

By: Representative Aguirre

To: Banking and Financial Services

HOUSE BILL NO. 1596
(As Sent to Governor)

1 AN ACT TO REQUIRE A MONEY TRANSMITTER LICENSED UNDER THE
2 MONEY TRANSMISSION MODERNIZATION ACT TO IMPLEMENT SAFEGUARDS TO
3 PROTECT CUSTOMER INFORMATION AND INCREASE DATA SECURITY; TO
4 REQUIRE A LICENSEE TO DESIGNATE A QUALIFIED INDIVIDUAL TO BE
5 RESPONSIBLE FOR OVERSEEING, IMPLEMENTING AND ENFORCING AN
6 INFORMATION SECURITY PROGRAM; TO PROVIDE THE MINIMUM STANDARDS AND
7 REQUIREMENTS FOR THE INFORMATION SECURITY PROGRAM AND TO REQUIRE
8 RISK ASSESSMENTS; TO REQUIRE NOTIFICATION TO THE COMMISSIONER OF
9 BANKING AND CONSUMER FINANCE WHEN UNENCRYPTED CUSTOMER INFORMATION
10 IS ACQUIRED WITHOUT THE AUTHORIZATION OF THE AFFECTED INDIVIDUAL;
11 TO PROVIDE CERTAIN EXCEPTIONS; TO AMEND SECTION 75-16-11,
12 MISSISSIPPI CODE OF 1972, TO PROVIDE THAT FUNDS COMING INTO THE
13 POSSESSION OF THE COMMISSIONER AS A RESULT OF THE MONEY
14 TRANSMISSION MODERNIZATION ACT SHALL BE DEPOSITED INTO THE
15 CONSUMER FINANCE FUND; TO AMEND SECTIONS 75-16-25, 75-16-31 AND
16 75-16-43, MISSISSIPPI CODE OF 1972, TO REGULATE VIRTUAL CURRENCY
17 KIOSKS UNDER THE PROVISIONS OF THE MONEY TRANSMISSION
18 MODERNIZATION ACT; TO AMEND SECTION 75-16-51, MISSISSIPPI CODE OF
19 1972, TO REQUIRE A LICENSEE TO PROVIDE TRAINING MATERIALS TO HELP
20 AUTHORIZED DELEGATES RECOGNIZE FINANCIAL ABUSE AND FINANCIAL
21 EXPLOITATION OF AN ELDER ADULT AND RESPOND APPROPRIATELY IN SUCH
22 SITUATIONS; TO AMEND SECTION 75-16-65, MISSISSIPPI CODE OF 1972,
23 TO INCLUDE THE WORD "INVESTMENTS"; TO CREATE NEW SECTION 75-16-89,
24 MISSISSIPPI CODE OF 1972, TO REQUIRE A LICENSEE TO PROVIDE CERTAIN
25 INFORMATION TO THE PURCHASER IN CONNECTION WITH EACH MONEY
26 TRANSMISSION OR KIOSK TRANSACTION CONDUCTED BY THE LICENSEE
27 DIRECTLY OR THROUGH AN AUTHORIZED DELEGATE; AND FOR RELATED
28 PURPOSES.

29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:



30 **SECTION 1. Short title.** Sections 1 through 7 of this act
31 shall be known and may be cited as the "Data Security for Money
32 Transmitters Act".

33 **SECTION 2. Definitions.** The definitions provided in Section
34 75-16-5 shall also apply to the terms used in Sections 1 through 7
35 of this act, and the following terms as used in Sections 1 through
36 7 of this act have the meanings as defined in this section, unless
37 the context clearly indicates otherwise:

38 (a) "Authorized user" means an employee, contractor,
39 agent or other person that participates in a licensee's business
40 operations and is authorized to access and use a licensee's
41 information systems and data.

42 (b) "Consumer" means an individual who obtains or has
43 obtained a financial product or service from a licensee that is to
44 be used primarily for personal, family or household purposes, or
45 that individual's legal representative.

46 (c) "Customer" means a consumer who has a customer
47 relationship with a licensee.

48 (d) "Customer information" means a record containing
49 nonpublic personal information about a customer of a licensee,
50 whether in paper, electronic or other form, that is handled or
51 maintained by or on behalf of a licensee or the licensee's
52 affiliates.

53 (e) "Customer relationship" means a continuing
54 relationship between a consumer and a licensee under which the



55 licensee provides to the consumer one or more financial products
56 or services that are used primarily for personal, family or
57 household purposes.

58 (f) "Encryption" means the transformation of data into
59 a form that results in a low probability of assigning meaning
60 without the use of a protective process or key, consistent with
61 current cryptographic standards and accompanied by appropriate
62 safeguards for cryptographic key material.

63 (g) "Financial product or service" means a product or
64 service that a financial holding company could offer by engaging
65 in a financial activity under Section 4(k) of the Bank Holding
66 Company Act of 1956, 12 USC Section 1843(k), as it existed on
67 January 1, 2025. The term "financial product or service" includes
68 a licensee's evaluation or brokerage of information that a
69 licensee collects in connection with a request or an application
70 from a consumer for a financial product or service.

