



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3479

Introduced 2/17/2023, by Rep. Mark L. Walker

SYNOPSIS AS INTRODUCED:

See Index

Creates the Uniform Money Transmission Modernization Act. Provides that the provisions supersede the Transmitters of Money Act. Sets forth provisions concerning money transmission licenses; acquisition of control; reporting and records; authorized delegates; timely transmission, refunds, and disclosures; prudential standards; and enforcement. Creates the Digital Assets Regulation Act. Provides that the Department of Financial and Professional Regulation shall regulate digital asset business activity in the State. Sets forth provisions concerning customer protections; compliance; licensure; supervision; general restrictions and prohibitions; confidentiality; and rulemaking authority. Amends the Corporate Fiduciary Act to create the Special Purpose Trust Company Authority and Organization Article. Makes conforming changes in the Freedom of Information Act, the Illinois Banking Act, and the Consumer Fraud and Deceptive Business Practices Act. Provides that the Transmitters of Money Act is repealed on January 1, 2025. Makes other changes. Effective immediately, except that the changes to the Transmitters of Money Act take effect January 1, 2025.

LRB103 29212 BMS 55599 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 ARTICLE I. Title & Purpose

5 Section 1-1. Short title; references. Articles 1 through
6 12 may be cited as the Uniform Money Transmission
7 Modernization Act. In Articles 1 through 12, references to
8 "this Act" mean Articles 1 through 12.

9 Section 1-2. Purpose.

10 (a) This Act is designed to replace existing state money
11 transmission laws currently codified under the Transmitters of
12 Money Act. It is the intent of the General Assembly that the
13 provisions of this Act accomplish the following:

14 (1) ensure states can coordinate in all areas of
15 regulation, licensing, and supervision to eliminate
16 unnecessary regulatory burden and more effectively utilize
17 regulator resources;

18 (2) protect the public from financial crime;

19 (3) standardize the types of activities that are
20 subject to licensing or otherwise exempt from licensing;
21 and

22 (4) modernize safety and soundness requirements to

1 ensure customer funds are protected in an environment that
2 supports innovative and competitive business practices.

3 (b) The provisions of this Act shall be liberally
4 construed to effectuate its purposes.

5 ARTICLE II. Definitions

6 Section 2-1. Definitions. As used in this Act:

7 "Acting in concert" means persons knowingly acting
8 together with a common goal of jointly acquiring control of a
9 licensee whether or not pursuant to an express agreement.

10 "Authorized delegate" means a person a licensee designates
11 to engage in money transmission on behalf of the licensee.

12 "Average daily money transmission liability" means the
13 amount of the licensee's outstanding money transmission
14 obligations in this State at the end of each day in a given
15 period of time, added together, and divided by the total
16 number of days in the given period of time. For purposes of
17 calculating average daily money transmission liability under
18 this Act for any licensee required to do so, the given period
19 of time shall be the quarters ending March 31, June 30,
20 September 30, and December 31.

21 "Bank Secrecy Act" means the Bank Secrecy Act, 31 U.S.C.
22 5311, et seq. and its implementing rules and regulations, as
23 amended and recodified from time to time.

24 "Bill payment service" means the business of transmitting

1 money on behalf of an Illinois person for the purposes of
2 paying the person's bills.

3 "Closed loop stored value" means stored value that is
4 redeemable by the issuer only for goods or services provided
5 by the issuer or its affiliate or franchisees of the issuer or
6 its affiliate, except to the extent required by applicable law
7 to be redeemable in cash for its cash value.

8 "Control" means:

9 (1) (A) the power to vote, directly or indirectly, at
10 least 25% of the outstanding voting shares or voting
11 interests of a licensee or person in control of a
12 licensee;

13 (B) the power to elect or appoint a majority of key
14 individuals or executive officers, managers,
15 directors, trustees, or other persons exercising
16 managerial authority of a person in control of a
17 licensee; or

18 (C) the power to exercise, directly or indirectly,
19 a controlling influence over the management or
20 policies of a licensee or person in control of a
21 licensee.

22 (2) Rebuttable Presumption of Control.

23 (A) A person is presumed to exercise a controlling
24 influence when the person holds the power to vote,
25 directly or indirectly, at least 10% of the
26 outstanding voting shares or voting interests of a

1 licensee or person in control of a licensee.

2 (B) A person presumed to exercise a controlling
3 influence as defined by this Section can rebut the
4 presumption of control if the person is a passive
5 investor.

6 (3) For purposes of determining the percentage of a
7 person controlled by any other person, the person's
8 interest shall be aggregated with the interest of any
9 other immediate family member, including the person's
10 spouse, parents, children, siblings, mothers-in-law and
11 fathers-in-law, sons-in-law and daughters-in-law,
12 brothers-in-law and sisters-in-law, and any other person
13 who shares such person's home.

14 "Department" means the Department of Financial and
15 Professional Regulation.

16 "Division" means the Division of Financial Institutions of
17 the Department of Financial and Professional Regulation.

18 "Eligible rating" means a credit rating of any of the 3
19 highest rating categories provided by an eligible rating
20 service, whereby each category may include rating category
21 modifiers such as "plus" or "minus" for S&P, or the equivalent
22 for any other eligible rating service. For purposes of this
23 definition, long-term credit ratings are deemed eligible if
24 the rating is equal to "A-" or higher by S&P, or the equivalent
25 from any other eligible rating service; short-term credit
26 ratings are deemed eligible if the rating is equal to or higher

1 than "A-2" or "SP-2" by S&P, or the equivalent from any other
2 eligible rating service; if ratings differ among eligible
3 rating services, the highest rating shall apply when
4 determining whether a security bears an eligible rating.

5 "Eligible rating service" means any nationally recognized
6 statistical rating organization as defined by the U.S.
7 Securities and Exchange Commission, and any other organization
8 designated by the Secretary by rule or order.

9 "Federally insured depository financial institution" means
10 a bank, credit union, savings and loan association, trust
11 company, savings association, savings bank, industrial bank,
12 or industrial loan company organized under the laws of the
13 United States or any state of the United States, if the bank,
14 credit union, savings and loan association, trust company,
15 savings association, savings bank, industrial bank, or
16 industrial loan company has federally insured deposits.

17 "In this State" means at a physical location within this
18 State for a transaction requested in person. For a transaction
19 requested electronically or by phone, the provider of money
20 transmission may determine if the person requesting the
21 transaction is in this State by relying on other information
22 provided by the person regarding the location of the
23 individual's residential address or a business entity's
24 principal place of business or other physical address
25 location, and any records associated with the person that the
26 provider of money transmission may have that indicate such

1 location, including, but not limited to, an address associated
2 with an account.

3 "Individual" means a natural person.

4 "Key individual" means any individual ultimately
5 responsible for establishing or directing policies and
6 procedures of the licensee, such as an executive officer,
7 manager, director, or trustee.

8 "Licensee" means a person licensed under this Act.

9 "Material litigation" means litigation, that according to
10 United States generally accepted accounting principles, is
11 significant to a person's financial health and would be
12 required to be disclosed in the person's annual audited
13 financial statements, report to shareholders, or similar
14 records.

15 "Money" means a medium of exchange that is authorized or
16 adopted by the United States or a foreign government as part of
17 its currency and that is customarily used and accepted as a
18 medium of exchange in the country of issuance. "Money"
19 includes a monetary unit of account established by an
20 intergovernmental organization or by agreement between 2 or
21 more governments.

22 "Monetary value" means a medium of exchange, whether or
23 not redeemable in money unless excluded by rule by the
24 Secretary.

25 "Money transmission" means any of the following:

26 (1) Selling or issuing payment instruments to a person

1 located in this State.

2 (2) Selling or issuing stored value to a person
3 located in this State.

4 (3) Receiving money for transmission from a person
5 located in this State or transmitting money in this State.

6 "Money transmission" includes bill payment services and
7 payroll processing services. "Money transmission" does not
8 include the provision solely of online or telecommunications
9 services or network access.

10 "MSB accredited state agency" means a state agency that is
11 accredited by the Conference of State Bank Supervisors and
12 Money Transmitter Regulators Association for money
13 transmission licensing and supervision.

14 "Multistate licensing process" means any agreement entered
15 into by and among state regulators relating to coordinated
16 processing of applications for money transmission licenses,
17 applications for the acquisition of control of a licensee,
18 control determinations, or notice and information requirements
19 for a change of key individuals.

20 "NMLS" means the Nationwide Multistate Licensing System
21 and Registry developed by the Conference of State Bank
22 Supervisors and the American Association of Residential
23 Mortgage Regulators and owned and operated by the State
24 Regulatory Registry, LLC, or any successor or affiliated
25 entity, for the licensing and registration of persons in
26 financial services industries.

1 "Outstanding money transmission obligations" means any of
2 the following:

3 (1) Any payment instrument or stored value issued or
4 sold by the licensee to a person located in the United
5 States or reported as sold by an authorized delegate of
6 the licensee to a person that is located in the United
7 States that has not yet been paid or refunded by or for the
8 licensee or escheated in accordance with applicable
9 abandoned property laws; or

10 (2) Any money received for transmission by the
11 licensee or an authorized delegate in the United States
12 from a person located in the United States that has not
13 been received by the payee, refunded to the sender, or
14 escheated in accordance with applicable abandoned property
15 laws.

16 For purposes of this definition, "in the United States"
17 includes, to the extent applicable, a person in any state,
18 territory, or possession of the United States; the District of
19 Columbia; the Commonwealth of Puerto Rico; or a U.S. military
20 installation that is located in a foreign country.

21 "Passive investor" means a person that:

22 (1) does not have the power to elect a majority of key
23 individuals or executive officers, managers, directors,
24 trustees, or other persons exercising managerial authority
25 of a person in control of a licensee;

26 (2) is not employed by and does not have any

1 managerial duties of the licensee or person in control of
2 a licensee;

3 (3) does not have the power to exercise, directly or
4 indirectly, a controlling influence over the management or
5 policies of a licensee or person in control of a licensee;
6 and

7 (4) either:

8 (A) attests to items (1), (2), and (3), in a form
9 and in a medium prescribed by the Secretary; or

10 (B) commits to the passivity characteristics of
11 items (1), (2), and (3), in a written document.

12 "Payment instrument" means a written or electronic check,
13 draft, money order, traveler's check, or other written or
14 electronic instrument for the transmission or payment of money
15 or monetary value, whether or not negotiable. "Payment
16 instrument" does not include stored value or any instrument
17 that (1) is redeemable by the issuer only for goods or services
18 provided by the issuer or its affiliate or franchisees of the
19 issuer or its affiliate, except to the extent required by
20 applicable law to be redeemable in cash for its cash value; or
21 (2) not sold to the public but issued and distributed as part
22 of a loyalty, rewards, or promotional program.

23 "Payroll processing services" means receiving money for
24 transmission pursuant to a contract with a person to deliver
25 wages or salaries, make payment of payroll taxes to State and
26 federal agencies, make payments relating to employee benefit

1 plans, or make distributions of other authorized deductions
2 from wages or salaries. "Payroll processing services" does not
3 include an employer performing payroll processing services on
4 its own behalf or on behalf of its affiliate.

5 "Person" means any individual, general partnership,
6 limited partnership, limited liability company, corporation,
7 trust, association, joint stock corporation, or other
8 corporate entity identified by the Secretary.

9 "Receiving money for transmission" or "money received for
10 transmission" means receiving money or monetary value in the
11 United States for transmission within or outside the United
12 States by electronic or other means.

13 "Secretary" means the Secretary of Financial and
14 Professional Regulation, the acting Secretary, or a person
15 authorized by the Secretary.

16 "Stored value" means monetary value representing a claim
17 against the issuer evidenced by an electronic or digital
18 record, and that is intended and accepted for use as a means of
19 redemption for money or monetary value, or payment for goods
20 or services. "Stored value" includes, but is not limited to,
21 "prepaid access" as defined by 31 CFR Section 1010.100, as
22 amended or recodified from time to time. Notwithstanding the
23 foregoing, "stored value" does not include a payment
24 instrument or closed loop stored value, or stored value not
25 sold to the public but issued and distributed as part of a
26 loyalty, rewards, or promotional program.

1 "Tangible net worth" means the aggregate assets of a
2 licensee excluding all intangible assets, less liabilities, as
3 determined in accordance with United States generally accepted
4 accounting principles.

5 ARTICLE III. Exemptions

6 Section 3-1. Exemptions. This Act does not apply to:

7 (1) An operator of a payment system to the extent that it
8 provides processing, clearing, or settlement services, between
9 or among persons exempted by this Section or licensees, in
10 connection with wire transfers, credit card transactions,
11 debit card transactions, stored value transactions, automated
12 clearinghouse transfers, or similar funds transfers.

13 (2) A person appointed as an agent of a payee to collect
14 and process a payment from a payor to the payee for goods or
15 services, other than money transmission itself, provided to
16 the payor by the payee, if:

17 (A) there exists a written agreement between the payee
18 and the agent directing the agent to collect and process
19 payments from payors on the payee's behalf;

20 (B) the payee holds the agent out to the public as
21 accepting payments for goods or services on the payee's
22 behalf; and

23 (C) payment for the goods and services is treated as
24 received by the payee upon receipt by the agent so that the

1 payor's obligation is extinguished and there is no risk of
2 loss to the payor if the agent fails to remit the funds to
3 the payee.

4 (3) A person that acts as an intermediary by processing
5 payments between an entity that has directly incurred an
6 outstanding money transmission obligation to a sender, and the
7 sender's designated recipient, if the entity:

8 (A) is properly licensed or exempt from licensing
9 requirements under this Act;

10 (B) provides a receipt, electronic record, or other
11 written confirmation to the sender identifying the entity
12 as the provider of money transmission in the transaction;
13 and

14 (C) bears sole responsibility to satisfy the
15 outstanding money transmission obligation to the sender,
16 including the obligation to make the sender whole in
17 connection with any failure to transmit the funds to the
18 sender's designated recipient.

19 (4) The United States or a department, agency, or
20 instrumentality thereof, or its agent.

21 (5) Money transmission by the United States Postal Service
22 or by an agent of the United States Postal Service.

23 (6) A State, county, city, or any other governmental
24 agency or governmental subdivision or instrumentality of a
25 State, or its agent.

26 (7) A federally insured depository financial institution,

1 bank holding company, office of an international banking
2 corporation, foreign bank that establishes a federal branch
3 pursuant to the International Bank Act, 12 U.S.C. 3102, as
4 amended or recodified from time to time, corporation organized
5 pursuant to the Bank Service Corporation Act, 12 U.S.C.
6 Sections 1861 through 1867, as amended or recodified from time
7 to time, or corporation organized under the Edge Act, 12
8 U.S.C. Sections 611 through 633, as amended or recodified from
9 time to time, under the laws of a state or the United States.

10 (8) Electronic funds transfer of governmental benefits for
11 a federal, State, county, or governmental agency by a
12 contractor on behalf of the United States or a department,
13 agency, or instrumentality thereof, or on behalf of a State or
14 governmental subdivision, agency, or instrumentality thereof.

15 (9) A board of trade designated as a contract market under
16 the federal Commodity Exchange Act, 7 U.S.C. Sections 1
17 through 25, as amended or recodified from time to time, or a
18 person that, in the ordinary course of business, provides
19 clearance and settlement services for a board of trade to the
20 extent of its operation as or for such a board.

21 (10) A registered futures commission merchant under the
22 federal commodities laws to the extent of its operation as
23 such a merchant.

24 (11) A person registered as a securities broker-dealer
25 under federal or State securities laws to the extent of its
26 operation as such a broker-dealer.

1 (12) An individual employed by a licensee, authorized
2 delegate, or any person exempted from the licensing
3 requirements of the Act when acting within the scope of
4 employment and under the supervision of the licensee,
5 authorized delegate, or exempted person as an employee and not
6 as an independent contractor.

7 (13) A person expressly appointed as a third-party service
8 provider to or agent of an entity exempt under paragraph (7),
9 solely to the extent that:

10 (A) such service provider or agent is engaging in
11 money transmission on behalf of and pursuant to a written
12 agreement with the exempt entity that sets forth the
13 specific functions that the service provider or agent is
14 to perform; and

15 (B) the exempt entity assumes all risk of loss and all
16 legal responsibility for satisfying the outstanding money
17 transmission obligations owed to purchasers and holders of
18 the outstanding money transmission obligations upon
19 receipt of the purchaser's or holder's money or monetary
20 value by the service provider or agent.

21 (14) Any other person, transaction, or class of persons or
22 transactions exempted by rule or any other person or
23 transaction exempted by the Secretary's order on a finding
24 that the licensing of the person is not necessary to achieve
25 the purposes of this Act.

26 (15) Currency exchanges licensed under the Currency

1 Exchange Act to the extent of its operation as such a currency
2 exchange.

3 (16) An insured depository credit union organized under
4 the laws of the United States or any state of the United States
5 with deposits insured by an insurer approved by the credit
6 union's primary regulator.

7 (17) A person licensed as a digital asset business under
8 the Digital Asset Regulation Act to the extent of its
9 operation as such a digital asset business.

10 Section 3-2. Authority to require demonstration of
11 exemption. The Secretary may require that any person or entity
12 claiming to be exempt from licensing pursuant to Section 3-1
13 provide information and documentation to the Secretary
14 demonstrating that it qualifies for any claimed exemption. The
15 burden of proving the applicability of an exemption is upon
16 the person claiming the exclusion or exception.

17 ARTICLE IV. Implementation, Confidentiality, Supervision &
18 Relationship to Federal Law

19 Section 4-1. Implementation.

20 (a) In order to carry out the purposes of this Act, the
21 Secretary may, subject to the provisions of subsections (a)
22 and (b) of Section 4-2:

23 (1) enter into agreements or relationships with other

1 government officials or federal and State regulatory
2 agencies and regulatory associations in order to improve
3 efficiencies and reduce regulatory burden by standardizing
4 methods or procedures, and sharing resources, records or
5 related information obtained under this Act;

6 (2) use, hire, contract, or employ analytical systems,
7 methods, or software to examine or investigate any person
8 subject to this Act.

9 (3) accept, from other state or federal government
10 agencies or officials, licensing, examination, or
11 investigation reports made by such other state or federal
12 government agencies or officials; and

13 (4) accept audit reports made by an independent
14 certified public accountant or other qualified third-party
15 auditor for an applicant or licensee and incorporate the
16 audit report in any report of examination or
17 investigation.

18 (b) The Department shall have the broad administrative
19 authority to administer, interpret and enforce this Act, and
20 adopt rules or regulations implementing this Act and to
21 recover the cost of administering and enforcing this Act by
22 imposing and collecting proportionate and equitable fees and
23 costs associated with applications, examinations,
24 investigations, and other actions required to achieve the
25 purpose of this Act. The Department's rulemaking authority
26 shall include, but not be limited to:

1 (1) such rules and regulations in connection with the
2 activities of licensees as may be necessary and
3 appropriate for the protection of consumers in this State;

4 (2) such rules and regulations as may be necessary and
5 appropriate to define improper or fraudulent business
6 practices in connection with the activities of licensees;

7 (3) such rules and regulations as may define the terms
8 used in this Act and as may be necessary and appropriate to
9 interpret and implement the provisions of this Act;

10 (4) such rules and regulations as may be necessary for
11 the implementation or enforcement of this Act; and

12 (5) such rules and regulations establishing fees the
13 Secretary deems necessary to cover the cost of
14 administration of this Act.

15 Section 4-2. Confidentiality.

16 (a) Except as otherwise provided in this Section, all
17 information or reports obtained by the Secretary from an
18 applicant, licensee, or authorized delegate, and all
19 information contained in or related to an examination,
20 investigation, operating report, or condition report prepared
21 by, on behalf of, or for the use of the Secretary, or financial
22 statements, balance sheets, or authorized delegate
23 information, are confidential and are not subject to
24 disclosure under the Freedom of Information Act.

25 (b) The Secretary may disclose information not otherwise

1 subject to disclosure under subsection (a) to representatives
2 of State or federal agencies who promise in a record that they
3 will maintain the confidentiality of the information or where
4 the Secretary finds that the release is reasonably necessary
5 for the protection and interest of the public.

6 (c) This Section does not prohibit the Secretary from
7 disclosing to the public a list of all licensees or the
8 aggregated financial or transactional data concerning those
9 licensees.

10 (d) Information contained in the records of the Department
11 that is not confidential and may be made available to the
12 public either on the Department's website, upon receipt by the
13 Department of a written request, or in NMLS shall include:

14 (1) the name, business address, telephone number, and
15 unique identifier of a licensee;

16 (2) the business address of a licensee's registered
17 agent for service;

18 (3) the name, business address, and telephone number
19 of all authorized delegates;

20 (4) the terms of or a copy of any bond filed by a
21 licensee, if confidential information, including, but not
22 limited to, prices and fees, for such bond is redacted;

23 (5) copies of any final orders of the Department
24 relating to any violation of this Act or regulations
25 implementing this Act; and

26 (e) Imposition of an administrative action under this Act

1 is not confidential.

2 (f) The Secretary, in his or her sole discretion, may
3 disclose otherwise confidential information when he or she
4 determines disclosure is in the public interest.

5 Section 4-3. Supervision.

6 (a) The Secretary may conduct an examination or
7 investigation of a licensee or authorized delegate or
8 otherwise take independent action authorized by this Act or by
9 a rule adopted or order issued under this Act as reasonably
10 necessary or appropriate to administer and enforce this Act,
11 rules and regulations implementing this Act, and other
12 applicable law, including the Bank Secrecy Act and the USA
13 PATRIOT ACT. The Secretary may:

14 (1) conduct an examination either on-site or off-site
15 as the Secretary may reasonably require;

16 (2) conduct an examination in conjunction with an
17 examination conducted by representatives of other state
18 agencies or agencies of another state or of the federal
19 government;

20 (3) accept the examination report of another state
21 agency or an agency of another state or of the federal
22 government, or a report prepared by an independent
23 accounting firm, which on being accepted is considered for
24 all purposes as an official report of the Secretary; and

25 (4) summon and examine under oath a key individual or

1 employee of a licensee or authorized delegate and require
2 the person to produce records regarding any matter related
3 to the condition and business of the licensee or
4 authorized delegate.

5 (b) A licensee or authorized delegate shall provide, and
6 the Secretary shall have full and complete access to, all
7 records the Secretary may reasonably require to conduct a
8 complete examination. The records must be provided at the
9 location and in the format specified by the Secretary,
10 however, the Secretary may utilize multistate record
11 production standards and examination procedures when such
12 standards will reasonably achieve the requirements of this
13 subsection.

14 (c) Unless otherwise directed by the Secretary, a licensee
15 shall pay all costs reasonably incurred in connection with an
16 examination of the licensee or the licensee's authorized
17 delegates.

18 Section 4-4. Networked supervision.

19 (a) To efficiently and effectively administer and enforce
20 this Act and to minimize regulatory burden, the Secretary is
21 authorized and encouraged to participate in multistate
22 supervisory processes established between states and
23 coordinated through the Conference of State Bank Supervisors,
24 Money Transmitter Regulators Association, and affiliates and
25 successors thereof for all licensees that hold licenses in

1 this State and other states. As a participant in multistate
2 supervision, the Secretary may:

3 (1) cooperate, coordinate, and share information with
4 other state and federal regulators in accordance with
5 Section 4-2;

6 (2) enter into written cooperation, coordination, or
7 information-sharing contracts or agreements with
8 organizations the membership of which is made up of state
9 or federal governmental agencies; and

10 (3) cooperate, coordinate, and share information with
11 organizations the membership of which is made up of state
12 or federal governmental agencies, if the organizations
13 agree in writing to maintain the confidentiality and
14 security of the shared information in accordance with
15 Section 4-2.

16 (b) The Secretary may not waive, and nothing in this
17 Section constitutes a waiver of, the Secretary's authority to
18 conduct an examination or investigation or otherwise take
19 independent action authorized by this Act or a rule adopted or
20 order issued under this Act to enforce compliance with
21 applicable state or federal law.

22 (c) A joint examination or investigation, or acceptance of
23 an examination or investigation report, does not waive an
24 examination assessment provided for in this Act.

25 Section 4-5. Relationship to federal law.

1 (a) If state money transmission jurisdiction is
2 conditioned on a federal law, any inconsistencies between a
3 provision of this Act and the federal law governing money
4 transmission shall be governed by the applicable federal law
5 to the extent of the inconsistency.

6 (b) In the event of any inconsistencies between this Act
7 and a federal law that governs pursuant to subsection (a), the
8 Secretary may provide interpretive rule or guidance that:

9 (1) identifies the inconsistency; and

10 (2) identifies the appropriate means of compliance
11 with federal law.

12 ARTICLE V. Money Transmission Licenses

13 Section 5-1. License required.

14 (a) A person may not engage in the business of money
15 transmission or advertise, solicit, or hold oneself out as
16 providing money transmission unless the person is licensed
17 under this Act.

18 (b) Subsection (a) does not apply to:

19 (1) A person who is an authorized delegate of a person
20 licensed under this Act acting within the scope of
21 authority conferred by a written contract with the
22 licensee; or

23 (2) A person who is exempt pursuant to Section 3-1 and
24 does not engage in money transmission outside the scope of

1 such exemption.

2 (c) A license issued under Section 5-5 that is not
3 transferable or assignable.

4 Section 5-2. Consistent State licensing.

5 (a) To establish consistent licensing between this State
6 and other states, the Secretary is authorized and encouraged
7 to:

8 (1) implement all licensing provisions of this Act in
9 a manner that is consistent with other states that have
10 adopted this Act or multistate licensing processes; and

11 (2) participate in nationwide protocols for licensing
12 cooperation and coordination among state regulators
13 provided that such protocols are consistent with this Act.

14 (b) In order to fulfill the purposes of this Act, the
15 Secretary is authorized and encouraged to establish
16 relationships or contracts with NMLS or other entities
17 designated by NMLS to enable the Secretary to:

18 (1) collect and maintain records;

19 (2) coordinate multistate licensing processes and
20 supervision processes;

21 (3) process fees; and

22 (4) facilitate communication between this State and
23 licensees or other persons subject to this Act.

24 (c) The Secretary is authorized and encouraged to utilize
25 NMLS for all aspects of licensing in accordance with this Act,

1 including, but not limited to, license applications,
2 applications for acquisitions of control, surety bonds,
3 reporting, criminal history background checks, credit checks,
4 fee processing, and examinations.

5 (d) The Secretary is authorized and encouraged to utilize
6 NMLS forms, processes, and functionalities in accordance with
7 this Act. If NMLS does not provide functionality, forms, or
8 processes for a provision of this Act, the Secretary is
9 authorized and encouraged to strive to implement the
10 requirements in a manner that facilitates uniformity with
11 respect to licensing, supervision, reporting, and regulation
12 of licensees which are licensed in multiple jurisdictions.

13 (e) For the purpose of participating in NMLS, the
14 Secretary is authorized to waive or modify, in whole or in
15 part, by rule, regulation or order, any or all of the
16 requirements and to establish new requirements as reasonably
17 necessary to participate in NMLS.

18 Section 5-3. Application for license.

19 (a) Applicants for a license shall apply in a form and in a
20 medium as prescribed by the Secretary. Each such form shall
21 contain content as set forth by rule, regulation, instruction
22 or procedure of the Secretary and may be changed or updated by
23 the Secretary in accordance with applicable law in order to
24 carry out the purposes of this Act and maintain consistency
25 with NMLS licensing standards and practices. The application

1 must state or contain, as applicable:

2 (1) the legal name and residential and business
3 addresses of the applicant and any fictitious or trade
4 name used by the applicant in conducting its business;

5 (2) a list of any criminal convictions of the
6 applicant and any material litigation in which the
7 applicant has been involved in the 10-year period next
8 preceding the submission of the application;

9 (3) a description of any money transmission previously
10 provided by the applicant and the money transmission that
11 the applicant seeks to provide in this State;

12 (4) a list of the applicant's proposed authorized
13 delegates and the locations in this State where the
14 applicant and its authorized delegates propose to engage
15 in money transmission;

16 (5) a list of other states in which the applicant is
17 licensed to engage in money transmission and any license
18 revocations, suspensions, or other disciplinary action
19 taken against the applicant in another state;

20 (6) information concerning any bankruptcy or
21 receivership proceedings affecting the licensee or a
22 person in control of a licensee;

23 (7) a sample form of contract for authorized
24 delegates, if applicable;

25 (8) a sample form of payment instrument or stored
26 value, as applicable;

1 (9) the name and address of any federally insured
2 depository financial institution through which the
3 applicant plans to conduct money transmission; and

4 (10) any other information the Secretary or NMLS
5 reasonably requires with respect to the applicant.

