



NMLS Policy Guidebook Changes – March 29, 2024

- ***Pg 154: Business Activity Definition***

The definition of “Business Activity Definition” was updated. Business Activities are generic, non-legal definitions of a financial services activity that reasonably describes ~~the~~ an activity permitted by a state, and therefore the definitions may not comport with state statutory definitions. No activity can be covered by more than one definition.

When applying for a license, applicants should review all Business Activities and make sure to select all that they intend to perform under their business model.

- ***Pg 34-35: Affiliates and Subsidiaries***

A request was made for CSBS to define an affiliate and subsidiary with particularity. The definitions below are the result of internal and external governance and stakeholder engagement. With these new definitions, it may be necessary for some licensees to update their NMLS record with additional affiliates and subsidiaries, likewise others may delete some currently listed affiliates and subsidiaries (e.g. if the licensee reported subsidiaries for which they have a less than 25% interest, these could be deleted).

Applicants and licensees must identify each entity under common ownership (affiliate) and each entity under control (subsidiary) that provides financial services or settlement services.

For purposes of this section¹:

- (1) an affiliate is defined as an entity whereby the common owner, regardless of ownership amount of the applicant, owns 10% or more of the entity.
- (2) a subsidiary is defined as an entity that is owned 25% or more by the applicant, either directly or indirectly.

You may utilize the search option to find the entity’s record in the system. If no record is found, then you must input the following information:

Affiliate/Subsidiary Name – provide the Full Legal Name of the affiliate or subsidiary

Name and Street/City/State/Country/Postal Code – provide the main address for the affiliate or subsidiary

¹ States may have different definitions and Company users are advised some states may require additional information in connection with affiliates and subsidiaries that provide financial services or settlement services.

Control Relationship – identify whether the entity is under common ownership (affiliate) or under control (subsidiary) of the applicant or licensee

Description – the description should include the line of businesses engaged in by the affiliate or subsidiary

- **Pg 38 Disclosure Explanations (MU1)**
- **Pg 62: Disclosure Explanations (MU2)**

The following language was added to the Disclosure Explanation pages of the NMLS Policy Guidebook to clarify when explanations are required for a “No” response.

You should provide an explanation for a “No” response only if you answer “No” to a disclosure question and have information to provide to the regulator to clarify the response.

- **Pg 98: Disclosure Explanations (MU4)**

The current NMLS Policy Guidebook language below was edited for flow and additional language was added to clarify when explanations are required for a “No” response.

State regulators require licensees and applicants to explain events that must be disclosed through a “Yes” response to any of the existing *Disclosure Questions*. ~~In addition, an optional explanation can be provided for a “No” response.~~ A separate explanation should be provided for each event related to a disclosure question. Each explanation allows a single PDF to be uploaded in support of the explanation. It is expected that the PDF contain relevant official documentation related to the explanation (e.g., finding issued by a state regulatory agency, a court order, civil judgment). ~~Also, multiple explanations may be provided if multiple events are related to a single question, and clarification and explanation can be provided for a “No” response.~~

You should provide an explanation for a “No” response only if you answer “No” to a disclosure question and have information to provide to the regulator to clarify the response.