71 (h) "Information security program" means the
72 administrative, technical or physical safeguards a licensee uses
73 to access, collect, distribute, process, protect, store, use,
74 transmit, dispose of or otherwise handle customer information.

75 (i) "Information system" means a discrete set of
76 electronic information resources organized for the collection,
77 processing, maintenance, use, sharing, dissemination or
78 disposition of electronic information, including any specialized
79 system such as industrial controls systems or process controls



80 systems, telephone switching and private branch exchange systems,
81 and environmental controls systems, that contains customer
82 information or that is connected to a system that contains
83 customer information.

84 (j) "Licensee" means a money transmitter or virtual
85 currency kiosk licensed under the Money Transmission Modernization
86 Act, Section 75-16-1 et seq.

87 (k) "Multi-factor authentication" means authentication
88 through verification of at least two (2) of the following types of
89 authentication factors:

90 (i) Knowledge factors, including, but not limited
91 to, a password;

92 (ii) Possession factors, including, but not
93 limited to, a token; or

94 (iii) Inherence factors, including, but not
95 limited to, biometric characteristics.

96 (l) (i) "Nonpublic personal information" means:

97 1. Personally identifiable financial
98 information; and

99 2. A list, description or other grouping of
100 consumers, and publicly available information pertaining to a
101 consumer, that is derived using personally identifiable financial
102 information that is not publicly available.

103 (ii) The term "nonpublic personal information"
104 includes, but is not limited to, a list of individuals' names and



105 street addresses that is derived, in whole or in part, using
106 personally identifiable financial information that is not publicly
107 available. The term "nonpublic personal information" does not
108 include:

109 1. Publicly available information except as
110 included on a list described in subparagraph (i)2 of this
111 paragraph (1);

112 2. A list, description or other grouping of
113 consumers, and publicly available information pertaining to the
114 list, description or other grouping of consumers, that is derived
115 without using personally identifiable financial information that
116 is not publicly available; or

117 3. A list of individuals' names and addresses
118 that contains only publicly available information and is not:

119 a. Derived, in whole or in part, using
120 personally identifiable financial information that is not publicly
121 available; and

122 b. Disclosed in a manner that indicates
123 that any of the individuals on the list is a consumer of a
124 licensee.

125 (m) "Notification event" means acquisition of
126 unencrypted customer information without the authorization of the
127 affected individual. For purposes of this paragraph (m):

128 (i) Customer information is considered unencrypted
129 if the encryption key was accessed by an unauthorized person; and



130 (ii) Unauthorized acquisition will be presumed to
131 include unauthorized access to unencrypted customer information
132 unless a licensee has reliable evidence showing that there has not
133 been, or could not reasonably have been, unauthorized acquisition
134 of the customer information.

135 (n) "Penetration testing" means a test methodology in
136 which assessors attempt to circumvent or defeat the security
137 features of an information system by attempting penetration of
138 databases or controls from outside or inside a licensee's
139 information systems.

140 (o) (i) "Personally identifiable financial
141 information" means information:

142 1. A consumer provides to a licensee to
143 obtain a financial product or service from a licensee;

144 2. About a consumer resulting from a
145 transaction involving a financial product or service between a
146 licensee and a consumer; or

147 3. A licensee otherwise obtains about a
148 consumer in connection with providing a financial product or
149 service to that consumer.

150 (ii) The term "personally identifiable financial
151 information" includes:

152 1. Information a consumer provides to a
153 licensee on an application to obtain a loan, credit card or other
154 financial product or service;



155 2. Account balance information, payment
156 history, overdraft history and credit or debit card purchase
157 information;

158 3. The fact that an individual is or has been
159 a licensee's customer or has obtained a financial product or
160 service from a licensee;

161 4. Information about a licensee's consumer if
162 the information is disclosed in a manner that indicates that the
163 individual is or has been the licensee's consumer;

164 5. Information that a consumer provides to a
165 licensee or that a licensee or a licensee's agent otherwise
166 obtains in connection with collecting on, or servicing, a credit
167 account;

168 6. Information a licensee collects through an
169 Internet cookie or the information collecting device from a
170 computer server; and

171 7. Information from a consumer report.

172 (iii) The term "personally identifiable financial
173 information" does not include:

174 1. A list of names and addresses of customers
175 of an entity that is not a licensee; and

176 2. Information that does not identify a
177 consumer, including aggregate information or blind data that does
178 not contain personal identifiers such as account numbers, names or
179 addresses.



180 (p) "Publicly available information" means information
181 that a licensee has a reasonable basis to believe is lawfully made
182 available to the public from federal, state or local government
183 records; widely distributed media; or disclosures to the public
184 that are required to be made by federal, state or local law.

185 The term "publicly available information" includes, but is
186 not limited to:

187 (i) Information in government records, including
188 information in government real estate records and security
189 interest filings; and

190 (ii) Information from widely distributed media,
191 including information from a telephone book, a television or radio
192 program, a newspaper or a website that is available to the public
193 on an unrestricted basis. A website is not considered to be
194 restricted under this subparagraph (ii) merely because an Internet
195 service provider or a site operator requires a fee or a password,
196 so long as access is available to the public.

