**Money Transmitter Custodial and pledge agreement**

THIS **MONEY TRANSMITTER CUSTODIAL AND PLEDGE AGREEMENT** (“AGREEMENT”) is entered into this DATE day of MONTH, YEAR, between and among LICENSEE’S FULL LEGAL NAME (NMLS ID: NMLS ID), a STATE BUSINESS ORGANIZATION, whose principal place of business is located at LICENSEE’S PRINCIPAL PLACE OF BUSINESS (“Licensee”), CUSTODIAN’S FULL LEGAL NAME, a STATE-chartered trust company who is a qualified trust company in the State of Maryland and whose principal place of business is located at CUSTODIAN’S PRINCIPAL PLACE OF BUSINESS (“Custodian”), and the COMMISSIONER OF FINANCIAL REGULATION, (“Commissioner”).

**WITNESSETH:**

**WHEREAS**, pursuant to Section 12-401, *et seq.* of the Financial Institutions Article of the Annotated Code of Maryland (“Statute”), Licensee has applied to or has been granted a money transmitter license by the Commissioner, and has requested Commissioner to accept, for the benefit of any individual who has been damaged by a violation of state law or regulations governing the business of money transmission committed by the licensee or an authorized delegate of the licensee, a deposit of Permissible Investments (as defined below) in lieu of a surety bond in order to obtain or renew a license; and

**WHEREAS**, Commissioner has agreed to accept Licensee’s deposit of Permissible Investments in lieu of a surety bond;

**WHEREAS,** pursuant to Section §12-412(d)(5), Commissioner may place the Permissible Investments in the custody of any qualified trust company in the State of Maryland.

**NOW THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. The following terms shall have the meanings specified herein unless the context clearly requires otherwise:

*“Permissible Investments”* shall have the meaning prescribed in §12-401(o) of the Statute along with all of Licensee’s rights, title and interest in Permissible Investments together with all substitutions, additions and replacements thereof, and all interest, earnings and accruals thereon, and all proceeds of the foregoing.

*“Proper Instructions”* shall mean written instructions signed by a duly authorized person received by Custodian from Licensee or Commissioner.

1. On the date of this Agreement, Commissioner has established $PLEDGE AMOUNT as the required deposit in-lieu-of a surety bond (“Required Amount”). Within 1-business day of the execution of this Agreement, Licensee shall establish and maintain a custodian account with Custodian (“Account”) and immediately deposit Permissible Investments in an amount equal to the Required Amount with Custodian for the benefit of Commissioner.
2. Licensee hereby pledges, assigns and grants to Commissioner a security interest in the Account and Permissible Investments, as more particularly described in Exhibit “A” attached hereto and incorporated herein by reference.
3. In addition to Licensee’s representations and warranties set forth in Licensee’s money transmitter license application, which are incorporated herein by this reference, Licensee hereby represents, warrants and covenants that: (a) Licensee is duly organized, validly existing and in good standing under the laws of the State or Commonwealth of its organization, and has the authority to perform the duties contemplated by this Agreement, such actions constituting valid and binding obligations, enforceable against the Licensee in accordance with the terms of this Agreement; (b) Licensee has the authority to own the Permissible Investments and its other assets and to transact the businesses which it is now engaged or proposed to be engaged in, and is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction in which such qualification is required; (c) except for the security interest granted hereunder, Licensee is and will at all times continue to be the direct and beneficial owner of the Permissible Investments; (d) Licensee holds the Permissible Investments free and clear of all liens; (e) Licensee will not dispose of or make any assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other lien on the Permissible Investments; (f) Licensee will defend its title or interest in Permissible Investments against any and all liens (other than the liens created by this Agreement), however arising, of all persons whomsoever; (g) neither the execution, delivery or performance of this Agreement, nor the compliance with the terms and provisions hereof conflict with, constitute a default under or result in any breach of any provisions of any law having applicability to Licensee, or any indenture, deed of trust, mortgage, security agreement or other instrument to which Licensee is a party or by which any or all of its properties may be bound or affected or result in the creation or enforcement of any lien, charge or encumbrance whatsoever upon Permissible Investments; (h) no consent of any other person (including Licensee’s creditors) and no consent or approval of any governmental authority or any securities exchange was or is necessary to the validity or enforceability of the pledge effected hereby, except such consents as have been obtained and are in full force and effect; (i) notwithstanding Custodian’s possession of Permissible Investments, by virtue of Licensee’s execution and delivery of this Agreement, Commissioner has a first priority perfected security interest in Permissible Investments perfected by control.
4. Custodian represents, warrants and covenants that it: (a) is duly organized, validly existing and in good standing under the laws of the State or Commonwealth of its organization; (b) has the authority to transact the businesses which it is now engaged in, and is duly qualified as a foreign entity and in good standing under the laws of each jurisdiction in which such qualification is required, and has the authority to perform the duties contemplated by this Agreement, such actions constituting valid and binding obligations, enforceable against the Custodian in accordance with the terms of this Agreement; and (c) neither the execution, delivery or performance of this Agreement, nor the compliance with the terms and provisions hereof conflict with, constitute a default under or result in any breach of any provisions of any law having applicability to Custodian.
5. Commissioner represents, warrants and covenants that he: (a) is the duly authorized and appointed Commissioner of Financial Regulation for the State of Maryland; (b) has the statutory power and authority to carry on the business of the Commissioner as specified under the laws of the State of Maryland and perform the duties contemplated by this Agreement, such actions constituting valid and binding obligations, enforceable against the Commissioner in accordance with the terms of this Agreement.
6. Custodian shall be accountable to Commissioner and Licensee for safekeeping of Permissible Investments. Custodian’s books and records shall reflect Licensee’s pledge of Permissible Investments to Commissioner. Custodian agrees not to accept any pledge of Permissible Investments in favor of any other person. Custodian shall keep Permissible Investments separate and distinct from securities or other assets owned by it or others so that Permissible Investments received by Custodian and pledged to Commissioner will at all times be identified and identifiable as Licensee’s property held by Custodian for Commissioner’s benefit; provided, however, Custodian may make other safekeeping arrangements from time to time as allowed by law. Further, Custodian may use the services of correspondent banks for holding or transferring securities comprising Permissible Investments. Any arrangement with third parties in no way lessens Custodian’s obligations to Licensee and Commissioner under this Agreement. Custodian’s deposits into a securities’ depository or safekeeping facility as permitted hereunder may be in book entry form or such other form as Custodian may deem appropriate. In making any such deposits, Custodian shall at all times keep complete and accurate records of the Account. For Permissible Investments other than cash, Custodian shall keep records so that such security may be identifiable: (a) by the issuer or obligor of each security; (b) by the issue and distinguishing characteristics (such as maturity date, interest rate, CUSIP number); and (c) by the securities’ depository or safekeeping facility where each security is placed. Custodian shall also keep records of the amount of any cash in the Account.

