

NATIONWIDE COOPERATIVE AGREEMENT for MSB SUPERVISION

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ARTICLE 1. DEFINITIONS For the purposes of this Agreement:

1. “Joint Examination” means an examination of a Multi-State Money Service Business (MMSB) conducted by two or more Participating State Regulators that share information and combine examination and other resources under a single Examiner in Charge.
2. “Joint Examination State Regulator” means a Participating State Regulator that participates in a Joint Examination.
3. “Licensing State” means any state where an MMSB is licensed.
4. “Money Services Businesses” (MSBs) means four types of financial service providers: (1) currency dealers or exchangers, (2) issuers of traveler’s checks, money orders, prepaid access and/or stored value, (3) sellers or redeemers of traveler’s checks, money orders, prepaid access and/or stored value and (4) money transmitters.
5. “Multi-State Money Services Businesses” (MMSBs) means any MSBs with operations in two or more states.
6. “Multi-State MSB Examination Taskforce” (MMET) means the body created under Section II (B) (1) of the Protocol for Performing Multi-State Examinations.
7. “Participating State Regulator” means a State Regulator that is a signatory to this Agreement and to the Protocol for Performing Multi-State Examinations.
8. “Protocol” means the Protocol for Performing Multi-State Examinations adopted by Participating

State Regulators.

9. “State Regulator” means a State Regulatory agency with legal jurisdiction over one or more MSB Entities.

10. “Regulatory Information” means all information and reports compiled or drafted in the ordinary course of supervising and examining an MMSB.

ARTICLE 2. STATEMENT OF PURPOSE

The purpose of this Agreement is to promote a nationwide framework for cooperation and coordination among MSB State Regulators that have concurrent jurisdiction over an MMSB regulated entity in a manner that conserves regulatory resources and minimizes the regulatory burden on supervised entities, consistent with each state attaining its own regulatory objectives and through implementation of the Protocol.

Section 2.1. Goals.

The coordinated goals of the Participating State Regulators are to protect consumers; to ensure the safety and soundness of MMSBs; to deter money laundering and fraud; to supervise and examine in a seamless, flexible and risk-focused manner; to minimize regulatory burden and expense; and to foster consistency, coordination and communication among the Participating State Regulators. Each Participating State Regulator recognizes that whatever assistance or information it may receive from this Agreement is meant to benefit the state system as a whole.

Section 2.2. Establishment of the MMET.

The parties recognize that coordination of the examination of MMSBs is best handled by a Taskforce comprised of Participating State Regulators, which shall be known as the MMET. The MMET has the authority to develop governing by-laws. The MMET shall not be established until a majority of states have executed this Agreement.

Section 2.3. Composition of the MMET.

The MMET shall consist of representatives of Participating State Regulators. The MMET shall consist of ten representatives of Participating State Regulators, five of which are appointed by the Conference of State Bank Supervisors (CSBS) and five of which are appointed by the Money Transmitter Regulators Association (MTRA). No two appointees shall be from the same Participating State Regulator. Six members of the MMET shall constitute a quorum and a unanimous six votes shall govern.

Section 2.4. Term of the MMET.

Except as provided in clause (a) below, the term of each Participating State Regulator representative shall be for a period of two years. The terms of the initial Participating State Regulator representatives shall be as follows: (a) half of the representatives shall serve an initial term of two years; and (b) half of the representatives, shall serve an initial term of three years.

Section 2.5. Responsibilities

MMSB Examination Processes are referenced in the Protocol for Performing Multi-State Examinations under Article IV. The parties recognize that each State Regulator has the responsibility

to monitor MMSBs that operate in the State Regulator's respective state and to ensure that those MMSBs are operating in compliance with applicable state law within the State Regulator's jurisdiction. The MMET's role of coordinating supervisory efforts is meant to assist Participating State Regulators in fulfilling their own regulatory responsibilities. Each Participating State Regulator remains solely responsible for the decision to rely on such assistance or information and the consequences thereof in that Licensing State. The parties will cooperate to ensure that their respective material interests, authorities and responsibilities are met.