197 For purposes of this paragraph (p), a licensee has a
198 reasonable basis to believe that information is lawfully made
199 available to the public if the licensee has taken steps to
200 determine that the information is of the type that is available to
201 the public, whether an individual can direct that the information
202 not be made available to the public and, if so, that the
203 licensee's consumer has not directed that the information not be
204 made available to the public.



205 For purposes of this paragraph (p), mortgage information is
206 lawfully made available to the public if the licensee determines
207 that the information is of the type included on the public record
208 in the jurisdiction where the mortgage would be recorded.

209 For purposes of this paragraph (p), an individual's telephone
210 number is lawfully made available to the public if the licensee
211 has located the telephone number in a telephone directory or the
212 consumer has informed the licensee that the telephone number is
213 not unlisted.

214 (q) "Qualified individual" means an individual
215 designated by a licensee to oversee, implement and enforce the
216 licensee's information security program.

217 (r) "Security event" means an event resulting in
218 unauthorized access to, or disruption or misuse of:

219 (i) An information system or information stored on
220 the information system; or

221 (ii) Customer information held in physical form.

222 (s) "Service provider" means a person or entity that
223 receives, maintains, processes or otherwise is permitted access to
224 customer information through its provision of services directly to
225 a licensee that is subject to this act.

226 **SECTION 3. Standards for safeguarding customer information.**

227 (1) A licensee shall develop, implement and maintain a
228 comprehensive information security program.



229 (2) The information security program under subsection (1) of
230 this section shall:

231 (a) Be written in one or more readily accessible parts;
232 and

233 (b) Contain administrative, technical and physical
234 safeguards that are appropriate to the licensee's size and
235 complexity, the nature and scope of the licensee's activities, and
236 the sensitivity of any customer information at issue.

237 **SECTION 4. Information security program required elements.**

238 (1) (a) A licensee shall designate a qualified individual
239 to be responsible for implementing, overseeing and enforcing the
240 licensee's information security program.

241 (b) The qualified individual may be employed by the
242 licensee, an affiliate or a service provider. If a licensee
243 designates an individual employed by an affiliate or service
244 provider to oversee the information security program, the
245 licensee:

246 (i) Remains responsible for compliance with this
247 act;

248 (ii) Must designate a senior member of the
249 licensee's personnel to be responsible for the direction and
250 oversight of the qualified individual; and

251 (iii) Must require the service provider or
252 affiliate to maintain an information security program that
253 protects the licensee as required by this act.



254 (2) (a) A licensee shall base the information security
255 program on a risk assessment that:

256 (i) Identifies reasonably foreseeable internal and
257 external risks to the security, confidentiality and integrity of
258 customer information that could result in the unauthorized
259 disclosure, misuse, alteration, destruction or other compromise of
260 the information; and

261 (ii) Assesses the sufficiency of any safeguards in
262 place to control these risks.

263 (b) The risk assessment shall be written and include:

264 (i) Criteria for the evaluation and categorization
265 of identified security risks or threats the licensee faces;

266 (ii) Criteria for the assessment of the
267 confidentiality, integrity and availability of the licensee's
268 information systems and customer information, including the
269 adequacy of the existing controls in the context of the identified
270 risks or threats the licensee faces; and

271 (iii) Requirements for mitigating or accepting
272 identified risks based on the risk assessment and a description of
273 how the information security program will address identified
274 risks.

275 (3) A licensee shall periodically perform additional risk
276 assessments that:

277 (a) Reexamine the reasonably foreseeable internal and
278 external risks to the security, confidentiality and integrity of



279 customer information that could result in the unauthorized
280 disclosure, misuse, alteration, destruction or other compromise of
281 customer information; and

282 (b) Reassess the sufficiency of any safeguards in place
283 to control these risks.

284 (4) A licensee shall design and implement safeguards to
285 control the risks the financial institution identifies through the
286 risk assessment as required under subsection (2) of this section,
287 including, but not limited to:

288 (a) Implementing and periodically reviewing access
289 controls, including technical and, as appropriate, physical
290 controls, to:

291 (i) Authenticate and permit access only to
292 authorized users to protect against the unauthorized acquisition
293 of customer information; and

294 (ii) Limit authorized users' access only to
295 customer information that the authorized user needs to perform the
296 authorized user's duties and functions, or in the case of
297 customers, to access the customer's own customer information;

298 (b) Identifying and managing the data, personnel,
299 devices, systems and facilities that enable the licensee to
300 achieve business purposes according to the licensee's relative
301 importance to business objectives and the licensee's risk
302 strategy;



303 (c) Protecting by encryption all customer information
304 held or transmitted by the licensee both in transit over external
305 networks and at rest. To the extent the licensee determines that
306 encryption of customer information, either in transit over
307 external networks or at rest, is infeasible, the licensee may
308 instead secure the customer information using effective
309 alternative compensating controls reviewed and approved by the
310 licensee's qualified individual;

