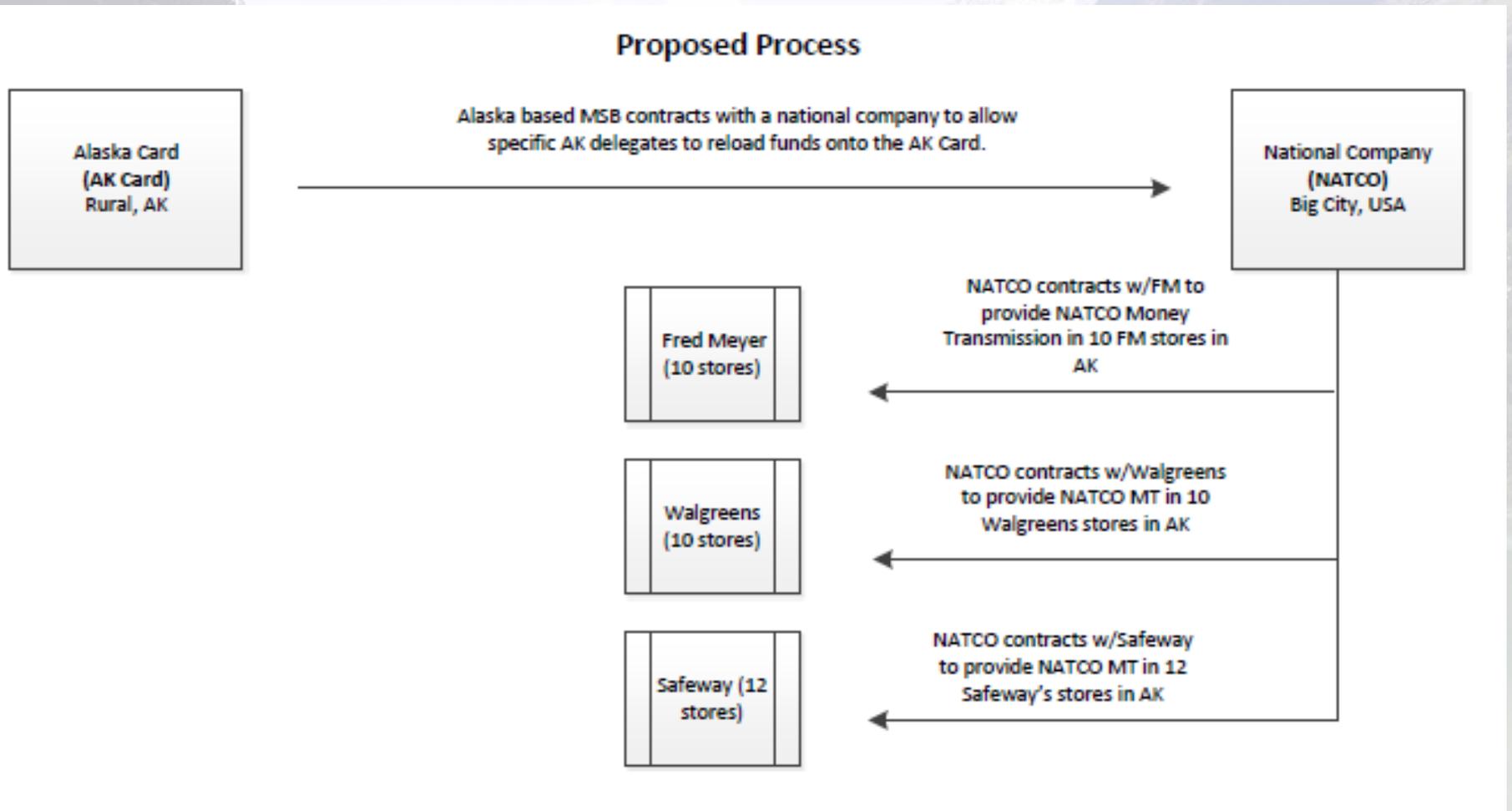
# The Current Treatment of Subdelegates

## Current Process



# The Proposed Treatment of Subdelegates

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Questions?