6 (b) If an applicant is a corporation, limited liability
7 company, partnership, or other legal entity, the applicant
8 shall also provide:

9 (1) the date of the applicant's incorporation or
10 formation and State or country of incorporation or
11 formation;

12 (2) if applicable, a certificate of good standing from
13 the State or country in which the applicant is
14 incorporated or formed;

15 (3) a brief description of the structure or
16 organization of the applicant, including any parents or
17 subsidiaries of the applicant, and whether any parents or
18 subsidiaries are publicly traded;

19 (4) the legal name, any fictitious or trade name, all
20 business and residential addresses, and the employment, as
21 applicable, in the 10-year period next preceding the
22 submission of the application of each key individual and
23 person in control of the applicant;

24 (5) a list of any criminal convictions and material
25 litigation in which a person in control of the applicant
26 that is not an individual has been involved in the 10-year

1 period preceding the submission of the application;

2 (6) a copy of audited financial statements of the
3 applicant for the most recent fiscal year and for the
4 2-year period preceding the submission of the application
5 or, if determined to be acceptable to the Secretary;

6 (7) a certified copy of unaudited financial statements
7 of the applicant for the most recent fiscal quarter;

8 (8) if the applicant is a publicly traded corporation,
9 a copy of the most recent report filed with the United
10 States Securities and Exchange Commission under Section 13
11 of the federal Securities Exchange Act of 1934, 15 U.S.C.
12 78m, as amended or recodified from time to time;

13 (9) if the applicant is a wholly owned subsidiary of:

14 (A) a corporation publicly traded in the United
15 States, a copy of audited financial statements for the
16 parent corporation for the most recent fiscal year or
17 a copy of the parent corporation's most recent report
18 filed under Section 13 of the federal Securities
19 Exchange Act of 1934, 15 U.S.C. 78m, as amended or
20 recodified from time to time; or

21 (B) a corporation publicly traded outside the
22 United States, a copy of similar documentation filed
23 with the regulator of the parent corporation's
24 domicile outside the United States;

25 (10) the name and address of the applicant's
26 registered agent in this State; and

1 (11) any other information the Secretary reasonably
2 requires with respect to the applicant.

3 A nonrefundable application fee must accompany an
4 application for a license under this Section in accordance
5 with 38 Ill. Adm. Code 205.35, as amended or recodified from
6 time to time.

7 (c) The Secretary may waive one or more requirements of
8 subsections (a) and (b) or permit an applicant to submit other
9 information instead of the required information.

10 Section 5-4. Information requirements for certain
11 individuals.

12 (a) Any individual in control of a licensee or applicant,
13 any individual that seeks to acquire control of a licensee,
14 and each key individual shall furnish to the Secretary through
15 NMLS the following items:

16 (1) The individual's fingerprints for submission to
17 the Federal Bureau of Investigation and the Secretary for
18 purposes of a national criminal history background check
19 unless the person currently resides outside of the United
20 States and has resided outside of the United States for
21 the last 10 years.

22 (2) Personal history and experience in a form and in a
23 medium prescribed by the Secretary, to obtain the
24 following:

25 (A) an independent credit report from a consumer

1 reporting agency unless the individual does not have a
2 social security number, in which case, this
3 requirement shall be waived;

4 (B) information related to any criminal
5 convictions or pending charges; and

6 (C) information related to any regulatory or
7 administrative action and any civil litigation
8 involving claims of fraud, misrepresentation,
9 conversion, mismanagement of funds, breach of
10 fiduciary duty, or breach of contract.

11 (b) If the individual has resided outside of the United
12 States at any time in the last 10 years, the individual shall
13 also provide an investigative background report prepared by an
14 independent search firm that meets the following requirements:

15 (1) At a minimum, the search firm shall:

16 (A) demonstrate that it has sufficient knowledge,
17 resources, and employs accepted and reasonable
18 methodologies to conduct the research of the
19 background report; and

20 (B) not be affiliated with or have an interest
21 with the individual it is researching.

22 (2) At a minimum, the investigative background report
23 shall be written in the English language and shall contain
24 the following:

25 (A) if available in the individual's current
26 jurisdiction of residency, a comprehensive credit

1 report, or any equivalent information obtained or
2 generated by the independent search firm to accomplish
3 such report, including a search of the court data in
4 the countries, provinces, states, cities, towns, and
5 contiguous areas where the individual resided and
6 worked;

7 (B) criminal records information for the past 10
8 years, including, but not limited to, felonies,
9 misdemeanors, or similar convictions for violations of
10 law in the countries, provinces, states, cities,
11 towns, and contiguous areas where the individual
12 resided and worked;

13 (C) employment history;

14 (D) media history, including an electronic search
15 of national and local publications, wire services, and
16 business applications; and

17 (E) financial services-related regulatory history,
18 including, but not limited to, money transmission,
19 securities, banking, insurance, and mortgage related
20 industries.

21 Section 5-5. Issuance of license.

22 (a) When an application for an original license under this
23 Act appears to include all the items and addresses of all of
24 the matters that are required, the application is complete and
25 the Secretary shall promptly notify the applicant in a record

1 of the date on which the application is determined to be
2 complete, and:

3 (1) unless extended by the Secretary pursuant to the
4 Secretary's discretion, the Secretary shall approve or
5 deny the application within 120 days after the completion
6 date; or

7 (2) if the application is not approved or denied
8 within 120 days after the completion date or any extension
9 thereof:

10 (A) the application is approved; and

11 (B) the license takes effect as of the first
12 business day after expiration of the 120-day period.

13 (b) A determination by the Secretary that an application
14 is complete and is accepted for processing means only that the
15 application, on its face, appears to include all of the items,
16 including the Criminal Background Check response from the FBI,
17 and address all of the matters that are required, and is not an
18 assessment of the substance of the application or of the
19 sufficiency of the information provided.

20 (c) When an application is filed and considered complete
21 under this Section, the Secretary shall investigate the
22 applicant's financial condition and responsibility, financial
23 and business experience, character, and general fitness. The
24 Secretary may conduct an on-site investigation of the
25 applicant, the reasonable cost of which the applicant must
26 pay. The Secretary shall issue a license to an applicant under

1 this Section if the Secretary finds that all of the following
2 conditions have been fulfilled:

3 (1) the applicant has complied with Sections 5-3 and
4 5-4; and

5 (2) the financial condition and responsibility,
6 financial and business experience, competence, character,
7 and general fitness of the applicant and the competence,
8 experience, character, and general fitness of the key
9 individuals and persons in control of the applicant
10 indicate that it is in the interest of the public to permit
11 the applicant to engage in money transmission.

12 (d) If an applicant avails itself or is otherwise subject
13 to a multistate licensing process:

14 (1) the Secretary is authorized and encouraged to
15 accept the investigation results of a lead investigative
16 state for the purpose of subsection (c) if the lead
17 investigative state has sufficient staffing, expertise,
18 and minimum standards; or

19 (2) if Illinois is a lead investigative state, the
20 Secretary is authorized and encouraged to investigate the
21 applicant pursuant to subsection (c) and the timeframes
22 established by agreement through the multistate licensing
23 process, however, in no case shall such timeframe be
24 noncompliant with the application period in paragraph (1)
25 of subsection (a).

26 (e) The Secretary shall issue a formal written notice of

1 the denial of a license application within 30 days after the
2 decision to deny the application. The Secretary shall set
3 forth the specific reasons for the denial of the application
4 in the notice of denial and serve the applicant, either
5 personally or by certified mail. Service by certified mail
6 shall be deemed completed when the notice is deposited into
7 the U.S. Mail. An applicant whose application is denied by the
8 Secretary under this Section may submit a written request for
9 a hearing that shall include the particular reasons why the
10 applicant believes that the decision to deny the application
11 was incorrect, within 10 days after service of the notice of
12 the denial. If an applicant submits a timely request for a
13 hearing, the Secretary shall schedule a hearing after the
14 request for a hearing unless otherwise agreed to by the
15 parties. The Secretary shall conduct hearings pursuant to this
16 Section and in accordance with 38 Ill. Adm. Code 100, as
17 amended or recodified from time to time.

18 (f) The initial license term shall begin on the day that
19 the application is approved. The license shall expire on
20 December 31 of the year in which the license term began, unless
21 the initial license date is between November 1 and December
22 31, in which instance the initial license term shall run
23 through December 31 of the following year.

24 Section 5-6. Renewal of license.

25 (a) A license under this Act shall be renewed annually.

1 (b) An annual renewal fee in accordance with 38 Ill. Adm.
2 Code 205.35 as amended or recodified from time to time shall be
3 paid to the Department. The renewal term shall be for a period
4 of one year and shall begin on January 1 of each year after the
5 initial license term and shall expire on December 31 of the
6 year the renewal term begins.

7 (c) A licensee shall submit a renewal report, in a form and
8 in a medium prescribed by the Secretary by December 1 of each
9 year. The form requires any information deemed necessary by
10 the Secretary to review a renewal application. At a minimum,
11 the renewal report must state or contain a description of each
12 material change in information submitted by the licensee in
13 its original license application which has not been reported
14 to the Secretary and a statement of the dollar amount and
15 number of money transmissions and payment instruments sold,
16 issued, exchanged, or transmitted in this State by the
17 licensee and its authorized delegate for the past 4 completed
18 calendar quarters.

19 (d) The Secretary, in his or her discretion, may grant an
20 extension of the renewal date.

21 (e) The Secretary is authorized and encouraged to utilize
22 NMLS to process license renewals if such functionality is
23 consistent with this Section.

24 (f) The Secretary shall issue a formal written notice of
25 the denial of renewal within 30 days after the decision to deny
26 the renewal. The Secretary shall set forth the specific

1 reasons for denying the renewal in the notice of denial and
2 serve the licensee, either personally or by certified mail.
3 Service by certified mail shall be deemed completed when the
4 notice is deposited into the U.S. Mail. A licensee whose
5 renewal is denied by the Secretary under this Section may
6 submit a written request for a hearing that shall include the
7 particular reasons why the licensee believes that the decision
8 to deny the renewal was incorrect within 10 days after service
9 of the notice of the denial. If a licensee submits a timely
10 request for a hearing, the Secretary shall schedule a hearing
11 unless otherwise agreed to by the parties. The Secretary shall
12 conduct hearings pursuant to this Section and in accordance
13 with 38 Ill. Adm. Code 100, as amended or recodified from time
14 to time. The expiring license shall be deemed to continue in
15 force until 10 days after the service of the notice of denial
16 or, if a timely hearing is requested during that period, until
17 a final order is entered pursuant to a hearing.

18 Section 5-7. Maintenance of license.

19 (a) If a licensee does not continue to meet the
20 qualifications or satisfy the requirements that apply to an
21 applicant for a new money transmission license, the Secretary
22 may suspend or revoke the licensee's license in accordance
23 with the procedures established by this Act or other
24 applicable State law for such suspension or revocation.

25 (b) An applicant for a money transmission license must

1 demonstrate that it meets or will meet, and a money
2 transmission licensee must at all times meet, the requirements
3 in Article X of this Act.

4 Section 5-8. Fees.

5 The expenses of administering this Act, including
6 investigations and examinations provided for in this Act,
7 shall be borne by and assessed against entities regulated by
8 this Act. The Department may establish fees by rule, including
9 in the following categories:

10 (1) investigation of licensees and license applicant
11 fees;

12 (2) examination fees;

13 (3) contingent fees; and

14 (4) such other categories as may be required to
15 administer this Act.

16 (b) The Secretary shall charge and collect fees, which
17 shall be nonrefundable unless otherwise indicated, in
18 accordance with 38 Ill. Adm. Code 205.35.

19 (c) All fees currently assessed in accordance with 38 Ill.
20 Adm. Code 205.35, as amended or recodified from time to time,
21 shall remain in effect. Except for money required to be
22 deposited into the TOMA Consumer Protection Fund pursuant to
23 this Act, all moneys received by the Department shall be
24 deposited into the Financial Institution Fund. Failure to pay
25 any required fee by the due date shall subject the licensee to

1 a penalty fee of \$25 per day and disciplinary action.

2 Section 5-9. Liability of licensees. A licensee is liable
3 for the payment of all moneys covered by payment instruments
4 that it sells or issues in any form in this State through its
5 authorized delegate and all moneys it receives itself or
6 through its authorized delegate for transmission by any means
7 whether or not any instrument is a negotiable instrument under
8 the laws of this State.

9 ARTICLE VI. Acquisition of Control and Change of Key

10 Individual

11 Section 6-1. Acquisition of control.

12 (a) Any person, or group of persons acting in concert,
13 seeking to acquire control of a licensee shall obtain the
14 written approval of the Secretary before acquiring control. An
15 individual is not deemed to acquire control of a licensee and
16 is not subject to this Section when that individual becomes a
17 key individual in the ordinary course of business.

18 (b) A person, or group of persons acting in concert,
19 seeking to acquire control of a licensee shall, in cooperation
20 with the licensee:

21 (1) submit an application in a form and in a medium
22 prescribed by the Secretary; and

23 (2) submit a nonrefundable fee of \$1,000 with the

1 request for approval.

2 (c) Upon request, the Secretary may permit a licensee or
3 the person, or group of persons acting in concert, to submit
4 some or all information required by the Secretary pursuant to
5 subsection (b) without using NMLS.

6 (d) The application required by subsection (b) shall
7 include information required by Section 5-4 for any new key
8 individuals that have not previously completed the
9 requirements of Section 5-4 for a licensee.

10 (e) When an application for acquisition of control under
11 this Section appears to include all the items and address all
12 of the matters that are required, the application shall be
13 considered complete and:

14 (1) unless extended by the Secretary pursuant to the
15 Secretary's discretion, the Secretary shall approve or
16 deny the application within 60 days after the completion
17 date; or

18 (2) if the application is not approved or denied
19 within 60 days after the completion date or any extension
20 thereof:

21 (A) the application is approved; and

22 (B) the person, or group of persons acting in
23 concert, are not prohibited from acquiring control.

24 (f) A determination by the Secretary that an application
25 is complete and is accepted for processing means only that the
26 application, on its face, appears to include all of the items

1 and address all of the matters that are required, and is not an
2 assessment of the substance of the application or of the
3 sufficiency of the information provided.

4 (g) When an application is filed and considered complete
5 under subsection (e), the Secretary shall investigate the
6 financial condition and responsibility, financial and business
7 experience, character, and general fitness of the person, or
8 group of persons acting in concert, seeking to acquire
9 control. The Secretary shall approve an acquisition of control
10 pursuant to this Section if the Secretary finds that all of the
11 following conditions have been fulfilled:

12 (1) The requirements of subsections (b) and (d) have
13 been met, as applicable; and

14 (2) the financial condition and responsibility,
15 financial and business experience, competence, character,
16 and general fitness of the person, or group of persons
17 acting in concert, seeking to acquire control; and the
18 competence, experience, character, and general fitness of
19 the key individuals and persons that would be in control
20 of the licensee after the acquisition of control indicate
21 that it is in the interest of the public to permit the
22 person, or group of persons acting in concert, to control
23 the licensee.

24 (h) If an applicant avails itself or is otherwise subject
25 to a multistate licensing process:

26 (1) the Secretary is authorized and encouraged to

1 accept the investigation results of a lead investigative
2 state for the purpose of subsection (g) if the lead
3 investigative state has sufficient staffing, expertise,
4 and minimum standards; or

5 (2) if the Department is a lead investigative state,
6 the Secretary is authorized and encouraged to investigate
7 the applicant pursuant to subsection (g) and the
8 timeframes established by agreement through the multistate
9 licensing process.

10 (i) The Secretary shall issue a formal written notice of
11 the denial of an application to acquire control within 30 days
12 after the decision to deny the application. The Secretary
13 shall set forth the specific reasons for the denial of the
14 application in the notice of denial and serve the applicant,
15 either personally or by certified mail. Service by certified
16 mail shall be deemed completed when the notice is deposited
17 into the U.S. mail. An applicant whose application is denied
18 by the Secretary under this subsection (i) may submit a
19 written request for hearing which shall include the particular
20 reasons why the applicant believes that the decision to deny
21 the application was incorrect, within 10 days after service of
22 the notice of denial. If an applicant submits a timely request
23 for a hearing, the Secretary shall schedule a hearing unless
24 otherwise agreed to by the parties. The Secretary shall
25 conduct hearings pursuant to this Section and in accordance
26 with 38 Ill. Adm. Code 100, as amended or recodified from time

1 to time.

2 (j) The requirements of subsections (a) and (b) do not
3 apply to any of the following:

4 (1) a person that acts as a proxy for the sole purpose
5 of voting at a designated meeting of the shareholders or
6 holders of voting shares or voting interests of a licensee
7 or a person in control of a licensee;

8 (2) a person that acquires control of a licensee by
9 devise or descent;

10 (3) a person that acquires control of a licensee as a
11 personal representative, custodian, guardian,
12 conservator, or trustee, or as an officer appointed by a
13 court of competent jurisdiction or by operation of law;

14 (4) a person that is exempt under subsection (g) of
15 Section 3-1;

16 (5) A person that the Secretary determines is not
17 subject to subsection (a) based on the public interest;

18 (6) A public offering of securities of a licensee or a
19 person in control of a licensee; or

20 (7) An internal reorganization of a person in control
21 of the licensee where the ultimate person in control of
22 the licensee remains the same.

23 (k) Persons in paragraphs (2), (3), (4), (6), and (7) of
24 subsection (j) in cooperation with the licensee shall notify
25 the Secretary within 15 days after the acquisition of control.

26 (l) Streamlined acquisition of control.

1 (1) The requirements of subsections (a) and (b) do not
2 apply to a person that has complied with and received
3 approval to engage in money transmission under this Act or
4 was identified as a person in control in a prior
5 application filed with and approved by the Secretary or by
6 an MSB accredited state agency pursuant to a multistate
7 licensing process, if:

8 (A) the person has not had a license revoked or
9 suspended or controlled a licensee that has had a
10 license revoked or suspended while the person was in
11 control of the licensee in the previous 5 years;

12 (B) if the person is a licensee, the person is well
13 managed and has received at least a satisfactory
14 rating for compliance at its most recent examination
15 by an MSB accredited state agency if such rating was
16 given;

17 (C) the licensee to be acquired is projected to
18 meet the requirements of Article X of this Act after
19 the acquisition of control is completed, and if the
20 person acquiring control is a licensee, that licensee
21 is also projected to meet the requirements of Article
22 X of this Act after the acquisition of control is
23 completed;

24 (D) the licensee to be acquired will not implement
25 any material changes to its business plan as a result
26 of the acquisition of control, and if the person

1 acquiring control is a licensee, that licensee also
2 will not implement any material changes to its
3 business plan as a result of the acquisition of
4 control; and

5 (E) the person provides notice of the acquisition
6 in cooperation with the licensee and attests to this
7 subsection in a form and in a medium prescribed by the
8 Secretary.

9 (2) If the notice is not denied within 30 days after
10 the date on which the notice was determined to be
11 complete, the notice is deemed approved.

12 (m) Before filing an application for approval to acquire
13 control of a licensee a person may request in writing a
14 determination from the Secretary as to whether the person
15 would be considered a person in control of a licensee upon
16 consummation of a proposed transaction. If the Secretary
17 determines that the person would not be a person in control of
18 a licensee, the proposed person and transaction is not subject
19 to the requirements of subsections (a) and (b).

20 (n) If a multistate licensing process includes a
21 determination pursuant to subsection (m) and an applicant
22 avails itself or is otherwise subject to the multistate
23 licensing process:

24 (1) The Secretary is authorized and encouraged to
25 accept the control determination of a lead investigative
26 state with sufficient staffing, expertise, and minimum

standards for the purpose of subsection (m); or

(2) If the Department is a lead investigative state, the Secretary is authorized and encouraged to investigate the applicant pursuant to subsection (m) and the timeframes established by agreement through the multistate licensing process.

Section 6-2. Notice and information requirements for a change of key individuals.

(a) A licensee adding or replacing any key individual shall:

(1) provide notice in a manner prescribed by the Secretary within 15 days after the effective date of the key individual's appointment; and

(2) provide information as required by Section 5-4 within 45 days after the effective date.

(b) The Secretary may issue a formal written notice of denial of key individual within 90 days after the date on which the notice provided pursuant to subsection (a) was determined to be complete if the competence, experience, character, or integrity of the individual would not be in the best interests of the public or the customers of the licensee to permit the individual to be a key individual of such licensee.

(c) The Secretary shall set forth the specific reasons for the denial in the notice of denial and serve the licensee and the denied individual, either personally, or by certified

1 mail. Service by certified mail shall be deemed completed when
2 the notice is deposited into the U.S. Mail. A licensee who has
3 been denied by the Secretary under this subsection (c) may
4 submit a written request for hearing which shall include the
5 particular reasons why the licensee believes that the decision
6 to deny was incorrect, within 10 days after service of the
7 notice of the denial. If a licensee submits a timely request
8 for a hearing, the Secretary shall schedule a hearing after
9 the request for a hearing unless otherwise agreed to by the
10 parties. The Secretary shall conduct hearings pursuant to this
11 Section and in accordance with 38 Ill. Adm. Code 100.

12 (d) If the notice provided pursuant to subsection (a) is
13 not denied within 90 days after the date on which the notice
14 was determined to be complete, or any extension thereof, the
15 key individual is deemed approved.

16 (e) If a multistate licensing process includes a key
17 individual notice review and denial process pursuant to this
18 Section and the licensee avails itself or is otherwise subject
19 to the multistate licensing process:

20 (1) the Secretary is authorized and encouraged to
21 accept the determination of another state;

22 (2) if the investigating state has sufficient
23 staffing, expertise, and minimum standards for the purpose
24 of this Section; or

25 (3) if the Department is a lead investigative state,
26 the Secretary is authorized and encouraged to investigate

1 the applicant pursuant to subsection (b) and the
2 timeframes established by agreement through the multistate
3 licensing process.

4 ARTICLE VII. Reporting and Records

5 Section 7-1. Report of condition.

6 (a) Each licensee, under penalty of perjury, shall submit
7 a report of condition within 45 days of the end of the calendar
8 quarter, or within any extended time as the Secretary may
9 prescribe.

10 (b) The report of condition shall include:

11 (1) financial information at the licensee level;

12 (2) nationwide and state-specific money transmission
13 transaction information in every jurisdiction in the
14 United States where the licensee is licensed to engage in
15 money transmission;

16 (3) permissible investments report;

17 (4) transaction destination country reporting for
18 money received for transmission, if applicable; and

19 (5) any other information the Secretary reasonably
20 requires with respect to the licensee. The Secretary is
21 authorized and encouraged to utilize NMLS for the
22 submission of the report required by subsection (a) and is
23 authorized to change or update as necessary the
24 requirements of this Section to carry out the purposes of

1 this Act and maintain consistency with NMLS reporting.

2 (c) The information required by paragraph (4) of
3 subsection (b) shall only be included in a report of condition
4 submitted within 45 days of the end of the fourth calendar
5 quarter.

6 Section 7-2. Audited financials.

7 (a) Each licensee shall, within 90 days after the end of
8 each fiscal year, or within any extended time as the Secretary
9 may prescribe, file with the Secretary:

10 (1) an audited financial statement of the licensee for
11 the fiscal year prepared in accordance with United States
12 generally accepted accounting principles; and

13 (2) any other information as the Secretary may
14 reasonably require.

15 (b) The audited financial statements shall be prepared by
16 an independent certified public accountant or independent
17 public accountant who is satisfactory to the Secretary;

18 (c) The audited financial statements shall include or be
19 accompanied by a certificate of opinion of the independent
20 certified public accountant or independent public accountant
21 that is satisfactory in form and content to the Secretary. If
22 the opinion or certificate is qualified, the licensee must
23 make a separate report to the Secretary notifying them of the
24 qualified opinion or certification. If the certificate or
25 opinion is qualified, the Secretary may order the licensee to

1 take any action as the Secretary may find necessary to enable
2 the certified public accountant or independent public
3 accountant to remove the qualification.

4 Section 7-3. Authorized delegate reporting.

5 (a) Each licensee shall submit a report of authorized
6 delegates within 45 days of the end of the calendar quarter.
7 The Secretary is authorized and encouraged to utilize NMLS for
8 the submission of the report required by this Section provided
9 that such functionality is consistent with the requirements of
10 this Section.

11 (b) The authorized delegate report shall include, at a
12 minimum, each authorized delegate's:

- 13 (1) company legal name;
- 14 (2) taxpayer employer identification number;
- 15 (3) principal provider identifier;
- 16 (4) physical address;
- 17 (5) mailing address;
- 18 (6) any business conducted in other states;
- 19 (7) any fictitious or trade name;
- 20 (8) contact person name, phone number, and email;
- 21 (9) start date as licensee's authorized delegate;
- 22 (10) end date acting as licensee's authorized
23 delegate, if applicable;
- 24 (11) court orders pursuant to Section 8-3; and
- 25 (12) Any other information the Secretary reasonably

1 requires with respect to the authorized delegate.

2 Section 7-4. Reports of certain events.

3 (a) A licensee shall file a report with the Secretary
4 within one business day after the licensee has reason to know
5 of the occurrence of any of the following events:

6 (1) the filing of a petition by or against the
7 licensee under the United States Bankruptcy Code, 11
8 U.S.C. Sections 101 through 110, as amended or recodified
9 from time to time, for bankruptcy or reorganization;

10 (2) the filing of a petition by or against the
11 licensee for receivership, the commencement of any other
12 judicial or administrative proceeding for its dissolution
13 or reorganization, or the making of a general assignment
14 for the benefit of its creditors; or

15 (3) the commencement of a proceeding to revoke or
16 suspend its license in a state or country in which the
17 licensee engages in business or is licensed.

18 (b) A licensee shall file a report with the Secretary
19 within 3 business days after the licensee has reason to know of
20 the occurrence of any of the following events:

21 (1) a charge or conviction of the licensee or of a key
22 individual or person in control of the licensee for a
23 felony; or

24 (2) a charge or conviction of an authorized delegate
25 for a felony.

1 Section 7-5. Bank Secrecy Act reports. A licensee and an
2 authorized delegate shall file all reports required by federal
3 currency reporting, record keeping, and suspicious activity
4 reporting requirements as set forth in the Bank Secrecy Act
5 and other federal and State laws pertaining to money
6 laundering. The timely filing of a complete and accurate
7 report required under this Section with the appropriate
8 federal agency is deemed compliant with the requirements of
9 this Section.

10 Section 7-6. Records.

11 (a) Licensee shall maintain the following records, for
12 determining its compliance with this Act, for at least 3
13 years:

14 (1) a record of each outstanding money transmission
15 obligation sold;

16 (2) a general ledger posted at least monthly
17 containing all asset, liability, capital, income, and
18 expense accounts;

19 (3) bank statements and bank reconciliation records;

20 (4) records of outstanding money transmission
21 obligations;

22 (5) records of each outstanding money transmission
23 obligation paid within the 3-year period;

24 (6) a list of the last known names and addresses of all

1 of the licensee's authorized delegates; and

2 (7) any other records the Secretary reasonably
3 requires by rule.

4 (b) The records specified in subsection (a) may be
5 maintained in electronic or other retrievable form of record.

6 (c) The records specified in subsection (a) shall be
7 maintained at the licensee's principal place of business or,
8 with notice to the Secretary, at another location designated
9 by the licensee. If the records are maintained outside this
10 State, the licensee shall make them accessible to the
11 Secretary on 7 business-days' notice.

12 (d) All records maintained by the licensee as required in
13 subsections (a) through (c) are open to inspection by the
14 Secretary pursuant to subsection (a) of Section 4-3.

15 (e) A licensee shall require and its authorized sellers
16 must preserve for at least 3 years all documents relating to
17 money transmission activities, unless the data embodied in
18 those documents has been transmitted for recordation by the
19 licensee.

20 ARTICLE VIII. Authorized Delegates

21 Section 8-1. Relationship Between licensee and authorized
22 delegate.

23 (a) As used in this Section, "remit" means to make direct
24 payments of money to a licensee or its representative

1 authorized to receive money or to deposit money in a bank in an
2 account specified by the licensee.

3 (b) Before a licensee is authorized to conduct business
4 through an authorized delegate or allows a person to act as the
5 licensee's authorized delegate, the licensee must:

6 (1) adopt, and update as necessary, written policies
7 and procedures reasonably designed to ensure that the
8 licensee's authorized delegates comply with applicable
9 State and federal law;

10 (2) enter into a written contract that complies with
11 subsection (d); and

12 (3) conduct a reasonable risk-based background
13 investigation sufficient for the licensee to determine
14 whether the authorized delegate has complied and will
15 likely comply with applicable state and federal law.

16 (c) An authorized delegate must operate in full compliance
17 with this Act.