311 (d) Adopting secure development practices for in-house
312 developed applications used by the licensee for transmitting,
313 accessing or storing customer information and procedures for
314 evaluating, assessing or testing the security of externally
315 developed applications the licensee uses to transmit, access or
316 store customer information;

317 (e) Implementing multi-factor authentication for an
318 individual accessing an information system, unless the licensee's
319 qualified individual has approved in writing the use of reasonably
320 equivalent or more secure access controls;

321 (f) Developing, implementing and maintaining procedures
322 for the secure disposal of customer information in any format no
323 later than two (2) years after the last date the customer
324 information was used in connection with the provision of a
325 financial product or service to the customer, unless the customer
326 information is:



327 (i) Necessary for business operations or for other
328 legitimate business purposes;

329 (ii) Otherwise required to be retained by state or
330 federal law or regulation; or

331 (iii) Where targeted disposal is not reasonably
332 feasible due to the manner in which the information is maintained;

333 (g) Periodically reviewing the licensee's data
334 retention policy to minimize the unnecessary retention of data;

335 (h) Adopting procedures for change management; and

336 (i) Implementing policies, procedures and controls
337 designed to monitor and log the activity of authorized users and
338 detect unauthorized access or use of, or tampering with, customer
339 information by these users.

340 (5) (a) A licensee shall regularly test or otherwise
341 monitor the effectiveness of the safeguards' key controls, systems
342 and procedures, including those to detect actual and attempted
343 attacks on or intrusions into information systems.

344 (b) For information systems, monitoring and testing
345 shall include continuous monitoring or periodic penetration
346 testing and vulnerability assessments. Absent effective
347 continuous monitoring or other systems to detect, on an ongoing
348 basis, changes in information systems that may create
349 vulnerabilities, the licensee shall conduct:



350 (i) Annual penetration testing of a licensee's
351 information systems determined each given year based on relevant
352 identified risks according to the risk assessment; and

353 (ii) Vulnerability assessments, including a
354 systemic scan or review of an information system reasonably
355 designed to identify publicly known security vulnerabilities in
356 the licensee's information systems based on the risk assessment,
357 at least every six (6) months, and whenever there are:

358 1. Material changes to the licensee's
359 operations or business arrangements; and

360 2. Circumstances the licensee knows or has
361 reason to know may have a material impact on the licensee's
362 information security program.

363 (6) A licensee shall implement policies and procedures to
364 ensure that personnel are able to enact the licensee's information
365 security program by:

366 (a) Providing the licensee's personnel with security
367 awareness training that is updated as necessary to reflect risks
368 identified by the risk assessment;

369 (b) Using qualified information security personnel
370 employed by the licensee or an affiliate or service provider
371 sufficient to manage the licensee's information security risks and
372 to perform or oversee the information security program;



373 (c) Providing information security personnel with
374 security updates and training sufficient to address relevant
375 security risks; and

376 (d) Verifying that key information security personnel
377 take steps to maintain current knowledge of changing information,
378 security threats and countermeasures.

379 (7) (a) A licensee shall take reasonable steps to select
380 and retain service providers that are capable of maintaining
381 appropriate safeguards for the customer information at issue. As
382 a provision of the contract between a licensee and a service
383 provider, the service provider shall be required to implement and
384 maintain such safeguards.

385 (b) A licensee shall periodically assess its service
386 providers based on the risk they present and the continued
387 adequacy of their safeguards.

388 (8) A licensee shall evaluate and adjust the licensee's
389 information security program to reflect:

390 (a) The results of the testing and monitoring required
391 by subsection (5) of this section;

392 (b) A material change to the licensee's operations or
393 business arrangements or other circumstances;

394 (c) The results of risk assessments performed under
395 subsection (2) of this section; and



396 (d) Any other circumstances that the licensee knows or
397 has reason to know may have a material impact on the licensee's
398 information security program.

399 (9) A licensee shall establish a written incident response
400 plan designed to promptly respond to, and recover from, any
401 security event materially affecting the confidentiality, integrity
402 or availability of customer information in the licensee's control.
403 The incident response plan shall address:

404 (a) The goals of the incident response plan;

405 (b) The internal processes for responding to a security
406 event;

407 (c) The definition of clear roles, responsibilities and
408 levels of decision-making authority;

409 (d) External and internal communications and
410 information sharing;

411 (e) Identification of requirements for the remediation
412 of any identified weaknesses in information systems and associated
413 controls;

414 (f) Documentation and reporting regarding security
415 events and related incident response activities; and

416 (g) The evaluation and revision as necessary of the
417 incident response plan following a security event.

418 (10) (a) The licensee's qualified individual shall report
419 in writing, at least annually, to the licensee's board of
420 directors or equivalent governing body. If a board of directors



421 or equivalent governing body does not exist, the report required
422 under this subsection (10) shall be timely presented to a senior
423 officer responsible for the licensee's information security
424 program.

