

**Treatment of Certain Transactions on Digital Platforms**  
**Under the North Carolina Money Transmitters Act**  
(Rev. 06/21/2023)

The North Carolina Office of the Commissioner of Banks (NCCOB) regulates money transmission under the North Carolina Money Transmitters Act (MTA). Commercial money transmission activity (i.e., transmission activity on behalf of corporate or business entities that is not for personal, family, or household purposes) is not regulated under the MTA. Instead, the MTA covers money transmission services offered to consumers. Under the MTA, NCCOB regulates traditional money transmission transactions (i.e., the sending of currency from one consumer to another, either by North Carolina residents on a digital platform or in person by any consumer at a physical location in North Carolina) as well as the holding of funds incidental to transmission (including virtual currency (VC)) on behalf of North Carolina residents.

NCCOB regulates the front end (debit side) of a transmission transaction — that is, NCCOB focuses on the location or residency of the sender to determine if the transmission transaction falls under the MTA, as noted above. NCCOB regulates the holding of funds, both on and off-balance sheet, on behalf of North Carolina residents as indicated below. Please see the [FAQ](#) on the NCCOB website for more information about NCCOB’s regulation of money transmission under the MTA.

NCCOB accounts for both transmission and the holding of funds in its analysis of digital platforms, where consumers often engage in both kinds of transactions. NCCOB has created the chart below to describe the agency’s interpretation of certain transactions conducted on digital platforms. The chart also includes the expected reporting of these transactions in the State Transaction Detail Section (ST) on the quarterly Nationwide Multistate Licensing System & Registry Money Services Businesses Call Report (MSBCR). Licensees should also account for outstanding transmission liabilities (OTL), both fiat and VC, in the Permissible Investments Report Section (PI) of the MSBCR until the liability is extinguished.

\*The following chart was updated to account for the changes to the MSBCR in effect as of Q1 2023. This chart is not intended to be legal advice. The Commissioner and this agency reserve the right to modify or alter their interpretations in order to carry out their responsibilities under applicable law. Please contact Emily Frazier ([efrazier@nccob.gov](mailto:efrazier@nccob.gov)) if you have any questions or concerns regarding this document.

	<b>Action/Product</b>	<b>Is this Activity Regulated under the MTA? How Should this Transaction Be Reported on the Quarterly MSBCR?</b>
1	Licensee accepts USD from a consumer's bank account to store in the consumer's licensee-hosted wallet	Yes. This activity is regulated under the MTA and should be reported as STORED VALUE at ST 90 and ST 100.
2	Licensee moves USD from one consumer's wallet to another consumer's wallet on the same platform (P2P transfer)	<p>If it depends on where the consumers are located.</p> <p>If the sending consumer is a NC consumer and the USD goes to a licensee-hosted wallet of another NC consumer:</p> <ul style="list-style-type: none"> <li>• The sending of the USD by a NC consumer is regulated under the MTA and reportable as TRANSMISSION at ST 10 and ST 20.</li> <li>• The holding of USD on behalf of the receiving NC consumer is regulated and reportable as STORED VALUE at ST 90 and ST 100.</li> </ul> <p>If the sending consumer is NOT a NC consumer and the USD goes to licensee-hosted wallet of a NC consumer:</p> <ul style="list-style-type: none"> <li>• Because the sender is not a NC consumer, the transmission is not regulated under the MTA.</li> <li>• The holding of the USD on behalf of the receiving NC consumer is regulated and reportable as STORED VALUE at ST 90 and ST 100.</li> </ul> <p>If the sending consumer is a NC consumer and the USD goes to a licensee-hosted wallet of a consumer who does NOT live in NC:</p> <ul style="list-style-type: none"> <li>• The sending of the USD by a NC consumer is regulated and reportable as TRANSMISSION at ST 10 and ST 20.</li> <li>• The holding of the USD on behalf of the consumer who does not live in NC is not regulated under the MTA.</li> </ul>
3	Licensee buys/sells VC directly from/to a consumer	No. The buy/sale of VC by the licensee is not regulated money transmission under the MTA because this is a two-party transaction between the consumer and the licensee, rather than a three-party transaction that involves a licensee acting as a conduit for funds transferred between two consumers.
4	Licensee sells its own VC to a consumer <u>AND</u> places the VC in a licensee-hosted digital wallet	<p>No and yes.</p> <p>The licensee's sale of its own VC is not regulated money transmission. See Number 3.</p> <p>The holding and maintaining control of the VC on behalf of a consumer is regulated under the MTA and reportable as VC STORED VALUE at ST 300 and ST 310.</p>
5	Licensee sends USD from licensee-hosted digital wallet to the consumer's own bank account	<p>This is regulated activity but is not a new transaction. This is a cash out of stored value.</p> <p>The return of USD to the consumer will be reflected in a reduction of outstanding transmission liabilities.</p>
6	Licensee sells its own VC to a consumer using the USD balance in the consumer's licensee-hosted wallet (and maintains the new VC in the licensee-hosted digital wallet)	This is regulated activity but is not a new transaction. This is an exchange of value, and the currency held in the wallet has been converted to a different form. The licensee will report the amount of purchased VC as VC Balance Held on Behalf of Customers (in USD) at PI 140. The amount of OTL reported at PI 120 will decrease and be reported as a subsequent increase to outstanding VC transmission liability at PI 180 on its next MSBCR.

