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# A BILL FOR AN ACT

RELATING TO SPECIAL PURPOSE DIGITAL CURRENCY LICENSURE.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that digital currencies  
2 are assets that are primarily managed or stored electronically.  
3 Digital currencies refer to digital currency, cryptocurrency,  
4 e-money, network money, e-cash, and others, as defined by  
5 various governmental jurisdictions. Digital currency may be  
6 recorded on a decentralized ledger on the Internet or a  
7 centralized database or ledger system owned by a company.

8           Digital currencies do not have physical form like banknotes  
9 or minted coins. Digital currencies are also usually not issued  
10 by a governmental body and are generally not considered legal  
11 tender. Although digital currency has grown in popularity and  
12 acceptance worldwide, there is little regulation of the industry  
13 in the United States, with a few states treating digital  
14 currency activities as within the scope of money transmitter  
15 laws.

16           The legislature further finds that the division of  
17 financial institutions of the department of commerce and  
18 consumer affairs and the Hawaii technology development



1 corporation are currently conducting a sandbox pilot program,  
2 called the digital currency innovation lab, to study digital  
3 currency transactions. This study allows companies to conduct  
4 digital currency transactions without obtaining a money  
5 transmitter license while the division of financial institutions  
6 evaluates the need for more permanent and comprehensive  
7 oversight.

8 The data gathered through the digital currency innovation  
9 lab confirmed that digital currency transactions are not best  
10 regulated through existing money transmitter laws and that a new  
11 regulatory framework is appropriate.

12 The purpose of this Act is to:

- 13 (1) Establish a licensing program for special purpose  
14 digital currency companies that will replace the  
15 digital currency innovation lab; and
- 16 (2) Allow, for six months, any company participating in  
17 the digital currency innovation lab on June 30, 2023,  
18 to continue operations if a complete application for  
19 licensure is submitted to the division of financial  
20 institutions by March 1, 2024.



1 SECTION 2. The Hawaii Revised Statutes is amended by  
2 adding a new chapter to title 22 to be appropriately designated  
3 and to read as follows:

4 "CHAPTER  
5 SPECIAL PURPOSE DIGITAL CURRENCY LICENSING ACT

6 PART I. GENERAL PROVISIONS

7 § -1 Definitions. As used in this chapter, unless the  
8 context otherwise requires:

9 "Commissioner" means the commissioner of financial  
10 institutions.

11 "Consumer" means a natural person who engages in a  
12 transaction that is primarily for that natural person's  
13 personal, family, or household purposes.

14 "Control" means ownership of, or the power to vote, twenty-  
15 five per cent or more of the outstanding voting securities of a  
16 licensee or control person. For purposes of determining the  
17 percentage of a licensee controlled by any person, there shall  
18 be aggregated with the control person's interest the interest of  
19 any other person controlled by the person or by any spouse,  
20 parent, or child of the person.



1 "Control of digital currency", when used in reference to a  
2 transaction or relationship involving digital currency, means  
3 the power to execute unilaterally or prevent indefinitely a  
4 digital currency transaction.

5 "Control person" means an individual who directly or  
6 indirectly exercises control over a licensee or applicant.

7 "Department" means the department of commerce and consumer  
8 affairs.

9 "Digital currency" means any type of digital representation  
10 of value that is used as a medium of exchange or a form of  
11 digitally stored value. "Digital currency" includes any type of  
12 digital representation of value that:

- 13 (1) Has a centralized repository or administrator;
- 14 (2) Is decentralized and has no centralized repository or  
15 administrator; or
- 16 (3) May be created or obtained by computing or  
17 manufacturing effort.

18 "Digital currency" does not include any of the following:

- 19 (1) Digital representations of value that:
  - 20 (A) Are used solely within online gaming platforms;



1 (B) Have no market or application outside of those  
2 gaming platforms; and

3 (C) Cannot be converted into, or redeemed for, fiat  
4 currency or digital currency;

5 (2) Digital representations of value that can be redeemed  
6 for:

7 (A) Goods, services, discounts, or purchases as part  
8 of a customer affinity or rewards program with  
9 the issuer or other designated merchants; or

10 (B) Digital representations of value in another  
11 customer affinity or rewards program,

12 but cannot be converted into or redeemed for fiat  
13 currency or digital currency; or

14 (3) Digital units used as part of prepaid cards.

15 "Digital currency administration" means issuing digital  
16 currency with the authority to redeem the currency for money,  
17 bank credit, or other digital currency.

