

**Indiana Money Transmitter Modernization Act**  
**Supplemental Questionnaire for Applicants**

If your business plan includes both fiat and virtual currency (VC) transmission, to aid in our review of your application and speed the approval process, please provide the additional information or documentation indicated below in addition to your completed Checklist items. Upload the additional information or documentation under “Additional Requirements” in the Document Uploads section of the MU1.

**1) If your business plan includes the acceptance, storage, conversion, transmission, or rehypothecation of fiat and/or virtual currency, please provide the following:**

- a. A detailed diagram and explanation of the flow of funds, including whether and how your funds and customer funds are commingled or segregated, for each type of product and/or service, including details explaining:
  - i. The identity of the person or entity that *directs the movement* of customer funds, whether fiat or virtual;
  - ii. The *mechanism used* by that person or entity to cause the funds to be moved;
  - iii. The name and address of each entity through which funds flow, including all foreign or domestic depository partnerships, FBO accounts, trusts and/or wallets;
  - iv. The title and structure of each account/wallet and frequency of reconciliation;
  - v. Ownership and control of:
    1. individual accounts/wallets,
    2. assets held by individual accounts/wallets, and
    3. control of access to private keys and addresses;
  - vi. The identity of the person or entity *liable for the value of the funds* at each stage during the service;
  - vii. A clear explanation of how and at what frequency ongoing changes in VC valuation are monitored and communicated to customers;
  - viii. A description of any event that would trigger any of the following:
    1. additional funds (fiat or VC) required to be deposited by customers,
    2. a limitation on customer access to funds (fiat or VC), or
    3. the unpegging of any VC marketed as a “Stablecoin,” and
  - ix. An explanation of the flow of funds in the event of any of the above-listed triggers.
- b. Copies of all consumer agreements associated with each product and/or service. (Include all versions of or amendments to agreements to be used in Indiana with explanations of substantive changes and effective dates.)
- c. A statement identifying all virtual currency custodians and when/for what purposes those custodians will be used.

- d. Copies of custodian agreements for all virtual currency custodians.
  - e. Copies of all advertisements directed at Indiana consumers.
  - f. A statement of any communication with securities regulators regarding your business model, and whether you have been subject to any regulatory action or civil complaint by any securities regulator. Please include details of any past or ongoing actions, including jurisdiction and case number.
  - g. A statement describing all policies in place to assess and mitigate risks posed to customers' fiat currency held in your custody at any time.
  - h. A statement describing assessed insolvency risks associated with your business model and policies in place to limit or mitigate those risks to customers' fiat currency, including any statement made to customers regarding FDIC insurance protection.
  - i. If your company is storing fiat currency on behalf of its customers, a statement describing if and how those fiat funds are covered by FDIC insurance.
- 2) If you or your affiliates offer or plan to offer products and/or services allowing a **consumer to obtain a loan by providing VC as collateral**<sup>1</sup>, provide a copy of the loan application and agreement and indicate the following:
- a. Lender information;
  - b. Loan servicer if different from Lender;
  - c. Terms of the loan;
  - d. Stipulations or requirements on valuation of collateral;
  - e. Method used to determine Loan to Value (LTV) ratio;
  - f. Underwriting standards used for determining interest and fees;
  - g. How collateral is held, including a detailed description of VC custodianship, identity of custodian(s) and wallet structure;
  - h. Whether collateral held may be hypothecated or rehypothecated;
  - i. All intended uses for hypothecation and rehypothecation;
  - j. The identity of all affiliated partners engaging in hypothecation and rehypothecation of consumer VC;
  - k. Who has control of access to private keys and addresses of collateral;
  - l. Who retains Ownership rights of collateral at all stages; and
  - m. Who retains liability for loss of collateral at all stages.
- 3) If you currently offer or intend to offer any products and/or services which **pay interest to a consumer in the form of either fiat or VC**, provide a copy of all disclosures and agreements and state:
- a. The name and business nature of any entity that will maintain consumer accounts;

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<sup>1</sup> NOTE: If you are engaging in Consumer lending in Indiana in addition to Money Transmission, you will be required to obtain a Consumer Lending License under IC 24-4.5-3 in addition to the MT license.

- b. The name and business nature of the entity responsible for interest payments to consumers;
  - c. The process by which a consumer may obtain the interest earning account, including deposit minimums and limitations on withdrawals;
  - d. The types of VC that may qualify to earn interest and differentials in their earning availability;
  - e. Whether interest earnings are variable, and if so, how rate changes are determined and communicated to consumers;
  - f. Whether consumer deposits are hypothecated or rehypothecated and if so, any affiliates engaging in substantial investments;
  - g. Who retains ownership rights of consumer deposits at all stages?
  - h. Who retains liability for loss of consumer deposits at all stages?
  - i. Is lack of FDIC insurance clearly communicated to consumers?
  - j. Are you registered with the state or federal securities regulators, and if yes, identify such registrations and/or licenses.
- 4) If your business offers or plans to offer a “native” or “wrapped” token, please explain the following:
- a. How is your native/wrapped token valued?
  - b. Do you use your native/wrapped token’s value in your accounting for net worth calculation?
  - c. Describe the processes by which:
    - i. The native/wrapped token was initially distributed or offered to consumers;
    - ii. Consumers may currently obtain the native/wrapped token; and
    - iii. To what extent the native/wrapped tokens serve as collateral for loans or credit extended to or by you.
- 5) Provide a list of all off-balance sheet items and the amounts associated with them as of the most recent audited financial statements. Include the asset type, location, and the USD amount of each off-balance sheet item.
- 6) Provide a document that: 1) identifies all risks associated with your company’s business model; and 2) addresses how your company will mediate those risks. Address the following risks, at minimum: compliance risk, IT risk, AML risk, global risk, financial risk, and legal risk.