425 (b) The report shall include:

426 (i) The overall status of the information security
427 program and the licensee's compliance with Sections 1 through 7 of
428 this act and associated rules; and

429 (ii) Material matters related to the information
430 security program, addressing issues such as risk assessment, risk
431 management and control decisions, service provider arrangements,
432 results of testing, security events or violations and management's
433 responses to security events or violations, and recommendations
434 for changes in the information security program.

435 (11) A licensee shall establish a written plan addressing
436 business continuity and disaster recovery.

437 **SECTION 5. Notification to the commissioner.** (1) A
438 licensee shall provide notice to the commissioner about
439 notification events. Upon discovery of a notification event, if
440 the notification event involves the information of any consumers
441 in this state, the licensee shall notify the commissioner as soon
442 as possible, but in no event later than seventy-two (72) hours
443 after discovery of the notification event. The notice shall be
444 made in a format specified by the commissioner and include the
445 following information:



446 (a) The name and contact information of the reporting
447 licensee;

448 (b) A description of the types of information that were
449 involved in the notification event;

450 (c) If the information is possible to determine, the
451 date or date range of the notification event;

452 (d) The number of consumers affected or potentially
453 affected by the notification event;

454 (e) A general description of the notification event;
455 and

456 (f) Whether a law enforcement official has provided the
457 licensee with a written determination that notifying the public of
458 the notification event would impede a criminal investigation or
459 cause damage to national security, and a means for the
460 commissioner to contact the law enforcement official.

461 (2) Pursuant to subsection (1)(f) of this section, a law
462 enforcement official may request an initial delay of up to thirty
463 (30) days following the date when notice was provided to the
464 commissioner. The delay may be extended for an additional period
465 of up to sixty (60) days if the law enforcement official seeks an
466 extension in writing. Additional delay may be permitted only if
467 the commissioner determines that public disclosure of a
468 notification event continues to impede a criminal investigation or
469 cause damage to national security.



470 (3) A notification event under this section shall be treated
471 as discovered as of the first day on which the notification event
472 is known to the licensee. The licensee shall be deemed to have
473 knowledge of a notification event if the notification event is
474 known to any of the licensee's employees, officers or other
475 agents, excluding the person committing the notification event.

476 (4) If a licensee becomes aware of a notification event in a
477 system maintained by a service provider, the licensee shall treat
478 such event as it would under subsection (1) of this section.
479 However, the computation of the licensee's deadlines shall begin
480 on the day after the service provider notifies the licensee of the
481 notification event or the licensee otherwise has actual knowledge
482 of the event, whichever is sooner.

483 **SECTION 6. Exceptions.** (1) Subsections (2)(b), (5)(b), (9)
484 and (10) of Section 4 of this act shall not apply to a licensee
485 that maintains customer information concerning fewer than five
486 thousand (5,000) consumers.

487 **SECTION 7. Authority of the Commissioner.** (1) The
488 commissioner shall have the power to examine and investigate the
489 affairs of any covered licensee to determine whether the licensee
490 has been or is engaged in any conduct in violation of Sections 1
491 through 7 of this act. This authority is in addition to the other
492 powers that the commissioner has under the Money Transmission
493 Modernization Act.



494 (2) Whenever the commissioner has reason to believe that a
495 licensee has been or is engaged in conduct in this state that
496 violates Sections 1 through 7 of this act, the commissioner may
497 take action that is necessary or appropriate to enforce the
498 provisions of Sections 1 through 7 of this act.

499 **SECTION 8.** Sections 1 through 7 of this act shall be
500 codified in Title 75, Mississippi Code of 1972.

501 **SECTION 9.** Section 75-16-25, Mississippi Code of 1972, is
502 amended as follows:

503 75-16-25. **Application for license.** (1) Applicants for a
504 license shall apply in a form and in a medium as prescribed by the
505 commissioner. Each such form shall contain content as set forth
506 by rule, regulation, instruction or procedure of the commissioner
507 and may be changed or updated by the commissioner in accordance
508 with applicable law in order to carry out the purposes of this
509 chapter and maintain consistency with NMLS licensing standards and
510 practices. The application must state or contain, as applicable:

511 (a) The legal name and residential and business
512 addresses of the applicant and any fictitious or trade name used
513 by the applicant in conducting its business;

514 (b) A list of any criminal convictions of the applicant
515 and any material litigation in which the applicant has been
516 involved in the ten-year period next preceding the submission of
517 the application;



518 (c) A description of any money transmission previously
519 provided by the applicant and the money transmission that the
520 applicant seeks to provide in this state;

521 (d) A list of the applicant's proposed authorized
522 delegates and the locations, including virtual currency kiosks, in
523 this state where the applicant and its authorized delegates
524 propose to engage in money transmission or provide any other money
525 services, including, but not limited to, virtual currency kiosk
526 transactions;

527 (e) A list of other states in which the applicant is
528 licensed to engage in money transmission and any license
529 revocations, suspensions or other disciplinary action taken
530 against the applicant in another state;

531 (f) Information concerning any bankruptcy or
532 receivership proceedings affecting the licensee or a person in
533 control of a licensee;

534 (g) A sample form of contract for authorized delegates,
535 if applicable;

536 (h) A sample form of payment instrument or stored
537 value, as applicable;

538 (i) The name and address of any federally insured
539 depository financial institution through which the applicant plans
540 to conduct money transmission; and

541 (j) Any other information the commissioner or NMLS
542 requires with respect to the applicant.



