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## DIVISION OF BANKING

1601 N. Harrison Avenue, Suite 1, Pierre, SD 57501  
605-773-3421

## MEMORANDUM

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NUMBER: 20-029  
DATE: May 25, 2022  
TO: SOUTH DAKOTA MONEY TRANSMITTERS  
FROM: BRET AFDAHL, Director  
RE: NEW MONEY TRANSMITTER LEGISLATION

The following is a summary of Senate Bill 47 (SB 47). SB 47 was introduced by the Senate Commerce and Energy Committee on behalf of the Division of Banking and signed into law by Governor Kristi Noem. SB 47 will become effective on July 1, 2022. I would encourage you to review SB 47 in detail at your convenience at the following link: [2022 Senate Bill 47 - SD Legislature revise certain provisions regarding money transmission.](#)

If you would like additional information regarding SB 47, or if you have any questions, please do not hesitate to contact the South Dakota Division of Banking at 605-773-3421.

### **Senate Bill 47**

The Conference of State Bank Supervisors (CSBS), the national organization for state regulators like the SD Division of Banking, has been working since 2018 to identify friction points in the licensing and supervisory processes related to money transmission. SB 47 is the result of a multi-year effort that culminated in the development and approval of a Uniform Money Transmission Modernization Act (Uniform Act) by CSBS.

SB 47 implements key provisions from the Uniform Act.

- Retains the existing 25% threshold of ownership being considered in control of a licensee and implements a rebuttable presumption from 10 to 25% ownership.
- Provides a framework for 10 to 25% owners to rebut a presumption of control.
- Transitions our flat \$100,000 net worth requirement into a sliding scale of net worth for companies based on their total assets to better protect consumers from loss.
- Provides specific authority to conduct off-site exams and to clarify authority to conduct exams jointly with other state and federal agencies to reduce burden on industry.

In addition, SB 47 streamlines certain processes and enhances consumer protection.

- All notices to the Division by licensees will be made through the Nationwide Multistate Licensing System (NMLS), as all licensees are already required to be licensed via NMLS.

- Licensees engaged in transmitting virtual currencies will be authorized to hold like kind virtual currencies on their balance sheet for the benefit of their customers in the event a transmission fails.