

One Hundred Fifth Legislature - Second Session - 2018

Introducer's Statement of Intent

LB987

Chairperson: Senator Brett Lindstrom

Committee: Banking, Commerce and Insurance

Date of Hearing: February 06, 2018

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 987 would adopt the Uniform Regulation of Virtual-Currency Businesses Act (URVCBA) which is the work product of the Uniform Law Commission (ULC). The ULC website summarizes the URVCBA as follows:

The URVCBA provides a statutory framework for the regulation of companies engaging in “virtual-currency business activity.” Virtual-currency business activity means exchanging, transferring, or storing virtual currency; holding electronic precious metals or certificates of electronic precious metals; or exchanging digital representations of value within online games for virtual currency or legal tender.

Under the URVCBA, “virtual currency” is a digital representation of value that is used as a medium of exchange, unit of account, or store of value and is not legal tender. This technology-neutral definition encompasses as many types of virtual currency as possible. The definition excludes merchants’ rewards programs or equivalent types of values on online game platforms.

The URVCBA is unique because it offers a three-tiered structure. Tier one represents persons that are exempt from regulation under the Act. Tier two is for providers that must register with the state. The registration tier is for providers with virtual-currency business activity levels between \$5,000 and \$35,000 annually. The registration tier functions as a “regulatory sandbox” because it allows companies to focus on innovation and experimentation while they are in the early stage of business development. Businesses in the registration tier may operate as registrants for up to two years, so long as they remain under the \$35,000 threshold. Tier three, the full licensure tier, is for companies with virtual-currency business activity levels greater than \$35,000 annually.

An application for license under the URVCBA must include information such as: (1) a description of the applicant’s current business; (2) a description of the applicant’s business for the previous five years; (3) a list of the money transmission licenses the applicant holds in

other states; and (4) lawsuit and bankruptcy history of the applicant and the applicant's executive officers.

The URVCBA creates two methods for an enacting state to authorize reciprocal licensing under the Act. Either the enacting state can choose to participate in a subsidiary of the Conference of State Bank Supervisors named the Nationwide Multistate Licensing System and Registry or the state can authorize reciprocity on a bilateral or multi-lateral basis. LB 987 allows reciprocity based on participation in the subsidiary of the Conference of State Bank Supervisors.

The Act also exempts some forms of businesses already regulated by the federal government or by the states from licensure and supervision under the URVCBA.

Principal Introducer: _____

Senator Paul Schumacher