Request for Public Comment

Proposed Change to the NMLS Money Services Businesses Call Report

October 18, 2021

On behalf of the state regulatory agencies participating in NMLS, the Conference of State Bank Supervisors (CSBS) invites public comments on proposed changes to the NMLS Money Services Businesses Call Report (MSBCR).

Goal of the NMLS Money Services Businesses Call Report

The goal of the MSBCR is the creation of a nationwide repository of standardized information available to state regulators concerning the financial condition and activities of their Money Services Businesses licensees.

Summary of Items for Comment

1. Edits to definitions and titles of existing virtual currency line items:
   - Updated definition of line items TA 180-250 and ST 180-250
2. New virtual currency line items TA 260-320 and ST 260-320
3. Correction to definition of existing permissible investment line item PI 180
4. Edits to definitions and titles of existing financial condition line items FC 90, 630, 680

1. Edits to definitions and titles of existing virtual currency line items

Edits to the definitions and titles of virtual currency line items in the national and state specific schedules aim to clarify activity categories and parties involved in the given activities. Proposed revisions to the line item titles and definitions are red-lined.

Line Item	Current Definition	Proposed Revision
TA 180 Total # of Virtual Currency to Virtual Currency Exchange Transactions	Report total number of virtual currency to virtual currency transactions completed during the quarter.	Report total number of virtual currency to virtual currency exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is either the buyer or seller and is providing virtual currency to the customer in exchange for virtual currency.

Line Item	Current Definition	Proposed Revision
TA 190 Total $ amount of Virtual Currency to Virtual Currency Exchange Transactions	Report total dollar amount of virtual currency to virtual currency transactions completed during the quarter (in U.S. Dollars).	Report total dollar amount (in U.S. Dollars) of virtual currency to virtual currency exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is either the buyer or seller and is providing virtual currency to the customer in exchange for virtual currency. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
TA 200 Total # of Virtual Currency to U.S. Dollar Exchange Transactions	Report total number of virtual currency to U.S. Dollar transactions completed during the quarter. This shall only include transactions where the reporting entity is a party in the transaction.	Report total number of virtual currency to U.S. Dollar exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is providing U.S. Dollars to the customer in exchange for virtual currency.
TA 210 Total $ amount of Virtual Currency to U.S. Dollar Exchange Transactions	Report total dollar amount of virtual currency to U.S. Dollar transactions completed during the quarter (in U.S. Dollars). This shall only include transactions where the reporting entity is a party in the transaction.	Report total dollar amount (in U.S. Dollars) of virtual currency to U.S. Dollar exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is providing U.S. Dollars to the customer in exchange for virtual currency. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
TA 220 Total # of U.S. Dollar to Virtual Currency Exchange Transactions	Report total number of U.S. Dollar to virtual currency transactions completed during the quarter. This shall only include transactions where the reporting entity is a party in the transaction.	Report total number of U.S. Dollar to virtual currency exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is providing virtual currency to the customer in exchange for U.S. Dollars.
TA 230 Total $ amount of U.S. Dollar to Virtual Currency Exchange Transactions	Report total dollar amount of U.S. Dollar to virtual currency transactions completed during the quarter (in U.S. Dollars). This shall only include transactions where the reporting entity is a party in the transaction.	Report total dollar amount (in U.S. Dollars) of U.S. Dollar to virtual currency exchange transactions completed during the quarter. This shall only include transactions where the reporting entity is providing virtual currency to the customer in exchange for U.S. Dollars. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
TA 240 Total # of Virtual Currency to Virtual Currency Facilitated Exchange Transactions	Report total number of virtual currency exchange transactions completed involving a buyer and seller of virtual currency. This shall not include transactions where the entity reporting is the buyer or seller.	Report total number of virtual currency to virtual currency facilitated exchange transactions which occur on the reporting entity's platform during the quarter where the reporting entity is neither the buyer nor the seller.

Line Item	Current Definition	Proposed Revision
TA 250 Total $ amount of Virtual Currency to Virtual Currency Facilitated Exchange Transactions	Report total dollar amount of virtual currency exchange transactions completed involving a buyer and seller of virtual currency (in U.S. Dollars). This shall not include transactions where the entity reporting is the buyer or seller.	Report total dollar amount (in U.S. Dollars) of virtual currency to virtual currency facilitated exchange transactions which occur on the reporting entity's platform during the quarter where the reporting entity is neither the buyer nor the seller. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for either virtual currency at the time of the transaction. A blended index should be used if available.
ST 180 Total # of Virtual Currency to Virtual Currency Exchange Transactions Initiated In-State	Report total number of virtual currency to virtual currency transactions initiated in-state during the quarter.	Report total number of virtual currency to virtual currency exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is either the buyer or seller and is providing virtual currency to the customer in exchange for virtual currency.
ST 190 Total $ amount of Virtual Currency to Virtual Currency Exchange Transactions Initiated In-State	Report total dollar amount of virtual currency to virtual currency transactions initiated in-state during the quarter (in U.S. Dollars).	Report total dollar amount (in U.S. Dollars) of virtual currency to virtual currency exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is either the buyer and seller and is providing virtual currency to the customer in exchange for virtual currency. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
ST 200 Total # of Virtual Currency to U.S. Dollar Exchange Transactions Initiated In-State	Report total number of virtual currency to U.S. Dollar transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is a party in the transaction.	Report total number of virtual currency to U.S. Dollar exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is providing U.S. Dollars to the customer in exchange for virtual currency.
ST 210 Total $ amount of Virtual Currency to U.S. Dollar Exchange Transactions Initiated In-State	Report total dollar amount of virtual currency to U.S. Dollar transactions initiated in-state during the quarter (in U.S. Dollars). This shall only include transactions where the reporting entity is a party in the transaction.	Report total dollar amount (in U.S. Dollars) of virtual currency to U.S. Dollar exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is providing U.S. Dollars to the customer in exchange for virtual currency. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.