18 (d) The written contract required by subsection (b) must
19 be signed by the licensee and the authorized delegate and, at a
20 minimum, must:

21 (1) expressly appoint the person signing the contract
22 as the licensee's authorized delegate with the authority
23 to conduct money transmission on behalf of the licensee;

24 (2) set forth the nature and scope of the relationship
25 between the licensee and the authorized delegate and the
26 respective rights and responsibilities of the parties;

1 (3) require the authorized delegate to agree to fully
2 comply with all applicable State and federal laws, rules,
3 and regulations pertaining to money transmission,
4 including this Act and regulations implementing this Act,
5 relevant provisions of the Bank Secrecy Act, and the USA
6 PATRIOT ACT;

7 (4) require the authorized delegate to remit and
8 handle money and monetary value in accordance with the
9 terms of the contract between the licensee and the
10 authorized delegate;

11 (5) impose a trust on money and monetary value net of
12 fees received for money transmission for the benefit of
13 the licensee;

14 (6) require the authorized delegate to prepare and
15 maintain records as required by this Act or regulations
16 implementing this Act, or as reasonably requested by the
17 Secretary;

18 (7) acknowledge that the authorized delegate consents
19 to examination or investigation by the Secretary;

20 (8) state that the licensee is subject to regulation
21 by the Secretary and that, as part of that regulation, the
22 Secretary may suspend or revoke an authorized delegate
23 designation or require the licensee to terminate an
24 authorized delegate designation; and

25 (9) acknowledge receipt of the written policies and
26 procedures required under paragraph (1) of subsection (b).

1 (e) If the licensee's license is suspended, revoked,
2 surrendered, or expired, the licensee must, within 5 business
3 days, provide documentation to the Secretary that the licensee
4 has notified all applicable authorized delegates of the
5 licensee whose names are in a record filed with the Secretary
6 of the suspension, revocation, surrender, or expiration of a
7 license. Upon suspension, revocation, surrender, or expiration
8 of a license, applicable authorized delegates shall
9 immediately cease to provide money transmission as an
10 authorized delegate of the licensee.

11 (f) An authorized delegate of a licensee holds in trust
12 for the benefit of the licensee all money net of fees received
13 from money transmission. If any authorized delegate commingles
14 any funds received from money transmission with any other
15 funds or property owned or controlled by the authorized
16 delegate, all commingled funds and other property shall be
17 considered held in trust in favor of the licensee in an amount
18 equal to the amount of money net of fees received from money
19 transmission.

20 (g) An authorized delegate may not use a subdelegate to
21 conduct money transmission on behalf of a licensee.

22 Section 8-2. Unauthorized activities. A person shall not
23 engage in the business of money transmission on behalf of a
24 person not licensed under this Act or not exempt pursuant to
25 Article III of this Act. A person that engages in such activity

1 provides money transmission to the same extent as if the
2 person were a licensee, and shall be jointly and severally
3 liable with the unlicensed or nonexempt person.

4 Section 8-3. Prohibited authorized delegates.

5 (a) The circuit court in an action brought by a licensee
6 shall have jurisdiction to grant appropriate equitable or
7 legal relief, including, without limitation, prohibiting the
8 authorized delegate from directly or indirectly acting as an
9 authorized delegate for any licensee in this State and the
10 payment of restitution, damages or other monetary relief, if
11 the circuit court finds that an authorized delegate failed to
12 remit money in accordance with the written contract required
13 by subsection (b) of Section 8-1 or as otherwise directed by
14 the licensee or required by law.

15 (b) If the circuit court issues an order prohibiting a
16 person from acting as an authorized delegate for any licensee
17 pursuant to subsection (a), the licensee that brought the
18 action shall report the order to the Secretary within 30 days
19 and shall report the order through NMLS within 90 days.

20 (c) An authorized delegate who holds money in trust for
21 the benefit of a licensee and knowingly fails to remit more
22 than \$1,000 of such money is guilty of a Class 3 felony.

23 (d) An authorized delegate who holds money in trust for
24 the benefit of a licensee and knowingly fails to remit no more
25 than \$999 of such money is guilty of a Class A misdemeanor.

1 ARTICLE IX. Timely Transmission, Refunds, and Disclosures

2 Section 9-1. Timely transmission.

3 (a) Every licensee shall forward all money received for
4 transmission in accordance with the terms of the agreement
5 between the licensee and the sender, which shall be no more
6 than 3 business days after the receipt of the money to be
7 transmitted, unless the licensee has a reasonable belief or a
8 reasonable basis to believe that the sender may be a victim of
9 fraud or that a crime or violation of law, rule, or regulation
10 has occurred, is occurring, or may occur.

11 (b) If a licensee fails to forward money received for
12 transmission in accordance with this Section, the licensee
13 must respond to inquiries by the sender with the reason for the
14 failure unless providing a response would violate a State or
15 federal law, rule, or regulation.

16 Section 9-2. Refunds.

17 (a) This Section does not apply to:

18 (1) money received for transmission subject to the
19 federal Remittance Rule, 12 CFR Part 1005, Subpart B, as
20 amended or recodified from time to time; or

21 (2) money received for transmission pursuant to a
22 written agreement between the licensee and payee to
23 process payments for goods or services provided by the

1 payee.

2 (b) Every licensee shall refund to the sender within 10
3 days after receipt of the sender's written request for a
4 refund of any and all money received for transmission unless
5 any of the following occurs:

6 (1) the money has been forwarded within 10 days after
7 the date on which the money was received for transmission;

8 (2) instructions have been given committing an
9 equivalent amount of money to the person designated by the
10 sender within 10 days after the date on which the money was
11 received for transmission;

12 (3) the agreement between the licensee and the sender
13 instructs the licensee to forward the money at a time that
14 is beyond 10 days after the date on which the money was
15 received for transmission; if funds have not yet been
16 forwarded in accordance with the terms of the agreement
17 between the licensee and the sender, the licensee shall
18 issue a refund in accordance with the other provisions of
19 this Section; or

20 (4) the refund is requested for a transaction that the
21 licensee has not completed based on a reasonable belief or
22 a reasonable basis to believe that a crime or violation of
23 law, rule, or regulation has occurred, is occurring, or
24 may occur.

25 (5) the refund request does not enable the licensee
26 to:

1 (A) identify the sender's name and address or
2 telephone number; or

3 (B) identify the particular transaction to be
4 refunded if the sender has multiple transactions
5 outstanding.

6 Section 9-3. Receipts.

7 (a) As used in this Section, "receipt" means a paper
8 receipt, electronic record, or other written confirmation. For
9 a transaction conducted in person, the receipt may be provided
10 electronically if the sender requests or agrees to receive an
11 electronic receipt. For a transaction conducted electronically
12 or by phone, a receipt may be provided electronically. All
13 electronic receipts shall be provided in a retainable form.

14 (b) This Section does not apply to:

15 (1) Money received for transmission subject to the
16 federal Remittance Rule, 12 CFR Part 1005, Subpart B, as
17 amended or recodified from time to time;

18 (2) money received for transmission pursuant to a
19 written agreement between the licensee and payee to
20 process payments for goods or services provided by the
21 payee;

22 (3) payroll processing services; or

23 (4) as authorized in the Secretary's sole discretion.

24 (c) Every licensee or its authorized delegate shall
25 provide the sender a receipt for money received for

1 transmission.

2 (1) The receipt shall contain the following
3 information, as applicable:

4 (A) the name of the sender;

5 (B) the name of the designated recipient;

6 (C) the date of the transaction;

7 (D) the unique transaction or identification
8 number;

9 (E) the name of the licensee, NMLS Unique ID, the
10 licensee's business address, and the licensee's
11 customer service telephone number;

12 (F) the amount of the transaction in United States
13 dollars;

14 (G) any fee charged by the licensee to the sender
15 for the transaction; and

16 (H) any taxes collected by the licensee from the
17 sender for the transaction.

18 (2) The receipt required by this Section shall be in
19 English and in the language principally used by the
20 licensee or authorized delegate to advertise, solicit, or
21 negotiate, either orally or in writing, for a transaction
22 conducted in person, electronically or by phone, if other
23 than English.

24 Section 9-4. Notice. Every licensee or authorized delegate
25 shall include on a receipt or disclose on the licensee's

1 website or mobile application the name and phone number of the
2 Department and a statement that the licensee's customers can
3 contact the Department with questions or complaints about the
4 licensee's money transmission services.

5 Section 9-5. Disclosures for payroll processing services.

6 (a) A licensee that provides payroll processing services
7 shall:

8 (1) issue reports to clients detailing client payroll
9 obligations in advance of the payroll funds being deducted
10 from an account; and

11 (2) make worker paystubs or an equivalent statement
12 available to workers.

13 (b) Subsection (a) does not apply to a licensee providing
14 payroll processing services where the licensee's client
15 designates the intended recipients to the licensee and is
16 responsible for providing the disclosures required by
17 paragraph (2) of subsection (a).

18 ARTICLE X. Prudential Standards

19 Section 10-1. Net worth.

20 (a) A licensee under this Act shall maintain at all times a
21 tangible net worth of the greater of \$100,000 or 3% of total
22 assets for the first \$100,000,000, 2% of additional assets for
23 \$100,000,000 to \$1,000,000,000, and 0.5% of additional assets

1 for over \$1,000,000,000.

2 (b) Tangible net worth must be demonstrated at initial
3 application by the applicant's most recent audited or
4 unaudited financial statements pursuant to paragraph (6) of
5 subsection (b) of Section 5-3.

6 (c) Notwithstanding the provisions of this Section, the
7 Secretary shall have discretionary authority to exempt, in
8 part or in whole, from the requirements of this Section any
9 applicant or licensee.

10 Section 10-2. Surety bond.

11 (a) An applicant for a money transmission license must
12 provide, and a licensee at all times must maintain, security
13 consisting of a surety bond in a form satisfactory to the
14 Secretary. The bond shall run to the State of Illinois for the
15 benefit of any claimant against the applicant or licensee with
16 respect to the receipt, handling, transmission, and payment of
17 money by the licensee or authorized delegate in connection
18 with the licensed operations. A claimant damaged by a breach
19 of the conditions of a bond shall have a right to action upon
20 the bond for damages suffered thereby and may bring suit
21 directly on the bond, or the Secretary may bring suit on behalf
22 of the claimant.

23 (b) The amount of the required security shall be the
24 greater of \$1,000,000 or an amount equal to 100% of the
25 licensee's average daily money transmission liability in this

1 State calculated for the most recently completed quarter, up
2 to a maximum of \$2,000,000;

3 (c) A licensee that maintains a bond in the maximum amount
4 provided for in subsection (b) is not required to calculate
5 its average daily money transmission liability in this State
6 for purposes of this Section.

7 (d) A licensee may exceed the maximum required bond amount
8 pursuant to paragraph (5) of subsection (a) of Section 10-4.

9 (e) After receiving a license, the licensee must maintain
10 the required bond plus net worth until 3 years after it ceases
11 to do business in this State unless all outstanding payment
12 instruments are eliminated or the provisions under the Revised
13 Uniform Unclaimed Property Act have become operative and are
14 adhered to by the licensee. Notwithstanding this provision,
15 however, the amount required to be maintained may be reduced
16 to the extent that the amount of the licensee's payment
17 instruments outstanding in this State are reduced.

18 (f) Instead of a paper surety bond, each licensee and
19 applicant shall file and maintain an electronic surety bond in
20 NMLS or in a manner otherwise authorized by the Secretary.

21 Section 10-3. Maintenance of permissible investments.

22 (a) A licensee shall maintain at all times permissible
23 investments that have a market value computed in accordance
24 with United States generally accepted accounting principles of
25 not less than the aggregate amount of all of its outstanding

1 money transmission obligations.

2 (b) Except for permissible investments enumerated in
3 subsection (a) of Section 10-4, the Secretary, with respect to
4 any licensee, may by rule or order limit the extent to which a
5 specific investment maintained by a licensee within a class of
6 permissible investments may be considered a permissible
7 investment, if the specific investment represents undue risk
8 to customers, not reflected in the market value of
9 investments.

10 (c) Permissible investments, even if commingled with other
11 assets of the licensee, are held in trust for the benefit of
12 the purchasers and holders of the licensee's outstanding money
13 transmission obligations in the event of insolvency, the
14 filing of a petition by or against the licensee under the
15 United States Bankruptcy Code, 11 U.S.C. Sections 101 through
16 110, as amended or recodified from time to time, for
17 bankruptcy or reorganization, the filing of a petition by or
18 against the licensee for receivership, the commencement of any
19 other judicial or administrative proceeding for its
20 dissolution or reorganization, or in the event of an action by
21 a creditor against the licensee who is not a beneficiary of
22 this statutory trust. No permissible investments impressed
23 with a trust pursuant to this subsection shall be subject to
24 attachment, levy of execution, or sequestration by order of
25 any court, except for a beneficiary of this statutory trust.

26 (d) Upon the establishment of a statutory trust in

1 accordance with subsection (c) or when any funds are drawn on a
2 letter of credit pursuant to paragraph (4) of subsection (a)
3 of Section 10-4, the Secretary shall notify the applicable
4 regulator of each state in which the licensee is licensed to
5 engage in money transmission, if any, of the establishment of
6 the trust or the funds drawn on the letter of credit, as
7 applicable. Notice shall be deemed satisfied if performed
8 pursuant to a multistate agreement or through NMLS. Funds
9 drawn on a letter of credit, and any other permissible
10 investments held in trust for the benefit of the purchasers
11 and holders of the licensee's outstanding money transmission
12 obligations, are deemed held in trust for the benefit of such
13 purchasers and holders on a pro rata and equitable basis in
14 accordance with statutes pursuant to which permissible
15 investments are required to be held in this State, and other
16 states, as applicable. Any statutory trust established
17 hereunder shall be terminated upon extinguishment of all of
18 the licensee's outstanding money transmission obligations.

19 (e) The Secretary by rule or by order may allow other types
20 of investments that the Secretary determines are of sufficient
21 liquidity and quality to be a permissible investment. The
22 Secretary is authorized to participate in efforts with other
23 state regulators to determine that other types of investments
24 are of sufficient liquidity and quality to be a permissible
25 investment.

1 Section 10-4. Types of permissible investments.

2 (a) The following investments are permissible under
3 Section 10-3:

4 (1) Cash, including demand deposits, savings deposits,
5 and funds in such accounts held for the benefit of the
6 licensee's customers in an insured depository financial
7 institution, and cash equivalents including ACH items in
8 transit to the licensee and ACH items or international
9 wires in transit to a payee, cash in transit via armored
10 car, cash in smart safes, cash in licensee-owned
11 locations, debit card or credit card-funded transmission
12 receivables owed by any bank, or money market mutual funds
13 rated "AAA" by S&P, or the equivalent from any eligible
14 rating service;

15 (2) certificates of deposit or senior debt obligations
16 of an insured depository institution, as defined in
17 Section 3 of the Federal Deposit Insurance Act, 12 U.S.C.
18 1813, as amended or recodified from time to time, or as
19 defined under the federal Credit Union Act, 12 U.S.C.
20 1781, as amended or recodified from time to time;

21 (3) an obligation of the United States or a
22 commission, agency, or instrumentality thereof; an
23 obligation that is guaranteed fully as to principal and
24 interest by the United States; or an obligation of a State
25 or a governmental subdivision, agency, or instrumentality
26 thereof;

1 (4) the full drawable amount of an irrevocable standby
2 letter of credit for which the stated beneficiary is the
3 Secretary that stipulates that the beneficiary need only
4 draw a sight draft under the letter of credit and present
5 it to obtain funds up to the letter of credit amount within
6 7 days of presentation of the items required by
7 subparagraph (C) of this paragraph.

8 (A) The letter of credit must:

9 (i) be issued by an insured depository
10 financial institution, a foreign bank that is
11 authorized under federal law to maintain a federal
12 agency or federal branch office in a State or
13 states, or a foreign bank that is authorized under
14 State law to maintain a branch in a State that (I)
15 bears an eligible rating or whose parent company
16 bears an eligible rating; and (II) is regulated,
17 supervised, and examined by United States federal
18 or State authorities having regulatory authority
19 over banks, credit unions, and trust companies;

20 (ii) be irrevocable, unconditional, and
21 indicate that it is not subject to any condition
22 or qualifications outside of the letter of credit;

23 (iii) not contain reference to any other
24 agreements, documents, or entities, or otherwise
25 provide for any security interest in the licensee;
26 and

1 (iv) contain an issue date and expiration date
2 and expressly provide for automatic extension,
3 without a written amendment, for an additional
4 period of one year from the present or each future
5 expiration date, unless the issuer of the letter
6 of credit notifies the Secretary in writing by
7 certified or registered mail or courier mail or
8 other receipted means, at least 60 days before any
9 expiration date, that the irrevocable letter of
10 credit will not be extended.

11 (B) If any notice of expiration or nonextension of
12 a letter of credit issued under subdivision (iv) of
13 subparagraph (A), the licensee shall be required to
14 demonstrate to the satisfaction of the Secretary, 15
15 days before expiration, that the licensee maintains
16 and will maintain permissible investments in
17 accordance with subsection (a) of Section 10-3 upon
18 the expiration of the letter of credit. If the
19 licensee is not able to do so, the Secretary may draw
20 on the letter of credit in an amount up to the amount
21 necessary to meet the licensee's requirements to
22 maintain permissible investments in accordance with
23 subsection (a) of Section 10-3. Any such draw shall be
24 offset against the licensee's outstanding money
25 transmission obligations. The drawn funds shall be
26 held in trust by the Secretary or the Secretary's

1 designated agent, to the extent authorized by law, as
2 agent for the benefit of the purchasers and holders of
3 the licensee's outstanding money transmission
4 obligations.

5 (C) The letter of credit shall provide that the
6 issuer of the letter of credit will honor, at sight, a
7 presentation made by the beneficiary to the issuer of
8 the following documents on or before the expiration
9 date of the letter of credit:

10 (i) the filing of a petition by or against the
11 licensee under the United States Bankruptcy Code,
12 11 U.S.C. Sections 101 through 110, as amended or
13 recodified from time to time, for bankruptcy or
14 reorganization;

15 (ii) the filing of a petition by or against
16 the licensee for receivership, or the commencement
17 of any other judicial or administrative proceeding
18 for its dissolution or reorganization;

19 (iii) the seizure of assets of a licensee by a
20 Secretary pursuant to an emergency order issued in
21 accordance with applicable law, on the basis of an
22 action, violation, or condition that has caused or
23 is likely to cause the insolvency of the licensee;
24 or

25 (iv) the beneficiary has received notice of
26 expiration or nonextension of a letter of credit

1 and the licensee failed to demonstrate to the
2 satisfaction of the beneficiary that the licensee
3 will maintain permissible investments in
4 accordance with subsection (a) of Section 10-3
5 upon the expiration or nonextension of the letter
6 of credit.

7 (D) The Secretary may designate an agent to serve
8 on the Secretary's behalf as beneficiary to a letter
9 of credit so long as the agent and letter of credit
10 meet requirements established by the Secretary. The
11 Secretary's agent may serve as agent for multiple
12 licensing authorities for a single irrevocable letter
13 of credit if the proceeds of the drawable amount for
14 the purposes of this Section are assigned to the
15 Secretary.

16 (E) The Secretary is authorized and encouraged to
17 participate in multistate processes designed to
18 facilitate the issuance and administration of letters
19 of credit, including, but not limited to, services
20 provided by the NMLS and State Regulatory Registry,
21 LLC.

22 (5) 100% of the surety bond or deposit provided for
23 under Section 10-2 that exceeds the average daily money
24 transmission liability in this State.

25 (b) Unless permitted by the Secretary by rule or by order
26 to exceed the limit as set forth herein, the following

1 investments are permissible under Section 10-3 to the extent
2 specified:

3 (1) receivables that are payable to a licensee from
4 its authorized delegates in the ordinary course of
5 business that are less than 7 days old, up to 50% of the
6 aggregate value of the licensee's total permissible
7 investments;

8 (2) of the receivables permissible under paragraph (1)
9 of this subsection (b), receivables that are payable to a
10 licensee from a single authorized delegate in the ordinary
11 course of business may not exceed 10% of the aggregate
12 value of the licensee's total permissible investments.

13 (3) the following investments are permissible up to
14 20% per category and combined up to 50% of the aggregate
15 value of the licensee's total permissible investments:

16 (A) a short-term, of up to 6 months, investment
17 bearing an eligible rating;

18 (B) commercial paper bearing an eligible rating;

19 (C) a bill, note, bond, or debenture bearing an
20 eligible rating;

21 (D) U.S. tri-party repurchase agreements
22 collateralized at 100% or more with U.S. government or
23 agency securities, municipal bonds, or other
24 securities bearing an eligible rating;

25 (E) money market mutual funds rated less than
26 "AAA" and equal to or higher than "A-" by S&P, or the

1 equivalent from any other eligible rating service; and

2 (F) a mutual fund or other investment fund
3 composed solely and exclusively of one or more
4 permissible investments listed in paragraphs (1)
5 through (3) of subsection (a).

6 (4) cash, including demand deposits, savings deposits,
7 and funds in such accounts held for the benefit of the
8 licensee's customers, at foreign depository institutions
9 are permissible up to 10% of the aggregate value of the
10 licensee's total permissible investments if the licensee
11 has received a satisfactory rating in its most recent
12 examination and the foreign depository institution:

13 (A) has an eligible rating;

14 (B) is registered under the Foreign Account Tax
15 Compliance Act;

16 (C) is not located in any country subject to
17 sanctions from the Office of Foreign Asset Control;
18 and

19 (D) is not located in a high-risk or
20 non-cooperative jurisdiction as designated by the
21 Financial Action Task Force.

22 ARTICLE XI. Enforcement

23 Section 11-1. Prohibited acts and practices for licensees.

24 It is a violation of this Act for a licensee, or other person

1 subject to this Act to:

2 (1) directly or indirectly employ any scheme, device,
3 or artifice to defraud or mislead any person, including,
4 but not limited to, engaging in bait and switch
5 advertising or sales practices;

6 (2) directly or indirectly engage in any unfair or
7 deceptive act or practice toward any person, including,
8 but not limited to, any false or deceptive statement about
9 fees or other terms of a money transmission or currency
10 exchange;

11 (3) directly or indirectly obtain property by fraud or
12 misrepresentation;

13 (4) knowingly make, publish, or disseminate any false,
14 deceptive, or misleading information in the provision of
15 money services;

16 (5) knowingly receive or take possession for personal
17 use of any property of any money services business, other
18 than in payment for services rendered, and with intent to
19 defraud, omit to make, or cause or direct to omit to make,
20 a full and true entry thereof in the books and accounts of
21 the business;

22 (6) make or concur in making any false entry, or omit
23 or concur in omitting any material entry, in the books or
24 accounts of the business;

25 (7) knowingly make or publish to the Director or the
26 Director's designee, or concur in making or publishing to

1 the Director or the Director's designee any written
2 report, exhibit, or statement of its affairs or pecuniary
3 condition containing any material statement which is
4 false, or omit or concur in omitting any statement
5 required by law to be contained therein;

6 (8) fail to make any report or statement lawfully
7 required by the Director or other public official.

8 (9) demonstrate by course of conduct, negligence or
9 incompetence in performing any act directly or indirectly
10 relating to licensed activity;

11 (10) engage in unsafe and unsound practices directly
12 or indirectly relating to licensed activity; or

13 (11) fail to comply with the provisions of this Act or
14 with any lawful order or agreement, rule, or regulations
15 made or issued under the provisions of this Act.

16 Section 11-2. Suspension and revocation of licenses.

17 (a) The Secretary may issue an order to suspend or revoke a
18 license of a licensee or order a licensee to revoke the
19 designation of an authorized delegate if:

20 (1) the licensee has failed to comply with any
21 provision of this Act, or any order, decision, finding,
22 rule, regulation or direction of the Secretary lawfully
23 made pursuant to the authority of this Act;

24 (2) the licensee does not cooperate with an
25 examination or investigation by the Secretary;

1 (3) the licensee engages in fraud, intentional
2 misrepresentation, or gross negligence;

3 (4) an authorized delegate is convicted of a violation
4 of a State or federal anti-money laundering statute, or
5 violates a rule adopted or an order issued under this Act,
6 as a result of the licensee's willful misconduct or
7 willful blindness;

8 (5) the competence, experience, character, or general
9 fitness of the licensee, authorized delegate, person in
10 control of a licensee, key individual, or responsible
11 person of the authorized delegate indicates that it is not
12 in the public interest to permit the person to provide
13 money transmission;

14 (6) the licensee engages in an unsafe or unsound
15 practice;

16 (7) the licensee is insolvent, suspends payment of its
17 obligations, or makes a general assignment for the benefit
18 of its creditors;

19 (8) the licensee does not remove an authorized
20 delegate after the Secretary issues and serves upon the
21 licensee a final order including a finding that the
22 authorized delegate has violated this Act;

23 (9) a fact or condition exists that, if it had existed
24 or had been known at the time the licensee applied for its
25 license, would have been ground for denying the
26 application;

1 (10) the licensee knowingly fails to make a report
2 required by this Act;

3 (11) the licensee fails to pay a judgment entered in
4 favor of a claimant, plaintiff, or credit in an action
5 arising out of the licensee's business regulated under
6 this Act within 30 days after the judgment becomes final
7 or within 30 days after the expiration or termination of a
8 stay of execution;

9 (12) the licensee has been convicted under the laws of
10 this State, another state, or the United States of a
11 felony or of a crime involving breach of trust or
12 dishonesty; or

13 (13) the licensee violates the Illinois Uniform
14 Revised Unclaimed Property Act.

15 (b) In determining whether a licensee is engaging in an
16 unsafe or unsound practice, the Secretary may consider the
17 size and condition of the licensee's money transmission, the
18 magnitude of the loss, the gravity of the violation of this
19 Act, and the previous conduct of the person involved.

20 (c) In every case in which a license is suspended or
21 revoked, the Secretary shall issue a formal written notice of
22 the suspension or revocation, setting forth the specific
23 reasons for the suspension or revocation of the license and
24 serve the licensee, either personally or by certified mail.
25 Service by certified mail shall be deemed completed when the
26 notice is deposited into U.S. Mail and the order of suspension

1 or revocation of a license shall take effect upon service of
2 the order.

3 (d) A licensee whose license has been suspended or revoked
4 by the Secretary under this Section may request a hearing, in
5 writing, within 10 days after the date of service. If a
6 licensee submits a timely request for a hearing, the order
7 shall be stayed until a final administrative order is entered
8 and the Secretary shall schedule a hearing unless otherwise
9 agreed to by the parties.

10 (e) The Secretary shall conduct hearings pursuant to this
11 Section and in accordance with 38 Ill. Adm. Code 100, as
12 amended or recodified from time to time.

13 Section 11-3. Suspension and revocation of authorized
14 delegates.

15 (a) The Secretary may issue an order to suspend or revoke
16 the designation of an authorized delegate, if the Secretary
17 finds that:

18 (1) the authorized delegate has failed to comply with
19 any provision of this Act or any order, decision, finding,
20 rule, regulation, or direction of the Secretary lawfully
21 made pursuant to the authority of this Act;

22 (2) the authorized delegate does not cooperate with an
23 examination or investigation by the Secretary;

24 (3) the authorized delegate engages in fraud,
25 intentional misrepresentation, or gross negligence;

1 (4) the authorized delegate is convicted of a
2 violation of a State or federal anti-money laundering
3 statute;

4 (5) the competence, experience, character, or general
5 fitness of the authorized delegate or a person in control
6 of the authorized delegate indicates that it is not in the
7 public interest to permit the authorized delegate to
8 provide money transmission; or

9 (6) the authorized delegate engages in an unsafe or
10 unsound practice.

11 (b) In determining whether an authorized delegate is
12 engaging in an unsafe or unsound practice, the Secretary may
13 consider the size and condition of the authorized delegate's
14 provision of money transmission, the magnitude of the loss,
15 the gravity of the violation of this Act or a rule adopted or
16 order issued under this Act, and the previous conduct of the
17 authorized delegate.

18 (c) In every case in which the designation of an
19 authorized delegate is suspended or revoked, the Secretary
20 shall issue a formal written notice of the suspension or
21 revocation, setting forth the specific reasons for the
22 suspension or revocation of the designation and serve the
23 authorized delegate, either personally or by certified mail.
24 Service by certified mail shall be deemed completed when the
25 notice is deposited into U.S. Mail and the order of suspension
26 or revocation of a license shall take effect upon service of

1 the order.

2 (d) An authorized delegate whose designation has been
3 suspended or revoked by the Secretary under this Section may
4 request a hearing, in writing, within 10 days after the date of
5 service. If an authorized delegate submits a timely request
6 for a hearing, the order shall be stayed until a final
7 administrative order is entered and the Secretary shall
8 schedule a hearing unless otherwise agreed to by the parties.