18 "Digital currency business activity" means:

19 (1) Exchanging, transferring, or storing digital currency  
20 or engaging in digital currency administration,



- 1           whether directly or through an agreement with a  
2           digital currency control-services vendor;
- 3           (2) Exchanging one or more digital representations of  
4           value used within one or more online games, game  
5           platforms, or family of games for money or bank credit  
6           outside the online game, game platform, or family of  
7           games offered by or on behalf of the same publisher  
8           from which the original digital representation of  
9           value was received;
- 10          (3) Storing, holding, or maintaining custody or control of  
11          digital currency on behalf of others;
- 12          (4) Buying and selling digital currency as a business;
- 13          (5) Performing exchange services as a business; or
- 14          (6) Controlling, administering, or issuing a digital  
15          currency.

16          "Digital currency control-services vendor" means a person  
17          that has control of digital currency solely under an agreement  
18          with a person that, on behalf of another person, assumes control  
19          of digital currency.

20          "Division" means the division of financial institutions of  
21          the department.



1 "Elder" means an individual who is sixty-two years of age  
2 or older.

3 "Exchange" means the conversion or change of:

4 (1) Fiat currency or other value into digital currency;

5 (2) Digital currency into fiat currency or other value; or

6 (3) One form of digital currency into another form of  
7 digital currency.

8 "Licensee" means a person who is licensed or required to be  
9 licensed under this chapter.

10 "NMLS" means the Nationwide Multistate Licensing System and  
11 Registry developed and maintained by the Conference of State  
12 Bank Supervisors for the state licensing and registration of  
13 state-licensed financial services providers.

14 "Person" means an individual, sole proprietorship,  
15 partnership, corporation, limited liability company, limited  
16 liability partnership, or other association of individuals,  
17 however organized.

18 "Special purpose digital currency company" means a person  
19 holding a special purpose digital currency license under this  
20 chapter.



1 "Stored value" means monetary value that is evidenced by an  
2 electronic record.

3 "Tangible net worth" means total assets, excluding  
4 intangible assets, less total liabilities, in accordance with  
5 United States generally accepted accounting principles.

6 "Transfer" means to assume control of digital currency from  
7 or on behalf of a person and to:

8 (1) Credit the digital currency to the account of another  
9 person;

10 (2) Move the digital currency from one account of a person  
11 to another account of the same person; or

12 (3) Relinquish control of digital currency to another  
13 person.

14 "United States dollar equivalent of digital currency" means  
15 the equivalent value of a particular digital currency in United  
16 States dollars shown on a digital currency exchange based in the  
17 United States for a particular date or specified period.

18 § -2 Exclusions. (a) This chapter shall not apply to:

19 (1) The exchange, transfer, or storage of digital currency  
20 or to digital currency administration to the extent  
21 regulated by the Securities Exchange Act of 1934 (15



1 U.S.C. chapter 2B) or Commodity Exchange Act (7 U.S.C.  
2 chapter 1);

3 (2) Activity by a person that:

4 (A) Contributes only connectivity software or  
5 computing power to a:

6 (i) Decentralized digital currency; or

7 (ii) Protocol governing transfer of the digital  
8 representation of value;

9 (B) Provides only data storage or security services  
10 for a business engaged in digital currency  
11 business activity and does not otherwise engage  
12 in digital currency business activity on behalf  
13 of another person; or

14 (C) Provides only to a person, that is otherwise  
15 exempt from this chapter, digital currency as one  
16 or more enterprise solutions used solely among  
17 each other and has no agreement or relationship  
18 with a person that is an end-user of digital  
19 currency;

20 (3) A person using digital currency, including creating,  
21 investing, buying, selling, or obtaining digital



- 1           currency as payment for the purchase or sale of goods  
2           or services, solely for academic purposes;
- 3           (4) A person whose digital currency business activity with  
4           or on behalf of persons is reasonably expected to be  
5           valued, in the aggregate, on an annual basis at \$5,000  
6           or less, measured by the United States dollar  
7           equivalent of digital currency;
- 8           (5) An attorney to the extent of providing escrow services  
9           to a person;
- 10          (6) A securities intermediary, as defined in  
11          section 490:8-102, or commodity intermediary, as  
12          defined in section 490:9-102;
- 13          (7) A digital currency control-services vendor;
- 14          (8) A person that:
- 15               (A) Does not receive compensation from a person for:
- 16                   (i) Providing digital currency products or  
17                   services; or
- 18                   (ii) Conducting digital currency business  
19                   activity; or
- 20               (B) Is engaged in testing products or services with  
21               the person's own funds or digital currency;



1 (9) Non-custodial digital currency business activity by a  
2 person using a digital currency:

3 (A) Acknowledged as legal tender by the United States  
4 or a government recognized by the United States;  
5 or

6 (B) That has been determined not to be a security by  
7 a United States regulatory agency; or

8 (10) Banks, bank holding companies, credit unions, savings  
9 banks, financial services loan companies, and mutual  
10 banks organized under the laws of the United States or  
11 any state.