Line Item	Current Definition	Proposed Revision
ST 220 Total # of U.S. Dollar to Virtual Currency Exchange Transactions Initiated In-State	Report total number of U.S. Dollar to virtual currency transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is a party in the transaction.	Report total number of U.S. Dollar to virtual currency exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is providing virtual currency to the customer in exchange for U.S. Dollars.
ST 230 Total $ amount of U.S. Dollar to Virtual Currency Exchange Transactions Initiated In-State	Report total dollar amount of U.S. Dollar to virtual currency transactions initiated in-state during the quarter (in U.S. Dollars). This shall only include transactions where the reporting entity is a party in the transaction.	Report total dollar amount (in U.S. Dollars) of U.S. Dollar to virtual currency exchange transactions initiated in-state during the quarter. This shall only include transactions where the reporting entity is providing virtual currency to the customer in exchange for U.S. Dollars. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
ST 240 Total # of Virtual Currency to Virtual Currency Facilitated Exchange Transactions Involving In-State Party	Report total number of virtual currency exchange transactions completed involving an in-state located buyer and seller of virtual currency. This shall not include transactions where the entity reporting is the buyer or seller.	Report total number of virtual currency to virtual currency facilitated exchange transactions which occur on the reporting entity's platform involving an in-state located buyer and/or seller during the quarter where the reporting entity is neither the buyer nor seller.
ST 250 Total $ amount of Virtual Currency to Virtual Currency Facilitated Exchange Transactions Involving In-State Party	Report total dollar amount of virtual currency exchange transactions completed involving an in-state located involving a buyer and seller of virtual currency (in U.S. Dollars). This shall not include transactions where the entity reporting is the buyer or seller.	Report total dollar amount (in U.S. Dollars) of the virtual currency to virtual currency facilitated exchange transactions which occur on the reporting entity's platform completed involving an in-state located buyer and/or seller during the quarter where the reporting entity is neither the buyer nor seller. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for either virtual currency at the time of the transaction. A blended index should be used if available.

2. New virtual currency line items

New virtual currency line items aim to capture activities not covered by existing line items. The proposed three activities will be added to the national and state-specific schedules.

Proposed Additions to the National Schedule	
TA 260 Total # of Virtual Currency to/from U.S. Dollar Currency Facilitated Exchange Transactions	Report total number of virtual currency to U.S. Dollar, or vice versa, facilitated exchange transactions which occur on the reporting entity's platform during the quarter where the reporting entity is neither the buyer nor seller.
TA 270 Total $ amount of Virtual Currency to/from U.S. Dollar Facilitated Exchange Transactions	Report total dollar amount (in U.S. Dollars) of virtual currency to U.S. Dollar, or vice versa, facilitated exchange transactions which occur on the reporting entity's platform during the quarter where the reporting entity is neither the buyer nor seller. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for

Proposed Additions to the National Schedule	
	the virtual currency at the time of the transaction. A blended index should be used if available.
TA 280 Total # of Virtual Currency Stored Value Transactions	Report total number of virtual currency stored value transactions during the quarter where the customer transfers virtual currency assets to a wallet hosted on the reporting entity's platform.
TA 290 Total $ amount of Virtual Currency Stored Value Transactions	Report total dollar amount (in U.S. Dollars) of virtual currency stored value transactions during the quarter where the customer transfers virtual currency assets to a wallet hosted on the reporting entity's platform. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
TA 300 Total # of Virtual Currency Transmissions	Report total number of virtual currency transmissions during the quarter that are not exchange transactions.
TA 310 Total $ amount of Virtual Currency Transmissions	Report total dollar amount (in U.S. Dollars) of virtual currency transmissions during the quarter that are not exchange transactions. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
TA 320 TOTAL # of Virtual Currency Transactions	The total # of transactions for the quarter is automatically calculated. Equals the sum of TA 180, TA 200, TA 220, TA 240, TA 260, TA 280, and TA 300.
TA 330 TOTAL $ Amount of Virtual Currency Transactions	The total $ amount of transactions for the quarter is automatically calculated. Equals the sum of TA 190, TA 210, TA 230, TA250, TA 270, TA 290, and TA 310.

