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## DIVISION OF BANKING

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

## MEMORANDUM

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NUMBER: 20-033  
DATE: May 28, 2024  
TO: SOUTH DAKOTA MONEY TRANSMITTERS  
FROM: BRET AFDAHL, Director  
RE: NEW MONEY TRANSMITTER LEGISLATION

The following is a summary of Senate Bill 58 (SB 58). SB 58 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 58 will become effective on July 1, 2024. I would encourage you to review SB 58 in detail at your convenience at the following link: [2024 Senate Bill 58 | South Dakota Legislature \(sdlegislature.gov\)](https://sdlegislature.gov/2024-Senate-Bill-58).

If you would like additional information regarding SB 58, or if you have any questions, please do not hesitate to contact the South Dakota Division of Banking at 605-773-3421.

### **Senate Bill 58**

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 58 is the result of a multi-year effort that culminated in the development and approval of the Model Money Transmission Modernization Act (Model Act) by CSBS.

The substantive provisions of the Model Act were implemented in South Dakota over the past two sessions in Senate Bill 43 in 2023 and Senate Bill 47 in 2022.

SB 58 restructures existing South Dakota law to mirror the Model Act and repeals existing South Dakota law related to money transmitters.

- Implements definitions from the Model Act to have a consistent framework.
- Maintains strong but efficient licensing process to facilitate commerce.
- Includes strong financial condition requirements to protect South Dakota consumers.
- Has robust enforcement authority allowing the Division to take action when needed.
- Maintains the ability of licensees to engage in digital asset transmission activity.
- Specifically excludes central bank digital currencies from the definition of money.
- Adds criminal penalties for intentional wrongdoing by bad actors.