



**IDAHO**  
DEPARTMENT OF FINANCE

C. L. "BUTCH" OTTER  
Governor

GAVIN M. GEE  
Director

August 4, 2008

Re: Money Transmitter Licensure Inquiry

Dear M

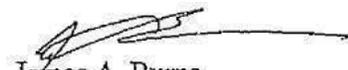
Your letter of June 10, 2008 requests interpretive guidance regarding the applicability of the Idaho Money Transmitters Act (IMTA) to the business activities being conducted or anticipated to be conducted b in Idaho.

Your description activities support a conclusion that a money transmission business is being effected as defined in Idaho Code §26-2902(11). The IMTA does not distinguish between retail money transmission and funds transmissions that are for a commercial purpose. Moreover, while the IMTA addresses bonding requirements in the context of physical locations, the law does not preclude or otherwise exempt the regulation of web-based funds transmitters or transmitters that have no physical location in this state. For your information, we have licensed multiple entities that have no physical location in Idaho.

Based on the facts presented in your letter, we are of the formative opinion that will need to become licensed as a money transmitter in Idaho to engage in the described activities. Until such time as s registered with the U.S. Commodities Futures Trading Commission, you may also wish to consider whether any of your activities are subject to the provisions of the Idaho Commodity Code (copy enclosed).

Should you have additional questions or if you would like to submit additional information that may be relevant to our consideration of this matter, please feel free to contact the undersigned directly.

Sincerely,

  
James A. Burns  
Investigations Chief

SECURITIES BUREAU  
800 Park Blvd., Suite 200, Boise, ID 83712  
Mail To: P.O. Box 83720, Boise ID 83720-0031  
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<http://finance.idaho.gov>

PROTECTING THE INTEGRITY OF IDAHO FINANCIAL MARKETS

RECEIVED  
2008 JUN 30 PM 12:48  
STATE OF IDAHO  
DEPT OF FINANCE

June 10, 2008

State of Idaho  
Department of Finance  
Securities Bureau  
PO Box 83720  
Boise, ID 83720-0031

**RE: Money Transmission License**

I am writing to determine  
the State of Idaho.

requires a money transmitter's license in

, incorporated in the State of Washington, is a wholly owned subsidiary,  
which is federally incorporated in Canada. has controlling interest

respectively. The ownership is  
and the balance is made up by and the

offers foreign exchange hedging (risk management) and global foreign exchange payables and  
receivables solutions for corporations and individuals engaged in commercial trade. Hedging products include  
spot forward and options contracts. To accommodate settlement either to a beneficiary or the client  
provides the following ancillary service:

- International electronic funds transfers where utilizes its relationship with a  
worldwide network of correspondent banks and provides a mechanism for passing on the transfer  
instructions.

clients are a combination of small, mid-sized and large businesses that have recurring foreign  
exchange payments or receivables. It offers two delivery channels: (1) global branch (bricks and mortar) model;  
and, (2) an online FX payments model.

**Branch Model (Bricks and Mortar)**

The dealing office for the USA is situated  
located across the United States.

Toronto, Ontario, Canada. Sales personnel are

has no physical presence in the State of Idaho

sales representative establishes the relationship with the client and trading/payment instructions given by  
the client are taken by a dealer in Toronto. Or, the client enters its accounts payables/receivables and payment  
instructions in multi-payment platform (proprietary software) that is integrated with the client's  
backend accounting systems. The branch captures the revenue.

The multi-payment (& multi-currency) platform manages foreign exchange payables and receivables using real-time exchange rates. Accounting departments' of corporate client's book quotes and the rates get immediately locked in. Upon the payables or receivables being uploaded into the system, Treasury and Operations Department, located in Victoria, British Columbia, Canada, manages settlement.

### **Online FX Payments Model**

The online product offering for businesses and individuals is an internet based trading platform that is located in Victoria, British Columbia. This product is designed for clients wanting to do single foreign exchange payments online for commercial purposes. The average transaction size is \$11,600. The online product has not been marketed in the United States. Rather, clients locate it by searching the website and then sign-up. It is plan to begin aggressively advertising the online product in selected US states, including the State of Idaho.

### **Revenue**

\_\_\_\_\_ makes its revenue through a margin -- the difference between the wholesale exchange rate and the exchange rate offered to each client. However, \_\_\_\_\_ may charge a service fee when a client on occasion instructs funds be paid out in the same currency it was received in. Other than for options, for spot and forward trades there are no upfront costs or services charges. A premium may be charged for options.

### **Licenses**

\_\_\_\_\_ and its affiliates have operations in seven countries: Australia, Canada, Italy, New Zealand, Singapore, United Kingdom and United States. In Australia, \_\_\_\_\_ is registered with the Australian Securities & Investment Commission (ASIC) and maintains a Financial Services License. In Italy, \_\_\_\_\_ maintains a Leveraged Foreign Exchange Dealers License and is regulated by the Bank of Italy. In Singapore, \_\_\_\_\_ holds a Capital Markets License with the Monetary Authority of Singapore (MAS). In the United Kingdom, \_\_\_\_\_ together with its legal counsel is engaged in the application process to become licensed with the Financial Services Authority (FSA) by the summer of 2009. A recently proclaimed legal requirement for businesses engaged in foreign exchange dealings. In Canada and New Zealand there are no licensing requirements for businesses that offer hedging products and global payments. However, \_\_\_\_\_ is presently working with securities commissions in both countries to be able to sell options products to retail clients or non-eligible participants.

In the United States, \_\_\_\_\_ maintains twenty-two money transmitter licenses and has exemptions in five states. In addition to this, \_\_\_\_\_ together with legal counsel is preparing an application to the National Futures Association (NFA) for \_\_\_\_\_ to become a Futures Commissions Merchant (FCM) regulated by the Commodities Futures Trading Commission (CFTC). This license will enable \_\_\_\_\_ to expand its foreign exchange product offerings.

Should you have any questions or require additional information please do not hesitate to contact me at \_\_\_\_\_

I look forward to your response.

Sincerely,