12 (b) The commissioner may determine whether a person or  
13 class of persons is to be exempt from this chapter.

14 § -3 Powers of commissioner. In addition to any other  
15 powers provided by law, the commissioner may:

16 (1) Adopt rules pursuant to chapter 91 as the commissioner  
17 deems necessary for the administration of this  
18 chapter;

19 (2) Issue declaratory rulings or informal nonbinding  
20 interpretations;



- 1 (3) Investigate and conduct hearings regarding any  
2 violation of this chapter or any rule or order of, or  
3 agreement with, the commissioner;
- 4 (4) Create fact-finding committees that may make  
5 recommendations to the commissioner for the  
6 commissioner's deliberations;
- 7 (5) Require an applicant or any of its control persons,  
8 executive officers, directors, general partners, and  
9 managing members to disclose their relevant criminal  
10 history and request a criminal history record check to  
11 be conducted by or through NMLS or pursuant to chapter  
12 846. The information shall be accompanied by the  
13 appropriate payment of the applicable fee for each  
14 criminal history record check;
- 15 (6) Contract with or employ qualified persons, including  
16 accountants, attorneys, investigators, examiners,  
17 auditors, or other professionals who may be exempt  
18 from chapter 76 and who shall assist the commissioner  
19 in exercising the commissioner's powers and duties;
- 20 (7) Process and investigate complaints; subpoena witnesses  
21 and documents; administer oaths; receive affidavits



1 and oral testimony, including telephonic  
2 communications; and do anything necessary or  
3 incidental to the exercise of the commissioner's power  
4 and duties, including the authority to conduct  
5 contested case proceedings under chapter 91;

6 (8) Require a licensee to comply with:

7 (A) Any rule, guidance, guideline, statement,  
8 supervisory policy, or any similar proclamation  
9 issued or adopted by the Federal Deposit  
10 Insurance Corporation; or

11 (B) Any policy position of the Conference of State  
12 Bank Supervisors,

13 to the same extent and in the same manner as a bank  
14 chartered by the State;

15 (9) Enter into agreements or relationships with other  
16 government officials or regulatory associations to  
17 improve efficiencies and reduce regulatory burden by  
18 sharing resources; standardized or uniform methods or  
19 procedures; and documents, records, information, or  
20 evidence obtained under this chapter;



1 (10) Use, hire, contract, or employ publicly or privately  
2 available analytical systems, methods, or software to  
3 investigate or examine a licensee or person subject to  
4 this chapter;

5 (11) Accept and rely on investigation or examination  
6 reports made by other government officials, within or  
7 outside the State;

8 (12) Accept audit reports made by an independent certified  
9 public accountant for the licensee or person subject  
10 to this chapter during that part of the examination  
11 covering the same general subject matter as the audit  
12 and may incorporate the audit report in the report of  
13 the examination, report of investigation, or other  
14 writing of the commissioner; and

15 (13) Enter into agreements with, hire, retain, or contract  
16 with private and governmental entities to develop and  
17 create educational programs relating to special  
18 purpose digital currency.

19 **PART II. LICENSURE**

20 § -11 **License required.** (a) A person shall not engage  
21 in digital currency business activity, or hold itself out as



1 being able to engage in digital currency business activity, with  
2 or on behalf of another person unless the person is:

3 (1) Licensed in the State under this chapter; or

4 (2) Excluded from licensing under section -2.

5 (b) Any transaction made in violation of this section  
6 shall be void, and no person shall have the right to collect,  
7 receive, or retain any principal, interest, fees, or other  
8 charges in connection with the transaction.

9 § -12 **Deposits to compliance resolution fund.** All fees,  
10 fines, penalties, and other charges collected pursuant to this  
11 chapter or by rule shall be deposited with the director of  
12 commerce and consumer affairs to the credit of the compliance  
13 resolution fund established pursuant to section 26-9(o).  
14 Payments shall be made through NMLS, to the extent allowed by  
15 NMLS.

16 § -13 **License; application; issuance.** (a) The  
17 commissioner shall require all licensees to register with NMLS.