9 (e) The Secretary shall conduct hearings pursuant to this
10 Section and in accordance with 38 Ill. Adm. Code 100, as
11 amended or recodified from time to time.

12 Section 11-5. Consent orders; settlements.

13 (a) The Secretary may enter into a consent order or
14 settlement agreement at any time with a person to resolve a
15 matter arising under this Act, the rules adopted under this
16 Act, or order issued under this Act. A consent order or
17 settlement agreement must be signed by the person to whom it is
18 issued or by the person's authorized representative, and must
19 indicate agreement with the terms contained in the order. A
20 consent order or settlement agreement may provide that it does
21 not constitute an admission by a person that this Act or a rule
22 adopted or an order issued under this Act has been violated.

23 (b) Notwithstanding the issuance of a consent order or
24 settlement agreement, the Secretary may seek civil or criminal
25 penalties or compromise civil penalties concerning matter

1 encompassed by the consent order unless the consent order by
2 its terms expressly precludes the Secretary from doing so.

3 (c) The Secretary is authorized to compromise, settle, and
4 collect civil penalties and administrative penalties, as set
5 by rule, with any person for violations of this Act or of any
6 rule or order issued or adopted under this Act.

7 Section 11-6. Criminal penalties. A person who engages in
8 conduct requiring a license under this Act and fails to obtain
9 a license from the Secretary or knowingly makes a false
10 statement, misrepresentation, or false certification in an
11 application, financial statement, account record, report, or
12 other document filed or required to be maintained or filed
13 under this Act or who knowingly makes a false entry or omits a
14 material entry in a document is guilty of a Class 3 felony.

15 Section 11-7. Civil penalties. The Secretary may assess a
16 civil penalty against a person that violates this Act, a rule
17 adopted or an order issued under this Act in an amount not to
18 exceed \$1,000 per day for each day the violation is
19 outstanding, plus this State's costs and expenses for the
20 investigation and prosecution of the matter, including
21 reasonable attorney's fees. Each transaction in violation of
22 this Act or the rules adopted under this Act or issued under
23 this Act, for each day that a violation continues shall be a
24 separate offense.

1 Section 11-8. Unlicensed persons. Any person who, without
2 the required license, engages in conduct requiring a license
3 under this Act shall be liable to the Department in an amount
4 equal to the greater of (1) \$5,000 or (2) an amount of money
5 accepted for transmission plus an amount equal to 3 times the
6 amount accepted for transmission. The Department shall cause
7 any funds so recovered to be deposited into the TOMA Consumer
8 Protection Fund.

9 Section 11-9. Judicial review. All final administrative
10 decisions of the Department under this Act are subject to
11 judicial review under the Administrative Review Law and any
12 rules adopted under the Administrative Review Law.

13 ARTICLE XII. Miscellaneous Provisions

14 Section 12-1. Uniformity of application and construction.
15 In applying and construing this Act, consideration must be
16 given to the need to promote uniformity of the law with respect
17 to its subject matter among states that enact it.

18 Section 12-2. Severability. The provisions of this Act are
19 severable under Section 1.31 of the Statute on Statutes.

20 Section 12-3. Transition period.

1 (a) Licensees pursuant to the Transmitters of Money Act in
2 good standing on the effective date of this Act shall be
3 licensed under this Act upon the filing of and approval by the
4 Department of a renewal application in accordance with Section
5 5-6 and may continue to operate lawfully as a licensee in this
6 State unless and until their next renewal application after
7 the effective date is denied by the Department. An authorized
8 seller of licensee pursuant to the Transmitters of Money Act
9 in good standing as of the effective date shall become an
10 authorized delegate of a licensee upon the filing of and
11 approval by the Department of a renewal application by the
12 licensee in accordance with Section 5-6 and may continue to
13 operate lawfully in this State as an authorized delegate of a
14 licensee unless and until the licensee's next renewal
15 application after the effective date is denied by the
16 Department.

17 (b) A person licensed in this State to engage in the
18 business of money transmission and their authorized sellers
19 shall not be subject to the provisions of this Act, to the
20 extent that they conflict with the Transmitters of Money Act
21 or establish new requirements not imposed under the
22 Transmitters of Money Act, until the licensee renews its
23 current license or for 6 months after the effective date of
24 this Act, whichever is later, so long as they comply with the
25 Transmitters of Money Act and its implementing rules.

26 (c) Notwithstanding subsection (a), a licensee shall only

1 be required to amend its authorized delegate contracts for
2 contracts entered into or amended after the effective date of
3 this Act or the completion of any transition period
4 contemplated under subsection (b). Nothing herein shall be
5 construed as limiting an authorized delegate's obligations to
6 operate in full compliance with this Act as required by
7 subsection (c) of Section 8-1 after the time period set forth
8 in subsection (b).

9 (d) A person not required to be licensed pursuant to the
10 Transmitters of Money Act shall not be required to be licensed
11 and comply with this Act until January 1, 2025, unless the
12 Secretary extends the time by rule.

13 (e) Except as otherwise stated, this Act supersedes the
14 Transmitters of Money Act.

15 Section 12-4. TOMA Consumer Protection Fund.

16 (a) The special income-earning fund in the State treasury
17 is known as the TOMA Consumer Protection Fund.

18 (b) All moneys paid into the fund together with all
19 accumulated undistributed income thereon shall be held as a
20 special fund in the State treasury. The fund shall be used
21 solely for the purpose of providing restitution to consumers
22 who have suffered monetary loss arising out of a transaction
23 regulated by this Act.

24 (c) The fund shall be applied only to restitution when
25 restitution has been ordered by the Secretary. Restitution

1 shall not exceed the amount actually lost by the consumer. The
2 fund shall not be used for the payment of any attorney or other
3 fees.

4 (d) The fund shall be subrogated to the amount of the
5 restitution, and the Secretary shall request the Attorney
6 General to engage in all reasonable collection steps to
7 collect restitution from the party responsible for the loss
8 and reimburse the fund.

9 (e) Notwithstanding any other provisions of this Section,
10 the payment of restitution from the fund shall be a matter of
11 grace and not of right, and no consumer shall have any vested
12 rights in the fund as a beneficiary or otherwise. Before
13 seeking restitution from the fund, the consumer or beneficiary
14 seeking payment of restitution shall apply for restitution on
15 a form provided by the Secretary. The form shall include any
16 information the Secretary may reasonably require in order to
17 determine that restitution is appropriate.

18 (f) Notwithstanding any other provision of this Section,
19 moneys in the TOMA Consumer Protection Fund may be transferred
20 to the Professions Indirect Cost Fund, as authorized under
21 Section 2105-300 of the Department of Professional Regulation
22 Law of the Civil Administrative Code of Illinois.

23 Article 101. General Provisions

24 Section 101-1. Short title; references. Articles 101

1 through 135 may be cited as the Digital Assets Regulation Act.
2 In Articles 101 through 135, references to "this Act" mean
3 Articles 101 through 135.

4 Section 101-5. Definitions.

5 (a) As used in this Act:

6 "Affiliate" shall mean any person that controls, is
7 controlled by, or is under common control with another person.
8 For purposes of this definition, "control" means the
9 possession, direct or indirect, of the power to direct or
10 cause the direction of the management and policies of a
11 person.

12 "Applicant" means a person that applies for a license
13 under this Act.

14 "Bank" means a bank, savings banks, savings and loan
15 association, savings association, or industrial loan company
16 chartered under the laws of this State or any other state or
17 under the laws of the United States.

18 "Confidential supervisory information" means that the
19 record or information is exempt from public disclosure under
20 any federal or State statute or rules and regulations
21 implementing federal or State statute.

22 "Conflict of interest" means an interest that might
23 incline a covered person or an individual who is an associated
24 person of a covered person to make a recommendation that is not
25 disinterested.

1 "Corporate fiduciary" shall mean a corporate fiduciary as
2 defined by Section 1-5.05 of the Corporate Fiduciary Act.

3 "Covered person" means a licensee or person required to
4 obtain a license pursuant to this Act.

5 "Covered exchange" means a covered person that exchanges
6 or holds itself out as being able to exchange a digital asset
7 for a resident.

8 "Credit union" means a credit union chartered under the
9 laws of this State or any other state or under the laws of the
10 United States.

11 "Department" means the Department of Financial and
12 Professional Regulation.

13 "Digital asset" means a digital representation of value
14 that is used as a medium of exchange, unit of account, or store
15 of value, and that is not fiat currency, whether or not
16 denominated in fiat currency. "Digital asset" does not include
17 either of the following:

18 (1) A digital representation of value which a merchant
19 grants, as part of an affinity or rewards program, and
20 that cannot be taken from or exchanged with the merchant
21 for fiat currency or a digital asset.

22 (2) A digital representation of value that is issued
23 by or on behalf of a game publisher, used solely within a
24 gaming platform, has no market or application outside of
25 such gaming platform, and cannot be converted into, or
26 redeemed for, fiat currency or digital assets.

1 "Digital asset administration" means controlling,
2 administering, or issuing a digital asset, whether or not
3 redeemable for fiat currency or another digital asset.

4 "Digital asset business activity" means any of the
5 following:

6 (1) Exchanging, transferring, or storing a digital
7 asset.

8 (2) Engaging in digital asset administration.

9 (3) Any other business activity involving digital
10 assets designated by rule by the Department as may be
11 necessary and appropriate for the protection of residents.

12 "Exchange", when used as a verb, means to exchange, buy,
13 sell, trade, or convert, on behalf of a resident, either of the
14 following:

15 (1) A digital asset for fiat currency or one or more
16 forms of digital assets.

17 (2) Fiat currency for one or more forms of digital
18 assets.

19 "Executive officer" includes, without limitation, an
20 individual who is a director, officer, manager, managing
21 member, partner, or trustee, or other functionally equivalent
22 responsible individual, of a person.

23 "Federally insured depository institution" shall mean an
24 insured depository institution as defined by Section 3(c)(2)
25 of the Federal Deposit Insurance Act, 12 U.S.C. 1813(c)(2), as
26 amended, or an insured credit union as defined by Section

1 101(7) of the Federal Credit Union Act, 12 U.S.C. 1752(7), as
2 amended.

3 "Fiat currency" means:

4 (1) money that is authorized or adopted by the United
5 States or a foreign government as part of its currency and
6 that is customarily used and accepted as a medium of
7 exchange in the country of issuance; and

8 (2) monetary value that is redeemable for such money.

9 "Insolvent" means any of the following:

10 (1) Having generally ceased to pay debts in the
11 ordinary course of business other than as a result of a
12 bona fide dispute.

13 (2) Being unable to pay debts as they become due.

14 (3) Being insolvent within the meaning of federal
15 bankruptcy law.

16 "Licensee" means a person licensed under this Act.

17 "Person" includes, without limitation, any individual,
18 corporation, business trust, estate, trust, partnership,
19 proprietorship, syndicate, limited liability company,
20 association, joint venture, government, governmental
21 subsection, agency or instrumentality, public corporation or
22 joint stock company, or any other organization or legal or
23 commercial entity.

24 "Qualified custodian" means a bank, credit union, or trust
25 company, subject to any rules adopted by the Department.

26 "Record" means information that is inscribed on a tangible

1 medium or that is stored in an electronic or other medium and
2 is retrievable in perceivable form.

3 "Resident" means any of the following:

4 (1) A person who is domiciled in this State.

5 (2) A person who is physically located in this State
6 for more than 183 days of the previous 365 days.

7 (3) A person who has a place of business in this State.

8 (4) A legal representative of a person that is
9 domiciled in this State.

10 "Request for assistance" means all inquiries, complaints,
11 account disputes, and requests for documentation a covered
12 person receives from residents.

13 "Responsible individual" means an individual who has
14 direct control over, or significant management, policy, or
15 decision-making authority with respect to, a person's digital
16 asset business activity in this State.

17 "Secretary" means the Secretary of Financial and
18 Professional Regulation and any authorized representative of
19 the Secretary.

20 "Service provider" means any person that provides a
21 material service to a covered person in connection with the
22 offering or provision by that covered person of a digital
23 asset business activity in this State, including a person that
24 either:

25 (1) Participates in designing, operating, or
26 maintaining the digital asset business activity.

1 (2) Processes transactions relating to the digital
2 asset business activity, other than unknowingly or
3 incidentally transmitting or processing financial data in
4 a manner that the data is undifferentiated from other
5 types of data of the same form as the person transmits or
6 processes.

7 "State" means a state of the United States, the District
8 of Columbia, Puerto Rico, the United States Virgin Islands, or
9 any territory or insular possession subject to the
10 jurisdiction of the United States.

11 "Store," "storage", and "storing", except in the phrase
12 "store of value," means to store, hold, or maintain custody or
13 control of a digital asset on behalf of a resident by a person
14 other than the resident.

15 "Transfer" means to transfer or transmit a digital asset
16 from or on behalf of a resident, including by doing any of the
17 following:

18 (1) Crediting the digital asset to the account or
19 storage of another person.

20 (2) Moving the digital asset from one account or
21 storage of a resident to another account or storage of the
22 same resident.

23 (3) Relinquishing custody or control of a digital
24 asset to another person.

25 "United States dollar equivalent of digital assets" means
26 the equivalent value of a particular digital asset in United

1 States dollars shown on a covered exchange regulated in the
2 United States for a particular date or period specified in
3 this Act, subject to any rules adopted by the Department.

4 (b) Whenever the terms "include", "including" or terms of
5 similar import appear in this Act, unless the context requires
6 otherwise, such terms shall not be construed to imply the
7 exclusion of any person, class, or thing not specifically
8 included.

9 (c) A reference in this Act to any other law or statute of
10 this State, or of any other jurisdiction, means such law or
11 statute as amended to the effective date of this Act, and
12 unless the context otherwise requires, as amended thereafter.

13 Section 101-10. Applicability.

14 (a) This Act governs the digital asset business activity
15 of a person doing business in this State or, wherever located,
16 who engages in or holds itself out as engaging in the activity
17 with or on behalf of a resident, to the extent not preempted by
18 federal law and except as otherwise provided in subsection (b)
19 or (c).

20 (b) This Act does not apply to the exchange, transfer, or
21 storage of a digital asset or to digital asset administration
22 to the extent the Securities Exchange Act of 1934, 15 U.S.C.
23 78a et seq., or the Illinois Securities Law of 1953 govern the
24 activity and the activity is actually regulated for the
25 purpose of investor protection by the U.S. Securities and

1 Exchange Commission or the Illinois Secretary of State.

2 (c) This Act does not apply to the following:

3 (1) The United States, a State, political subdivision
4 of a State, agency, or instrumentality of federal, State,
5 or local government, or a foreign government or a
6 subdivision, department, agency, or instrumentality of a
7 foreign government.

8 (2) A federally insured depository institution.

9 (3) A corporate fiduciary acting as a fiduciary or
10 otherwise engaging in fiduciary activities.

11 (4) A merchant using digital assets solely for the
12 purchase or sale of goods or services in the ordinary
13 course of its business.

14 (5) A person using digital assets solely for the
15 purchase or sale of goods or services for personal,
16 family, or household purposes.

17 Section 101-15. General powers and duties.

18 (a) The Department shall regulate digital asset business
19 activity in this State, unless it is exempt pursuant to
20 Section 101-10. To the extent permissible under federal law,
21 the Department shall exercise nonexclusive oversight and
22 enforcement under any federal law applicable to digital asset
23 business activity.

24 (b) The functions, powers, and duties conferred upon the
25 Department by this Act are cumulative to any other functions,

1 powers, and duties conferred upon the Department by other laws
2 applicable to digital asset business activity.

3 (c) The Department shall have the following functions,
4 powers, and duties in carrying out its responsibilities under
5 this Act and any other law applicable to digital asset
6 business activity in this State:

7 (1) to issue or refuse to issue any license or other
8 authorization under this Act;

9 (2) to revoke or suspend for cause any license or
10 other authorization under this Act;

11 (3) to keep records of all licenses or other
12 authorizations under this Act;

13 (4) to receive, consider, investigate, and act upon
14 complaints made by any person relating to any digital
15 asset business activity in this State;

16 (5) to prescribe the forms of and receive:

17 (A) applications for licenses or other
18 authorizations under this Act; and

19 (B) all reports and all books and records required
20 to be made under this Act;

21 (6) to subpoena documents and witnesses and compel
22 their attendance and production, to administer oaths, and
23 to require the production of any books, papers, or other
24 materials relevant to any inquiry authorized by this Act
25 or other law applicable to digital asset business activity
26 in this State;

1 (7) to issue orders against any person:

2 (A) if the Secretary has reasonable cause to
3 believe that an unsafe, unsound, or unlawful practice
4 has occurred, is occurring, or is about to occur;

5 (B) if any person has violated, is violating, or
6 is about to violate any law, rule, or written
7 agreement with the Secretary; or

8 (C) for the purpose of administering the
9 provisions of this Act or other law applicable to
10 digital asset business activity and any rule adopted
11 in accordance with this Act or other law applicable to
12 digital asset business activity;

13 (8) to address any inquiries to any covered person, or
14 the directors, officers, or employees of the covered
15 person, or the affiliates or service providers of the
16 covered person, in relation to the covered person's
17 activities and conditions or any other matter connected
18 with its affairs, and it shall be the duty of any person so
19 addressed to promptly reply in writing to those inquiries;
20 the Secretary may also require reports from any covered
21 person at any time the Secretary chooses;

22 (9) to examine the books and records of every covered
23 person, affiliate, or service provider;

24 (10) to enforce the provisions of this Act and any
25 state or federal law applicable to digital asset business
26 activity;

1 (11) to levy fees, fines, and civil penalties, charges
2 for services, and assessments to defray operating
3 expenses, including direct and indirect costs, of
4 administering this Act and other laws applicable to
5 digital asset business activity;

6 (12) to appoint examiners, supervisors, experts, and
7 special assistants as needed to effectively and
8 efficiently administer this Act and other laws applicable
9 to digital asset business activity;

10 (13) to conduct hearings for the purpose of carrying
11 out the purposes of this Act;

12 (14) to exercise visitorial power over a covered
13 person, affiliate, or service provider;

14 (15) to enter into cooperative agreements with federal
15 and state regulatory authorities and to accept reports of
16 examinations from federal and state regulatory
17 authorities;

18 (16) to assign on an emergency basis an examiner or
19 examiners to monitor the affairs of a covered person,
20 affiliate, or service provider with whatever frequency the
21 Secretary determines appropriate and to charge the covered
22 person for reasonable and necessary expenses of the
23 Secretary if in the opinion of the Secretary an emergency
24 exists or appears likely to occur;

25 (17) to impose civil penalties against a covered
26 person, affiliate, or service provider for failing to

1 respond to a regulatory request or reporting requirement;
2 and

3 (18) to conduct investigations, market surveillance,
4 and research, studies, and analyses of matters affecting
5 the interests of users of digital assets;

6 (19) to take such actions as the Secretary deems
7 necessary to educate and protect users of digital assets;

8 (20) to develop and implement initiatives and programs
9 to promote responsible innovation in digital asset
10 business activity; and

11 (21) to perform any other lawful acts necessary or
12 desirable to carry out the purposes and provisions of this
13 Act and other laws applicable to digital asset business
14 activity.

15 (d) The Department is authorized and encouraged to share
16 any information obtained pursuant to this Act or any other law
17 applicable to digital asset business activity with law
18 enforcement officials or other regulatory agencies.

19 Section 101-20. Funds.

20 (a) All moneys collected or received by the Department
21 under this Act shall be deposited into the Financial
22 Protection Fund, which is hereby created. The amounts
23 deposited into the Financial Protection Fund shall be used for
24 the ordinary and contingent expenses of the Department in
25 administering this Act and other financial laws; nothing in

1 this Act shall prevent the continuation of the practice of
2 paying expenses involving salaries, retirement, social
3 security, and State-paid insurance of State officers and
4 employees by appropriation from the General Revenue Fund or
5 any other fund. Moneys deposited into the Financial Protection
6 Fund may be transferred to the Professions Indirect Cost Fund
7 or any other Department fund.

8 (b) The expenses of administering this Act, including
9 investigations and examinations provided for in this Act,
10 shall be borne by and assessed against persons regulated by
11 this Act. The Department may establish fees by rule, including
12 in the following categories:

13 (1) investigation of licensees and license applicant
14 fees;

15 (2) examination fees;

16 (3) contingent fees; and

17 (4) such other categories as may be required to
18 administer this Act.

19 Article 105. Customer Protections

20 Section 105-5. Customer disclosures.

21 (a) When engaging in digital asset business activity with
22 a resident, a covered person shall provide to a resident the
23 customer disclosures required by subsection (b) and any
24 additional disclosures the Department by rule determines to be

1 necessary and appropriate for the protection of residents. The
2 Department may determine by rule the time and form required
3 for disclosures. A disclosure required by this Section shall
4 be made separately from any other information provided by the
5 covered person and in a clear and conspicuous manner in a
6 record the resident may keep.

7 (b) Before engaging in digital asset business activity
8 with a resident, a covered person shall disclose, to the
9 extent applicable to the digital asset business activity the
10 covered person will undertake with the resident, subject to
11 any rule or order issued by the Department, all of the
12 following:

13 (1) A schedule of fees and charges the covered person
14 may assess, the manner by which fees and charges will be
15 calculated if they are not set in advance and disclosed,
16 and the timing of the fees and charges.

17 (2) Whether the product or service provided by the
18 covered person is covered by either of the following:

19 (A) A form of insurance or other guarantee against
20 loss by an agency of the United States as follows:

21 (i) Up to the full United States dollar
22 equivalent of digital assets placed under the
23 custody or control of, or purchased from, the
24 covered person as of the date of the placement or
25 purchase, including the maximum amount provided by
26 insurance under the Federal Deposit Insurance

1 Corporation or National Credit Union
2 Administration or otherwise available from the
3 Securities Investor Protection Corporation.

4 (ii) If not provided at the full United States
5 dollar equivalent of the digital assets placed
6 under the custody or control of or purchased from
7 the covered person, the maximum amount of coverage
8 for each resident expressed in the United States
9 dollar equivalent of the digital asset.

10 (iii) If not applicable to the product or
11 service provided by the covered person, a clear
12 and conspicuous statement that the product is not
13 insured, as applicable, by the Federal Deposit
14 Insurance Corporation, National Credit Union
15 Administration, or the Securities Investor
16 Protection Corporation.

17 (B) (i) Private insurance against loss or theft,
18 including cybertheft or theft by other means.

19 (ii) A covered person shall disclose all
20 material terms of the insurance policy to the
21 resident in a manner that allows the resident to
22 understand the specific insured risks and any
23 maximum coverage amounts that may result in
24 partial coverage of the resident's assets.

25 (3) The irrevocability of a transfer or exchange and
26 any exception to irrevocability.

1 (4) A description of all of the following:

2 (A) The covered person's liability for an
3 unauthorized, mistaken, or accidental transfer or
4 exchange.

5 (B) The resident's responsibility to provide
6 notice to the covered person of an unauthorized,
7 mistaken, or accidental transfer or exchange.

8 (C) The basis for any recovery by the resident
9 from the covered person in case of an unauthorized,
10 mistaken, or accidental transfer or exchange.

11 (D) General error resolution rights applicable to
12 an unauthorized, mistaken, or accidental transfer or
13 exchange.

14 (E) The method for the resident to update the
15 resident's contact information with the covered
16 person.

17 (5) That the date or time when the transfer or
18 exchange is made and the resident's account is debited may
19 differ from the date or time when the resident initiates
20 the instruction to make the transfer or exchange.

21 (6) Whether the resident has a right to stop a
22 preauthorized payment or revoke authorization for a
23 transfer and the procedure to initiate a stop-payment
24 order or revoke authorization for a subsequent transfer.

25 (7) The resident's right to receive a receipt, trade
26 ticket, or other evidence of the transfer or exchange.

1 (8) The resident's right to at least 14 days' prior
2 notice of a change in the covered person's fee schedule,
3 other terms and conditions that have a material impact on
4 digital asset business activity with the resident, or the
5 policies applicable to the resident's account.

6 (9) That no digital asset is currently recognized as
7 legal tender by Illinois or the United States.

8 (10) (A) A list of instances in the past 12 months when
9 the covered person's service was unavailable to customers
10 seeking to engage in digital asset business activity due
11 to a service outage on the part of the covered person and
12 the causes of each identified service outage.

13 (B) As part of the disclosure required by this
14 paragraph, the covered person may list any steps the
15 covered person has taken to resolve underlying causes
16 for those outages.

17 (c) Except as otherwise provided in subsection (d), at the
18 conclusion of a digital asset transaction with, or on behalf
19 of, a resident, a covered person shall provide the resident a
20 confirmation in a record which contains all of the following:

21 (1) The name and contact information of the covered
22 person, including the toll-free telephone number required
23 under Section 105-20.

24 (2) The type, value, date, precise time, and amount of
25 the transaction.

26 (3) The fee charged for the transaction, including any

1 charge for conversion of a digital asset to fiat currency
2 or other digital asset, as well as any indirect charges.

3 (d) If a covered person discloses that it will provide a
4 daily confirmation in the initial disclosure under subsection
5 (c), the covered person may elect to provide a single, daily
6 confirmation for all transactions with or on behalf of a
7 resident on that day instead of a per transaction
8 confirmation.

9 Section 105-10. Custody and protection of customer assets.

10 (a) A covered person that stores, holds, or maintains
11 custody or control of a digital asset for one or more persons
12 shall at all times maintain an amount of each type of digital
13 asset sufficient to satisfy the aggregate entitlements of the
14 persons to the type of digital asset.

15 (b) The following provisions apply to a covered person
16 that stores, holds, or maintains custody or control of a
17 digital asset for one or more persons:

18 (1) If a covered person violates subsection (a), the
19 property interests of the persons in the digital asset are
20 pro rata property interests in the type of digital asset
21 to which the persons are entitled without regard to the
22 time the persons became entitled to the digital asset or
23 the covered person obtained control of the digital asset.

24 (2) A digital asset maintained for purposes of
25 compliance with this Section shall meet all of the

1 following criteria:

2 (A) The digital asset shall be held for the
3 persons entitled to the digital asset.

4 (B) The digital asset shall not be property of the
5 covered person.

6 (C) The digital asset shall not be subject to the
7 claims of creditors of the covered person.

8 (3) The Department may, by rule, amend the provisions
9 of this subsection as may be necessary and appropriate for
10 the protection of residents.

11 (c) The Department may adopt rules applicable to covered
12 persons related to additional protections of customer assets,
13 including, but not limited to:

14 (1) rules requiring that digital assets and funds
15 controlled by the covered person on behalf of residents be
16 held in accounts segregated from the covered person's own
17 digital assets and funds;

18 (2) rules related to qualified custodians that may
19 hold such segregated accounts;

20 (3) rules related to titling of such segregated
21 accounts;

22 (4) rules related to audit requirements for customer
23 assets;

24 (5) rules requiring compliance with specific
25 provisions of the Uniform Commercial Code applicable to
26 digital assets;

1 (6) rules restricting selling, transferring,
2 assigning, lending, hypothecating, pledging, or otherwise
3 using or encumbering customer assets; and

4 (7) any rules as may be as may be necessary and
5 appropriate for the protection of residents or necessary
6 to effectuate the purposes of this Section.

7 Section 105-15. Covered exchanges.

8 (a)(1) Except as provided for under paragraph (2) of this
9 subsection, a covered exchange, before listing or offering a
10 digital asset that the covered exchange can exchange on behalf
11 of a resident, shall certify on a form provided by the
12 Department that the covered exchange has done the following:

13 (A) Identified the risk that the digital asset would
14 be deemed a security by federal or state regulators.

15 (B) Provided, in writing, full and fair disclosure of
16 all material facts relating to conflicts of interest that
17 are associated with the covered exchange and the digital
18 asset.

19 (C) Conducted a comprehensive risk assessment designed
20 to ensure consumers are adequately protected from
21 cybersecurity risk, risk of malfeasance, including theft,
22 risks related to code or protocol defects, market-related
23 risks, including price manipulation and fraud, and any
24 other material risks.

25 (D) Established policies and procedures to reevaluate

1 the appropriateness of the continued listing or offering
2 of the digital asset, including an evaluation of whether
3 material changes have occurred.

4 (E) Established policies and procedures to cease
5 listing or offering the digital asset, including
6 notification to affected consumers and counterparties.

7 (F) Any other requirement designated by rule by the
8 Department as may be necessary and appropriate for the
9 protection of residents.

10 (2) Certification by a covered exchange shall not be
11 required for any digital asset approved for listing on or
12 before January 1, 2023, by the New York Department of
13 Financial Services pursuant to Part 200 of Title 23 of the New
14 York Code of Rules and Regulations, if the covered exchange
15 provides notification to the Department on a form provided by
16 the Department.

