



General Assembly

Amendment

January Session, 2023

LCO No. 6903



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

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

10 (1) A disclosure, which shall be acknowledged by the customer,
11 provided separately from the disclosures provided pursuant to
12 subdivisions (2) to (9), inclusive, of this subsection and written
13 prominently and in bold type, stating the following: "WARNING:
14 LOSSES DUE TO FRAUDULENT OR ACCIDENTAL TRANSACTIONS

15 MAY NOT BE RECOVERABLE AND TRANSACTIONS IN VIRTUAL
16 CURRENCY ARE IRREVERSIBLE.";

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

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

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

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

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

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

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

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

42 (b) The owner or operator of a virtual currency kiosk shall, when
43 opening an account for a new customer and prior to entering into an

44 initial virtual currency transaction for, on behalf of or with such
45 customer, disclose in clear, conspicuous and legible writing in the
46 English language, using not less than twenty-four point sans-serif-type
47 font, all relevant terms and conditions associated with the products,
48 services and activities of the owner or operator and virtual currency
49 generally, including, but not limited to, the following:

50 (1) The customer's liability for unauthorized virtual currency
51 transactions;

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

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

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

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

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

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

70 (1) The amount of the transaction;

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

- 73 (3) The type and nature of the virtual currency transaction;
- 74 (4) A warning that, once executed, the virtual currency transaction
75 may not be undone, if applicable;
- 76 (5) A daily virtual currency transaction limit in accordance with
77 subsection (g) of this section; and
- 78 (6) The difference in the sale price of the virtual currency versus the
79 current market price.
- 80 (d) The owner or operator of a virtual currency kiosk shall ensure that
81 each customer acknowledges receipt of all disclosures required under
82 this section.
- 83 (e) The owner or operator of a virtual currency kiosk shall, upon the
84 completion of any virtual currency transaction, provide to the customer
85 a receipt containing the following information:
- 86 (1) The name of, and contact information for, the owner or operator,
87 including a telephone number established by the owner or operator to
88 answer questions and register complaints;
- 89 (2) The type, value, date and precise time of such virtual currency
90 transaction, and each virtual currency address;
- 91 (3) The fee charged;
- 92 (4) The exchange rate, if applicable;
- 93 (5) A statement of the liability of the owner or operator for
94 nondelivery or delayed delivery;
- 95 (6) A statement of the refund policy of the owner or operator; and
- 96 (7) Any additional information the Banking Commissioner may
97 require.
- 98 (f) The Banking Commissioner may establish a schedule of maximum

99 fees that an owner or operator of a virtual currency kiosk may charge
100 for specific services.

101 (g) There is established a maximum daily transaction limit of five
102 hundred dollars for each customer of a virtual currency kiosk.

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