18 (b) Applicants for a license shall apply in a form as  
19 prescribed by NMLS or by the commissioner. The application  
20 shall contain, at a minimum, the following information:

21 (1) The legal name, trade names, and business address of:



- 1 (A) The applicant; and
- 2 (B) Every member, officer, principal, or director
- 3 thereof, if the applicant is a partnership,
- 4 association, limited liability company, limited
- 5 liability partnership, or corporation;
- 6 (2) The applicant's principal place of business located in
- 7 the United States;
- 8 (3) The complete address of any other branch offices at
- 9 which the applicant currently proposes to engage in
- 10 digital currency business activity in the State; and
- 11 (4) Other data, financial statements, and pertinent
- 12 information as the commissioner may require with
- 13 respect to the applicant or, if an applicant is not an
- 14 individual, each of the applicant's control persons,
- 15 executive officers, directors, general partners, and
- 16 managing members.
- 17 (c) To fulfill the purposes of this chapter, the
- 18 commissioner may enter into agreements or contracts with NMLS or
- 19 other entities to use NMLS to collect and maintain records and
- 20 process transaction fees or other fees related to licensees or
- 21 other persons subject to this chapter.



1 (d) For the purpose and to the extent necessary to  
2 participate in NMLS, the commissioner may waive or modify, in  
3 whole or in part, by rule or order, any or all of the  
4 requirements of this chapter and establish new requirements as  
5 reasonably necessary to participate in NMLS.

6 (e) In connection with an application for a license under  
7 this chapter, the applicant, at a minimum, shall furnish to NMLS  
8 information or material concerning the applicant's identity,  
9 including:

10 (1) Fingerprints of the applicant or, if an applicant is  
11 not an individual, fingerprints of each of the  
12 applicant's control persons, executive officers,  
13 directors, general partners, and managing members for  
14 submission to the Federal Bureau of Investigation or  
15 any governmental agency or entity authorized to  
16 receive the fingerprints for a state, national, and  
17 international criminal history background check,  
18 accompanied by the applicable fee charged by the  
19 entities conducting the criminal history background  
20 check; and



1 (2) Personal history and experience of the applicant or,  
2 if an applicant is not an individual, the personal  
3 history and experience of each of the applicant's  
4 control persons, executive officers, directors,  
5 general partners, and managing members in a form  
6 prescribed by NMLS, including the submission of  
7 authorization for NMLS and the commissioner to obtain:

8 (A) An independent credit report obtained from a  
9 consumer reporting agency described in  
10 section 603(p) of the Fair Credit Reporting Act,  
11 title 15 United States Code section 1681a(p); and

12 (B) Information related to any administrative, civil,  
13 or criminal findings by any governmental  
14 jurisdiction;

15 provided that the commissioner may use any information obtained  
16 pursuant to this subsection or through NMLS to determine an  
17 applicant's demonstrated financial responsibility, character,  
18 and general fitness for licensure.

19 (f) The commissioner may use NMLS as an agent for  
20 requesting information from and distributing information to the  
21 United States Department of Justice or any governmental agency.



1 (g) The commissioner may use NMLS as an agent for  
2 requesting and distributing information to and from any source  
3 directed by the commissioner.

4 (h) An applicant for a license as a special purpose  
5 digital currency company shall be registered with the business  
6 registration division of the department to do business in the  
7 State before a license pursuant to this chapter is issued.

8 § -14 Issuance of license; grounds for denial. (a) The  
9 commissioner shall investigate every applicant to determine the  
10 financial responsibility, character, and general fitness of the  
11 applicant. The commissioner shall issue the applicant a license  
12 to engage in digital currency business activity if the  
13 commissioner determines that:

14 (1) The applicant or, in the case of an applicant that is  
15 not an individual, each of the applicant's control  
16 persons, executive officers, directors, general  
17 partners, and managing members has never had a special  
18 purpose digital currency license revoked in any  
19 jurisdiction; provided that a subsequent formal  
20 vacation of a revocation shall not be deemed a  
21 revocation for purposes of this section;



1           (2) The applicant or, in the case of an applicant that is  
2           not an individual, each of the applicant's control  
3           persons, executive officers, directors, general  
4           partners, and managing members has not been convicted  
5           of, pled guilty or nolo contendere to, or been granted  
6           a deferred acceptance of a guilty plea under federal  
7           law or the laws of any state to a felony in a  
8           domestic, foreign, or military court:

9           (A) During the seven-year period preceding the date  
10           of the application for licensing; or

11           (B) At any time preceding the date of application, if  
12           the felony involved an act of fraud, dishonesty,  
13           breach of trust, or money laundering;