543 (2) If an applicant is a corporation, limited liability
544 company, partnership or other legal entity, the applicant shall
545 also provide:

546 (a) The date of the applicant's incorporation or
547 formation and state or country of incorporation or formation;

548 (b) If applicable, a certificate of good standing from
549 the state or country in which the applicant is incorporated or
550 formed;

551 (c) A brief description of the structure or
552 organization of the applicant, including any parents or
553 subsidiaries of the applicant, and whether any parents or
554 subsidiaries are publicly traded;

555 (d) The legal name, any fictitious or trade name, all
556 business and residential addresses and the employment, as
557 applicable, in the ten-year period next preceding the submission
558 of the application of each key individual and person in control of
559 the applicant;

560 (e) A list of any criminal convictions and material
561 litigation in which a person in control of the applicant that is
562 not an individual has been involved in the ten-year period next
563 preceding the submission of the application;

564 (f) A copy of audited financial statements of the
565 applicant for the most recent fiscal year and for the two-year
566 period next preceding the submission of the application;



567 (g) A certified copy of unaudited financial statements
568 of the applicant for the most recent fiscal quarter;

569 (h) If the applicant is a publicly traded corporation,
570 a copy of the most recent report filed with the United States
571 Securities and Exchange Commission under Section 13 of the U.S.
572 Securities Exchange Act of 1934, 15 USC Section 78m, as amended or
573 recodified from time to time;

574 (i) If the applicant is a wholly owned subsidiary of:

575 (i) A corporation publicly traded in the United
576 States, a copy of audited financial statements for the parent
577 corporation for the most recent fiscal year or a copy of the
578 parent corporation's most recent report filed under Section 13 of
579 the U.S. Securities Exchange Act of 1934, 15 USC Section 78m, as
580 amended or recodified from time to time; or

581 (ii) A corporation publicly traded outside the
582 United States, a copy of similar documentation filed with the
583 regulator of the parent corporation's domicile outside the United
584 States;

585 (j) The name and address of the applicant's registered
586 agent in this state; and

587 (k) Any other information the commissioner requires
588 with respect to the applicant.

589 (3) A nonrefundable license fee of One Thousand Five Hundred
590 Dollars (\$1,500.00) must accompany an application for a license
591 under this section. However, beginning with calendar year 2025



592 and for each subsequent calendar year, on or before July 1 of the
593 following year, the Mississippi Department of Banking and Consumer
594 Finance will issue a memo authorizing a new license fee under this
595 section. The new amount will be calculated by applying any
596 increase or decrease in the United States Bureau of Labor
597 Statistics Consumer Price Index for All Urban Consumers (CPI-U)
598 for the previous calendar year to the previous fee amount and
599 rounding that amount upward to the nearest One-Hundred-Dollar
600 increment.

601 (4) The commissioner may waive one or more requirements of
602 subsections (1) and (2) of this section or permit an applicant to
603 submit other information in lieu of the required information.

604 **SECTION 10.** Section 75-16-31, Mississippi Code of 1972, is
605 amended as follows:

606 75-16-31. **Renewal of license.** (1) A license under this
607 chapter shall be renewed annually.

608 (a) An annual renewal fee of Eight Hundred Dollars
609 (\$800.00) plus One Hundred Dollars (\$100.00) for each location in
610 excess of one in Mississippi through which the licensee plans to
611 conduct money transmission during the license year for which the
612 fee is paid, shall be paid, provided that in no event shall the
613 annual renewal fee exceed Five Thousand Eight Hundred Dollars
614 (\$5,800.00). Such renewal fee shall be paid no more than sixty
615 (60) days before the license expiration.



616 (b) The renewal term shall be for a period of one (1)
617 year and shall begin on January 1 of each year after the initial
618 license term and shall expire on December 31 of the year the
619 renewal term begins.

620 (2) A licensee shall submit a renewal report with the
621 renewal fee, in a form and in a medium prescribed by the
622 commissioner. The renewal report must state or contain a
623 description of each material change in information submitted by
624 the licensee in its original license application which has not
625 been reported to the commissioner. The report must also contain a
626 list of the locations in this state where the licensee or an
627 authorized delegate of the licensee engages in virtual currency
628 kiosk transactions.

629 (3) The commissioner, for good cause, may grant an extension
630 of the renewal date.

631 (4) The commissioner is authorized and encouraged to utilize
632 NMLS to process license renewals provided that such functionality
633 is consistent with this section.