17 (3) After a finding that a covered exchange has listed or
18 offered a digital asset without appropriate certification or
19 after a finding that misrepresentations were made in the
20 certification process, the Department may require the covered
21 exchange to cease listing or offering the digital asset and
22 may take an enforcement action under Section 120-50 of this
23 Act.

24 (b)(1) A covered exchange shall make every effort to
25 execute a resident's request to exchange a digital asset that
26 the covered exchange receives fully and promptly.

1 (2) A covered exchange shall use reasonable diligence to
2 ascertain the best market for a digital asset and exchange it
3 in that market so that the outcome to the resident is as
4 favorable as possible under prevailing market conditions.
5 Compliance with this paragraph shall be determined by factors,
6 including, but not limited to, all of the following:

7 (A) The character of the market for the digital asset,
8 including price and volatility.

9 (B) The size and type of transaction.

10 (C) The number of markets checked.

11 (D) Accessibility of appropriate pricing.

12 (E) Any other factor designated by rule by the
13 Department as may be necessary and appropriate for the
14 protection of residents.

15 (3) In a transaction for or with a resident, the covered
16 exchange shall not interject a third party between the covered
17 exchange and the best market for the digital asset in a manner
18 inconsistent with this subsection.

19 (4) If a covered exchange cannot execute directly with a
20 market and employs other means in order to ensure an execution
21 advantageous to the resident, the burden of showing the
22 acceptable circumstances for doing so is on the covered
23 exchange.

24 Section 105-20. Customer service; requests for assistance.

25 (a) A covered person shall prominently display on its

1 internet website a toll-free telephone number through which a
2 resident can contact the covered person for requests for
3 assistance and receive live customer assistance. The telephone
4 line shall be operative 24 hours per day, Monday through
5 Sunday, subject to any rules adopted by the Department.

6 (b) A covered person shall implement reasonable policies
7 and procedures for accepting, processing, investigating, and
8 responding to requests for assistance in a timely and
9 effective manner. Such policies and procedures shall include
10 all of the following:

11 (1) A procedure for resolving disputes between the
12 covered person and a resident.

13 (2) A procedure for a resident to report an
14 unauthorized, mistaken, or accidental digital asset
15 business activity transaction.

16 (3) A procedure for a resident to file a complaint
17 with the covered person and for the resolution of the
18 complaint in a fair and timely manner with notice to the
19 resident as soon as reasonably practical of the resolution
20 and the reasons for the resolution.

21 (4) Any other procedure designated by rule by the
22 Department as may be necessary and appropriate for the
23 protection of residents.

24 Section 105-25. Collection of compensation. Unless exempt
25 from licensure under this Act, no person engaged in or

1 offering to engage in any act or service for which a license
2 under this Act is required may bring or maintain any action in
3 any court to collect compensation for the performance of the
4 licensable services without alleging and proving that he or
5 she was the holder of a valid license under this Act at all
6 times during the performance of those services.

7 Article 110. Compliance

8 Section 110-5. General requirements.

9 (a) Each licensee is required to comply with the
10 provisions of this Act, any lawful order, rule, or regulation
11 made or issued under the provisions of this Act, and all
12 applicable federal and State laws, rules, and regulations.

13 (b) Each licensee shall designate a qualified individual
14 or individuals responsible for coordinating and monitoring
15 compliance with subsection (a).

16 (c) Each licensee shall maintain, implement, update, and
17 enforce written compliance policies and procedures, in
18 accordance with Section 110-10 and subject to any rules
19 adopted by the Department, which policies and procedures must
20 be reviewed and approved by the licensee's board of directors
21 or an equivalent governing body of the licensee.

22 Section 110-10. Required policies and procedures.

23 (a) An applicant, before submitting an application, shall

1 create and a licensee, during licensure, shall maintain,
2 implement, update, and enforce, written compliance policies
3 and procedures for all of the following:

4 (1) A cybersecurity program.

5 (2) A business continuity program.

6 (3) A disaster recovery program.

7 (4) An anti-fraud program.

8 (5) An anti-money laundering and countering the
9 financing of terrorism program.

10 (6) An operational security program.

11 (7) (A) A program designed to ensure compliance with
12 this Act and other laws of this State or federal laws that
13 are relevant to the digital asset business activity
14 contemplated by the licensee with or on behalf of
15 residents and to assist the licensee in achieving the
16 purposes of other State laws and federal laws if violation
17 of those laws has a remedy under this Act.

18 (B) At a minimum, the program described by this
19 paragraph shall specify the policies and procedures that
20 the licensee undertakes to minimize the risk that the
21 licensee facilitates the exchange of unregistered
22 securities.

23 (8) A conflict of interest program.

24 (9) A request for assistance program to comply with
25 Section 105-20.

26 (10) Any other compliance program, policy, or

1 procedure the Department establishes by rule as necessary
2 for the protection of residents or for the safety and
3 soundness of the licensee's business or to effectuate the
4 purposes of this Act.

5 (b) A policy required by subsection (a) shall be
6 maintained in a record and designed to be adequate for a
7 licensee's contemplated digital asset business activity with
8 or on behalf of residents, considering the circumstances of
9 all participants and the safe operation of the activity. Any
10 policy and implementing procedure shall be compatible with
11 other policies and the procedures implementing them and not
12 conflict with policies or procedures applicable to the
13 licensee under other State law.

14 (c) A licensee's anti-fraud program shall include, at a
15 minimum, all of the following:

16 (1) Identification and assessment of the material
17 risks of its digital asset business activity related to
18 fraud, which shall include any form of market manipulation
19 and insider trading by the licensee, its employees, its
20 associated persons, or its customers.

21 (2) Protection against any material risk related to
22 fraud identified by the Department or the licensee.

23 (3) Periodic evaluation and revision of the anti-fraud
24 program, policies, and procedures.

25 (d) A licensee's anti-money laundering and countering the
26 financing of terrorism program shall include, at a minimum,

1 all of the following:

2 (1) Identification and assessment of the material
3 risks of its digital asset business activity related to
4 money laundering and financing of terrorist activity.

5 (2) Procedures, in accordance with federal law or
6 guidance published by federal agencies responsible for
7 enforcing federal law, pertaining to money laundering and
8 financing of terrorist activity.

9 (3) Filing reports under the Bank Secrecy Act, 31
10 U.S.C. 5311 et seq., or Chapter X of Title 31 of the Code
11 of Federal Regulations and other federal or State law
12 pertaining to the prevention or detection of money
13 laundering or financing of terrorist activity.

14 (e) A licensee's operational security program shall
15 include, at a minimum, reasonable and appropriate
16 administrative, physical, and technical safeguards to protect
17 the confidentiality, integrity, and availability of any
18 nonpublic information or digital asset it receives, maintains,
19 or transmits.

20 (f)(1) A licensee's cybersecurity program shall include,
21 at a minimum, all of the following:

22 (A) Maintaining, updating, and enforcing policies and
23 procedures designed to protect the confidentiality,
24 integrity, and availability of the licensee's information
25 systems and nonpublic information stored on those
26 information systems.

1 (B) Implementing and maintaining a written policy or
2 policies, approved at least annually by an executive
3 officer or the licensee's board of directors, or an
4 appropriate committee thereof, or equivalent governing
5 body, setting forth the licensee's policies and procedures
6 for the protection of its information systems and
7 nonpublic information stored on those information systems.

8 (C) Designating a qualified individual responsible for
9 overseeing and implementing the licensee's cybersecurity
10 program and enforcing its cybersecurity policy. The
11 individual must have adequate authority to ensure
12 cybersecurity risks are appropriately managed, including
13 the ability to direct sufficient resources to implement
14 and maintain a cybersecurity program. The individual may
15 be employed by the licensee, one of its affiliates, or a
16 service provider.

17 (2) To assist in carrying out this subsection, the
18 Department may adopt rules to define terms used in this
19 subsection and to establish specific requirements for the
20 required cybersecurity program, including, but not limited to,
21 rules related to:

22 (A) penetration testing and vulnerability assessment;

23 (B) audit trails;

24 (C) access privileges;

25 (D) application security;

26 (E) risk assessment;

1 (F) cybersecurity personnel and intelligence;

2 (G) affiliates and service providers;

3 (H) authentication;

4 (I) data retention;

5 (J) training and monitoring;

6 (K) encryption;

7 (L) incident response;

8 (M) notice of cybersecurity events; and

9 (N) any other requirement necessary and appropriate
10 for the protection of residents or for the safety and
11 soundness of the licensee or to effectuate the purposes of
12 this subsection.

13 (g) The Department may require a licensee to file with the
14 Department a copy of any report it makes to a federal or State
15 authority.

16 (h) After the policies and procedures required under this
17 Article are created and approved by the licensee, the licensee
18 shall engage a qualified individual or individuals with
19 adequate authority and experience to monitor and implement
20 each policy and procedure, publicize it as appropriate,
21 recommend changes as necessary, and enforce it.

22 (i) Policies and procedures adopted under this Article
23 shall be disclosed separately from other disclosures made
24 available to a resident, in a clear and conspicuous manner and
25 in the medium through which the resident contacted the
26 licensee.

1 Article 115. Licensure

2 Section 115-5. License required. A person shall not engage
3 in digital asset business activity, or hold itself out as
4 being able to engage in digital asset business activity, with
5 or on behalf of a resident unless the person is licensed in
6 this State by the Department under this Article, or the person
7 is exempt from licensure pursuant to Section 101-10.

8 Section 115-10. Application.

9 (a) An application for a license under this Act shall meet
10 all of the following requirements:

11 (1) The application shall be in a form and medium
12 prescribed by the Department. The Department may require
13 the filing of the application through a multistate
14 licensing system.

15 (2) The application shall provide all of the following
16 information relevant to the applicant's proposed digital
17 asset business activity:

18 (A) The legal name of the applicant, any current
19 or proposed business United States Postal Service
20 address of the applicant, and any fictitious or trade
21 name the applicant uses or plans to use in conducting
22 the applicant's digital asset business activity with
23 or on behalf of a resident.

1 (B) The legal name, any former or fictitious name,
2 and the residential and business United States Postal
3 Service address of any executive officer and
4 responsible individual of the applicant and any person
5 that has control of the applicant.

6 (C) A description of the current and former
7 business of the applicant and any affiliate of the
8 applicant for the 5 years before the application is
9 submitted, or, if the business has operated for less
10 than 5 years, for the time the business has operated,
11 including its products and services, associated
12 internet website addresses and social media pages,
13 principal place of business, projected user base, and
14 specific marketing targets.

15 (D) A list of all of the following:

16 (i) Any digital asset, money service, or money
17 transmitter license the applicant and any
18 affiliates hold in another state or from an agency
19 of the United States.

20 (ii) The date the licenses described in
21 subdivision (i) expire.

22 (iii) Any license revocation, license
23 suspension, or other disciplinary action taken
24 against the applicant and any affiliates in any
25 state or by an agency of the United States and any
26 license applications rejected by any state or

1 agency of the United States.

2 (E) A list of any criminal conviction, deferred
3 prosecution agreement, and pending criminal proceeding
4 in any jurisdiction against all of the following:

5 (i) The applicant.

6 (ii) Any executive officer of the applicant.

7 (iii) Any responsible individual of the
8 applicant.

9 (iv) Any person that has control over the
10 applicant.

11 (v) Any affiliate of the applicant.

12 (F) A list of any litigation, arbitration, or
13 administrative proceeding in any jurisdiction in which
14 the applicant or an executive officer, responsible
15 individual, or affiliate of the applicant has been a
16 party for the 10 years before the application is
17 submitted determined to be material in accordance with
18 generally accepted accounting principles and, to the
19 extent the applicant or such other person would be
20 required to disclose the litigation, arbitration, or
21 administrative proceeding in the applicant's or such
22 other person's audited financial statements, reports
23 to equity owners, and similar statements or reports.

24 (G) A list of any bankruptcy or receivership
25 proceeding in any jurisdiction for the 10 years before
26 the application is submitted in which any of the

1 following was a debtor:

2 (i) The applicant.

3 (ii) An executive officer of the applicant.

4 (iii) A responsible individual of the
5 applicant.

6 (iv) A person that has control over the
7 applicant.

8 (v) An affiliate of the applicant.

9 (H) The name and United States Postal Service
10 address of any bank or credit union in which the
11 applicant and any affiliates plan to deposit funds
12 obtained by digital asset business activity.

13 (I) The source of funds and credit to be used by
14 the applicant and any affiliate to conduct digital
15 asset business activity with or on behalf of a
16 resident.

17 (J) A current financial statement and other
18 documentation satisfactory to the Department
19 demonstrating that the applicant has the capital and
20 liquidity required by Section 120-5.

21 (K) The United States Postal Service address and
22 email address to which communications from the
23 Department can be sent.

24 (L) The name, United States Postal Service
25 address, and email address of the registered agent of
26 the applicant in this State.

1 (M) A copy of the certificate, or a detailed
2 summary acceptable to the Department, of coverage for
3 any liability, casualty, business interruption, or
4 cybersecurity insurance policy maintained by the
5 applicant for itself, an executive officer, a
6 responsible individual, an affiliate, or the
7 applicant's users.

8 (N) If applicable, the date on which and the state
9 in which the applicant is formed and a copy of a
10 current certificate of good standing issued by that
11 state.

12 (O) If a person has control of the applicant and
13 the person's equity interests are publicly traded in
14 the United States, a copy of the audited financial
15 statement of the person for the most recent fiscal
16 year or most recent report of the person filed under
17 Section 13 of the Securities Exchange Act of 1934, 15
18 U.S.C. 78m.

19 (P) If a person has control of the applicant and
20 the person's equity interests are publicly traded
21 outside the United States, a copy of the audited
22 financial statement of the person for the most recent
23 fiscal year of the person or a copy of the most recent
24 documentation similar to that required in subparagraph
25 (N) filed with the foreign regulator in the domicile
26 of the person.

1 (Q) If the applicant is a partnership or a
2 member-managed limited liability company, the names
3 and United States Postal Service addresses of any
4 general partner or member.

5 (R) If the applicant is required to register with
6 the Financial Crimes Enforcement Network of the United
7 States Department of the Treasury as a money service
8 business, evidence of the registration.

9 (S) A set of fingerprints for each executive
10 officer and responsible individual of the applicant.

11 (T) If available, for any executive officer and
12 responsible individual of the applicant, for the 10
13 years before the application is submitted, employment
14 history and history of any investigation of the
15 individual or legal proceeding to which the individual
16 was a party.

17 (U) The plans through which the applicant will
18 meet its obligations under Article 110.

19 (V) Any other information the Department requires
20 by rule.

21 (3) The application shall be accompanied by a
22 nonrefundable fee in the amount determined by the
23 Department to cover the costs of regulation.

24 (b) (1) On receipt of a completed application, the
25 Department shall investigate all of the following:

26 (A) The financial condition and responsibility of the

1 applicant and any affiliate of the applicant.

2 (B) The relevant financial and business experience,
3 character, and general fitness of the applicant and any
4 affiliate of the applicant.

5 (C) The competence, experience, character, and general
6 fitness of each executive officer and director, each
7 responsible individual, and any person that has control of
8 the applicant.

9 (2) On receipt of a completed application, the Department
10 may investigate the business premises of an applicant or an
11 affiliate of the applicant or require the submission of any
12 other documents or information the Department deems relevant
13 to the application.

14 (3) The investigation required by this subsection must
15 allow the Secretary to issue positive findings stating that
16 the financial condition, financial responsibility, competence,
17 experience, character, and general fitness of the applicant,
18 each executive officer and director, each responsible
19 individual, any person that has control of the applicant, and
20 any affiliate of the applicant are such as to command the
21 confidence of the community and to warrant belief that the
22 business will be operated honestly, fairly, and efficiently
23 within the purpose of this Act; if the Secretary does not so
24 find, he or she shall not issue the license, and he or she
25 shall notify the license applicant of the denial.

26 (c)(1) After completing the investigation required by

1 subsection (b), the Department shall send the applicant notice
2 of its decision to approve, conditionally approve, or deny the
3 application. If the Department does not receive notice from
4 the applicant that the applicant accepts conditions specified
5 by the Department within 31 days following the Department's
6 notice of the conditions, the application shall be deemed
7 withdrawn.

8 (2) The Secretary may impose conditions on a license if
9 the Secretary determines that those conditions are necessary
10 or appropriate. These conditions shall be imposed in writing
11 and shall continue in effect for the period prescribed by the
12 Secretary.

13 (d) A license issued pursuant to this Act shall take
14 effect on the later of the following:

15 (1) The date the Department issues the license.

16 (2) The date the licensee provides the security
17 required by Section 120-5.

18 (e) In addition to the fee required by paragraph (3) of
19 subsection (a), an applicant shall pay the costs of the
20 Department's investigation under subsection (b).

21 (f) A license issued pursuant to this Act shall remain in
22 full force and effect until it expires without renewal, is
23 surrendered by the licensee, or revoked or suspended as
24 hereinafter provided.

25 (g)(1) The Department may issue a conditional license to
26 an applicant who holds or maintains a license to conduct

1 virtual currency business activity in the State of New York
2 pursuant to Part 200 of Title 23 of the New York Code of Rules
3 and Regulations, if the license was issued no later than
4 January 1, 2023 and the applicant pays all appropriate fees
5 and complies with the requirements of this Act.

6 (2) A conditional license issued pursuant to this
7 subsection shall expire at the earliest of the following:

8 (A) upon issuance of an unconditional license;

9 (B) upon denial of a license application;

10 (C) upon revocation of a license issued pursuant to
11 Part 200 of Title 23 of the New York Code of Rules and
12 Regulations.

13 Section 115-15. Renewal.

14 (a) Licenses shall be subject to renewal every year using
15 a common renewal period as established by the Department by
16 rule. A licensee may apply for renewal of the license by
17 submitting a renewal application under subsection (b) and
18 paying a renewal fee determined by the Department, not to
19 exceed the reasonable costs of regulation.

20 (b) A renewal application required by subsection (a) shall
21 be submitted in a form and medium prescribed by the
22 Department. The report shall contain all of the following:

23 (1) Either a copy of the licensee's most recent
24 reviewed annual financial statement, if the gross revenue
25 generated by the licensee's digital asset business

1 activity in this State was not more than \$2,000,000 for
2 the fiscal year ending before the anniversary date of
3 issuance of its license under this Act, or a copy of the
4 licensee's most recent audited annual financial statement,
5 if the licensee's digital asset business activity in this
6 State amounted to more than \$2,000,000, for the fiscal
7 year ending before the anniversary date.

8 (2) If a person other than an individual has control
9 of the licensee, a copy of either of the following:

10 (A) The person's most recent reviewed annual
11 financial statement, if the person's gross revenue was
12 not more than \$2,000,000 in the previous fiscal year
13 measured as of the anniversary date of issuance of its
14 license under this Act.

15 (B) The person's most recent audited consolidated
16 annual financial statement, if the person's gross
17 revenue was more than \$2,000,000 in the previous
18 fiscal year measured as of the anniversary date of
19 issuance of its license under this Act.

20 (3) A description of any of the following:

21 (A) Any material change in the financial condition
22 of the licensee and any affiliate of the licensee.

23 (B) Any material litigation related to the
24 licensee's digital asset business activity and
25 involving the licensee or an executive officer,
26 responsible individual, or affiliate of the licensee.

1 (C) Any federal, State, or foreign investigation
2 involving the licensee or an executive officer,
3 responsible individual, or affiliate of the licensee.

4 (D)(i) Any data security breach involving the
5 licensee.

6 (ii) A description of a data security breach
7 pursuant to this subparagraph does not constitute
8 disclosure or notification of a security breach
9 for purposes of any other law.

10 (4) Information or records required by Section 120-25
11 that the licensee has not reported to the Department.

12 (5) The number of digital asset business activity
13 transactions with or on behalf of residents for the period
14 since the later of the date the license was issued or the
15 date the last renewal application was submitted.

16 (6)(A) The amount of United States dollar equivalent
17 of digital assets in the custody or control of the
18 licensee at the end of the last month that ends not later
19 than 30 days before the date of the renewal report.

20 (B) The total number of residents for whom the
21 licensee had custody or control of United States
22 dollar equivalent of digital assets on that date.

23 (7) Evidence that the licensee is in compliance with
24 Section 105-10.

25 (8) Evidence that the licensee is in compliance with
26 Section 120-5.

1 (9) A list of any location where the licensee operates
2 its digital asset business activity.

3 (10) Any other information the Department requires by
4 rule.

5 (c) If a licensee does not timely comply with subsection
6 (a), the Department may use enforcement actions provided under
7 Section 120-50. Notice or hearing is not required for a
8 suspension or revocation of a license under this Act for
9 failure to pay a renewal fee or file a renewal application.

10 (d) Suspension or revocation of a license under this
11 Section does not invalidate a transfer or exchange of digital
12 assets for or on behalf of a resident made during the
13 suspension or revocation and does not insulate the licensee
14 from liability under this Act.

15 (e) For good cause, the Department, in its sole
16 discretion, may extend a period under this Section.

17 (f) A licensee that does not comply with this Section
18 shall cease digital asset business activities with or on
19 behalf of a resident. A licensee ceasing an activity or
20 activities regulated by this Act and desiring to no longer be
21 licensed shall so inform the Department in writing and, at the
22 same time, convey any license issued and all other symbols or
23 indicia of licensure. The licensee shall include a plan for
24 the withdrawal from regulated business, including a timetable
25 for the disposition of the business, and comply with the
26 surrender guidelines or requirements of the Department.

1 (g) A licensee shall pay the reasonable and necessary
2 costs of the Department's investigation under this Section.

3 Section 115-20. Nontransferable license. A license under
4 this Act is not transferable or assignable.

5 Article 120. Supervision

6 Section 120-5. Surety bond; capital and liquidity
7 requirements.

8 (a) (1) (A) A licensee shall maintain a surety bond or trust
9 account in United States dollars in a form and amount as
10 determined by the Department for the protection of residents
11 that engage in digital asset business activity with the
12 licensee.

13 (B) If a licensee maintains a trust account
14 pursuant to this Section, that trust account shall be
15 maintained with a qualified custodian.

16 (2) Security deposited under this Section shall be for
17 the benefit of a claim against the licensee on account of
18 the licensee's digital asset business activity with or on
19 behalf of a resident.

20 (3) Security deposited under this Section shall cover
21 claims for the period the Department specifies by rule and
22 for an additional period the Department specifies after
23 the licensee ceases to engage in digital asset business

1 activity with or on behalf of a resident.

2 (4) The Department may require the licensee to
3 increase the amount of security deposited under this
4 Section, and the licensee shall deposit the additional
5 security not later than 15 days after the licensee
6 receives notice in a record of the required increase.

7 (5) The Department may permit a licensee to substitute
8 or deposit an alternate form of security satisfactory to
9 the Department if the licensee at all times complies with
10 this Section.

11 (b) In addition to the security required under subsection
12 (a), a licensee shall maintain at all times capital and
13 liquidity, each in an amount and form as the Department
14 determines is sufficient to ensure the financial integrity of
15 the licensee and its ongoing operations based on an assessment
16 of the specific risks applicable to the licensee. In
17 determining the minimum amount of capital and liquidity that
18 shall be maintained by a licensee, the Department may consider
19 factors, including, but not limited to, all of the following:

20 (1) The composition of the licensee's total assets,
21 including the position, size, liquidity, risk exposure,
22 and price volatility of each type of asset.

23 (2) The composition of the licensee's total
24 liabilities, including the size and repayment timing of
25 each type of liability.

26 (3) The actual and expected volume of the licensee's

1 digital asset business activity.

2 (4) The amount of leverage employed by the licensee.

3 (5) The liquidity position of the licensee.

4 (6) The financial protection that the licensee
5 provides pursuant to subsection (a).

6 (7) The types of entities to be serviced by the
7 licensee.

8 (8) The types of products or services to be offered by
9 the licensee.

10 (9) Arrangements adopted by the licensee for the
11 protection of its customers in the event of the licensee's
12 insolvency.

13 (c) A licensee shall hold liquidity required to be
14 maintained in accordance with this Section in the form of cash
15 or high-quality liquid assets, as defined by the Department
16 and in proportions determined by the Department.

17 (d) The Department may require a licensee to increase the
18 capital or liquidity required under this Section. A licensee
19 shall submit evidence satisfactory to the Department that it
20 has additional capital or liquidity required pursuant to this
21 subsection not later than 15 days after the licensee receives
22 notice in a record of the required increase.

23 Section 120-10. Examination.

24 (a) (1) (A) The Department may, at any time and from time to
25 time, examine the business and any office, within or outside

1 this State, of any covered person, or any agent of a covered
2 person, in order to ascertain (i) the financial condition of
3 the covered person, (ii) the safety and soundness of the
4 conduct of its business, (iii) the policies of its management,
5 (iv) whether the business is being conducted in a lawful
6 manner, (v) whether all digital asset business activity is
7 properly accounted for, and (vi) such other matters as the
8 Department may determine, including, but not limited to, any
9 activities of the covered person outside the State if in the
10 Department's judgment such activities may affect the covered
11 person's digital asset business activity.

12 (B) The directors, officers, and employees of a
13 covered person, or agent of a covered person, being
14 examined by the Department shall exhibit to the
15 Department, on request, any or all of the covered
16 person's accounts, books, correspondence, memoranda,
17 papers, and other records and shall otherwise
18 facilitate the examination so far as it may be in their
19 power to do so.

20 (C) The covered person shall permit and assist the
21 Department to examine an affiliate or service provider
22 of the covered person when, in the Department's
23 judgment, it is necessary or advisable to do so.

24 (2) The Department may examine a covered person, its
25 affiliate, or service provider pursuant to this paragraph
26 without prior notice to the covered person, affiliate, or

1 service provider.

2 (b) A covered person shall pay the necessary costs of an
3 examination under this Section.

4 Section 120-15. Books and records.

5 (a) A licensee shall maintain, for all digital asset
6 business activity with or on behalf of a resident for 5 years
7 after the date of the activity, a record of all of the
8 following:

9 (1) Any transaction of the licensee with or on behalf
10 of the resident or for the licensee's account in this
11 State, including all of the following:

12 (A) The identity of the resident.

13 (B) The form of the transaction.

14 (C) The amount, date, and payment instructions
15 given by the resident.

16 (D) The account number, name, and United States
17 Postal Service address of the resident, and, to the
18 extent feasible, other parties to the transaction.

19 (2) The aggregate number of transactions and aggregate
20 value of transactions by the licensee with, or on behalf
21 of, the resident and for the licensee's account in this
22 State expressed in United States dollar equivalent of
23 digital assets for the previous 12 calendar months.

24 (3) Any transaction in which the licensee exchanged
25 one form of digital asset for fiat currency or another

1 form of digital asset with or on behalf of the resident.

2 (4) A general ledger posted at least monthly that
3 lists all assets, liabilities, capital, income, and
4 expenses of the licensee.

5 (5) Any call report the licensee is required to create
6 or provide to the Department.

7 (6) Bank statements and bank reconciliation records
8 for the licensee and the name, account number, and United
9 States Postal Service address of any bank or credit union
10 the licensee uses in the conduct of its digital asset
11 business activity with or on behalf of the resident.

12 (7) A report of any dispute with a resident.

13 (b) A licensee shall maintain records required by
14 subsection (a) in a form that enables the Department to
15 determine whether the licensee is in compliance with this Act,
16 any court order, and the laws of this State.

17 (c) If a licensee maintains records outside this State
18 that pertain to transactions with or on behalf of a resident,
19 the licensee shall make the records available to the
20 Department not later than 3 days after request, or, on a
21 determination of good cause by the Department, in its sole
22 discretion, at a later time.

23 (d) All records maintained by a licensee, any affiliate,
24 or any service provider are subject to inspection by the
25 Department.

1 Section 120-20. Regulatory cooperation. The Department may
2 cooperate, coordinate, jointly examine, consult, and share
3 records and other information with the appropriate regulatory
4 agency of another state, a self-regulatory organization,
5 federal or State regulator of banking or non-depository
6 institutions, or a regulator of a jurisdiction outside the
7 United States, concerning the affairs and conduct of a covered
8 person, affiliate, or service provider in this State.

9 Section 120-25. Material business changes.

10 (a) A licensee shall file with the Department a report of
11 the following, as may be applicable:

12 (1) A material change in information in the
13 application for a license under this Act or the most
14 recent renewal report of the licensee under this Act.

15 (2) A material change in the licensee's business for
16 the conduct of its digital asset business activity with or
17 on behalf of a resident.

18 (3) A change of an affiliate, executive officer,
19 responsible individual, or person in control of the
20 licensee.