14           provided that any pardon of a conviction shall not be  
15           deemed a conviction for the purposes of this section;

16           (3) The applicant or, in the case of an applicant that is  
17           not an individual, each of the applicant's control  
18           persons, executive officers, directors, general  
19           partners, and managing members has demonstrated  
20           financial responsibility, character, and general  
21           fitness to command the confidence of the community and



1 to warrant a determination that the applicant shall  
2 operate honestly, fairly, and efficiently, pursuant to  
3 this chapter. For the purposes of this paragraph, a  
4 person is not financially responsible when the person  
5 has shown a disregard in the management of the  
6 person's financial condition. A determination that a  
7 person has shown a disregard in the management of the  
8 person's financial condition may be based upon:

9 (A) Current outstanding judgments, except judgments  
10 solely as a result of medical expenses;

11 (B) Current outstanding tax liens or other government  
12 liens and filings, subject to applicable  
13 disclosure laws and administrative rules;

14 (C) Foreclosures within the preceding three years;  
15 and

16 (D) A pattern of seriously delinquent accounts within  
17 the preceding three years;

18 (4) The applicant or, in the case of an applicant that is  
19 not an individual, each of the applicant's control  
20 persons, executive officers, directors, general  
21 partners, and managing members has not been convicted



1 of, pled guilty or nolo contendere to, or been granted  
2 a deferred acceptance of a guilty plea under federal  
3 law or the laws of any state to any misdemeanor  
4 involving an act of fraud, dishonesty, breach of  
5 trust, or money laundering;

6 (5) The applicant has satisfied the licensing requirements  
7 of this chapter; and

8 (6) The applicant has provided the bond required by  
9 section -17.

10 (b) The applicant or, in the case of an applicant that is  
11 not an individual, each of the applicant's control persons,  
12 executive officers, directors, general partners, and managing  
13 members shall submit authorization to the commissioner for the  
14 commissioner to conduct background checks to determine or verify  
15 the information in subsection (a) in each state in which the  
16 person has conducted digital currency business activity.

17 Authorization pursuant to this subsection shall include consent  
18 to provide additional fingerprints, if necessary, to law  
19 enforcement or regulatory bodies in other states.

20 (c) A license shall not be issued to an applicant:



1 (1) Whose license to conduct business under this chapter,  
2 or any similar statute in any other jurisdiction, has  
3 been suspended or revoked within five years of the  
4 filing of the present application;

5 (2) Whose license to conduct digital currency business  
6 activity has been revoked by an administrative order  
7 issued by the commissioner or the commissioner's  
8 designee, or the licensing authority of another state  
9 or jurisdiction, for the period specified in the  
10 administrative order;

11 (3) Who has advertised directly and purposefully to  
12 consumers in the State or conducted transactions in  
13 violation of this chapter; or

14 (4) Who has failed to complete an application for  
15 licensure.

16 (d) A license issued in accordance with this chapter shall  
17 remain in force and effect until surrendered, suspended, or  
18 revoked, or until the license expires as a result of nonpayment  
19 of the annual license renewal fee required by this chapter.

20 § -15 Anti-money laundering program. (a) Each licensee  
21 shall conduct an initial risk assessment that shall consider



1 legal, compliance, financial, and reputational risks associated  
2 with the licensee's activities, services, customers,  
3 counterparties, and geographic location and establish, maintain,  
4 and enforce an anti-money laundering program based on the risk  
5 assessment. The licensee shall conduct additional assessments  
6 on an annual basis, or more frequently as risks change, and  
7 shall modify its anti-money laundering program as appropriate to  
8 reflect the changes.

9 (b) Each licensee, at a minimum, shall:

- 10 (1) Establish an effective anti-money laundering  
11 compliance program in accordance with the federal  
12 Anti-Money Laundering Act of 2020;
- 13 (2) Establish an effective customer due diligence system  
14 and monitoring program;
- 15 (3) Screen against the Specially Designated Nationals and  
16 Blocked Persons List maintained by the Office of  
17 Foreign Assets Control and other government lists;
- 18 (4) Maintain records of cash purchases or cash  
19 transactions and report to the appropriate federal  
20 regulatory agency, as required by the federal  
21 Anti-Money Laundering Act of 2020;



1 (5) Establish an effective suspicious activity monitoring  
2 and reporting process; and

3 (6) Develop a risk-based anti-money laundering program.

4 (c) Each licensee shall have in place appropriate policies  
5 and procedures to block or reject specific or impermissible  
6 transactions that violate federal or state laws, rules, or  
7 regulations.

