GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

HOUSE BILL 86
RATIFIED BILL

AN ACT TO MAKE CLARIFYING CHANGES TO PERMISSIBLE INVESTMENTS AND STATUTORY TRUST UNDER THE MONEY TRANSMITTERS ACT.

The General Assembly of North Carolina enacts:

> **SECTION 1.** G.S. 53-208.42 reads as rewritten:
"**§ 53-208.42. Definitions.**
    For purposes of this Article, the following definitions apply:
> …
> (2)   Authorized delegate. – An entity designated by the licensee under the provisions of this Article to engage in the business of money transmission on behalf of a licensee ~~from a branch office~~ in this State.
> …
> (17)   Permissible investments. – One or more of the following, but only to the extent that they are maintained in an account located in the United States:
>   a.   Cash.
>   b.   Certificates of deposit or other debt obligations of a depository institution, either domestic or foreign.
>   c.   Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by member banks of the Federal Reserve System.
>   d.   Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.
>   e.   Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.
>   f.   Shares in a money market mutual fund, interest bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over the counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.
>   g.   Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.
>   h.   Value of receivables due to the licensee that are no more than ~~90~~ 30 days past due or otherwise doubtful of collection.
>   i.   Virtual currency ~~owned by the licensee,~~ but only to the extent of outstanding transmission obligations received by the licensee in like kind virtual currency.
>   j.   Any other investments or security device approved by the Commissioner.

….."

SECTION 2. G.S. 53-208.48 reads as rewritten:

"**§ 53-208.48. Permissible investments and statutory trust.**

(a)   ~~Each~~ Except as otherwise provided in this section, each licensee under this Article shall possess at all times unencumbered permissible investments having an aggregate market value, calculated in accordance with generally accepted accounting principles, of not less than the aggregate face amount of all outstanding transmission obligations. This requirement may be waived by the Commissioner if the dollar volume of a licensee's outstanding transmission obligations does not exceed the bond or other security devices posted by the licensee pursuant to G.S. 53 208.47.

(b)   Permissible investments, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of the licensee's outstanding payment instruments and stored value obligations in the event of the bankruptcy of the licensee.

(c)   If the licensee possesses virtual currency as permissible investments under this Article, the Commissioner may at any time request that the licensee verify, in a manner acceptable to the Commissioner, aggregate virtual currency transmission obligations outstanding and virtual currency held as permissible investments, including virtual currency stored offline."

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 14th day of June, 2018.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

_____
Roy Cooper
Governor

Approved _____.m. this _____ day of _____, 2018