21 (b) Absent good cause, as determined in the sole
22 discretion of the Department, a report required by this
23 Section shall be filed not later than 15 days after the change
24 described in subsection (a).

1 Section 120-30. Change in control.

2 (a) As used in this Section, "proposed person to be in
3 control" means the person that would control a licensee after
4 a proposed transaction that would result in a change in
5 control of the licensee.

6 (b) The following rules apply in determining whether a
7 person has control over a licensee:

8 (1) There is a rebuttable presumption of control if
9 the person's voting power in the licensee constitutes or
10 will constitute at least 25% of the total voting power of
11 the licensee.

12 (2) There is a rebuttable presumption of control if
13 the person's voting power in another person constitutes or
14 will constitute at least 10% of the total voting power of
15 the other person and the other person's voting power in
16 the licensee constitutes at least 25% of the total voting
17 power of the licensee.

18 (3) There is no presumption of control solely because
19 an individual is an executive officer of the licensee.

20 (c) At least 30 days before a proposed change in control of
21 a licensee, the proposed person to be in control shall submit
22 to the Department in a record all of the following:

23 (1) An application in a form and medium prescribed by
24 the Department.

25 (2) The information and records that Section 115-10
26 would require if the proposed person to be in control

1 already had control of the licensee.

2 (3) A license application under Section 115-10 by the
3 proposed person to be in control.

4 (d) The Department, in accordance with Section 115-10,
5 shall approve, approve with conditions, or deny an application
6 for a change in control of a licensee. The Department, in a
7 record, shall send notice of its decision to the licensee and
8 the person that would be in control if the Department had
9 approved the change in control. If the Department denies the
10 application, the licensee shall abandon the proposed change in
11 control or cease digital asset business activity with or on
12 behalf of residents.

13 (e) If the Department applies a condition to approval of a
14 change in control of a licensee, and the Department does not
15 receive notice of the applicant's acceptance of the condition
16 specified by the Department not later than 31 days after the
17 Department sends notice of the condition, the application is
18 deemed denied. If the application is deemed denied, the
19 licensee shall abandon the proposed change in control or cease
20 digital asset business activity with or on behalf of
21 residents.

22 (f) The Department may revoke or modify a determination
23 under subsection (d), after notice and opportunity to be
24 heard, if, in its judgment, revocation or modification is
25 consistent with this Act.

26 (g) If a change in control of a licensee requires approval

1 of another regulatory agency, and the action of the other
2 agency conflicts with that of the Department, the Department
3 shall confer with the other agency. If the proposed change in
4 control cannot be completed because the conflict cannot be
5 resolved, the licensee shall abandon the change in control or
6 cease digital asset business activity with or on behalf of
7 residents.

8 Section 120-35. Mergers.

9 (a) At least 30 days before a proposed merger or
10 consolidation of a licensee with another person, the licensee
11 shall submit all of the following, as applicable, to the
12 Department:

13 (1) An application in a form and medium prescribed by
14 the Department.

15 (2) The plan of merger or consolidation in accordance
16 with subsection (e).

17 (3) In the case of a licensee, the information
18 required by Section 115-10 concerning the person that
19 would be the surviving entity in the proposed merger or
20 consolidation.

21 (b) If a proposed merger or consolidation would change the
22 control of a licensee, the licensee shall comply with Section
23 120-30 and this Section.

24 (c) The Department, in accordance with Section 115-10,
25 shall approve, conditionally approve, or deny an application

1 for approval of a merger or consolidation of a licensee. The
2 Department, in a record, shall send notice of its decision to
3 the licensee and the person that would be the surviving
4 entity. If the Department denies the application, the licensee
5 shall abandon the merger or consolidation or cease digital
6 asset business activity with or on behalf of residents.

7 (d) The Department may revoke or modify a determination
8 under paragraph (c), after notice and opportunity to be heard,
9 if, in its judgment, revocation or modification is consistent
10 with this Act.

11 (e) A plan of merger or consolidation of a licensee with
12 another person shall do all of the following:

13 (1) Describe the effect of the proposed transaction on
14 the licensee's conduct of digital asset business activity
15 with or on behalf of residents.

16 (2) Identify each person to be merged or consolidated
17 and the person that would be the surviving entity.

18 (3) Describe the terms and conditions of the merger or
19 consolidation and the mode of carrying it into effect.

20 (f) If a merger or consolidation of a licensee and another
21 person requires approval of another regulatory agency, and the
22 action of the other agency conflicts with that of the
23 Department, the Department shall confer with the other agency.
24 If the proposed merger or consolidation cannot be completed
25 because the conflict cannot be resolved, the licensee shall
26 abandon the merger or consolidation or cease digital asset

1 business activity with or on behalf of residents.

2 (g) The Department may condition approval of an
3 application under subsection (a). If the Department does not
4 receive notice from the parties that the parties accept the
5 Department's condition not later than 31 days after the
6 Department sends notice in a record of the condition, the
7 application is deemed denied. If the application is deemed
8 denied, the licensee shall abandon the merger or consolidation
9 or cease digital asset business activity with, or on behalf
10 of, residents.

11 (h) If a licensee acquires substantially all of the assets
12 of a person, whether or not the person's license was approved
13 by the Department, the transaction is subject to this Section.

14 Section 120-40. Investigation of complaints. The Secretary
15 shall be authorized at all times to maintain staff and
16 facilities adequate to receive, record, and investigate
17 complaints and inquiries made by any person concerning this
18 Act and any covered persons, affiliates, and service providers
19 under this Act. Each such person shall open their books,
20 records, documents, and offices wherever situated to the
21 Secretary or his or her appointees as needed to facilitate
22 such investigations.

23 Section 120-45. Additional investigation and examination
24 authority. In addition to any authority allowed under this Act

1 or other applicable law, the Secretary shall have the
2 authority to conduct investigations and examinations as
3 follows:

4 (1) For purposes of initial licensing, license
5 renewal, license suspension, license conditioning, license
6 revocation or termination, or general or specific inquiry
7 or investigation to determine compliance with this Act,
8 the Secretary shall have the authority to access, receive,
9 and use any books, accounts, records, files, documents,
10 information, or evidence, including, but not limited to,
11 the following:

12 (A) criminal, civil, and administrative history
13 information, including nonconviction data as specified
14 in the Criminal Code of 2012;

15 (B) personal history and experience information,
16 including independent credit reports obtained from a
17 consumer reporting agency described in Section 603(p)
18 of the federal Fair Credit Reporting Act; and

19 (C) any other documents, information, or evidence
20 the Secretary deems relevant to the inquiry or
21 investigation, regardless of the location, possession,
22 control, or custody of the documents, information, or
23 evidence.

24 (2) For the purposes of investigating violations or
25 complaints arising under this Act or for the purposes of
26 examination, the Secretary may review, investigate, or

1 examine any covered person, affiliate, service provider,
2 individual, or person subject to this Act as often as
3 necessary in order to carry out the purposes of this Act.
4 The Secretary may direct, subpoena, or order the
5 attendance of and examine under oath all persons whose
6 testimony may be required about the transactions or the
7 business or subject matter of any such examination or
8 investigation, and may direct, subpoena, or order the
9 person to produce books, accounts, records, files, and any
10 other documents the Secretary deems relevant to the
11 inquiry.

12 (3) Each covered person, affiliate, service provider,
13 individual, or person subject to this Act shall make
14 available to the Secretary upon request the books and
15 records relating to the operations of the licensee,
16 affiliate, individual, or person subject to this Act. The
17 Secretary shall have access to those books and records and
18 interview the officers, principals, employees, independent
19 contractors, agents, and customers of the covered person,
20 affiliate, service provider, individual, or person subject
21 to this Act concerning their business.

22 (4) Each covered person, affiliate, service provider,
23 individual, or person subject to this Act shall make or
24 compile reports or prepare other information as directed
25 by the Secretary in order to carry out the purposes of this
26 Section, including, but not limited to:

1 (A) accounting compilations;

2 (B) information lists and data concerning
3 transactions in a format prescribed by the Secretary;
4 or

5 (C) other information deemed necessary to carry
6 out the purposes of this Section.

7 (5) In making any examination or investigation
8 authorized by this Act, the Secretary may control access
9 to any documents and records of the covered person or
10 person under examination or investigation. The Secretary
11 may take possession of the documents and records or place
12 a person in exclusive charge of the documents and records
13 in the place where they are usually kept. During the
14 period of control, no person shall remove or attempt to
15 remove any of the documents or records, except pursuant to
16 a court order or with the consent of the Secretary. Unless
17 the Secretary has reasonable grounds to believe the
18 documents or records of the covered person or person under
19 examination or investigation have been or are at risk of
20 being altered or destroyed for purposes of concealing a
21 violation of this Act, the covered person or owner of the
22 documents and records shall have access to the documents
23 or records as necessary to conduct its ordinary business
24 affairs.

25 (6) In order to carry out the purposes of this
26 Section, the Secretary may:

1 (A) retain attorneys, accountants, or other
2 professionals and specialists as examiners, auditors,
3 or investigators to conduct or assist in the conduct
4 of examinations or investigations;

5 (B) enter into agreements or relationships with
6 other government officials, regulatory associations,
7 or self-regulatory organizations in order to improve
8 efficiencies and reduce regulatory burden by sharing
9 resources, standardized or uniform methods or
10 procedures, and documents, records, information, or
11 evidence obtained under this Section;

12 (C) use, hire, contract, or employ public or
13 privately available analytical systems, methods, or
14 software to examine or investigate the covered person,
15 affiliate, service provider, individual, or person
16 subject to this Act;

17 (D) accept and rely on examination or
18 investigation reports made by other government
19 officials, within or outside this State; or

20 (E) accept audit reports made by an independent
21 certified public accountant for the covered person,
22 affiliate, service provider, individual, or person
23 subject to this Act in the course of that part of the
24 examination covering the same general subject matter
25 as the audit and may incorporate the audit report in
26 the report of the examination, report of

1 investigation, or other writing of the Secretary.

2 (7) The authority of this Section shall remain in
3 effect, whether such a covered person, affiliate, service
4 provider, individual, or person subject to this Act acts
5 or claims to act under any licensing or registration law
6 of this State or claims to act without the authority.

7 (8) No covered person, affiliate, service provider,
8 individual, or person subject to investigation or
9 examination under this Section may knowingly withhold,
10 abstract, remove, mutilate, destroy, or secrete any books,
11 records, computer records, or other information.

12 Section 120-50. Enforcement actions.

13 (a) As used in this Article, "enforcement action" means an
14 action including, but not limited to, all of the following:

15 (1) Suspending or revoking a license under this Act.

16 (2) Ordering a person to cease and desist from doing
17 digital asset business activity with or on behalf of a
18 resident.

19 (3) Requesting the court to appoint a receiver for the
20 assets of a person doing digital asset business activity
21 with or on behalf of a resident.

22 (4) Requesting the court to issue temporary,
23 preliminary, or permanent injunctive relief against a
24 person doing digital asset business activity with or on
25 behalf of a resident.

1 (5) Assessing a civil penalty under Section 120-70.

2 (6) Recovering on the security under Section 120-5 and
3 initiating a plan to distribute the proceeds for the
4 benefit of a resident injured by a violation of this Act,
5 or law of this State other than this Act that applies to
6 digital asset business activity with or on behalf of a
7 resident.

8 (7) Imposing necessary or appropriate conditions on
9 the conduct of digital asset business activity with or on
10 behalf of a resident.

11 (8) Seeking restitution on behalf of a resident if the
12 Department shows economic injury due to a violation of
13 this Act.

14 (b) The Department may enter into a consent order with a
15 person regarding an enforcement action.

16 (c) This Article does not provide a private right of
17 action to a resident, provided this Section does not preclude
18 an action by a resident to enforce rights under Article 105 or
19 subsection (a) of Section 120-5.

20 Section 120-55. Violations.

21 (a) The Department may take an enforcement action against
22 a covered person or any person otherwise subject to this Act in
23 any of the following instances:

24 (1) The covered person or person violates this Act, a
25 rule adopted or order issued under this Act, or a State or

1 federal law or regulation that applies to digital asset
2 business activity of the violator with or on behalf of a
3 resident.

4 (2) The covered person or person does not cooperate
5 with an examination or investigation by the Department,
6 fails to pay a fee, or fails to submit a report or
7 documentation.

8 (3) The covered person or person, in the conduct of
9 its digital asset business activity with or on behalf of a
10 resident, engages in any of the following:

11 (A) An unsafe, unsound, or unlawful act or
12 practice.

13 (B) An unfair, deceptive, or abusive act or
14 practice.

15 (C) Fraud, misrepresentation, deceit, or
16 negligence.

17 (D) Misappropriation of fiat currency, a digital
18 asset, or other value.

19 (4) An agency of the United States or another state
20 takes an action against the covered person or person that
21 would constitute an enforcement action if the Department
22 had taken the action.

23 (5) The covered person or person is convicted of a
24 crime related to its digital asset business activity with
25 or on behalf of a resident or involving fraud or felonious
26 activity that, as determined by the Department, makes the

1 covered person or person unsuitable to engage in digital
2 asset business activity.

3 (6) Any of the following occurs:

4 (A) The covered person or person becomes
5 insolvent.

6 (B) The covered person or person makes a general
7 assignment for the benefit of its creditors.

8 (C) The covered person or person becomes the
9 debtor, alleged debtor, respondent, or person in a
10 similar capacity in a case or other proceeding under
11 any bankruptcy, reorganization, arrangement,
12 readjustment, insolvency, receivership, dissolution,
13 liquidation, or similar law, and does not obtain from
14 the court, within a reasonable time, confirmation of a
15 plan or dismissal of the case or proceeding.

16 (D) The covered person or person applies for, or
17 permits the appointment of, a receiver, trustee, or
18 other agent of a court for itself or for a substantial
19 part of its assets.

20 (7) The covered person or person makes a
21 misrepresentation to the Department.

22 (b) If the Secretary finds, as the result of examination,
23 investigation, or review of reports submitted by a licensee,
24 that the business and affairs of a licensee are not being
25 conducted in accordance with this Act, the Secretary may
26 notify the licensee of the correction necessary. If a licensee

1 fails to correct such violations, the Secretary may issue an
2 order requiring immediate correction and compliance with this
3 Act and may specify a reasonable date for performance.

4 Section 120-60. Hearings.

5 (a) Except as provided in subsection (b), the Department
6 may take an enforcement action only after notice and
7 opportunity for a hearing as appropriate in the circumstances.
8 All hearings provided for in this Act shall be conducted in
9 accordance with Title 38, Part 100 of the Illinois
10 Administrative Code, and the Secretary shall have all the
11 powers granted therein.

12 (b) (1) (A) The Department may take an enforcement action,
13 other than the imposition of a civil penalty under Section
14 120-70, without notice if the circumstances require action
15 before notice can be given.

16 (B) A person subject to an enforcement action
17 pursuant to this subsection shall have the right to an
18 expedited post-action hearing by the Department unless
19 the person has waived the hearing.

20 (2) (A) The Department may take an enforcement action,
21 other than the imposition of a civil penalty under Section
22 120-70, after notice and without a prior hearing if the
23 circumstances require action before a hearing can be held.

24 (B) A person subject to an enforcement action
25 pursuant to this subsection shall have the right to an

1 expedited post-action hearing by the Department unless
2 the person has waived the hearing.

3 (3) The Department may take an enforcement action
4 after notice and without a hearing if the person subject
5 to the enforcement action does not timely request a
6 hearing.

7 Section 120-65. Hearing rules.

8 (a) The Department may, in accordance with the Illinois
9 Administrative Procedure Act, adopt rules to provide for
10 review within the Department of the Secretary's decisions
11 affecting the rights of persons or entities under this Act.
12 The review shall provide for, at a minimum:

13 (1) appointment of a hearing officer;

14 (2) appropriate procedural rules, specific deadlines
15 for filings, and standards of evidence and of proof; and

16 (3) provision for apportioning costs among parties to
17 the appeal.

18 (b) All final administrative decisions of the Department
19 under this Act, all amendments and modifications of final
20 administrative decisions, and any rules adopted by the
21 Department pursuant to this Act shall be subject to judicial
22 review pursuant to the provisions of the Administrative Review
23 Law.

24 Section 120-70. Civil penalties.

1 (a) If a person other than a licensee engages in digital
2 asset business activity with or on behalf of a resident in
3 violation of this Act, the Department may assess a civil
4 penalty against the person in an amount not to exceed \$100,000
5 for each day the person is in violation of this Act.

6 (b) If a person violates a provision of this Act, the
7 Department may assess a civil penalty in an amount not to
8 exceed \$25,000 for each day of violation or for each act or
9 omission in violation, except that a fine may be imposed not to
10 exceed \$75,000 for each day of violation or for each act or
11 omission in violation related to fraud, misrepresentation,
12 deceit, or negligence.

13 (c) A civil penalty under this Section continues to accrue
14 until the date the violation ceases.

15 (d) A civil penalty under Section is cumulative to any
16 civil penalties enforceable by the Department under any other
17 law.

18 Section 120-75. Subpoena power.

19 (a) The Secretary shall have the power to issue and to
20 serve subpoenas and subpoenas duces tecum to compel the
21 attendance of witnesses and the production of all books,
22 accounts, records, and other documents and materials relevant
23 to an examination or investigation. The Secretary, or his or
24 her duly authorized representative, shall have power to
25 administer oaths and affirmations to any person.

1 (b) In the event of noncompliance with a subpoena or
2 subpoena duces tecum issued or caused to be issued by the
3 Secretary, the Secretary may, through the Attorney General or
4 the State's Attorney of the county in which the person
5 subpoenaed resides or has its principal place of business,
6 petition the circuit court of the county for an order
7 requiring the subpoenaed person to appear and testify and to
8 produce such books, accounts, records, and other documents as
9 are specified in the subpoena duces tecum. The court may grant
10 injunctive relief restraining the person from advertising,
11 promoting, soliciting, entering into, offering to enter into,
12 continuing, or completing any student loan servicing
13 transaction. The court may grant other relief, including, but
14 not limited to, the restraint, by injunction or appointment of
15 a receiver, of any transfer, pledge, assignment, or other
16 disposition of the person's assets or any concealment,
17 alteration, destruction, or other disposition of books,
18 accounts, records, or other documents and materials as the
19 court deems appropriate, until the person has fully complied
20 with the subpoena or subpoena duces tecum and the Secretary
21 has completed an investigation or examination.

22 (c) If it appears to the Secretary that the compliance
23 with a subpoena or subpoena duces tecum issued or caused to be
24 issued by the Secretary pursuant to this Section is essential
25 to an investigation or examination, the Secretary, in addition
26 to the other remedies provided for in this Act, may, through

1 the Attorney General or the State's Attorney of the county in
2 which the subpoenaed person resides or has its principal place
3 of business, apply for relief to the circuit court of the
4 county. The court shall thereupon direct the issuance of an
5 order against the subpoenaed person requiring sufficient bond
6 conditioned on compliance with the subpoena or subpoena duces
7 tecum. The court shall cause to be endorsed on the order a
8 suitable amount of bond or payment pursuant to which the
9 person named in the order shall be freed, having a due regard
10 to the nature of the case.

11 (d) In addition, the Secretary may, through the Attorney
12 General or the State's Attorney of the applicable county, seek
13 a writ of attachment or an equivalent order from the circuit
14 court having jurisdiction over the person who has refused to
15 obey a subpoena, who has refused to give testimony, or who has
16 refused to produce the matters described in the subpoena duces
17 tecum.

18 Section 120-80. Civil actions.

19 (a) The Department may bring a civil action in accordance
20 with the following:

21 (1) If a person violates any provision of this Act, a
22 rule or final order, or condition imposed in writing by
23 the Department, the Department through the Attorney
24 General or the State's Attorney of the county in which any
25 such violation occurs may bring an action in the circuit

1 court to enjoin the acts or practices or to enforce
2 compliance with this Act or any rule or order adopted
3 pursuant to this Act. Upon a proper showing, a permanent
4 or preliminary injunction, restraining order, or writ of
5 mandate shall be granted and a receiver, monitor,
6 conservator, or other designated fiduciary or officer of
7 the court may be appointed for the defendant or the
8 defendant's assets, or any other ancillary relief may be
9 granted as appropriate. A receiver, monitor, conservator,
10 or other designated fiduciary or officer of the court
11 appointed by the circuit court pursuant to this Section
12 may, with the approval of the court, exercise any or all of
13 the powers of the defendant's officers, directors,
14 partners, trustees, or persons who exercise similar powers
15 and perform similar duties, including the filing of a
16 petition for bankruptcy. No action at law or in equity may
17 be maintained by any party against the Secretary, a
18 receiver, monitor, conservator, or other designated
19 fiduciary or officer of the court, by reason of their
20 exercising these powers or performing these duties
21 pursuant to the order of, or with the approval of, the
22 circuit court.

23 (2) The Secretary may include in any action relief
24 authorized by Section 120-50. The circuit court shall have
25 jurisdiction to award additional relief.

26 (3) In any action brought by the Department, the

1 Department may recover its costs and attorney's fees in
2 connection with prosecuting the action if the Department
3 is the prevailing party in the action.

4 (b) The Attorney General may enforce a violation of
5 Article 105 as an unlawful practice under the Consumer Fraud
6 and Deceptive Business Practices Act.

7 (c) A claim of violation of Article 105 may be asserted in
8 a civil action. Additionally, a prevailing resident may be
9 awarded reasonable attorney's fees and court costs.

10 Article 125. General Restrictions and Prohibitions

11 Section 125-5. Restricted stablecoin activities.

12 (a) As used in this Section:

13 "Reserve assets" means cash, central bank reserves,
14 insured deposit accounts, short-term U.S. Treasury securities,
15 short-term U.S. Treasury reverse repurchase agreements, or
16 similar high-quality liquid assets, as defined by the
17 Department and in proportions determined by the Department.

18 "Nominal redemption value" means the value at which a
19 digital asset can be readily converted, on demand at the time
20 of issuance, into United States dollars or any other national
21 or state currency or a monetary equivalent or otherwise
22 accepted in payment or to satisfy debts denominated in United
23 States dollars or any national or state currency.

24 "Stablecoin" means a digital asset (A) that is denominated

1 in United States dollars or pegged to the United States dollar
2 or denominated in or pegged to another national or State
3 currency and is issued with a fixed nominal redemption value
4 with the intent of establishing a reasonable expectation or
5 belief among the general public that the instrument will
6 retain a nominal redemption value that is so stable as to
7 render the nominal redemption effectively fixed and (B) that
8 is not (i) a national or state currency or (ii) a security
9 issued by an investment company registered under the
10 Investment Company Act of 1940, 15 U.S.C. 80a et seq.

11 (b) Subject to any rules adopted by the Department, a
12 covered person shall not exchange, transfer, or store a
13 digital asset or engage in digital asset administration if
14 that digital asset is a stablecoin unless both of the
15 following are true:

16 (1) The issuer of the stablecoin is licensed pursuant
17 to this Act or is a federally insured depository
18 institution exempt from licensure under subsection (c) of
19 Section 101-10.

20 (2) The issuer of the stablecoin at all times owns
21 reserve assets having an aggregate market value computed
22 in accordance with United States generally accepted
23 accounting principles of not less than the aggregate
24 amount of all of its outstanding stablecoins issued or
25 sold.

26 (c) The Department may adopt rules to establish additional

1 requirements for issuers of stablecoins, including, but not
2 limited to, rules related to:

- 3 (1) reserve asset requirements;
4 (2) restrictions on pledging, rehypothecating, or
5 reusing reserve assets;
6 (3) redemption requirements; or
7 (4) any requirement necessary and appropriate for the
8 protection of residents, safety and soundness, or
9 financial stability or to effectuate the purposes of this
10 Section.

11 Section 125-10. No evasion.

12 (a) It shall be unlawful to engage in any device,
13 subterfuge, or pretense to willfully evade or attempt to evade
14 the requirements of this Act or any rule or order issued by the
15 Department hereunder.

16 (b) Any financial product, service, or transaction that is
17 willfully structured to evade or attempt to evade the
18 definitions of digital asset or digital asset business
19 activity shall be a digital asset or digital asset business
20 activity, respectively, for purposes of this Act.

21 Article 130. Additional Procedural Provisions

22 Section 130-5. Confidential supervisory information.

23 (a) Information or documents obtained by employees,

1 agents, or representatives of the Department in the course of
2 any examination, investigation, audit, visit, registration,
3 certification, review, licensing, investigation, or any other
4 regulatory activity pursuant this Act and any record prepared
5 or obtained by the Department to the extent that the record
6 summarizes or contains information derived from any report,
7 document, or record described in this Section shall, unless
8 made a matter of public record, be deemed confidential and not
9 subject to disclosure under the Freedom of Information Act,
10 and only subject to disclosure pursuant to subpoena or court
11 order as provided in subsection (e).

12 (b) All records of communications or summaries of
13 communications between employees, agents, or representatives
14 of the Department and employees, agents, or representatives of
15 other governmental agencies, a provider of any multistate
16 licensing system, or associations or organizations
17 representing federal, State, or local law enforcement or
18 regulatory agencies or providers of any multistate licensing
19 system, pursuant to any regulatory or supervision activity
20 under this Act and any other financial law administered by the
21 Department, are confidential to the extent they contain
22 confidential supervisory information and not subject to
23 disclosure under the Freedom of Information Act.

24 (c) All confidential supervisory information received from
25 other governmental agencies, a multistate licensing system
26 provider, or associations or organizations consisting of

1 employees, agents, or representatives of such agencies or
2 providers, shall not be subject to disclosure under the
3 Freedom of Information Act, and only subject to disclosure
4 pursuant to subpoena or court order as provided in subsection
5 (e).

6 (d) The sharing of any confidential supervisory
7 information under this Act with governmental agencies,
8 providers of any multistate licensing system, or associations
9 or organizations consisting of employees, agents, or
10 representatives of such federal, State, or local law
11 enforcement or regulatory agencies, shall not result in the
12 loss of privilege arising under federal or State law, or the
13 loss of confidentiality protections provided by federal law or
14 State law, and are only subject to disclosure pursuant to
15 subpoena or court order as provided in subsection (e).

16 (e) Confidential supervisory information may not be
17 disclosed to anyone other than the regulated person, law
18 enforcement officials or other regulatory agencies that have
19 an appropriate regulatory interest as determined by the
20 Secretary, or to a party presenting a lawful subpoena, order,
21 or other judicial or administrative process to the Secretary.
22 The Secretary may immediately appeal to the court of
23 jurisdiction the disclosure of such confidential supervisory
24 information and seek a stay of the subpoena pending the
25 outcome of the appeal. Reports required of regulated persons
26 by the Secretary under this Act and results of examinations

1 performed by the Secretary under this Act shall be the
2 property of only the Secretary but may be shared with the
3 regulated person. Access under this Act to the books and
4 records of each regulated person shall be limited to the
5 Secretary and his agents as provided in this Act and to the
6 regulated person and its authorized agents and designees. No
7 other person shall have access to the books and records of a
8 regulated person under this Act. Any person upon whom a demand
9 for production of confidential supervisory information is
10 made, whether by subpoena, order, or other judicial or
11 administrative process, must withhold production of the
12 confidential supervisory information and must notify the
13 Secretary of the demand, at which time the Secretary is
14 authorized to intervene for the purpose of enforcing the
15 limitations of this Section or seeking the withdrawal or
16 termination of the attempt to compel production of the
17 confidential supervisory information. The Secretary may impose
18 any conditions and limitations on the disclosure of
19 confidential supervisory information that are necessary to
20 protect the confidentiality of such information. Except as
21 authorized by the Secretary, no person obtaining access to
22 confidential supervisory information may make a copy of the
23 confidential supervisory information. The Secretary may
24 condition a decision to disclose confidential supervisory
25 information on entry of a protective order by the court or
26 administrative tribunal presiding in the particular case or on

1 a written agreement of confidentiality. In a case in which a
2 protective order or agreement has already been entered between
3 parties other than the Secretary, the Secretary may
4 nevertheless condition approval for release of confidential
5 supervisory information upon the inclusion of additional or
6 amended provisions in the protective order. The Secretary may
7 authorize a party who obtained the records for use in one case
8 to provide them to another party in another case, subject to
9 any conditions that the Secretary may impose on either or both
10 parties. The requester shall promptly notify other parties to
11 a case of the release of confidential supervisory information
12 obtained and, upon entry of a protective order, shall provide
13 copies of confidential supervisory information to the other
14 parties.

15 (f) The Secretary is authorized to enter agreements or
16 sharing arrangements with other governmental agencies,
17 providers of any multistate licensing system, or associations
18 or organizations representing governmental agencies or
19 providers of any multistate licensing system. Notwithstanding
20 the foregoing, the provisions of this Section shall apply
21 regardless of the existence of any such agreement or sharing
22 arrangement.

