



1Money USA, Inc.  
575 Fifth Avenue  
14th FL, Suite 14-107  
New York, NY 10017

May 19, 2025

Via Email: [regulations@dfpi.ca.gov](mailto:regulations@dfpi.ca.gov)

**California Department of Financial Protection and Innovation**

Attn: Diana Pha, Regulations Coordinator, Legal Division  
651 Bannon Street, Ste. 300  
Sacramento, CA 95811

**Re: Response to Notice of Proposed Rulemaking Published April 4, 2025 Implementing the Digital Financial Assets Law**

To Whom It May Concern:

1Money USA, Inc. (the “**Company**”) welcomes the opportunity to provide feedback to the California Department of Financial Protection and Innovation (“**CA DFPI**”) on the proposed regulations (the “**Proposed Regulations**”) implementing provisions of the California Digital Financial Assets Law (“**DFAL**”). As a FinCEN-registered Money Services Business and money transmitter holding licenses across multiple U.S. states, we appreciate the CA DFPI’s commitment to regulatory transparency and licensing clarity, and we offer the following commentary in the spirit of constructive engagement to ensure an effective, fair, and scalable implementation of the DFAL.

**I. CA DFPI’s Regulatory Objectives**

We commend and support the CA DFPI’s focus on creating clear licensing standards for digital financial asset businesses, establishing a centralized and uniform application process via the Nationwide Multistate Licensing System (“**NMLS**”), and requiring material change reporting to ensure effective supervisory oversight.

**II. Licensing Process Efficiency, and Refinement to Facilitate Scalable and Expedited Licensing**

The Company supports the Proposed Regulations in the context of designating NMLS for filings, which aligns with existing multistate licensing practices, including relative to application and business plan filings, surety bond filings, consumer disclosures, and control-person documentation. The forms incorporated by reference (e.g., MU1, MU2, and UAAR) are familiar to entities such as the Company and reduce onboarding friction.

The Company recommends that, for prospective DFAL licensees already licensed in other states (e.g., money transmitter licenses or jurisdictional equivalents for virtual currency activities), the CA DFPI should consider adding clarifying language to the Proposed Regulations (i) automating corporate and compliance documentation verification through NMLS to reduce redundant documentation and support cost efficiencies for applicants, (ii) adopting uniform standards for financial statements, (iii) adopting uniform standards for background checks to avoid duplicative submissions, including, e.g., incorporating into the Proposed Regulations the ability for applicants to leverage fingerprinting and background reports that are already on file with another state regulator on NMLS and self-certification for no material change in individual control persons’ records to accelerate processing timelines, and (iv) expediting approvals (e.g., a 90-day “fast track” approval) for entities with clean compliance histories in other jurisdictions, as may be permitted under the California Financial Code.

The clarity and granularity provided in the Proposed Regulations—particularly in §2048, §§2055–2057, and §2050—are commendable and reflect well-considered drafting aligned with the intent of California Financial Code §§ 3203 and 3307. We

respectfully request additional consideration of the following refinements to ensure that applicants already licensed in other U.S. states are not subject to duplicative or burdensome requirements.

As mentioned above, prospective applicants already licensed under equivalent state money transmission or jurisdictionally equivalent digital asset or virtual currency regimes should be eligible for a streamlined application process under DFAL and the Proposed Regulations. Specifically, the Company recommends that the CA DFPI (i) accept previously submitted documentation, including, e.g., audited financials, business plans, business activity descriptions and flows of funds, fee structures, organization and management charts, and control person disclosures, etc., if substantively identical to those submitted under another state licensing regime, in each case provided any such information provided remains materially unchanged and are accompanied by a certification of no material change, and (ii) recognize NMLS-based passporting elements to reduce duplicative burdens and application turnaround times. We also recommend that the CA DFPI consider permitting parent companies to submit consolidated financials for subsidiaries to satisfy §2048(a)(7) requirements. Finally, with respect to any compliance program adequacy review and recognition, we recommend that the CA DFPI permit or recognize a certification process that allows licensees to certify existing AML (e.g., FinCEN-compliant frameworks) and/or cybersecurity programs rather than create any redundant policies §2048(a)(9).

Under §§2055 and 2056, while we support a fifteen (15) calendar day notice period as reasonable for notices of changes, we propose that the CA DFPI to consider a risk-tiered approach whereby “material” operational changes (e.g., changes to principal place of business, control persons, or key product lines) remain subject to a fifteen (15) calendar day notice, whereas minor or immaterial changes such as administrative changes or more general business or governance updates (e.g., changes to internal policies, marketing or disclosure language, or websites) be permitted on a quarterly or annual reporting cadence to avoid over-notification.

### **III. Interoperability with Federal Proposals**

We appreciate that the CA DFPI for ensuring the Proposed Regulations are not inconsistent with existing state and federal regimes. However, given the anticipated adoption of federal stablecoin legislation (e.g., the GENIUS Act), we encourage the CA DFPI to clarify in future rulemaking that in the context of §2048(a)(3), to the extent that only payment stablecoins (as such term (or similar) may be defined under any applicable federal legislative framework) are listed or offered by a DFAL licensee as part of their products and services, such licensee be exempt from filing the contemplated certification in §2048(a)(3).

### **IV. Application Fees and Cost Recovery**

We acknowledge and support the proposed \$7,500 application fee under §2048(b) as being reasonable for a sophisticated financial services firm wishing to engage in activities under DFAL. We ask the CA DFPI to consider, however, (i) a tiered fee structure based on projected transaction volume or assets held for smaller firms applying for a DFAL license or, alternatively, (ii) an application fee waiver for smaller applicants or those firms already licensed or otherwise legally permitted to operate in 15+ U.S. states.

### **Conclusion**

We are grateful for the CA DFPI's thoughtful approach to its rulemaking under DFAL. We respectfully request the CA DFPI to consider the foregoing recommendations above to promote smoother onboarding, avoid duplicative regulatory burdens, and support cost efficiencies for DFAL license applicants. We appreciate the opportunity to participate in this consultation and welcome any further engagement to assist the CA DFPI as the regulatory framework and implementation process evolves. Thank you.

Respectfully submitted,

/s/

**1Money USA, Inc.**