ARTICLE 3 APPLICABLE LAWS

Section 3.1 Applicable Laws

The parties recognize that Participating State Regulators may not be empowered to waive provisions of their respective laws directly applicable to MMSBs. To the extent consistent with state laws, the parties agree to make efforts to apply their respective laws and regulations in a manner that will promote consistency throughout the state system in order to reduce regulatory burden while maintaining effective and efficient regulation and supervision.

ARTICLE 4. INFORMATION SHARING

Section 4.1. Request for Information.

A Participating State Regulator may request from another Participating State Regulator Regulatory Information regarding an MMSB that operates or proposes to operate in both states. The request shall be made in writing by the requesting Participating State Regulator or the regulator's designee and may include mail, email or facsimile delivery.

A request should be specific as to the documents or information sought. The Participating State Regulator shall limit its use of information obtained under this Agreement to purposes related to its regulatory authority.

Section 4.2. Providing Information.

To the extent permitted by law, Participating State Regulators shall comply with a request for Regulatory Information from another Participating State Regulator within a reasonable time. Further, in order to expedite the information sharing process among Participating State Regulators, Joint Examination State Regulators are granted advance permission to share a copy of the completed report of Joint Examination, upon written request, from any Participating State Regulator.

Section 4.3. Confidentiality.

Regulatory Information shared under this Agreement is confidential unless otherwise specified by the originating authority. The parties will give the same confidential treatment to information obtained pursuant to this Agreement that is provided by the laws of the originating authority(ies).

Regulatory Information shared under this Agreement is the property of the originating authority. It shall not be further disclosed by the recipient without the written permission of the originating authority, which shall apply its state law in determining to authorize such further disclosure. When its regulatory usefulness has ended, Regulatory Information obtained under this Agreement should be returned or destroyed unless the originating authority directs otherwise, and as permitted by applicable state record retention requirements.

In the event of termination of this Agreement or withdrawal as stated in Section 6.4, the Participating State Regulators agree that confidential information received remains confidential and will continue to be protected under the terms of this Agreement.

Section 4.4. Legal Process

On receipt of any legal process compelling record production, a Participating State Regulator shall immediately notify the originating authority. The Participating State Regulator shall use its best efforts in providing the originating authority an opportunity to challenge the release of the information. Participating State Regulators shall cooperate in the preparation of any memoranda, request for protective order or pleadings deemed desirable by the originating authority to protect the confidentiality of Regulatory Information.

ARTICLE 5. PARTIES

Section 5.1. Representations and Warranties

Consistent with state law, State Regulators may enter into this Agreement and shall be deemed to be acting within the scope of the signatory State Regulator's authority.

Section 5.2. Change in Power or Authority

Any material change in the authority of any Participating State Regulator to perform this Agreement shall require notice of such change to the other Participating State Regulator.

ARTICLE 6. EXECUTION, GOOD FAITH EFFORT, OTHER AGREEMENTS AND TERMINATION

Section 6.1. Execution

The terms of this Agreement shall become effective when a Participating State Regulator has executed the original or a counterpart signature page. Additional parties may sign after the initial execution of this document.

As soon as practicable after signing this Agreement, each Participating State Regulator will advise the other signatories of the appropriate officials to contact for purposes of notices and exchanges of information covered by this Agreement and will update such information as appropriate.

Section 6.2. Good Faith Effort

The parties will make all good faith efforts to achieve the goals of this Agreement and to encourage cooperation.

Section 6.3. Other Agreements

This Agreement is not intended to prevent the parties from entering into other agreements with individual parties, other regulators, or individual MMSBs regarding the subject matter of this Agreement.

Section 6.4. Amendment and Termination

This Agreement may be amended by a written instrument signed by each of the Participating State Regulators.

Any party to this Agreement may withdraw from the Agreement by giving written notice of withdrawal to all other parties. The withdrawal of any party shall end the participation of the respective Participating State Regulator 90 days after the date of withdrawal unless the remaining parties waive the 90 day notice period.

ARTICLE 7.MISCELLANEOUS

Section 7.1. Waiver

The waiver by any Participating State Regulator of the performance of any provision of this Agreement shall not invalidate this Agreement, nor shall it be considered a waiver of any other provision.

Section 7.2. Survival

This Agreement shall survive any change in the Participating State Regulator that has jurisdiction over any MMSB.