23 (g) This Section in no way limits any right, privilege, or
24 authority that the Department has pursuant to any other
25 applicable law. This Section does not in any way limit any
26 privilege arising under federal or state law or other

1 exemption from disclosure pursuant to the Freedom of
2 Information Act.

3 (h) Notwithstanding the foregoing, whenever the Secretary
4 determines, in his or her sole discretion, that it is in the
5 public's interest, he or she may publicly disclose information
6 or documents obtained under this Act and any other financial
7 law administered by the Department, unless otherwise
8 prohibited by law.

9 Section 130-10. Additional rulemaking authority.

10 (a) In addition to such powers and rulemaking authority as
11 may be prescribed elsewhere in this Act or other financial
12 laws administered by the Department, the Department is hereby
13 authorized and empowered to adopt rules consistent with the
14 purposes of this Act, including, but not limited to:

15 (1) rules in connection with the activities of covered
16 persons, affiliates, and service providers as may be
17 necessary and appropriate for the protection of residents;

18 (2) rules to define the terms used in this Act and as
19 may be necessary and appropriate to interpret and
20 implement the provisions of this Act;

21 (3) rules as may be necessary for the administration
22 and enforcement of this Act;

23 (4) rules to set and collect fees necessary to
24 administer and enforce this Act;

25 (5) rules in connection with the activities of covered

1 persons, affiliates, and service providers as may be
2 necessary and appropriate for the safety and soundness of
3 such covered persons and affiliates and the stability of
4 the financial system in this State.

5 (b) The Secretary is hereby authorized and empowered to
6 make specific rulings, demands, and findings that he or she
7 deems necessary for the proper conduct of the licensees and
8 affiliates thereof.

9 Article 135. Miscellaneous Provisions

10 Section 135-5. Construction; severability; applicability.

11 (a) The provisions of this Act shall be liberally
12 construed to effectuate its purposes.

13 (b) The provisions of this Act are severable under Section
14 1.31 of the Statute on Statutes.

15 (c) To the extent that any provision of this Act is
16 preempted by federal law, the provision shall not apply and
17 shall not be enforced solely as to the extent of the preemption
18 and not as to other circumstances, persons, or applications.

19 (d) This Act applies to digital asset business activity
20 with or on behalf of a resident on and after January 1, 2025,
21 except that Article 5 applies to digital asset business
22 activity with or on behalf of a resident on and after January
23 1, 2024. Notwithstanding the foregoing, the Department may
24 adopt rules pursuant to this Act upon this Act becoming law

1 with such rules not to take effect earlier than January 1,
2 2024.

3 Article 900. Amendatory provisions

4 Section 900-5. The Freedom of Information Act is amended
5 by changing Section 7.5 as follows:

6 (5 ILCS 140/7.5)

7 Sec. 7.5. Statutory exemptions. To the extent provided for
8 by the statutes referenced below, the following shall be
9 exempt from inspection and copying:

10 (a) All information determined to be confidential
11 under Section 4002 of the Technology Advancement and
12 Development Act.

13 (b) Library circulation and order records identifying
14 library users with specific materials under the Library
15 Records Confidentiality Act.

16 (c) Applications, related documents, and medical
17 records received by the Experimental Organ Transplantation
18 Procedures Board and any and all documents or other
19 records prepared by the Experimental Organ Transplantation
20 Procedures Board or its staff relating to applications it
21 has received.

22 (d) Information and records held by the Department of
23 Public Health and its authorized representatives relating

1 to known or suspected cases of sexually transmissible
2 disease or any information the disclosure of which is
3 restricted under the Illinois Sexually Transmissible
4 Disease Control Act.

5 (e) Information the disclosure of which is exempted
6 under Section 30 of the Radon Industry Licensing Act.

7 (f) Firm performance evaluations under Section 55 of
8 the Architectural, Engineering, and Land Surveying
9 Qualifications Based Selection Act.

10 (g) Information the disclosure of which is restricted
11 and exempted under Section 50 of the Illinois Prepaid
12 Tuition Act.

13 (h) Information the disclosure of which is exempted
14 under the State Officials and Employees Ethics Act, and
15 records of any lawfully created State or local inspector
16 general's office that would be exempt if created or
17 obtained by an Executive Inspector General's office under
18 that Act.

19 (i) Information contained in a local emergency energy
20 plan submitted to a municipality in accordance with a
21 local emergency energy plan ordinance that is adopted
22 under Section 11-21.5-5 of the Illinois Municipal Code.

23 (j) Information and data concerning the distribution
24 of surcharge moneys collected and remitted by carriers
25 under the Emergency Telephone System Act.

26 (k) Law enforcement officer identification information

1 or driver identification information compiled by a law
2 enforcement agency or the Department of Transportation
3 under Section 11-212 of the Illinois Vehicle Code.

4 (l) Records and information provided to a residential
5 health care facility resident sexual assault and death
6 review team or the Executive Council under the Abuse
7 Prevention Review Team Act.

8 (m) Information provided to the predatory lending
9 database created pursuant to Article 3 of the Residential
10 Real Property Disclosure Act, except to the extent
11 authorized under that Article.

12 (n) Defense budgets and petitions for certification of
13 compensation and expenses for court appointed trial
14 counsel as provided under Sections 10 and 15 of the
15 Capital Crimes Litigation Act. This subsection (n) shall
16 apply until the conclusion of the trial of the case, even
17 if the prosecution chooses not to pursue the death penalty
18 prior to trial or sentencing.

19 (o) Information that is prohibited from being
20 disclosed under Section 4 of the Illinois Health and
21 Hazardous Substances Registry Act.

22 (p) Security portions of system safety program plans,
23 investigation reports, surveys, schedules, lists, data, or
24 information compiled, collected, or prepared by or for the
25 Department of Transportation under Sections 2705-300 and
26 2705-616 of the Department of Transportation Law of the

1 Civil Administrative Code of Illinois, the Regional
2 Transportation Authority under Section 2.11 of the
3 Regional Transportation Authority Act, or the St. Clair
4 County Transit District under the Bi-State Transit Safety
5 Act.

6 (q) Information prohibited from being disclosed by the
7 Personnel Record Review Act.

8 (r) Information prohibited from being disclosed by the
9 Illinois School Student Records Act.

10 (s) Information the disclosure of which is restricted
11 under Section 5-108 of the Public Utilities Act.

12 (t) All identified or deidentified health information
13 in the form of health data or medical records contained
14 in, stored in, submitted to, transferred by, or released
15 from the Illinois Health Information Exchange, and
16 identified or deidentified health information in the form
17 of health data and medical records of the Illinois Health
18 Information Exchange in the possession of the Illinois
19 Health Information Exchange Office due to its
20 administration of the Illinois Health Information
21 Exchange. The terms "identified" and "deidentified" shall
22 be given the same meaning as in the Health Insurance
23 Portability and Accountability Act of 1996, Public Law
24 104-191, or any subsequent amendments thereto, and any
25 regulations promulgated thereunder.

26 (u) Records and information provided to an independent

1 team of experts under the Developmental Disability and
2 Mental Health Safety Act (also known as Brian's Law).

3 (v) Names and information of people who have applied
4 for or received Firearm Owner's Identification Cards under
5 the Firearm Owners Identification Card Act or applied for
6 or received a concealed carry license under the Firearm
7 Concealed Carry Act, unless otherwise authorized by the
8 Firearm Concealed Carry Act; and databases under the
9 Firearm Concealed Carry Act, records of the Concealed
10 Carry Licensing Review Board under the Firearm Concealed
11 Carry Act, and law enforcement agency objections under the
12 Firearm Concealed Carry Act.

13 (v-5) Records of the Firearm Owner's Identification
14 Card Review Board that are exempted from disclosure under
15 Section 10 of the Firearm Owners Identification Card Act.

16 (w) Personally identifiable information which is
17 exempted from disclosure under subsection (g) of Section
18 19.1 of the Toll Highway Act.

19 (x) Information which is exempted from disclosure
20 under Section 5-1014.3 of the Counties Code or Section
21 8-11-21 of the Illinois Municipal Code.

22 (y) Confidential information under the Adult
23 Protective Services Act and its predecessor enabling
24 statute, the Elder Abuse and Neglect Act, including
25 information about the identity and administrative finding
26 against any caregiver of a verified and substantiated

1 decision of abuse, neglect, or financial exploitation of
2 an eligible adult maintained in the Registry established
3 under Section 7.5 of the Adult Protective Services Act.

4 (z) Records and information provided to a fatality
5 review team or the Illinois Fatality Review Team Advisory
6 Council under Section 15 of the Adult Protective Services
7 Act.

8 (aa) Information which is exempted from disclosure
9 under Section 2.37 of the Wildlife Code.

10 (bb) Information which is or was prohibited from
11 disclosure by the Juvenile Court Act of 1987.

12 (cc) Recordings made under the Law Enforcement
13 Officer-Worn Body Camera Act, except to the extent
14 authorized under that Act.

15 (dd) Information that is prohibited from being
16 disclosed under Section 45 of the Condominium and Common
17 Interest Community Ombudsperson Act.

18 (ee) Information that is exempted from disclosure
19 under Section 30.1 of the Pharmacy Practice Act.

20 (ff) Information that is exempted from disclosure
21 under the Revised Uniform Unclaimed Property Act.

22 (gg) Information that is prohibited from being
23 disclosed under Section 7-603.5 of the Illinois Vehicle
24 Code.

25 (hh) Records that are exempt from disclosure under
26 Section 1A-16.7 of the Election Code.

1 (ii) Information which is exempted from disclosure
2 under Section 2505-800 of the Department of Revenue Law of
3 the Civil Administrative Code of Illinois.

4 (jj) Information and reports that are required to be
5 submitted to the Department of Labor by registering day
6 and temporary labor service agencies but are exempt from
7 disclosure under subsection (a-1) of Section 45 of the Day
8 and Temporary Labor Services Act.

9 (kk) Information prohibited from disclosure under the
10 Seizure and Forfeiture Reporting Act.

11 (ll) Information the disclosure of which is restricted
12 and exempted under Section 5-30.8 of the Illinois Public
13 Aid Code.

14 (mm) Records that are exempt from disclosure under
15 Section 4.2 of the Crime Victims Compensation Act.

16 (nn) Information that is exempt from disclosure under
17 Section 70 of the Higher Education Student Assistance Act.

18 (oo) Communications, notes, records, and reports
19 arising out of a peer support counseling session
20 prohibited from disclosure under the First Responders
21 Suicide Prevention Act.

22 (pp) Names and all identifying information relating to
23 an employee of an emergency services provider or law
24 enforcement agency under the First Responders Suicide
25 Prevention Act.

26 (qq) Information and records held by the Department of

1 Public Health and its authorized representatives collected
2 under the Reproductive Health Act.

3 (rr) Information that is exempt from disclosure under
4 the Cannabis Regulation and Tax Act.

5 (ss) Data reported by an employer to the Department of
6 Human Rights pursuant to Section 2-108 of the Illinois
7 Human Rights Act.

8 (tt) Recordings made under the Children's Advocacy
9 Center Act, except to the extent authorized under that
10 Act.

11 (uu) Information that is exempt from disclosure under
12 Section 50 of the Sexual Assault Evidence Submission Act.

13 (vv) Information that is exempt from disclosure under
14 subsections (f) and (j) of Section 5-36 of the Illinois
15 Public Aid Code.

16 (ww) Information that is exempt from disclosure under
17 Section 16.8 of the State Treasurer Act.

18 (xx) Information that is exempt from disclosure or
19 information that shall not be made public under the
20 Illinois Insurance Code.

21 (yy) Information prohibited from being disclosed under
22 the Illinois Educational Labor Relations Act.

23 (zz) Information prohibited from being disclosed under
24 the Illinois Public Labor Relations Act.

25 (aaa) Information prohibited from being disclosed
26 under Section 1-167 of the Illinois Pension Code.

1 (bbb) Information that is prohibited from disclosure
2 by the Illinois Police Training Act and the Illinois State
3 Police Act.

4 (ccc) Records exempt from disclosure under Section
5 2605-304 of the Illinois State Police Law of the Civil
6 Administrative Code of Illinois.

7 (ddd) Information prohibited from being disclosed
8 under Section 35 of the Address Confidentiality for
9 Victims of Domestic Violence, Sexual Assault, Human
10 Trafficking, or Stalking Act.

11 (eee) Information prohibited from being disclosed
12 under subsection (b) of Section 75 of the Domestic
13 Violence Fatality Review Act.

14 (fff) Images from cameras under the Expressway Camera
15 Act. This subsection (fff) is inoperative on and after
16 July 1, 2023.

17 (ggg) Information prohibited from disclosure under
18 paragraph (3) of subsection (a) of Section 14 of the Nurse
19 Agency Licensing Act.

20 (hhh) Information submitted to the Illinois Department
21 ~~of~~ State Police in an affidavit or application for an
22 assault weapon endorsement, assault weapon attachment
23 endorsement, .50 caliber rifle endorsement, or .50 caliber
24 cartridge endorsement under the Firearm Owners
25 Identification Card Act.

26 (iii) Information prohibited from being disclosed

1 under Section 4-2 of the Uniform Money Transmission
2 Modernization Act.

3 (jjj) Information prohibited from being disclosed
4 under Section 130-5 of the Digital Assets Regulation Act.

5 (Source: P.A. 101-13, eff. 6-12-19; 101-27, eff. 6-25-19;
6 101-81, eff. 7-12-19; 101-221, eff. 1-1-20; 101-236, eff.
7 1-1-20; 101-375, eff. 8-16-19; 101-377, eff. 8-16-19; 101-452,
8 eff. 1-1-20; 101-466, eff. 1-1-20; 101-600, eff. 12-6-19;
9 101-620, eff. 12-20-19; 101-649, eff. 7-7-20; 101-652, eff.
10 1-1-22; 101-656, eff. 3-23-21; 102-36, eff. 6-25-21; 102-237,
11 eff. 1-1-22; 102-292, eff. 1-1-22; 102-520, eff. 8-20-21;
12 102-559, eff. 8-20-21; 102-813, eff. 5-13-22; 102-946, eff.
13 7-1-22; 102-1042, eff. 6-3-22; 102-1116, eff. 1-10-23; revised
14 2-13-23.)

15 Section 900-10. The State Finance Act is amended by adding
16 Sections 5.990 and 5.991 as follows:

17 (30 ILCS 105/5.990 new)

18 Sec. 5.990. The TOMA Consumer Protection Fund.

19 (30 ILCS 105/5.991 new)

20 Sec. 5.991. The Financial Protection Fund.

21 Section 900-15. The Illinois Banking Act is amended by
22 changing Sections 2 and 30 as follows:

1 (205 ILCS 5/2) (from Ch. 17, par. 302)

2 Sec. 2. General definitions. In this Act, unless the
3 context otherwise requires, the following words and phrases
4 shall have the following meanings:

5 "Accommodation party" shall have the meaning ascribed to
6 that term in Section 3-419 of the Uniform Commercial Code.

7 "Action" in the sense of a judicial proceeding includes
8 recoupments, counterclaims, set-off, and any other proceeding
9 in which rights are determined.

10 "Affiliate facility" of a bank means a main banking
11 premises or branch of another commonly owned bank. The main
12 banking premises or any branch of a bank may be an "affiliate
13 facility" with respect to one or more other commonly owned
14 banks.

15 "Appropriate federal banking agency" means the Federal
16 Deposit Insurance Corporation, the Federal Reserve Bank of
17 Chicago, or the Federal Reserve Bank of St. Louis, as
18 determined by federal law.

19 "Bank" means any person doing a banking business whether
20 subject to the laws of this or any other jurisdiction.

21 A "banking house", "branch", "branch bank" or "branch
22 office" shall mean any place of business of a bank at which
23 deposits are received, checks paid, or loans made, but shall
24 not include any place at which only records thereof are made,
25 posted, or kept. A place of business at which deposits are

1 received, checks paid, or loans made shall not be deemed to be
2 a branch, branch bank, or branch office if the place of
3 business is adjacent to and connected with the main banking
4 premises, or if it is separated from the main banking premises
5 by not more than an alley; provided always that (i) if the
6 place of business is separated by an alley from the main
7 banking premises there is a connection between the two by
8 public or private way or by subterranean or overhead passage,
9 and (ii) if the place of business is in a building not wholly
10 occupied by the bank, the place of business shall not be within
11 any office or room in which any other business or service of
12 any kind or nature other than the business of the bank is
13 conducted or carried on. A place of business at which deposits
14 are received, checks paid, or loans made shall not be deemed to
15 be a branch, branch bank, or branch office (i) of any bank if
16 the place is a terminal established and maintained in
17 accordance with paragraph (17) of Section 5 of this Act, or
18 (ii) of a commonly owned bank by virtue of transactions
19 conducted at that place on behalf of the other commonly owned
20 bank under paragraph (23) of Section 5 of this Act if the place
21 is an affiliate facility with respect to the other bank.

22 "Branch of an out-of-state bank" means a branch
23 established or maintained in Illinois by an out-of-state bank
24 as a result of a merger between an Illinois bank and the
25 out-of-state bank that occurs on or after May 31, 1997, or any
26 branch established by the out-of-state bank following the

1 merger.

2 "Bylaws" means the bylaws of a bank that are adopted by the
3 bank's board of directors or shareholders for the regulation
4 and management of the bank's affairs. If the bank operates as a
5 limited liability company, however, "bylaws" means the
6 operating agreement of the bank.

7 "Call report fee" means the fee to be paid to the
8 Commissioner by each State bank pursuant to paragraph (a) of
9 subsection (3) of Section 48 of this Act.

10 "Capital" includes the aggregate of outstanding capital
11 stock and preferred stock.

12 "Cash flow reserve account" means the account within the
13 books and records of the Commissioner of Banks and Real Estate
14 used to record funds designated to maintain a reasonable Bank
15 and Trust Company Fund operating balance to meet agency
16 obligations on a timely basis.

17 "Charter" includes the original charter and all amendments
18 thereto and articles of merger or consolidation.

19 "Commissioner" means the Commissioner of Banks and Real
20 Estate, except that beginning on April 6, 2009 (the effective
21 date of Public Act 95-1047), all references in this Act to the
22 Commissioner of Banks and Real Estate are deemed, in
23 appropriate contexts, to be references to the Secretary of
24 Financial and Professional Regulation.

25 "Commonly owned banks" means 2 or more banks that each
26 qualify as a bank subsidiary of the same bank holding company

1 pursuant to Section 18 of the Federal Deposit Insurance Act;
2 "commonly owned bank" refers to one of a group of commonly
3 owned banks but only with respect to one or more of the other
4 banks in the same group.

5 "Community" means a city, village, or incorporated town
6 and also includes the area served by the banking offices of a
7 bank, but need not be limited or expanded to conform to the
8 geographic boundaries of units of local government.

9 "Company" means a corporation, limited liability company,
10 partnership, business trust, association, or similar
11 organization and, unless specifically excluded, includes a
12 "State bank" and a "bank".

13 "Consolidating bank" means a party to a consolidation.

14 "Consolidation" takes place when 2 or more banks, or a
15 trust company and a bank, are extinguished and by the same
16 process a new bank is created, taking over the assets and
17 assuming the liabilities of the banks or trust company passing
18 out of existence.

19 "Continuing bank" means a merging bank, the charter of
20 which becomes the charter of the resulting bank.

21 "Converting bank" means a State bank converting to become
22 a national bank, or a national bank converting to become a
23 State bank.

24 "Converting trust company" means a trust company
25 converting to become a State bank.

26 "Court" means a court of competent jurisdiction.

1 "Director" means a member of the board of directors of a
2 bank. In the case of a manager-managed limited liability
3 company, however, "director" means a manager of the bank and,
4 in the case of a member-managed limited liability company,
5 "director" means a member of the bank. The term "director"
6 does not include an advisory director, honorary director,
7 director emeritus, or similar person, unless the person is
8 otherwise performing functions similar to those of a member of
9 the board of directors.

10 "Director of Banking" means the Director of the Division
11 of Banking of the Department of Financial and Professional
12 Regulation.

13 "Eligible depository institution" means an insured savings
14 association that is in default, an insured savings association
15 that is in danger of default, a State or national bank that is
16 in default or a State or national bank that is in danger of
17 default, as those terms are defined in this Section, or a new
18 bank as that term defined in Section 11(m) of the Federal
19 Deposit Insurance Act or a bridge bank as that term is defined
20 in Section 11(n) of the Federal Deposit Insurance Act or a new
21 federal savings association authorized under Section
22 11(d) (2) (f) of the Federal Deposit Insurance Act.

23 "Fiduciary" means trustee, agent, executor, administrator,
24 committee, guardian for a minor or for a person under legal
25 disability, receiver, trustee in bankruptcy, assignee for
26 creditors, or any holder of similar position of trust.

1 "Financial institution" means a bank, savings bank,
2 savings and loan association, credit union, or any licensee
3 under the Consumer Installment Loan Act or the Sales Finance
4 Agency Act and, for purposes of Section 48.3, any proprietary
5 network, funds transfer corporation, or other entity providing
6 electronic funds transfer services, or any corporate
7 fiduciary, its subsidiaries, affiliates, parent company, or
8 contractual service provider that is examined by the
9 Commissioner. For purposes of Section 5c and subsection (b) of
10 Section 13 of this Act, "financial institution" includes any
11 proprietary network, funds transfer corporation, or other
12 entity providing electronic funds transfer services, and any
13 corporate fiduciary.

14 "Foundation" means the Illinois Bank Examiners' Education
15 Foundation.

16 "General obligation" means a bond, note, debenture,
17 security, or other instrument evidencing an obligation of the
18 government entity that is the issuer that is supported by the
19 full available resources of the issuer, the principal and
20 interest of which is payable in whole or in part by taxation.

21 "Guarantee" means an undertaking or promise to answer for
22 payment of another's debt or performance of another's duty,
23 liability, or obligation whether "payment guaranteed" or
24 "collection guaranteed".

25 "In danger of default" means a State or national bank, a
26 federally chartered insured savings association or an Illinois

1 state chartered insured savings association with respect to
2 which the Commissioner or the appropriate federal banking
3 agency has advised the Federal Deposit Insurance Corporation
4 that:

5 (1) in the opinion of the Commissioner or the
6 appropriate federal banking agency,

7 (A) the State or national bank or insured savings
8 association is not likely to be able to meet the
9 demands of the State or national bank's or savings
10 association's obligations in the normal course of
11 business; and

12 (B) there is no reasonable prospect that the State
13 or national bank or insured savings association will
14 be able to meet those demands or pay those obligations
15 without federal assistance; or

16 (2) in the opinion of the Commissioner or the
17 appropriate federal banking agency,

18 (A) the State or national bank or insured savings
19 association has incurred or is likely to incur losses
20 that will deplete all or substantially all of its
21 capital; and

22 (B) there is no reasonable prospect that the
23 capital of the State or national bank or insured
24 savings association will be replenished without
25 federal assistance.

26 "In default" means, with respect to a State or national

1 bank or an insured savings association, any adjudication or
2 other official determination by any court of competent
3 jurisdiction, the Commissioner, the appropriate federal
4 banking agency, or other public authority pursuant to which a
5 conservator, receiver, or other legal custodian is appointed
6 for a State or national bank or an insured savings
7 association.

8 "Insured savings association" means any federal savings
9 association chartered under Section 5 of the federal Home
10 Owners' Loan Act and any State savings association chartered
11 under the Illinois Savings and Loan Act of 1985 or a
12 predecessor Illinois statute, the deposits of which are
13 insured by the Federal Deposit Insurance Corporation. The term
14 also includes a savings bank organized or operating under the
15 Savings Bank Act.

16 "Insured savings association in recovery" means an insured
17 savings association that is not an eligible depository
18 institution and that does not meet the minimum capital
19 requirements applicable with respect to the insured savings
20 association.

21 "Issuer" means for purposes of Section 33 every person who
22 shall have issued or proposed to issue any security; except
23 that (1) with respect to certificates of deposit, voting trust
24 certificates, collateral-trust certificates, and certificates
25 of interest or shares in an unincorporated investment trust
26 not having a board of directors (or persons performing similar

1 functions), "issuer" means the person or persons performing
2 the acts and assuming the duties of depositor or manager
3 pursuant to the provisions of the trust, agreement, or
4 instrument under which the securities are issued; (2) with
5 respect to trusts other than those specified in clause (1)
6 above, where the trustee is a corporation authorized to accept
7 and execute trusts, "issuer" means the entrusters, depositors,
8 or creators of the trust and any manager or committee charged
9 with the general direction of the affairs of the trust
10 pursuant to the provisions of the agreement or instrument
11 creating the trust; and (3) with respect to equipment trust
12 certificates or like securities, "issuer" means the person to
13 whom the equipment or property is or is to be leased or
14 conditionally sold.

15 "Letter of credit" and "customer" shall have the meanings
16 ascribed to those terms in Section 5-102 of the Uniform
17 Commercial Code.

18 "Main banking premises" means the location that is
19 designated in a bank's charter as its main office.

20 "Maker or obligor" means for purposes of Section 33 the
21 issuer of a security, the promisor in a debenture or other debt
22 security, or the mortgagor or grantor of a trust deed or
23 similar conveyance of a security interest in real or personal
24 property.

25 "Merged bank" means a merging bank that is not the
26 continuing, resulting, or surviving bank in a consolidation or

1 merger.

2 "Merger" includes consolidation.

3 "Merging bank" means a party to a bank merger.

4 "Merging trust company" means a trust company party to a
5 merger with a State bank.

6 "Mid-tier bank holding company" means a corporation that
7 (a) owns 100% of the issued and outstanding shares of each
8 class of stock of a State bank, (b) has no other subsidiaries,
9 and (c) 100% of the issued and outstanding shares of the
10 corporation are owned by a parent bank holding company.

11 "Municipality" means any municipality, political
12 subdivision, school district, taxing district, or agency.

13 "National bank" means a national banking association
14 located in this State and after May 31, 1997, means a national
15 banking association without regard to its location.

16 "Out-of-state bank" means a bank chartered under the laws
17 of a state other than Illinois, a territory of the United
18 States, or the District of Columbia.

19 "Parent bank holding company" means a corporation that is
20 a bank holding company as that term is defined in the Illinois
21 Bank Holding Company Act of 1957 and owns 100% of the issued
22 and outstanding shares of a mid-tier bank holding company.

23 "Person" means an individual, corporation, limited
24 liability company, partnership, joint venture, trust, estate,
25 or unincorporated association.

26 "Public agency" means the State of Illinois, the various

1 counties, townships, cities, towns, villages, school
2 districts, educational service regions, special road
3 districts, public water supply districts, fire protection
4 districts, drainage districts, levee districts, sewer
5 districts, housing authorities, the Illinois Bank Examiners'
6 Education Foundation, the Chicago Park District, and all other
7 political corporations or subdivisions of the State of
8 Illinois, whether now or hereafter created, whether herein
9 specifically mentioned or not, and shall also include any
10 other state or any political corporation or subdivision of
11 another state.

12 "Public funds" or "public money" means current operating
13 funds, special funds, interest and sinking funds, and funds of
14 any kind or character belonging to, in the custody of, or
15 subject to the control or regulation of the United States or a
16 public agency. "Public funds" or "public money" shall include
17 funds held by any of the officers, agents, or employees of the
18 United States or of a public agency in the course of their
19 official duties and, with respect to public money of the
20 United States, shall include Postal Savings funds.

21 "Published" means, unless the context requires otherwise,
22 the publishing of the notice or instrument referred to in some
23 newspaper of general circulation in the community in which the
24 bank is located at least once each week for 3 successive weeks.
25 Publishing shall be accomplished by, and at the expense of,
26 the bank required to publish. Where publishing is required,

1 the bank shall submit to the Commissioner that evidence of the
2 publication as the Commissioner shall deem appropriate.

3 "Qualified financial contract" means any security
4 contract, commodity contract, forward contract, including spot
5 and forward foreign exchange contracts, repurchase agreement,
6 swap agreement, and any similar agreement, any option to enter
7 into any such agreement, including any combination of the
8 foregoing, and any master agreement for such agreements. A
9 master agreement, together with all supplements thereto, shall
10 be treated as one qualified financial contract. The contract,
11 option, agreement, or combination of contracts, options, or
12 agreements shall be reflected upon the books, accounts, or
13 records of the bank, or a party to the contract shall provide
14 documentary evidence of such agreement.

15 "Recorded" means the filing or recording of the notice or
16 instrument referred to in the office of the Recorder of the
17 county wherein the bank is located.

18 "Resulting bank" means the bank resulting from a merger or
19 conversion.