		<p>If the purchased VC is not held by the licensee and sent off-platform, the transaction is a cash out of the consumer’s wallet and an extinguishment of the prior liability, as long as the licensee is able to verify the receiving wallet is owned and controlled by the sender. If wallet ownership is not verified, the sending of VC by a NC consumer is regulated and reportable as VC TRANSMISSION at ST 320 and ST 330.</p>
7	<p>Licensee acts as an intermediary between 2 consumers exchanging VC or VC and USD. Both consumers are on the licensee’s digital platform. Licensee maintains control over the currency after the transaction is consummated</p>	<p>It depends on the consumers’ state of residency.</p> <p>The reporting of the transaction on the quarterly MSBCR depends on the type of currency or method of payment that is being used by the consumer.</p> <p>VC EXCHANGED FOR VC:</p> <p>Both parties are NC consumers:</p> <ul style="list-style-type: none"> <li>• The sending of VC by both NC consumers is regulated and reportable as two separate VC to VC FACILITATED EXCHANGE TRANSACTIONS at ST 240 and ST 250.</li> <li>• The holding of VC on behalf of both NC consumers is regulated under the MTA. The licensee will report the initial load activity as VC STORED VALUE at ST 300 and ST 310 on the next quarterly MSBCR. The licensee will continue to report the VC Balance Held on Behalf of Customers (in USD) and outstanding VC liability at PI 140 and PI 180 until the liability is extinguished.</li> </ul> <p>One party is a NC consumer and one party is NOT a NC consumer:</p> <ul style="list-style-type: none"> <li>• The portion of the transaction completed by the NC consumer is reportable as VC to VC FACILITATED EXCHANGE TRANSACTIONS at ST 240 and ST 250. The transmission from the non-NC resident to a NC resident, is not regulated under the MTA and therefore not reported in ST.</li> <li>• The holding of the VC received on behalf of the NC consumer is regulated under the MTA and reportable as VC STORED VALUE at ST 300 and ST 310. The licensee will continue to report the VC Balance Held on Behalf of Customers (in USD) and outstanding VC liability at PI 140 and PI 180 until the liability is extinguished.</li> <li>• The holding of VC on behalf of a non-NC consumer is not regulated under the MTA and therefore not reportable in ST; however, the licensee should report the VC Balance Held on Behalf of Customers (in USD) and outstanding VC liability at PI 140 and PI 180 until the liability is extinguished.</li> </ul> <p>USD EXCHANGED FOR VC/ VC EXCHANGED FOR USD</p> <p>Both parties are NC consumers:</p> <ul style="list-style-type: none"> <li>• The sending amount by both NC consumers is regulated and reportable as two separate VC to/from USD FACILITATED EXCHANGE TRANSACTIONS at ST 280 and ST 290.</li> <li>• The holding of VC on behalf of both NC consumers is regulated under the MTA. The licensee will report the initial load activity of VC STORED VALUE at ST 90 and ST 100 on the next quarterly MSBCR. The licensee will continue to report the amount of USD as OTL reported at PI 120, the VC Balance Held on Behalf of Customers (in USD) at</li> </ul>

		<p>PI 140, and outstanding VC liability at PI 180 until the liability is extinguished.</p> <p>One party is a NC consumer and one party is NOT a NC consumer:</p> <ul style="list-style-type: none"> <li>• The portion of the transaction completed by the NC consumer is reportable as VC to/from USD FACILITATED EXCHANGE TRANSACTION at ST 280 and ST 290. The transmission from the non-NC resident to a NC resident, is not regulated under the MTA and therefore not reported in ST.</li> <li>• The holding of the VC/USD on behalf of the receiving NC consumer is regulated and reportable. The licensee will report the initial load activity of VC STORED VALUE at ST 300 and ST 310 and USD as STORED VALUE at ST 90 and ST 100 on the next quarterly MSBCR. The licensee will continue to report the amount of USD as OTL reported at PI 120, the VC Balance Held on Behalf of Customers (in USD) at PI 140, and outstanding VC liability at PI 180 until the liability is extinguished.</li> <li>• The holding of VC/USD on behalf of a non-NC consumer is not regulated under the MTA and therefore not reportable in ST; however, the licensee should report the USD as OTL at PI 120, VC Balance Held on Behalf of Customers (in USD) at PI 140, and outstanding VC liability at PI 180 until the liability is extinguished.</li> </ul>
8	Licensee sends or receives VC on behalf of consumers	<p>The sending consumer is on licensee’s digital platform, but the receiving consumer is off platform.</p> <ul style="list-style-type: none"> <li>• The sending of VC by a NC Consumer is regulated and reportable as VC TRANSMISSION at ST 320 and ST 330.</li> <li>• The sending of USD by a NC Consumer is regulated and reportable as TRANSMISSION at ST 10 and ST 20.</li> </ul> <p>The receiving consumer is on licensee’s digital platform, but the sending consumer is off platform.</p> <ul style="list-style-type: none"> <li>• The holding of VC by a NC Consumer is regulated and reportable as VC STORED VALUE at ST 300 and ST 310.</li> <li>• The receipt of USD by a NC Consumer is regulated and reportable as STORED VALUE at ST 90 and ST 100.</li> </ul> <p>The funds that have moved off-platform should be treated as an extinguished outstanding liability, which will be reflected as a reduction in outstanding liability. If the funds that move off-platform are VC, the reduced outstanding transmission liability will be shown at PI 180. If the funds that move-off platform are USD, the reduced outstanding transmission liability will be shown at PI 120. Funds moving on-platform are reflected as an increase in OTL.</p>
9	Stablecoin Transactions (such as Tether, USDC, DAI, Digix Gold, Paxos)	<p>Stablecoins are digital assets pegged to a stable reserve asset such as the US Dollar or gold. Unless a stablecoin is recognized by the US Government as having legal tender status, it falls under the definition of VC in the MTA and should be reported as VC.</p>