1. Custodian’s books and records relating to Permissible Investments shall be subject to examination at reasonable intervals by Commissioner’s or Licensee’s designated representatives and agents. Custodian shall cooperate with requests relating to books and records of any securities’ depository or safekeeping facility used for Permissible Investments.
2. Custodian has, and all times during the term of this Agreement, will continue to have a business continuity program designed to have it provide the services contemplated by this Agreement in compliance laws and regulations applicable to Custodian (“Program”). Upon Licensee’s or Commissioner’s prior written request, which request shall not be made more than once every 12-months, Custodian shall certify as its compliance with this section. In the event Custodian or an affiliate commissions an external, independent audit (e.g., SAS 70 or similar report) relating to its Program and for the purpose of sharing such audit report with third-parties, Custodian agrees to provide Licensee and Commissioner with a copy of the audit report upon request.
3. Custodian may terminate this Agreement upon giving no less than a 30-day written notice to Licensee and Commissioner, provided, however, that any such termination shall not be effective until the first to occur of: (a) transfer of Permissible Investments to a successor custodian pursuant to Proper Instructions provided jointly by Licensee and Commissioner; or (b) transfer of Permissible Investments to Commissioner to be held in escrow. Licensee and Commissioner may terminate this Agreement at any time by jointly providing written notice thereof, with such notice to include Proper Instructions as to delivery of Permissible Investments to a successor custodian, Licensee, Commissioner or other person, provided further, should Licensee no longer be required by law to pledge securities to satisfy the Statute, Commissioner will cooperate promptly with Licensee regarding termination of this Agreement and return Permissible Investments to Licensee.
4. Licensee agrees to pay Custodian its usual and customary fees for custodial services. Licensee shall provide Custodian with all appropriate tax identification information for reporting interest or dividends to the Internal Revenue Service.
5. Subject to Commissioner’s written prior approval, Licensee may exchange the Permissible Investments from time to time for other Permissible Investments of equal market value. Upon receipt of Licensee’s Proper Instructions accompanied by Commissioner’s written approval, Custodian is authorized to sell or exchange one or more of Permitted Investments in accordance with the customary or established practices and procedures in the jurisdiction or market where the transactions occur, including without limitation, delivery to the purchaser or dealer thereof (or authorized agent of the purchaser or dealer), but only for cash upon delivery or the free and clear exchange of Permissible Investments sold for other Permissible Investments. Also upon receipt of Licensee’s Proper Instruction, Custodian is authorized to use cash in the Account to purchase for immediate delivery other Permissible Investments. Upon maturity of any Permissible Investments, Custodian shall surrender the matured Permissible Investments for payment and upon receipt of Licensee’s Proper Instruction, Custodian shall reinvest the proceeds thereof by the purchase of other Permissible Investments.
6. Commissioner shall have exclusive control over all Permissible Investments deposited under terms of this Agreement. Upon Commissioner’s Proper Instructions, Custodian shall sell or otherwise dispose of any Permissible Investments and convert the same into cash, and pay and deliver any Permissible Investments and cash to Commissioner. Commissioner acknowledges his duty to seek delivery of Permissible Investments only when conditions specified under the Statute have been met and Custodian shall be entitled to rely on Commissioner’s Proper Instructions received under this section without any duty to make further inquiry with Licensee or any other person. Custodian shall not be liable to Licensee or any other person for its delivery of Permissible Investments to Commissioner in compliance with this section.
7. If Commissioner, at any time believes that the Permissible Investments are insufficient or otherwise unsatisfactory, Commissioner may require Licensee to deposit additional Permissible Investments by written demand and Licensee shall deposit additional Permissible Investments with Custodian within 30-days of Commissioner’s demand.
8. Custodian shall send monthly statements to Commissioner and Licensee that contain, at a minimum, dates covered by the statement period, all transactions during the statement period and the market value of the Account at the end of the statement period.
9. On or before February 1st of each year after the date first written above, Custodian shall prepare and deliver to Commissioner, with a copy delivered to Licensee, a statement certified by a duly authorized officer of Custodian, detailing the individual investments and market value of the Permissible Investments as of the close of business on December 31st of the preceding year. Commissioner may make reasonable requests pursuant to Proper Instructions for a certified statement to be prepared and delivered as of a date other than December 31st. Custodian agrees to cooperate with Commissioner’s requests for additional documentation or information.
10. As long as Licensee is solvent, Custodian shall pay all interest or dividends on all Permitted Investments to or in accordance with Licensee’s instructions.
11. Licensee hereby indemnifies and holds Commissioner and Custodian harmless against any loss, liability, expense (including attorney’s fees and expenses), claim or demand arising out of or in connection with Commissioner’s control over Permissible Investments and Custodian’s performance, except for Custodian’s gross negligence or willful misconduct. The foregoing indemnities in this paragraph shall survive Custodian’s resignation or termination of the Agreement by any party.
12. All notices and communication required to be sent or made hereunder shall be by first class mail to:

To Commissioner: Division of Financial Regulation

ATTN: Director of Licensing

500 North Calvert Street, Suite 402

Baltimore, MD 21202-3651

To Licensee: FULL NAME AND ADDRESS OF LICENSEE’S RECIPIENT

To Custodian: FULL NAME AND ADDRESS OF CUSTODIAN’S RECIPIENT

1. This Agreement shall be binding upon and inure to the benefit of each party and its respective successors and assigns, except that Custodian shall not have the right to assign its rights or delegate its duties hereunder or any interest herein without the prior written consent of the other parties, unless the assignment arises from the merger or acquisition of Custodian as a whole. Any successor in interest of Custodian, or receiver, liquidator or other public officer appointed to administer the affairs of Custodian shall succeed to all the obligations assumed hereunder by Custodian.
2. This Agreement is executed in three counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.
3. No amendment, supplement or modification of this Agreement shall be effective unless made in writing and signed by the parties.
4. This Agreement is governed by the substantive laws of the State of Maryland and not the choice of law rules.
5. The Statute shall control in the event of any conflicts between this Agreement and the Statute.
6. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof.
7. Licensee, Commissioner and Custodian agree that all actions and proceedings relating directly or indirectly to this Agreement shall be litigated in a court of competent jurisdiction in the State of Maryland and further agree that such courts are convenient forums and irrevocably submit to the personal jurisdiction of such courts.
8. **THE PARTIES HEREBY IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO A JURY TRIAL WITH RESPECT TO ANY CLAIMS, CAUSES OF ACTIONS, DAMAGES OR LOSSES OF WHATSOEVER NATURE OR KIND ARISING OUT OF, DIRECTLY OR INDIRECTLY, THIS AGREEMENT OR ENFORCEMENT OF THE RIGHTS AND OBLIGATIONS THEREUNDER. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE READ THIS PROVISION AND HAVE HAD THE OPPORTUNITY TO HAVE THIS PROVISION EXPLAINED TO THEM BY THEIR RESPECTIVE COUNSEL AND SUCH WAIVER IS BEING GIVEN VOLUNTARILY AND WITH FULL KNOWLEDGE AND APPRECIATION FOR THE CONSEQUENCES AND EFFECT THEREOF.**

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have caused this Agreement to be duly executed on the day and year first above written.

**WITNESS:** **COMMISSIONER OF FINANCIAL REGULATION**

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Name:

**WITNESS: LICENSEE**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** By: **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Name:

Title:

**WITNESS: CUSTODIAN**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** By: **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Name:

Title:

**EXHIBIT “A”**