634 **SECTION 11.** Section 75-16-43, Mississippi Code of 1972, is
635 amended as follows:

636 75-16-43. **Authorized delegate reporting.** (1) Each licensee
637 shall submit a report of all authorized delegates and locations in
638 this state where the licensee or an authorized delegate of the
639 licensee provides money services, including, but not limited to,
640 virtual currency kiosks. Such report must be provided within



641 forty-five (45) days of the end of the calendar quarter. The
642 commissioner is authorized and encouraged to utilize NMLS for the
643 submission of the report required by this subsection provided that
644 such functionality is consistent with the requirements of this
645 section. Such utilization shall include the NMLS Uniform
646 Authorized Agent Reporting (UAAR) process, or such other similar
647 process as designated by NMLS.

648 (2) The authorized delegate report shall include, at a
649 minimum, each authorized delegate's:

- 650 (a) Company legal name;
- 651 (b) Taxpayer employer identification number;
- 652 (c) Principal provider identifier;
- 653 (d) Physical address;
- 654 (e) Mailing address;
- 655 (f) Any business conducted in other states;
- 656 (g) Any fictitious or trade name;
- 657 (h) Contact person name, phone number, and email;
- 658 (i) Start date as licensee's authorized delegate;
- 659 (j) End date acting as licensee's authorized delegate,
660 if applicable; and

661 (k) Any other information the commissioner requires
662 with respect to the authorized delegate.

663 **SECTION 12.** Section 75-16-51, Mississippi Code of 1972, is
664 amended as follows:



665 75-16-51. **Relationship between licensee and authorized**
666 **delegate.** (1) In this section, "remit" means to make direct
667 payments of money to a licensee or its representative authorized
668 to receive money or to deposit money in a bank in an account
669 specified by the licensee.

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

673 (a) Adopt, and update as necessary, written policies
674 and procedures designed to ensure that the licensee's authorized
675 delegates comply with applicable state and federal law;

676 (b) Enter into a written contract, available to the
677 commissioner upon request, that complies with subsection (4) of
678 this section; and

679 (c) Conduct a risk-based background investigation
680 sufficient for the licensee to determine whether the authorized
681 delegate has complied and will likely comply with applicable state
682 and federal law.

683 (3) An authorized delegate must operate in full compliance
684 with this chapter.

685 (4) The written contract required by subsection (2) of this
686 section must be signed by the licensee and the authorized delegate
687 and, at a minimum, must:



688 (a) Appoint the person signing the contract as the
689 licensee's authorized delegate with the authority to conduct money
690 transmission on behalf of the licensee;

691 (b) Set forth the nature and scope of the relationship
692 between the licensee and the authorized delegate and the
693 respective rights and responsibilities of the parties;

694 (c) Require the authorized delegate to agree to fully
695 comply with all applicable state and federal laws, rules, and
696 regulations pertaining to money transmission, including this
697 chapter and regulations implementing this chapter, relevant
698 provisions of the Bank Secrecy Act and the USA PATRIOT ACT;

699 (d) Require the authorized delegate to remit and handle
700 money and monetary value in accordance with the terms of the
701 contract between the licensee and the authorized delegate;

702 (e) Impose a trust on money and monetary value net of
703 fees received for money transmission for the benefit of the
704 licensee;

705 (f) Require the authorized delegate to prepare and
706 maintain records as required by this chapter or regulations
707 implementing this chapter, or as requested by the commissioner;

708 (g) Acknowledge that the authorized delegate consents
709 to examination or investigation by the commissioner;

710 (h) State that the licensee is subject to regulation by
711 the commissioner and that, as part of that regulation, the
712 commissioner may suspend or revoke an authorized delegate



713 designation or require the licensee to terminate an authorized
714 delegate designation; and

715 (i) Acknowledge receipt of the written policies and
716 procedures required under subsection (2)(a) of this section.

717 (5) If the licensee's license is suspended, revoked,
718 surrendered or expired, the licensee must, within five (5)
719 business days, provide documentation to the commissioner that the
720 licensee has notified all applicable authorized delegates of the
721 licensee whose names are in a record filed with the commissioner
722 of the suspension, revocation, surrender or expiration of a
723 license. Upon suspension, revocation, surrender or expiration of
724 a license, applicable authorized delegates shall immediately cease
725 to provide money transmission as an authorized delegate of the
726 licensee.

727 (6) An authorized delegate of a licensee holds in trust for
728 the benefit of the licensee all money net of fees received from
729 money transmission. If any authorized delegate commingles any
730 funds received from money transmission with any other funds or
731 property owned or controlled by the authorized delegate, all
732 commingled funds and other property shall be considered held in
733 trust in favor of the licensee in an amount equal to the amount of
734 money net of fees received from money transmission.

735 (7) An authorized delegate may not use a subdelegate to
736 conduct money transmission on behalf of a licensee.



737 (8) On or before April 1 of each year, a licensee shall
738 provide to each authorized delegate through which it engages in
739 the business of money transmission training materials on how to:

740 (a) Recognize financial abuse and financial
741 exploitation of an elder adult; and

742 (b) Respond appropriately if the authorized delegate
743 suspects that the authorized delegate is being asked to engage in
744 the business of money transmission for a fraudulent transaction in
745 which an elder adult is the victim of financial abuse or financial
746 exploitation.