20 "Secretary" means the Secretary of Financial and
21 Professional Regulation, or a person authorized by the
22 Secretary or by this Act to act in the Secretary's stead.

23 "Securities" means stocks, bonds, debentures, notes, or
24 other similar obligations.

25 "Special purpose trust company" means a special purpose
26 trust company under Article IIA of the Corporate Fiduciary

1 Act.

2 "Stand-by letter of credit" means a letter of credit under
3 which drafts are payable upon the condition the customer has
4 defaulted in performance of a duty, liability, or obligation.

5 "State bank" means any banking corporation that has a
6 banking charter issued by the Commissioner under this Act.

7 "State Banking Board" means the State Banking Board of
8 Illinois.

9 "Subsidiary" with respect to a specified company means a
10 company that is controlled by the specified company. For
11 purposes of paragraphs (8) and (12) of Section 5 of this Act,
12 "control" means the exercise of operational or managerial
13 control of a corporation by the bank, either alone or together
14 with other affiliates of the bank.

15 "Surplus" means the aggregate of (i) amounts paid in
16 excess of the par value of capital stock and preferred stock;
17 (ii) amounts contributed other than for capital stock and
18 preferred stock and allocated to the surplus account; and
19 (iii) amounts transferred from undivided profits.

20 "Tier 1 Capital" and "Tier 2 Capital" have the meanings
21 assigned to those terms in regulations promulgated for the
22 appropriate federal banking agency of a state bank, as those
23 regulations are now or hereafter amended.

24 "Trust company" means a limited liability company or
25 corporation incorporated in this State for the purpose of
26 accepting and executing trusts.

1 "Undivided profits" means undistributed earnings less
2 discretionary transfers to surplus.

3 "Unimpaired capital and unimpaired surplus", for the
4 purposes of paragraph (21) of Section 5 and Sections 32, 33,
5 34, 35.1, 35.2, and 47 of this Act means the sum of the state
6 bank's Tier 1 Capital and Tier 2 Capital plus such other
7 shareholder equity as may be included by regulation of the
8 Commissioner. Unimpaired capital and unimpaired surplus shall
9 be calculated on the basis of the date of the last quarterly
10 call report filed with the Commissioner preceding the date of
11 the transaction for which the calculation is made, provided
12 that: (i) when a material event occurs after the date of the
13 last quarterly call report filed with the Commissioner that
14 reduces or increases the bank's unimpaired capital and
15 unimpaired surplus by 10% or more, then the unimpaired capital
16 and unimpaired surplus shall be calculated from the date of
17 the material event for a transaction conducted after the date
18 of the material event; and (ii) if the Commissioner determines
19 for safety and soundness reasons that a state bank should
20 calculate unimpaired capital and unimpaired surplus more
21 frequently than provided by this paragraph, the Commissioner
22 may by written notice direct the bank to calculate unimpaired
23 capital and unimpaired surplus at a more frequent interval. In
24 the case of a state bank newly chartered under Section 13 or a
25 state bank resulting from a merger, consolidation, or
26 conversion under Sections 21 through 26 for which no preceding

1 quarterly call report has been filed with the Commissioner,
2 unimpaired capital and unimpaired surplus shall be calculated
3 for the first calendar quarter on the basis of the effective
4 date of the charter, merger, consolidation, or conversion.

5 (Source: P.A. 95-924, eff. 8-26-08; 95-1047, eff. 4-6-09;
6 96-1000, eff. 7-2-10; 96-1163, eff. 1-1-11.)

7 (205 ILCS 5/30) (from Ch. 17, par. 337)

8 Sec. 30. Conversion; merger with trust company or special
9 purpose trust company. Upon approval by the Commissioner a
10 trust company having power so to do under the law under which
11 it is organized may convert into a state bank or may merge into
12 a state bank as prescribed by this Act; except that the action
13 by a trust company shall be taken in the manner prescribed by
14 and shall be subject to limitations and requirements imposed
15 by the law under which it is organized which law shall also
16 govern the rights of its dissenting stockholders. The rights
17 of dissenting stockholders of a state bank shall be governed
18 by Section 29 of this Act. The conversion or merger procedure
19 shall be:

20 (1) In the case of a merger, the board of directors of both
21 the merging trust company and the merging bank by a majority of
22 the entire board in each case shall approve a merger agreement
23 which shall contain:

24 (a) The name and location of the merging bank and of
25 the merging trust company and a list of the stockholders

1 of each as of the date of the merger agreement;

2 (b) With respect to the resulting bank (i) its name
3 and place of business; (ii) the amount of capital, surplus
4 and reserve for operating expenses; (iii) the classes and
5 the number of shares of stock and the par value of each
6 share; (iv) the charter which is to be the charter of the
7 resulting bank, together with the amendments to the
8 continuing charter and to the continuing by-laws; and (v)
9 a detailed financial statement showing the assets and
10 liabilities after the proposed merger;

11 (c) Provisions governing the manner of converting the
12 shares of the merging bank and of the merging trust
13 company into shares of the resulting bank;

14 (d) A statement that the merger agreement is subject
15 to approval by the Commissioner and by the stockholders of
16 the merging bank and the merging trust company, and that
17 whether approved or disapproved, the parties thereto will
18 pay the Commissioner's expenses of examination;

19 (e) Provisions governing the manner of disposing of
20 the shares of the resulting bank not taken by the
21 dissenting stockholders of the merging trust company; and

22 (f) Such other provisions as the Commissioner may
23 reasonably require to enable him to discharge his duties
24 with respect to the merger.

25 (2) After approval by the board of directors of the
26 merging bank and of the merging trust company, the merger

1 agreement shall be submitted to the Commissioner for approval
2 together with the certified copies of the authorizing
3 resolution of each board of directors showing approval by a
4 majority of each board.

5 (3) After receipt by the Commissioner of the papers
6 specified in subsection (2), he shall approve or disapprove
7 the merger agreement. The Commissioner shall not approve the
8 agreement unless he shall be of the opinion and finds:

9 (a) That the resulting bank meets the requirements of
10 this Act for the formation of a new bank at the proposed
11 place of business of the resulting bank;

12 (b) That the same matters exist in respect of the
13 resulting bank which would have been required under
14 Section 10 of this Act for the organization of a new bank;
15 and

16 (c) That the merger agreement is fair to all persons
17 affected. If the Commissioner disapproves the merger
18 agreement, he shall state his objections in writing and
19 give an opportunity to the merging bank and the merging
20 trust company to obviate such objections.

21 (4) To be effective, if approved by the Commissioner, a
22 merger of a bank and a trust company where there is to be a
23 resulting bank must be approved by the affirmative vote of the
24 holders of at least two-thirds of the outstanding shares of
25 stock of the merging bank entitled to vote at a meeting called
26 to consider such action, unless holders of preferred stock are

1 entitled to vote as a class in respect thereof, in which event
2 the proposed merger shall be adopted upon receiving the
3 affirmative vote of the holders of at least two-thirds of the
4 outstanding shares of each class of shares entitled to vote as
5 a class in respect thereof and of the total outstanding shares
6 entitled to vote at such meeting and must be approved by the
7 stockholders of the merging trust company as provided by the
8 Act under which it is organized. The prescribed vote by the
9 merging bank and the merging trust company shall constitute
10 the adoption of the charter and by-laws of the continuing
11 bank, including the amendments in the merger agreement, as the
12 charter and by-laws of the resulting bank. Written or printed
13 notice of the meeting of the stockholders of the merging bank
14 shall be given to each stockholder of record entitled to vote
15 at such meeting at least thirty days before such meeting and in
16 the manner provided in this Act for the giving of notice of
17 meetings of stockholders. The notice shall state that
18 dissenting stockholders of the merging trust company will be
19 entitled to payment of the value of those shares which are
20 voted against approval of the merger, if a proper demand is
21 made on the resulting bank and the requirements of the Act
22 under which the merging trust company is organized are
23 satisfied.

24 (5) Unless a later date is specified in the merger
25 agreement, the merger shall become effective upon the filing
26 with the Commissioner of the executed merger agreement,

1 together with copies of the resolutions of the stockholders of
2 the merging bank and the merging trust company approving it,
3 certified by the president or a vice-president or, the cashier
4 and also by the secretary or other officer charged with
5 keeping the records. The charter of the merging trust company
6 shall thereupon automatically terminate. The Commissioner
7 shall thereupon issue to the continuing bank a certificate of
8 merger which shall specify the name of the merging trust
9 company, the name of the continuing bank and the amendments to
10 the charter of the continuing bank provided for by the merger
11 agreement. Such certificate shall be conclusive evidence of
12 the merger and of the correctness of all proceedings therefor
13 in all courts and places including the office of the Secretary
14 of State, and said certificate shall be recorded.

15 (6) In the case of a conversion, a trust company shall
16 apply for a charter by filing with the Commissioner:

17 (a) A certificate signed by its president, or a
18 vice-president, and by a majority of the entire board of
19 directors setting forth the corporate action taken in
20 compliance with the provisions of the Act under which it
21 is organized governing the conversion of a trust company
22 to a bank or governing the merger of a trust company into
23 another corporation;

24 (b) The plan of conversion and the proposed charter
25 approved by the stockholders for the operation of the
26 trust company as a bank. The plan of conversion shall

1 contain (i) the name and location proposed for the
2 converting trust company; (ii) a list of its stockholders
3 as of the date of the stockholders' approval of the plan of
4 conversion; (iii) the amount of its capital, surplus and
5 reserve for operating expenses; (iv) the classes and the
6 number of shares of stock and the par value of each share;
7 (v) the charter which is to be the charter of the resulting
8 bank; and (vi) a detailed financial statement showing the
9 assets and liabilities of the converting trust company;

10 (c) A statement that the plan of conversion is subject
11 to approval by the Commissioner and that, whether approved
12 or disapproved, the converting trust company will pay the
13 Commissioner's expenses of examination; and

14 (d) Such other instruments as the Commissioner may
15 reasonably require to enable him to discharge his duties
16 with respect to the conversion.

17 (7) After receipt by the Commissioner of the papers
18 specified in subsection (6), he shall approve or disapprove
19 the plan of conversion. The Commissioner shall not approve the
20 plan of conversion unless he shall be of the opinion and finds:

21 (a) That the resulting bank meets the requirements of
22 this Act for the formation of a new bank at the proposed
23 place of business of the resulting bank;

24 (b) That the same matters exist in respect of the
25 resulting bank which would have been required under
26 Section 10 of this Act for the organization of a new bank;

1 and

2 (c) That the plan of conversion is fair to all persons
3 affected.

4 If the commissioner disapproves the plan of conversion, he
5 shall state his objections in writing and give an opportunity
6 to the converting trust company to obviate such objections.

7 (8) Unless a later date is specified in the plan of
8 conversion, the conversion shall become effective upon the
9 Commissioner's approval, and the charter proposed in the plan
10 of conversion shall constitute the charter of the resulting
11 bank. The Commissioner shall issue a certificate of conversion
12 which shall specify the name of the converting trust company,
13 the name of the resulting bank and the charter provided for by
14 said plan of conversion. Such certificate shall be conclusive
15 evidence of the conversion and of the correctness of all
16 proceedings therefor in all courts and places including the
17 office of the Secretary of State, and such certificate shall
18 be recorded.

19 (8.5) A special purpose trust company under Article IIA of
20 the Corporate Fiduciary Act may merge with a State bank or
21 convert to a State bank as if the special purpose trust company
22 were a trust company under Article II of the Corporate
23 Fiduciary Act, subject to rules adopted by the Department.

24 (9) In the case of either a merger or a conversion under
25 this Section 30, the resulting bank shall be considered the
26 same business and corporate entity as each merging bank and

merging trust company or as the converting trust company with all the property, rights, powers, duties and obligations of each as specified in Section 28 of this Act.

(Source: P.A. 91-357, eff. 7-29-99.)

Section 900-20. The Corporate Fiduciary Act is amended by changing Sections 1-5.08, 2-1, 4-1, 4-2, 4-5, 4A-15, and 5-1 and by adding Article IIA as follows:

(205 ILCS 620/1-5.08) (from Ch. 17, par. 1551-5.08)

Sec. 1-5.08. "Foreign corporation" means:

(a) any bank, savings and loan association, savings bank, or other corporation, limited liability company, or other entity now or hereafter organized under the laws of any state or territory of the United States of America, including the District of Columbia, other than the State of Illinois;

(b) any national banking association having its principal place of business in any state or territory of the United States of America, including the District of Columbia, other than the State of Illinois; and

(c) any federal savings and loan association or federal savings bank having its principal place of business in any state or territory of the United States of America, including the District of Columbia, other than the State of Illinois.

(Source: P.A. 91-97, eff. 7-9-99.)

(205 ILCS 620/2-1) (from Ch. 17, par. 1552-1)

Sec. 2-1. (a) Any corporation which has been or shall be incorporated under the general corporation laws of this State and any limited liability company established under the Limited Liability Company Act for the purpose of accepting and executing trusts, and any state bank, state savings and loan association, state savings bank, or other special corporation now or hereafter authorized by law to accept or execute trusts, may be appointed to act as a fiduciary in any capacity a natural person or corporation may act, and shall include, but not be limited to, acting as assignee or trustee by deed, and executor, guardian or trustee by will, custodian under the Illinois Uniform Transfers to Minors Act and such appointment shall be of like force as in case of appointment of a natural person and shall be designated a corporate fiduciary.

(b) No corporate fiduciary shall dissolve or cease its corporate existence without prior notice to and approval by the Commissioner and compliance with the requirements of Section 7-1 of this Act.

(Source: P.A. 100-863, eff. 8-14-18.)

(205 ILCS 620/Art. IIA heading new)

ARTICLE IIA. SPECIAL PURPOSE TRUST COMPANY

AUTHORITY AND ORGANIZATION

(205 ILCS 620/2A-1 new)

1 Sec. 2A-1. Purpose. The General Assembly finds that
2 corporate fiduciaries perform a vital service in the custody,
3 safekeeping, and management of physical assets, traditional
4 electronic assets, and emerging digital assets for customers;
5 that it is in the public interest that trust companies may be
6 organized for the special purpose of providing fiduciary
7 custodial services and related services to customers; that the
8 operation of special purpose trust companies is impressed with
9 a public interest such that it should be supervised as an
10 activity under this Act; and that such special purpose trust
11 companies should obtain their authority, conduct their
12 operations, and be supervised as corporate fiduciaries as
13 provided in this Act.

14 (205 ILCS 620/2A-2 new)

15 Sec. 2A-2. Special purpose trust company. Any corporation
16 that has been or shall be incorporated under the general
17 corporation laws of this State and any limited liability
18 company established under the Limited Liability Company Act
19 for the special purpose of providing fiduciary custodial
20 services or providing other like or related services as
21 specified by rule, consistent with this Article, may be
22 appointed to act as a fiduciary with respect to such services
23 and shall be designated a special purpose trust company.

24 (205 ILCS 620/2A-3 new)

1 Sec. 2A-3. Certificate of authority.

2 (a) It shall be lawful for any person to engage in the
3 activity of a special purpose trust company after the
4 effective date of this amendatory Act of the 103rd General
5 Assembly upon filing an application for and procuring from the
6 Secretary a certificate of authority stating that the person
7 has complied with the requirements of this Act and is
8 qualified to engage in the activity of a special purpose trust
9 company.

10 (b) No natural person or natural persons, firm,
11 partnership, or corporation not having been authorized under
12 this Act shall transact in the activity of a special purpose
13 trust company. A person who violates this Section is guilty of
14 a Class A misdemeanor and the Attorney General or State's
15 Attorney of the county in which the violation occurs may
16 restrain the violation by a complaint for injunctive relief.

17 (c) Any entity that holds a certificate of authority under
18 Article II of this Act may engage in the activity of a special
19 purpose trust company without applying for or receiving a
20 certificate of authority under this Article IIA.

21 (d) Nothing in this Section shall limit the authority of a
22 depository institution to provide nonfiduciary custodial
23 services consistent with its charter in accordance with
24 applicable law and subject to any limitations and restrictions
25 imposed by its chartering authority.

1 (205 ILCS 620/2A-4 new)

2 Sec. 2A-4. Rulemaking and organization.

3 (a) The Department shall adopt rules for the
4 administration of this Article, including, but not limited to:
5 rules for defining statutory terms; applying for a certificate
6 of authority; review, investigation, and approval of
7 application for certificate of authority; capital
8 requirements; office location and name; collateralizing
9 fiduciary assets; and general corporate powers. The authority
10 of this subsection (a) is in addition to, and in no way limits,
11 the authority of the Secretary under subsection (a) of Section
12 5-1.

13 (b) Articles III, V, VI, VII, VIII, and IX of this Act
14 shall apply to a special purpose trust company under this
15 Article as if the special purpose trust company were a trust
16 company authorized under Article II of this Act, subject to
17 any rules adopted by the Department.

18 (205 ILCS 620/4-1) (from Ch. 17, par. 1554-1)

19 Sec. 4-1. Foreign corporate fiduciary; certificate of
20 authority. After July 13, 1953, no foreign corporation,
21 including banks, savings banks, and savings and loan
22 associations, now or hereafter organized under the laws of any
23 other state or territory, and no national banking association
24 having its principal place of business in any other state or
25 territory or federal savings and loan association or federal

1 savings bank having its principal place of business in any
2 other state or territory, may procure a certificate of
3 authority under Article II of this Act and any certificate of
4 authority heretofore issued hereunder to any such foreign
5 corporation or to any such national banking association shall
6 become null and void on July 13, 1953, except that any such
7 foreign corporation or any such national banking association
8 actually acting as trustee, executor, administrator,
9 administrator to collect, guardian, or in any other ~~like~~
10 fiduciary capacity in this State on July 13, 1953, may
11 continue to act as such fiduciary in that particular trust or
12 estate until such time as it has completed its duties
13 thereunder. Such foreign corporation and such national banking
14 association shall be subject to the provisions in this Article
15 IV, regardless of whether its certificate of authority was
16 obtained before July 13, 1953. The right and eligibility of
17 any foreign corporation, any national banking association
18 having its principal place of business in any other state or
19 territory or any federal savings and loan association or
20 federal savings bank having its principal place of business in
21 any other state or territory hereafter to act as trustee,
22 executor, administrator, administrator to collect, guardian,
23 or in any other ~~like~~ fiduciary capacity in this State shall be
24 governed solely by the provisions of this Act. Provided,
25 however, that the Commissioner shall not be required to
26 conduct an annual examination of such foreign corporation

1 pursuant to Section 5-2 of this Act, but may examine such
2 foreign corporation as the Commissioner deems appropriate.
3 "Principal place of business" of any bank, federal savings and
4 loan association or savings bank, for purposes of this Article
5 IV, means the principal office as designated on the charter by
6 its principal regulator.

7 (Source: P.A. 91-97, eff. 7-9-99.)

8 (205 ILCS 620/4-2) (from Ch. 17, par. 1554-2)

9 Sec. 4-2. Foreign corporation; eligibility. Any foreign
10 corporation may act in this State as trustee, executor,
11 administrator, administrator to collect, guardian, or in any
12 other ~~like~~ fiduciary capacity, whether the appointment is by
13 will, deed, court order or otherwise, without complying with
14 any laws of this State relating to the qualification of
15 corporations organized under the laws of this State to conduct
16 a trust business or laws relating to the qualification of
17 foreign corporations, provided only (1) such foreign
18 corporation is authorized by the laws of the state of its
19 organization or domicile to act as a fiduciary in that state,
20 and (2) a corporation organized under the laws of this State, a
21 national banking association having its principal place of
22 business in this State, and a federal savings and loan
23 association or federal savings bank having its principal place
24 of business in this State and authorized to act as a fiduciary
25 in this State, may, in such other state, act in a similar

1 fiduciary capacity or capacities, as the case may be, upon
2 conditions and qualifications which the Commissioner finds are
3 not unduly restrictive when compared to those imposed by the
4 laws of Illinois. Any foreign corporation eligible to act in a
5 fiduciary capacity in this State pursuant to the provisions of
6 this Act, shall be deemed qualified to accept and execute
7 trusts in this State within the meaning of this Act and the
8 Probate Act of 1975, approved August 7, 1975, as amended. No
9 foreign corporation shall be permitted to act as trustee,
10 executor, administrator, administrator to collect, guardian or
11 in any other ~~like~~ fiduciary capacity in this State except as
12 provided in Article IV of this Act; however, any foreign
13 corporation actually acting in any such fiduciary capacity in
14 this State on July 13, 1953, although not eligible to so act
15 pursuant to the provisions of this Article IV, may continue to
16 act as fiduciary in that particular trust or estate until such
17 time as it has completed its duties thereunder.

18 (Source: P.A. 92-685, eff. 7-16-02.)

19 (205 ILCS 620/4-5) (from Ch. 17, par. 1554-5)

20 Sec. 4-5. Certificate of authority; fees; certificate of
21 reciprocity.

22 (a) Prior to the time any foreign corporation acts in this
23 State as testamentary trustee, trustee appointed by any court,
24 trustee under any written agreement, declaration or instrument
25 of trust, executor, administrator, administrator to collect,

1 guardian or in any other ~~like~~ fiduciary capacity, such foreign
2 corporation shall apply to the Commissioner of Banks and Real
3 Estate for a certificate of authority with reference to the
4 fiduciary capacity or capacities in which such foreign
5 corporation proposes to act in this State, and the
6 Commissioner of Banks and Real Estate shall issue a
7 certificate of authority to such corporation concerning only
8 the fiduciary capacity or such of the fiduciary capacities to
9 which the application pertains and with respect to which he
10 has been furnished satisfactory evidence that such foreign
11 corporation meets the requirements of Section 4-2 of this Act.
12 The certificate of authority shall set forth the fiduciary
13 capacity or capacities, as the case may be, for which the
14 certificate is issued, and shall recite and certify that such
15 foreign corporation is eligible to act in this State in such
16 fiduciary capacity or capacities, as the case may be, pursuant
17 to the provisions of this Act. The certificate of authority
18 shall remain in full force and effect until such time as such
19 foreign corporation ceases to be eligible so to act under the
20 provisions of this Act.

21 (b) Each foreign corporation making application for a
22 certificate of authority shall pay reasonable fees to the
23 Commissioner of Banks and Real Estate as determined by the
24 Commissioner for the services of his office.

25 (c) Any foreign corporation holding a certificate of
26 reciprocity which recites and certifies that such foreign

1 corporation is eligible to act in this State in any such
2 fiduciary capacity pursuant to the provisions of Article IV of
3 this Act or any predecessor Act upon the same subject, issued
4 prior to the effective date of this amendatory Act of 1987 may
5 act in this State under such certificate of reciprocity in any
6 such fiduciary capacity without applying for a new certificate
7 of authority. Such certificate of reciprocity shall remain in
8 full force and effect until such time as such foreign
9 corporation ceases to be eligible so to act under the
10 provisions of Article IV of this Act.

11 (d) Any foreign corporation acting in Illinois under a
12 certificate of authority or a certificate of reciprocity shall
13 report changes in its name or address to the Commissioner and
14 shall notify the Commissioner when it is no longer serving as a
15 corporate fiduciary in Illinois.

16 (e) The provisions of this Section shall not apply to a
17 foreign corporation establishing or acquiring and maintaining
18 a place of business in this State to conduct business as a
19 fiduciary in accordance with Article IVA of this Act.

20 (Source: P.A. 92-483, eff. 8-23-01.)

21 (205 ILCS 620/4A-15)

22 Sec. 4A-15. Representative offices.

23 (a) A foreign corporation conducting fiduciary activities
24 outside this State, but not conducting fiduciary activities in
25 this State may establish a representative office under the

1 Foreign Bank Representative Office Act. At these offices, the
2 foreign corporation may market and solicit fiduciary services
3 and provide back office and administrative support to the
4 foreign corporation's fiduciary activities, but it may not
5 engage in fiduciary activities.

6 (b) A foreign corporation invested with trust powers or
7 authority to act as a fiduciary pursuant to the laws of its
8 home state but not conducting fiduciary activities must apply
9 for and procure a license under the Foreign Bank
10 Representative Office Act before establishing an office in
11 this State for the purpose of marketing, soliciting, or
12 transacting any service or product, unless such office is
13 otherwise established as permitted by and in accordance with
14 this Act, the Illinois Banking Act, the Savings Bank Act, the
15 Foreign Banking Office Act, or any Act specified by rules
16 adopted under this Act.

17 (Source: P.A. 92-483, eff. 8-23-01; 92-811, eff. 8-21-02.)

18 (205 ILCS 620/5-1) (from Ch. 17, par. 1555-1)

19 Sec. 5-1. Commissioner's powers. The Commissioner of Banks
20 and Real Estate shall have the following powers and authority
21 and is charged with the duties and responsibilities designated
22 in this Act:

23 (a) To promulgate, in accordance with the Illinois
24 Administrative Procedure Act, reasonable rules for the purpose
25 of administering the provisions of this Act, for the purpose

1 of protecting consumers of this State as may be necessary and
2 appropriate, and for the purpose of incorporating by reference
3 rules promulgated by the Federal Deposit Insurance
4 Corporation, the Board of Governors of the Federal Reserve
5 System, the Office of the Comptroller of the Currency, the
6 Office of Thrift Supervision, or their successors that pertain
7 to corporate fiduciaries, including, but not limited to,
8 standards for the operation and conduct of the affairs of
9 corporate fiduciaries;

10 (b) To issue orders for the purpose of administering the
11 provisions of this Act and any rule promulgated in accordance
12 with this Act;

13 (c) To appoint hearing officers to conduct hearings held
14 pursuant to any of the powers granted to the Commissioner
15 under this Section for the purpose of administering this Act
16 and any rule promulgated in accordance with this Act;

17 (d) To subpoena witnesses, to compel their attendance, to
18 administer an oath, to examine any person under oath and to
19 require the production of any relevant books, papers, accounts
20 and documents in the course of and pursuant to any
21 investigation being conducted, or any action being taken, by
22 the Commissioner in respect of any matter relating to the
23 duties imposed upon, or the powers vested in, the Commissioner
24 under the provisions of this Act, or any rule or regulation
25 promulgated in accordance with this Act;

26 (e) To conduct hearings;

1 (f) To promulgate the form and content of any applications
2 required under this Act;

3 (g) To impose civil penalties of up to \$100,000 against
4 any person or corporate fiduciary for each violation of any
5 provision of this Act, any rule promulgated in accordance with
6 this Act, any order of the Commissioner or any other action
7 which, in the Commissioner's discretion, is a detriment or
8 impediment to accepting or executing trusts; and

9 (h) To address any inquiries to any corporate fiduciary,
10 or the officers thereof, in relation to its doings and
11 conditions, or any other matter connected with its affairs,
12 and it shall be the duty of any corporate fiduciary or person
13 so addressed, to promptly reply in writing to such inquiries.
14 The Commissioner may also require reports from any corporate
15 fiduciary at any time he may deem desirable.

16 (Source: P.A. 96-1365, eff. 7-28-10.)

17 Section 900-25. The Consumer Fraud and Deceptive Business
18 Practices Act is amended by adding Section 2BBBB as follows:

19 (815 ILCS 505/2BBBB new)

20 Sec. 2BBBB. Violations of the Digital Assets Regulation
21 Act. Any person who violates Article 105 of the Digital Assets
22 Regulation Act commits an unlawful practice within the meaning
23 of this Act.

1 (205 ILCS 657/Act rep.)

2 Section 900-30. The Transmitters of Money Act is repealed.

3 Article 999.

4 Section 999-99. Effective date. This Act takes effect upon
5 becoming law, except that the changes to the Transmitters of
6 Money Act take effect January 1, 2025.

1 INDEX

2 Statutes amended in order of appearance

3 New Act

4 5 ILCS 140/7.5

5 30 ILCS 105/5.990 new

6 30 ILCS 105/5.991 new

7 205 ILCS 5/2 from Ch. 17, par. 302

8 205 ILCS 5/30 from Ch. 17, par. 337

9 205 ILCS 620/1-5.08 from Ch. 17, par. 1551-5.08

10 205 ILCS 620/2-1 from Ch. 17, par. 1552-1

11 205 ILCS 620/Art. IIA

12 heading new

13 205 ILCS 620/2A-1 new

14 205 ILCS 620/2A-2 new

15 205 ILCS 620/2A-3 new

16 205 ILCS 620/2A-4 new

17 205 ILCS 620/4-1 from Ch. 17, par. 1554-1

18 205 ILCS 620/4-2 from Ch. 17, par. 1554-2

19 205 ILCS 620/4-5 from Ch. 17, par. 1554-5

20 205 ILCS 620/4A-15

21 205 ILCS 620/5-1 from Ch. 17, par. 1555-1

22 815 ILCS 505/2BBBB new

23 205 ILCS 657/Act rep.