8 § -16 **Cybersecurity program.** (a) Each licensee shall  
9 establish and maintain an effective cybersecurity program to  
10 ensure the availability and functionality of the licensee's  
11 electronic systems and to protect those systems and any  
12 sensitive data stored on those systems from unauthorized access,  
13 use, or tampering. The cybersecurity program shall be designed  
14 to perform the following core cybersecurity functions:

15 (1) Identify internal and external cybersecurity risks by,  
16 at a minimum, identifying the information stored on  
17 the licensee's systems, the sensitivity of the  
18 information, and how and by whom the information may  
19 be accessed;

20 (2) Protect the licensee's electronic systems, and the  
21 information stored on those systems, from unauthorized



1 access, use, or other malicious acts through the use  
2 of defensive infrastructure and the implementation of  
3 policies and procedures;

4 (3) Detect systems intrusions, data breaches, unauthorized  
5 access to systems or information, malware, and other  
6 cybersecurity events;

7 (4) Respond to detected cybersecurity events to mitigate  
8 any negative effects; and

9 (5) Recover from cybersecurity events and restore normal  
10 operations and services.

11 (b) Each licensee shall implement a written cybersecurity  
12 policy setting forth the licensee's policies and procedures for  
13 the protection of its electronic systems and customer and  
14 counterparty data stored on those systems, which shall be  
15 reviewed and approved by the licensee's board of directors or  
16 equivalent governing body at least annually. The cybersecurity  
17 policy shall:

18 (1) Establish effective policies, procedures, and controls  
19 to effectuate subsection (a);

20 (2) Designate a cybersecurity officer;



1 (3) Develop and implement employee training in accordance  
2 with position responsibilities to keep abreast of the  
3 changing cybersecurity risk and threats;

4 (4) Establish a method of independent testing; and

5 (5) Maintain records.

6 § -17 Fees; bond. (a) A special purpose digital  
7 currency company shall pay the following fees to the division  
8 through NMLS to obtain and maintain a valid license under this  
9 chapter:

10 (1) Initial nonrefundable application fee of \$9,000;

11 (2) Nonrefundable renewal application fee of \$1,000; and

12 (3) Fees collected by NMLS for the processing of the  
13 application, including applicable fees charged by the  
14 entities conducting:

15 (A) The criminal history background check of each of  
16 the applicant's control persons, executive  
17 officers, directors, general partners, and  
18 managing members for submission to the Federal  
19 Bureau of Investigation and any governmental  
20 agency or entity authorized to receive the  
21 fingerprints for a state, national, and



1 international criminal history background check;

2 and

3 (B) An independent credit report obtained from a  
4 consumer reporting agency described in  
5 section 603(p) of the Fair Credit Reporting Act,  
6 title 15 United States Code section 1681a(p).

7 (b) Every licensee shall be assessed quarterly fees based  
8 on the total value of transactions in the State, in United  
9 States dollar equivalent of digital currency, as reported in the  
10 quarterly reports. The quarterly fees shall be assessed the  
11 quarter after the applicant is licensed in accordance with the  
12 following:

13 (1) For licensees with a total value of transactions, in  
14 United States dollar equivalent of digital currency,  
15 not over \$10,000, the quarterly assessment shall be  
16 \$2,500;

17 (2) For licensees with a total value of transactions, in  
18 United States dollar equivalent of digital currency,  
19 over \$10,000 but not over \$15,000, the quarterly  
20 assessment shall be \$3,750;



1 (3) For licensees with a total value of transactions, in  
2 United States dollar equivalent of digital currency,  
3 over \$15,000 but not over \$25,000, the quarterly  
4 assessment shall \$6,250;

5 (4) For licensees with a total value of transactions, in  
6 United States dollar equivalent of digital currency,  
7 over \$25,000 but not over \$35,000, the quarterly  
8 assessment shall be \$8,750; and

9 (5) For licensees with a total value of transactions, in  
10 United States dollar equivalent of digital currency,  
11 over \$35,000, the quarterly assessment shall be  
12 \$12,500.

13 (c) The assessments shall be paid quarterly on  
14 February 15, May 15, August 15, and November 15 of each year  
15 based on the licensee's quarterly reports as of the previous  
16 December 31, March 31, June 30, and September 30, respectively.

17 (d) The digital assets shall be based on the United States  
18 dollar equivalent of digital currency assets held on behalf of  
19 customers, calculated in United States dollars from the  
20 company's quarterly report based on the trading price of the



1 asset on the licensee's platform as of 4:30 p.m. Hawaii Aleutian  
2 Standard Time.

