



General Assembly

Amendment

January Session, 2023

LCO No. 7343



Offered by:

REP. DOUCETTE, 13th Dist.

SEN. MILLER P., 27th Dist.

REP. DELNICKI, 14th Dist.

To: Subst. House Bill No. 6752

File No. 168

Cal. No. 134

"AN ACT CONCERNING DIGITAL ASSETS."

1 In line 7, strike ", stablecoins and non-fungible"

2 In line 8, strike "tokens" and insert in lieu thereof "and stablecoins"

3 Strike section 3 in its entirety and substitute the following in lieu
4 thereof:

5 "Sec. 3. (NEW) (*Effective October 1, 2023*) (a) The owner or operator of
6 a virtual currency kiosk shall, in establishing a relationship with a
7 customer and prior to entering into an initial virtual currency
8 transaction for, on behalf of or with the customer, disclose in clear,
9 conspicuous and legible writing in the English language all material
10 risks associated with virtual currency generally, including, but not
11 limited to, the following:

12 (1) A disclosure, which shall be acknowledged by the customer,
13 provided separately from the disclosures provided pursuant to

14 subdivisions (2) to (9), inclusive, of this subsection and written
15 prominently and in bold type, stating the following: "WARNING:
16 LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS
17 MAY NOT BE RECOVERABLE AND TRANSACTIONS IN VIRTUAL
18 CURRENCY ARE IRREVERSIBLE.";

19 (2) Virtual currency is not backed or insured by the government and
20 accounts and value balances are not subject to Federal Deposit
21 Insurance Corporation, National Credit Union Administration or
22 Securities Investor Protection Corporation protections;

23 (3) Some virtual currency transactions shall be deemed to be made
24 when recorded on a public ledger, which may not be the date or time
25 when the customer initiates the virtual currency transaction;

26 (4) The value of virtual currency may be derived from the continued
27 willingness of market participants to exchange fiat currency for virtual
28 currency, which may result in the permanent and total loss of the value
29 of a particular virtual currency, if the market for that virtual currency
30 disappears;

31 (5) There is no assurance that a person who accepts a virtual currency
32 as payment today will continue to do so in the future;

33 (6) The volatility and unpredictability of the price of virtual currency
34 relative to fiat currency may result in a significant loss over a short
35 period of time;

36 (7) The nature of virtual currency may lead to an increased risk of
37 fraud or cyber attack;

38 (8) The nature of virtual currency means that any technological
39 difficulties experienced by the owner or operator may prevent access to
40 or use of a customer's virtual currency; and

41 (9) Any bond maintained by the owner or operator for the benefit of
42 the customers of such owner or operator may not be sufficient to cover
43 all losses incurred by such customers.

44 (b) The owner or operator of a virtual currency kiosk shall, when
45 opening an account for a new customer and prior to entering into an
46 initial virtual currency transaction for, on behalf of or with such
47 customer, disclose in clear, conspicuous and legible writing in the
48 English language, using not less than twenty-four point sans-serif-type
49 font, all relevant terms and conditions associated with the products,
50 services and activities of the owner or operator and virtual currency
51 generally, including, but not limited to, the following:

52 (1) The customer's liability for unauthorized virtual currency
53 transactions;

54 (2) The customer's right to stop payment of a preauthorized virtual
55 currency transfer and the procedure used to initiate a stop-payment
56 order;

57 (3) Under what circumstances the owner or operator will, absent a
58 court or government order, disclose information concerning the
59 customer's account to third parties;

60 (4) The customer's right to receive periodic account statements and
61 valuations from the owner or operator;

62 (5) The customer's right to receive a receipt, trade ticket or other
63 evidence of a virtual currency transaction; and

64 (6) The customer's right to prior notice of a change in the rules or
65 policies of the owner or operator.

66 (c) The owner or operator of a virtual currency kiosk shall, prior to
67 each transaction in virtual currency for, on behalf of or with a customer,
68 disclose to such customer in clear, conspicuous and legible writing in
69 the English language, using not less than twenty-four point sans-serif-
70 type font, the terms and conditions of the virtual currency transaction,
71 including, but not limited to, the following:

72 (1) The amount of the transaction;

73 (2) Any fees, expenses and charges borne by the customer, including,
74 but not limited to, applicable exchange rates;

75 (3) The type and nature of the virtual currency transaction;

76 (4) A warning that, once executed, the virtual currency transaction
77 may not be undone, if applicable;

78 (5) A daily virtual currency transaction limit in accordance with
79 subsection (g) of this section; and

80 (6) The difference in the sale price of the virtual currency versus the
81 current market price.

82 (d) The owner or operator of a virtual currency kiosk shall ensure that
83 each customer acknowledges receipt of all disclosures required under
84 this section.

85 (e) The owner or operator of a virtual currency kiosk shall, upon the
86 completion of any virtual currency transaction, provide to the customer
87 a receipt containing the following information:

88 (1) The name of, and contact information for, the owner or operator,
89 including a telephone number established by the owner or operator to
90 answer questions and register complaints;

91 (2) The type, value, date and precise time of such virtual currency
92 transaction, and each virtual currency address;

93 (3) The fee charged;

94 (4) The exchange rate, if applicable;

95 (5) A statement of the liability of the owner or operator for
96 nondelivery or delayed delivery;

97 (6) A statement of the refund policy of the owner or operator; and

98 (7) Any additional information the Banking Commissioner may

99 require.

100 (f) The Banking Commissioner may establish a schedule of maximum
101 fees that an owner or operator of a virtual currency kiosk may charge
102 for specific services.

103 (g) There is established a maximum daily transaction limit of two
104 thousand five hundred dollars for each customer of a virtual currency
105 kiosk.

106 (h) The owner or operator of a virtual currency kiosk shall, at such
107 owner's or operator's cost and within seventy-two hours after a virtual
108 currency transaction, allow the customer to cancel and receive a full
109 refund for the virtual currency transaction if such virtual currency
110 transaction: (1) Is the customer's first virtual currency transaction with
111 such owner or operator; and (2) is to a virtual currency wallet or
112 exchange located outside of the United States."