

RULE ADOPTIONS

BANKING

(a)

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKING

Notice of Readoption

Money Transmitters

Readoption with Technical Changes: N.J.A.C. 3:27

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:15C-1 et seq.

Authorized By: Marlene Caride, Commissioner, Department of Banking and Insurance.

Effective Dates: April 6, 2023, Readoption;
May 1, 2023, Technical Changes.

New Expiration Date: April 6, 2030.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:27 were scheduled to expire on May 16, 2023. The rules implement the New Jersey Money Transmitters Act, N.J.S.A. 17:15C-1 et seq. (Act), enacted on May 1, 1998. The Act combined the licensing and regulation of the activities of foreign money transmission and the sale of checks pursuant to one act, which previously were separately governed by the Foreign Money Remitter Act and the Check Sellers Act. The Act also brought under its umbrella the previously unregulated activities of domestic money transmission and third-party payment service providers. The Department of Banking and Insurance (Department) readopts N.J.A.C. 3:27 with a technical change.

N.J.A.C. 3:27-1 sets forth the general provisions for the chapter, including the purpose and scope and definitions of certain terms used in the chapter.

N.J.A.C. 3:27-2 requires all persons acting as money transmitters to be licensed, that licenses be renewed biennially, and sets forth the application requirements.

N.J.A.C. 3:27-3 governs fees to be paid by applicants for licensure and the filing of an annual report to licensees.

N.J.A.C. 3:27-4 sets forth the requirement that persons seeking initial licenses as money transmitters or foreign money transmitters comply with the requirements at N.J.S.A. 17:15C-8 and obtain a security device authorized by the Commissioner. It also sets forth the amount of the security device and the necessary terms it must contain, in the amounts stated in chapter Appendix A.

N.J.A.C. 3:27-5 sets forth net worth requirements that applicants for initial licenses shall demonstrate.

N.J.A.C. 3:27-6 sets forth maintenance requirements regarding the books and records of money transmitters. At N.J.A.C. 3:27-6.1(a)13, the Federal rule citation to 31 CFR 103.11 et seq., will be changed to the current correct citation of 31 CFR Part 1022.400 to 1022.420.

N.J.A.C. 3:27-7 sets forth the requirements for applications for change of control or key personnel of a money transmitting licensee.

N.J.A.C. 3:27-8 sets forth the penalty provisions relating to the violation of the Act or N.J.A.C. 3:27.

The Department has reviewed these rules and has determined that the rules are necessary, reasonable, and proper for the purpose for which they were originally promulgated. Therefore, pursuant to N.J.S.A. 52:14B-5.1.c(1), N.J.A.C. 3:27 is readopted with a technical change and shall continue in effect for a seven-year period. The readopted rules will continue to allow the Department to fulfill its regulatory duties by providing clear and comprehensive guidelines concerning money transmitters.

Full text of the technical changes follow (additions indicated in boldface **thus**; deletion indicated in brackets [thus]):

SUBCHAPTER 6. MAINTENANCE OF BOOKS, RECORDS, AND ACCOUNTS

3:27-6.1 Maintenance of books, records, and accounts

(a) Each licensee shall make, keep, and preserve in English the following books, accounts, and other records for a period of three years:

1.- 12. (No change.)

13. All records required to be maintained pursuant to 31 [C.F.R. §§ 103.11 et seq.] **CFR Part 1022.400 to 1022.420**; and

14. (No change.)

(b)-(c) (No change.)

(b)

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF BANKING

Notice of Readoption

Conversions of Associations

Readoption with Technical Changes: N.J.A.C. 3:32

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17:12B-319.

Authorized By: Marlene Caride, Commissioner, Department of Banking and Insurance.

Effective Dates: April 6, 2023, Readoption;
May 1, 2023, Technical Changes.

New Expiration Date: April 6, 2030.

Take notice that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 3:32 were scheduled to expire on May 16, 2023. The rules implement the Savings and Loan Act (1963), N.J.S.A. 17:12B-1 et seq., which regulates New Jersey-chartered savings and loan associations.

Subchapter 1 requires a mutual association which seeks to convert to a capital stock association to comply with certain specified conditions and procedures. A mutual association applying for conversion must adopt a resolution to that effect, approved by a two-thirds vote of its board of directors. In addition, the conversion plan must be fair and equitable to all members and include sufficient provisions to protect the interests of the depositors of the prospective capital stock association. If the Commissioner of Banking and Insurance (Commissioner) deems the preliminary application acceptable, he or she is required to issue a notice of "intent to approve," subject to the affirmative vote of a majority of eligible members and compliance with applicable law.

Subchapter 1 also sets forth parameters for members' entitlement to vote, times when special meetings may be called, the manner in which voting may take place concerning the conversion, and adoption of bylaws and the election of officers, in person, or by proxy. In addition, this subchapter defines persons eligible to purchase shares of stock, the price of stock, and designates qualifications for independent persons who will establish the prices of the stock. Subchapter 2 provides that any mutual association may apply to the Commissioner to convert to a mutual savings bank, and any capital stock association may apply to the Commissioner to convert to a capital stock savings bank. Further, it sets forth the information that must be included in such applications. This consists of the following: a certified copy of the resolution of the board of directors authorizing the conversion; a certified copy of the resolution adopted by the stockholders or members; a certificate of incorporation for the converted institution; and copies of all applications for Federal regulatory approval and all approvals required in connection with the conversion, or a statement or opinion of counsel for the association that no Federal regulatory approvals are required.

Subchapter 3 sets forth the rules pertaining to mutual state association holding companies. Such an entity is defined at N.J.A.C. 3:32-3.1 as being formed by a mutual State association pursuant to N.J.S.A. 17:12B-298 through 17:12B-318 and having its principal place of business in New