3 (e) The applicant shall file and maintain a surety bond  
4 that is approved by the commissioner and executed by the  
5 applicant as obligor and by a surety company authorized to  
6 operate as a surety in the State, whose liability as a surety  
7 does not exceed, in the aggregate, the penal sum of the bond.  
8 The penal sum of the bond shall be a minimum of \$500,000, based  
9 upon the annual United States dollar equivalent of digital  
10 currency as reported in the annual renewal report.

11 (f) The bond required by subsection (e) shall run to the  
12 State of Hawaii as obligee for the use and benefit of the State  
13 and of any person or persons who may have a cause of action  
14 against the licensee as obligor under this chapter. The bond  
15 shall be conditioned upon the following:

16 (1) The licensee as obligor shall faithfully conform to  
17 and abide by this chapter and all the rules adopted  
18 under this chapter; and

19 (2) The bond shall pay to the State and any person or  
20 persons having a cause of action against the licensee  
21 as obligor all moneys that may become due and owing to



1 the State and those persons under and by virtue of  
2 this chapter.

3 § -18 Renewal of license; annual report; quarterly  
4 reports. (a) An annual report shall be filed in accordance  
5 with NMLS policy. The annual report shall include the  
6 licensee's most recent audited annual financial statement,  
7 including balance sheets, a statement of income or loss, a  
8 statement of changes in shareholders' equity, and a statement of  
9 cash flows or, if a licensee is a wholly owned subsidiary of  
10 another corporation, the consolidated audited annual financial  
11 statement of the parent corporation in lieu of the licensee's  
12 audited annual financial statement.

13 (b) Quarterly reports shall be filed in a form prescribed  
14 by the commissioner, which shall include:

15 (1) A report detailing the special purpose digital  
16 currency company's activities in the State since the  
17 prior reporting period, including:  
18 (A) The number of stored value accounts opened;  
19 (B) The number of transactions processed;  
20 (C) The total value of transactions in United States  
21 dollar equivalent of digital currency;



- 1 (D) The number of system outages;
- 2 (E) A chart of accounts, including a description of
- 3 each account; and
- 4 (F) Any other information that the commissioner may
- 5 require related to performance metrics and the
- 6 efficacy of the special purpose digital currency
- 7 license program;
- 8 (2) A report of any material changes to any of the
- 9 information submitted by the licensee on its original
- 10 application that have not previously been reported to
- 11 the commissioner on any other report required to be
- 12 filed under this chapter;
- 13 (3) Disclosure of any pending or final suspension,
- 14 revocation, or other enforcement action by any state
- 15 or governmental authority; and
- 16 (4) Any other information the commissioner may require.
- 17 (c) A licensee may renew its license by:
- 18 (1) Continuing to meet the licensing requirements of
- 19 sections -13, -14, -15, -16, and -17;
- 20 (2) Filing a completed renewal application on a form
- 21 prescribed by NMLS or by the commissioner;



1 (3) Paying a renewal fee; and

2 (4) Meeting all other requirements of this section.

3 (d) At renewal, a licensee that has not filed an  
4 application deemed complete by the commissioner, an annual  
5 report, or quarterly reports or paid the quarterly fees, and has  
6 not been granted an extension of time by the commissioner, shall  
7 have its license suspended on the renewal date. The licensee  
8 shall have thirty days after its license is suspended to file  
9 the annual report or quarterly reports, or pay the quarterly  
10 fees, plus a late filing fee of \$250 for each day after  
11 suspension that the commissioner does not receive the annual  
12 report, quarterly reports, and the quarterly fees. The  
13 commissioner, for good cause, may reduce or suspend the late  
14 filing fee.

15 § -19 **Principal place of business.** (a) Every special  
16 purpose digital currency company licensed under this chapter  
17 shall have and maintain a principal place of business in the  
18 United States, regardless of whether the special purpose digital  
19 currency company maintains its principal office outside of the  
20 United States.



1 (b) The principal place of business of the special purpose  
2 digital currency company shall be identified in NMLS.

3 § -20 Sale or transfer of license; change of control.

4 (a) No special purpose digital currency company license shall  
5 be transferred, except as provided in this section.

6 (b) A person or group of persons requesting approval of a  
7 proposed change of control of a licensee shall submit to the  
8 commissioner an application requesting approval of a proposed  
9 change of control of the licensee, accompanied by a  
10 nonrefundable application fee of \$10,000.