747 A licensee shall provide the training materials required
748 under this subsection (8) to each newly appointed authorized
749 delegate within one (1) month after appointment of the authorized
750 delegate.

751 **SECTION 13.** Section 75-16-65, Mississippi Code of 1972, is
752 amended as follows:

753 75-16-65. **Maintenance of permissible investments.** (1) A
754 licensee shall maintain at all times permissible investments that
755 have a market value computed in accordance with United States
756 Generally Accepted Accounting Principles of not less than the
757 aggregate amount of all of its outstanding money transmission
758 obligations.

759 (2) Except for permissible investments enumerated in Section
760 75-16-67(1), the commissioner, with respect to any licensee, may
761 by rule, regulation or order limit the extent to which a specific



762 investment maintained by a licensee within a class of permissible
763 investments may be considered a permissible investment, if the
764 specific investment represents undue risk to customers, not
765 reflected in the market value of investments.

766 (3) Permissible investments, even if commingled with other
767 assets of the licensee, are held in trust for the benefit of the
768 purchasers and holders of the licensee's outstanding money
769 transmission obligations in the event of insolvency, the filing of
770 a petition by or against the licensee under the United States
771 Bankruptcy Code, 11 USC Sections 101-110, as amended or recodified
772 from time to time, for bankruptcy or reorganization, the filing of
773 a petition by or against the licensee for receivership, the
774 commencement of any other judicial or administrative proceeding
775 for its dissolution or reorganization, or in the event of an
776 action by a creditor against the licensee who is not a beneficiary
777 of this statutory trust. No permissible investments impressed
778 with a trust pursuant to this subsection (3) shall be subject to
779 attachment, levy of execution or sequestration by order of any
780 court, except for a beneficiary of this statutory trust.

781 (4) Upon the establishment of a statutory trust in
782 accordance with subsection (3) of this section or when any funds
783 are drawn on a letter of credit pursuant to Section 75-16-67(1),
784 the commissioner shall notify the applicable regulator of each
785 state in which the licensee is licensed to engage in money
786 transmission, if any, of the establishment of the trust or the



787 funds drawn on the letter of credit, as applicable. Notice shall
788 be deemed satisfied if performed pursuant to a multistate
789 agreement or through NMLS. Funds drawn on a letter of credit, and
790 any other permissible investments held in trust for the benefit of
791 the purchasers and holders of the licensee's outstanding money
792 transmission obligations, are deemed held in trust for the benefit
793 of such purchasers and holders on a pro rata and equitable basis
794 in accordance with statutes pursuant to which permissible
795 investments are required to be held in this state, and other
796 states, as applicable. Any statutory trust established hereunder
797 shall be terminated upon extinguishment of all of the licensee's
798 outstanding money transmission obligations.

799 (5) The commissioner, by rule, regulation or by order may
800 allow other types of investments that the commissioner determines
801 are of sufficient liquidity and quality to be a permissible
802 investment. The commissioner is authorized to participate in
803 efforts with other state regulators to determine that other types
804 of investments are of sufficient liquidity and quality to be a
805 permissible investment.

806 **SECTION 14.** The following shall be codified as Section
807 75-16-89, Mississippi Code of 1972:

808 75-16-89. (1) A licensee shall provide its name and mailing
809 address or telephone number to the purchaser in connection with
810 each money transmission or kiosk transaction conducted by the
811 licensee directly or through an authorized delegate.



812 (2) An authorized delegate shall display prominently in a
813 form and in a medium prescribed by the commissioner a notice that
814 states or contains the following information:

815 (a) The name, mailing address and telephone number of
816 the authorized delegate;

817 (b) For each licensee of the authorized delegate:

818 (i) A statement that the authorized delegate is an
819 agent conducting business on behalf of the licensee under this
820 chapter; and

821 (ii) The name, mailing address and telephone
822 number of the licensee; and

823 (c) A statement:

824 (i) Directing consumers with complaints to contact
825 the Department of Banking and Consumer Finance; and

826 (ii) Containing the current mailing address and
827 telephone number of the department.

828 (3) (a) A licensee or authorized delegate shall include a
829 clear, concise and conspicuous fraud warning that is posted in a
830 conspicuous area or included on a transmittal form used by a
831 consumer to send money to another individual.

832 (b) The fraud warning required under subsection (3) (a)
833 of this section shall:

834 (i) Include a toll-free telephone number for
835 consumers to call to report fraud or suspected fraud; and



836 (ii) Be in clear, conspicuous and legible writing
837 in English and in the language principally used by the licensee or
838 authorized delegate to advertise, solicit or negotiate, either
839 orally or in writing, for a transaction conducted in person,
840 electronically or by telephone, if other than English.

841 (c) A licensee shall monitor the activities of its
842 authorized delegates relating to transmittals by consumers.

843 (d) If a licensee or authorized delegate conducts money
844 transmission activity through a website or a mobile application
845 that is not in a physical location, the commissioner may authorize
846 an alternative form of the fraud notice required under subsection
847 (3) (a) of this section.

848 **SECTION 15.** This act shall take effect and be in force from
849 and after July 1, 2026.

