
DIVISION OF BANKING

1714 Lincoln Avenue, Suite 2, Pierre, SD 57501
605-773-3421

MEMORANDUM

NUMBER: 20-032
DATE: May 26, 2023
TO: SOUTH DAKOTA MONEY TRANSMITTERS
FROM: BRET AFDAHL, Director
RE: NEW MONEY TRANSMITTER LEGISLATION

The following is a summary of Senate Bill 43 (SB 43). SB 43 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 43 will become effective on July 1, 2023. I would encourage you to review SB 43 in detail at your convenience at the following link: [2023 Senate Bill 43 - SD Legislature revise certain provisions regarding money transmission.](#)

If you would like additional information regarding SB 43, or if you have any questions, please do not hesitate to contact the South Dakota Division of Banking at 605-773-3421.

Senate Bill 43

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 43 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 43 implements key provisions from the Uniform Act.

- Updates our definition of permissible investments to include an irrevocable standby letter of credit and restricts the use of other assets (Section 2)
- Establishes criteria and restrictions for standby letters of credit (Sections 3-7)
- Places limitations on certain permissible investments (Section 8)
- Provides protections to consumers in the event of insolvency or bankruptcy (Section 9)
- Requires notice related to new key individuals (Sections 13-16)