Proposed Additions to the State-Specific Schedule	
ST 260 Total # of Virtual Currency to/from U.S. Dollar Currency Facilitated Exchange Transactions Involving In-State Party	Report total number of virtual currency to U.S. Dollar, or vice versa, facilitated exchange transactions which occur on the reporting entity's platform completed involving an in-state buyer and/or seller during the quarter where the reporting entity is neither the buyer nor seller.
ST 270 Total $ amount of Virtual Currency to/from U.S. Dollar Facilitated Exchange Transactions Involving In-State Party	Report total dollar amount (in U.S. Dollars) of virtual currency to U.S. Dollar, or vice versa, facilitated exchange transactions which occur on the reporting entity's platform involving an in-state buyer and/or seller during the quarter where the reporting entity is neither the buyer nor seller. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
ST 280 Total # of Virtual Currency Stored Value Transactions Initiated In-State	Report total number of virtual currency stored value transactions during the quarter initiated in-state where the customer transfers virtual currency assets to a wallet hosted on the reporting entity's platform.
ST 290 Total $ Amount of Virtual Currency Stored Value Transactions Initiated In-State	Report total dollar amount (in U.S. Dollars) of virtual currency stored value transactions during the quarter initiated in-state where the customer transfers virtual currency assets to a wallet hosted on the reporting entity's platform. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.
ST 300 Total # of Virtual Currency Transmissions Initiated In-State	Report total number of virtual currency transmissions during the quarter initiated in-state that are not exchange transactions.
ST 310 Total $ amount of Virtual Currency Transmissions Initiated In-State	Report total dollar amount (in U.S. Dollars) of virtual currency transmissions during the quarter initiated in-state that are not exchange transactions. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency at the time of the transaction. A blended index should be used if available.

Proposed Additions to the State-Specific Schedule	
ST 320 TOTAL # of Virtual Currency Transactions Initiated In-State	The total # of in-state transactions for the quarter is automatically calculated. Equals the sum of ST 180, ST 200, ST 220, ST 240, ST 260, ST 280, and ST 300.
ST 330 TOTAL $ Amount of Virtual Currency Transactions Initiated In-State	The total $ amount of in-state transactions for the quarter is automatically calculated. Equals the sum of ST 190, ST 210, ST 230, ST250, ST 270, ST 290, and ST 310.

3. Correction to definition of existing permissible investment line item

The definition of PI 180 incorrectly states that the value is automatically populated. The revision corrects this error.

Line Item	Current Definition	Proposed Revision
PI 180 Outstanding Virtual Currency Liability	Automatically populated with amount entered in FC230	Report licensee's total amount of outstanding virtual currency. This amount should include all outstanding virtual currency liability. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency. A blended The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency index should be used if available.

4. Edits to definitions and titles of existing financial condition line items

The definition of FC 90 is being revised to remove the phrase "not held on behalf of a customer." This phrase is not included in any other definitions under Financial Condition: Assets.

Line Item	Current Definition	Proposed Revision
FC 90 Virtual currency (in U.S. Dollars)	Any virtual currency held as an asset not held on behalf of a customer. This shall only include virtual currency held and solely controlled by the company. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency. A blended index should be used if available.	Any virtual currency held as an asset not held on behalf of a customer. This shall only include virtual currency held and solely controlled by the company. The U.S. Dollar exchange rate must represent a generally accepted and recognized quoted price in the active market for the virtual currency. A blended index should be used if available.

On the current version of the MSBCR, "Net Income" (FC680) is required to include "Other comprehensive income/currency translation adjustments" in the calculation (FC650). This presentation is inconsistent with US GAAP, which states that "other comprehensive income" is not a component of net income.
The following two title changes will rename current fields to align with US GAAP:

Line Item	Current Line Item Name	New Proposed Name	Definition (unchanged)
FC630	Income from Continuing Operations	Net Income (loss)	FC610 minus FC620
FC680	Net Income (loss)	Comprehensive Income	Sum of FC630 and FC650

Request for Public Comment

CSBS is seeking comments from the public on the specific, proposed changes to the MSB Call Report contained in this document.

Persons submitting comments must include their contact information. Comments received, as well as the submitter's name and company or organization (if applicable), will be posted on the NMLS Resource Center for public view. Comments submitted without contact information will not be considered.

The MSB Call Report Subcommittee (see Addendum A) will review all comments. The subcommittee will send their responses to the public comments and recommendations for proposed changes to the NMLS Policy Committee for evaluation and approval or rejection. CSBS expects to publish the final changes to the MSB Call Report in December 2021 with the changes effective for the 2022Q1 reporting period.

Persons submitting comments are encouraged to provide these comments electronically via email to: comments@csbs.org.

Comments may also be submitted in physical form to:

Conference of State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th St NW, 9th Floor
Washington, DC 20036

Comment submission deadline: December 17, 2021

Addendum A

**NMLS MSBCR
Subcommittee**

REPRESENTATIVE	AGENCY
Mr. Bob Venchiarutti	California Department of Financial Protection and Innovation
Ms. Brandi Eble	Kansas Office of the State Bank Commissioner
Mr. Jason Gworek	Connecticut Department of Banking
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