

**HOUSE SUMMARY OF SENATE AMENDMENTS**

House Bill No. 701 by Representative Wright

COMMERCE: Provides for the licensing and regulation of virtual currency businesses

**Synopsis of Senate Amendments**

1. Changes citations to accurately reflect referenced provisions of present law.
2. Removes the authorization of registration in lieu of licensure.
3. Removes a provision which allows a person to engage in virtual currency business, if he is licensed in another state and that state has a reciprocity agreement with this state.
4. Specifies that an applicant for licensure shall submit the application through the Nationwide Multi-State Licensing System.
5. Removes a provision which provides for reciprocity.
6. Adds a requirement for a surety bond of \$100,000.
7. Provides a sliding scale of the requisite amount of security required based on the dollar amount of virtual currency activity.
8. Describes the procedure that should be followed when providing the security.
9. Provides limitations on the aggregate liability on a surety bond.
10. Provides the time limit for which a surety bond shall cover claims.
11. Changes the net worth a registrant must provide evidence of from \$25,000 and sufficient funds to wind down operations to \$100,000 or three percent of total assets.
12. Adds provisions relative to examinations for licensees, which provides for the format, proctoring, record keeping, and fees associated with the examinations.

**Digest of Bill as Finally Passed by Senate**

Proposed law defines "applicant", "control", "department", "exchange", "insolvent", "legal tender", "licensee", "person", "reciprocity agreement", "registrant", "registration", "regulated financial institution", "resident", "responsible individual", "state", "store", "transfer", "United States dollar equivalent of virtual currency", "virtual currency", "virtual currency administration", "virtual currency business activity", and "virtual currency control services vendor".

Proposed law applies to the virtual currency business activity of a person who engages in or holds itself out as engaging in the activity with, or on behalf of, a resident.

Proposed law specifies that applications occur through a Nationwide Multi-State Licensing System and meet certain criteria

Proposed law describes activities for which proposed law is not applicable.

In addition to the exempted activities described, proposed law allows the office of financial

institutions (OFI) to determine that a person or class of persons, given facts particular to that person, shall also be exempt from the provisions of proposed law.

Proposed law requires a person engaging in virtual currency business activity, or holding itself out as being able to engage in virtual currency business activity, with or on behalf of a resident to be licensed by OFI and establishes the criteria for licensure.

Proposed law provides for the appeal of a denial of an application for licensure and the renewal of a license.

Proposed law requires a surety bond of \$100,000 be provided by the licensee.

Proposed law requires the licensee to maintain or increase the amount of the security to reflect the amount of all money transmission activity in the state and provides a chart of the dollar amount and the corresponding security required.

Proposed law provides procedural and technical instructions on how the surety bond is to be provided, the effect of the bond, the length of time that the surety bond covers claims, and the maximum amount of the surety bond, \$7,000,000.

Proposed law requires a security deposit from applicants for licensure.

Proposed law authorizes a virtual currency business that meets certain criteria to engage in business pursuant to a registration with OFI in lieu of obtaining a license.

Proposed law provides for examinations and examination fees.

Proposed law authorizes OFI to enforce proposed law through certain actions and provides for penalties for the violation of proposed law.

Proposed law requires OFI to promulgate administrative rules to implement and enforce proposed law.

(Adds R.S. 6:1381-1394)