NMLS and MSB Oversight
MTRA 2013 Annual Conference & Examiner School
September 25, 2013

Tim Doyle
Senior Vice President
Conference of State Bank Supervisors
“Not My Job”
What are the goals of NMLS?

The goal of NMLS is to employ the benefits of local, state-based financial services regulation on a nationwide platform that provides for improved coordination and information sharing among regulators, increased efficiencies for industry, and enhanced consumer protection.
What is NMLS?

A fully-functional system for state licensure:

- Apply for, maintain, renew, and surrender company, branch, and individual licenses
- Sharing of information among state regulators
- Collection and disbursement of agency fees
- Streamlined renewals
- Electronically submit of Financial statements and other documents ☼
- Criminal Background Checks ☼
- Credit reports ☼
- Tests Administration (mortgage industry)
- National Education Approval (mortgage industry)
- NMLS Mortgage Call Report (mortgage industry)
- Reporting of state regulatory actions
- NMLS Consumer Access (www.NMLSConsumerAccess.org)
Who's Involved in NMLS?

- Conference of State Bank Supervisors (CSBS)
  - State Regulatory Registry LLC
- American Association of Residential Mortgage Regulators (AARMR)
- Money Transmitter Regulators Association (MTRA)
- National Association of Consumer Credit Administrators (NACCA)
- North American Collection Agency Regulatory Association (NACARA)

State Licensing:
- 59 state regulatory agencies

Federal Registration:
- Bureau of Consumer Financial Protection (CFPB)
- Federal Reserve, OCC, NCUA, FDIC, Farm Credit Administration
Who Governs NMLS?

• SRR Board of Managers  (LA, MA, ND, OH, TN, TX, VT & WA)
  – Oversees:  NMLS policy, development and operations

• NMLS Policy Committee  (Sue Clark, VT)
  – NMLS operations policy
  – 11 state regulator members
  – Expanded to include AARMR, MTRA, NACARA, NACCA

• Ombudsman meetings  (Tim Siwy, PA)
  – NMLS Annual and AARMR Conferences
General Policy Issues

- Operates behind state law
- Major system decisions go out for public comment
- Data security
  - FISMA compliance
- Privilege/Confidentiality
- NMLS Unique ID number
Currently:

- **14** states currently manage Money Transmitter licenses on NMLS
- **5** more plan to transition to NMLS in the fall of 2013
- **9** states plan to transition in 2014
- **TOTAL = 28**
- This number is subject to change (upward)
Money Transmitters in NMLS

- **168** separate companies
- **750** total license applications
- **555** approved licenses

<table>
<thead>
<tr>
<th>State</th>
<th>Approved licenses</th>
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<tbody>
<tr>
<td>IA</td>
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<tr>
<td>ID</td>
<td>47</td>
</tr>
<tr>
<td>KY</td>
<td>43</td>
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<tr>
<td>NH</td>
<td>3</td>
</tr>
<tr>
<td>OK-DOB</td>
<td>27</td>
</tr>
<tr>
<td>PA</td>
<td>60</td>
</tr>
<tr>
<td>RI</td>
<td>45</td>
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<td>VT</td>
<td>37</td>
</tr>
<tr>
<td>WA</td>
<td>66</td>
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<td><strong>TOTAL</strong></td>
<td><strong>555</strong></td>
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Companies Holding Multiple Licenses

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<tr>
<th>Number of State Licenses Held</th>
<th>Companies</th>
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<td>1</td>
<td>64</td>
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<tr>
<td>2</td>
<td>19</td>
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<tr>
<td>3-5</td>
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<tr>
<td>6-10</td>
<td>34</td>
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<tr>
<td>11+</td>
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UAAR Pilot

UNIFORM AUTHORIZED AGENT REPORTING
UAAR Goals

• Provide state agencies with more consistent and more reliable information regarding Authorized Agent (also known as Authorized Delegate) locations, including the ability to historically track specific Agent locations.

• Provide industry the ability to report required information in a more efficient manner using a single file and single set of information through NMLS.
"Nurse, get on the internet, go to SURGERY.COM, scroll down and click on the 'Are you totally lost?' icon."
“The Agent Request Initiative presented significant challenges in collecting data on such a large and diverse population – even though the number of principal MSBs is relatively small. The lack of a prescribed reporting format for collecting this data, and the inconsistent level of information provided by the principals, inhibited a full analysis of the MSB agent population.”
General UAAR Principals

- Money Transmitter submits information regarding its agents.
- Agents themselves do not directly interact with NMLS.
- After initial upload of Agents, Money Transmitter submits changes, additions, and deletions quarterly.
  - States requiring more frequent reporting can still use functionality
- Money Transmitters can use single file upload to report for all participating states
UAAR Processing Fees

• No NMLS Processing Fees in 2013.
• Beginning in 2014, NMLS Processing Fees will be assessed according to the following fee structure:
  – Licensees will be assessed an annual processing fee of 25 cents per active authorized agent.
  – The annual processing fee for all licensees will be capped at $25,000.
  – No licensee will pay an annual processing fee on the first 100 active authorized agents.
Pilot Timeline

- **7/25 – 8/2**: Kickoff Webinars.
- **7/25 - 8/16**: Companies conduct initial upload
- **8/21**: Conference call with SRR and participating companies to discuss issues
- **8/21 – 8/30**: Companies make revisions and upload agent list
- **September**: State regulators review uploads.
- **October**: Companies begin regular quarterly updates
- UAAR webpage on NMLS Resource Center
- NMLS Call Center UAAR Hotline: 240-386-4455
• **8** states participating in pilot program
  – ID, KY, LA, MD, NH, RI, VT, WA*
  – Affecting 77 companies

As of 9/25:
• **70** companies have attempted to upload a list
• **24** companies had no agents to report (34%)
• **19** companies submitted problematic locations (27%)
• **27** companies completed process (39%)

• **35,808** agent locations successfully uploaded (92.4%)
• **2,950** agent locations not validated (7.6%)
UAAR Pilot Status (cont.)

• Update to NMLS validation on 9/21
  – Expect 33%-50% improvement in validation rates
  – Communication from SRR on next steps
  – Looking to further solution in Spring of 2014 on remaining problem areas

• Regulators are reviewing files submitted and will be contacting companies with any issues

• Quarterly updates can begin in Pilot States starting this October

• More states expected to join in 2014
Number of Agents Per Company

<table>
<thead>
<tr>
<th>Number of Authorized Agents</th>
<th>Companies</th>
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<tr>
<td>0</td>
<td>24</td>
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<tr>
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<tr>
<td>5,001+</td>
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SAVE the DATE

2014 Annual Conference
February 18-21
Hyatt Regency Miami