
HOUSE RESOLUTION

REQUESTING THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS TO RECONSIDER ITS 2016 RULING ON ASSET RESERVE REQUIREMENTS FOR VIRTUAL CURRENCY COMPANIES AND CRYPTOCURRENCY COMPANIES TO CONDUCT BUSINESS IN HAWAII AND TO ALIGN THE STATE'S ASSET RESERVE REQUIREMENTS FOR THESE COMPANIES WITH THE ASSET RESERVE REQUIREMENTS IN OTHER STATES.

1 WHEREAS, cryptocurrency is an evolving technology globally
2 with much still to be explored and assessed; and

3
4 WHEREAS, both cryptocurrency and virtual currency are forms
5 of digital currency, which is the blanket term used to describe
6 all electronic money; and

7
8 WHEREAS, according to the Federal Trade Commission,
9 cryptocurrency is digital money, which means there is no
10 physical coin or bill; rather, cryptocurrency is stored in a
11 digital wallet, and either online, on a computer, or on other
12 hardware; and

13
14 WHEREAS, cryptocurrencies are not issued or backed by the
15 United States government or any other government or central
16 bank; and

17
18 WHEREAS, in 2016, the Department of Commerce and Consumer
19 Affairs' Division of Financial Institutions issued requirements
20 for applicants that trade, transmit, or store digital currency
21 in the State, including subjecting digital currency companies to
22 licensing, asset reserve, and financial statement requirements,
23 and indicated that digital currency value is not a permissible
24 investment under the Money Transmitters Act; and

25
26 WHEREAS, the 2016 Division of Financial Institutions'
27 requirements interpreted state law governing money transmitter
28 businesses as applying to digital currency companies, which
29 subjected these companies to licensing and asset reserve



1 requirements that were too burdensome for them to do business in
2 Hawaii; and

3
4 WHEREAS, the Division of Financial Institutions' asset
5 reserve requirements for digital currency companies are not
6 consistent with other states; and

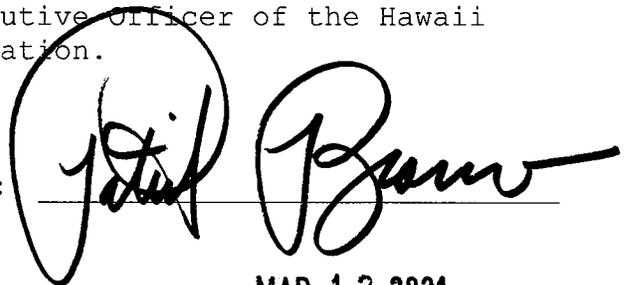
7
8 WHEREAS, the Digital Currency Innovation Lab pilot program
9 was created through a partnership between the Division of
10 Financial Institutions and Hawaii Technology Development
11 Corporation; and

12
13 WHEREAS, under the Digital Currency Innovation Lab pilot
14 program, it is illegal for digital currency companies to allow
15 Hawaii-based consumers access to their platforms without a
16 license unless a digital currency company is in the Digital
17 Currency Innovation Lab; now, therefore,

18
19 BE IT RESOLVED by the House of Representatives of the
20 Thirty-first Legislature of the State of Hawaii, Regular Session
21 of 2021, that the Department of Commerce and Consumer Affairs is
22 requested to reconsider its 2016 ruling on asset reserve
23 requirements for virtual currency companies and cryptocurrency
24 companies to conduct business in Hawaii and to align the State's
25 asset reserve requirements for these companies with the asset
26 reserve requirements in other states; and

27
28 BE IT FURTHER RESOLVED that certified copies of this
29 Resolution be transmitted to the Director of Commerce and
30 Consumer Affairs; Commissioner of Financial Institutions; and
31 Executive Director and Chief Executive Officer of the Hawaii
32 Technology and Development Corporation.

33
34
35 OFFERED BY:



MAR 12 2021