11 (c) After review of an application requesting approval  
12 under subsection (b), the commissioner may require the licensee  
13 or person or group of persons requesting approval of a proposed  
14 change of control of the licensee, or both, to provide  
15 additional information concerning the persons who shall assume  
16 control of the licensee. The additional information shall be  
17 limited to similar information required of the licensee or  
18 persons in control of the licensee as part of its original  
19 license or renewal application. The information shall include,  
20 for the five-year period prior to the date of the application  
21 for change of control of the licensee, a history of material



1 litigation and criminal convictions of each person who, upon  
2 approval of the application for change of control, will be a  
3 principal of the licensee. Authorization shall also be given to  
4 conduct criminal history record checks of those persons,  
5 accompanied by the appropriate payment of the applicable fee for  
6 each record check.

7 (d) The commissioner shall approve an application  
8 requesting a change of control under subsection (b) if, after  
9 investigation, the commissioner determines that the person or  
10 group of persons requesting approval has the competence,  
11 experience, character, and general fitness to control the  
12 licensee or person in control of the licensee in a lawful and  
13 proper manner, and that the interests of the public will not be  
14 jeopardized by the change of control.

15 (e) A person:

16 (1) Who acts as a proxy for the sole purpose of voting at  
17 a designated meeting of the security holders or  
18 holders of voting interests of a licensee or person in  
19 control of a licensee;

20 (2) Who acquires control of a licensee by devise or  
21 descent;



1           (3) Who acquires control as a personal representative,  
2           custodian, guardian, conservator, trustee, or as an  
3           officer appointed by a court of competent jurisdiction  
4           or by operation of law; or

5           (4) Whom the commissioner, by rule or order, exempts in  
6           the public interest,

7 shall be exempt from the requirements of subsection (b);  
8 provided that the licensee shall notify the commissioner when  
9 control is assumed by the person.

10           (f) Before filing an application requesting approval for a  
11 change of control, a person may request, in writing, a  
12 determination from the commissioner as to whether the person  
13 would be considered a person in control of a licensee upon  
14 consummation of a proposed transaction. If the commissioner  
15 determines that the person would not be a person in control of a  
16 licensee, the commissioner shall enter an order to that effect  
17 and the proposed person and transaction shall not be subject to  
18 subsections (b) through (d).

19           (g) Subsection (b) shall not apply to public offerings of  
20 securities.



1           §   -21   Ownership and control of digital currency.   (a)   A  
2   licensee that has control of digital currency for one or more  
3   persons shall maintain control of digital currency in each type  
4   of digital currency sufficient to satisfy the aggregate  
5   entitlements of the persons to the type of digital currency.

6           (b)   If a licensee violates subsection (a), the property  
7   interests of the persons in the digital currency shall be pro  
8   rata property interests in the type of digital currency to which  
9   the persons are entitled, without regard to the time the persons  
10   became entitled to the digital currency or the licensee obtained  
11   control of the digital currency.

12          (c)   The digital currency referred to in this section  
13   shall:

14          (1)   Be held for the persons entitled to the digital  
15                 currency;

16          (2)   Not be considered property of the licensee; and

17          (3)   Not be subject to the claims of creditors of the  
18                 licensee.

19          (d)   To the extent a licensee stores, holds, or maintains  
20   custody or control of digital currency on behalf of another  
21   person, the licensee shall hold digital currency of the same



1 type and amount as that which is owed or obligated to that other  
2 person.

3 (e) Each licensee shall be prohibited from selling,  
4 transferring, assigning, lending, hypothecating, pledging, or  
5 otherwise using or encumbering assets, including digital  
6 currency, stored, held, or maintained by, or under the custody  
7 or control of, the licensee on behalf of another person except  
8 for the sale, transfer, or assignment of the assets at the  
9 direction of that other person, unless clearly presented and  
10 stated to the client that doing so is the intent of the product.

11 **PART III. DISCLOSURES, ADVERTISING, AND RECORDKEEPING**

12 **§ -31 Required disclosures.** (a) A licensee that  
13 engages in digital currency business activity shall provide to a  
14 person who uses the licensee's products or service the  
15 disclosures required by subsection (b) and any additional  
16 disclosure the commissioner determines reasonably necessary for  
17 the protection of persons. The commissioner shall determine the  
18 time and form required for disclosure. A disclosure required by  
19 this section shall be made separately from any other information  
20 provided by the licensee and made in a clear and conspicuous  
21 manner in a record the person may keep. A licensee may propose



1 for the commissioner's approval alternate disclosures as more  
2 appropriate for its digital currency business activity.

3 (b) Before establishing a relationship with a person, a  
4 licensee shall disclose the following, to the extent applicable  
5 to the digital currency business activity the licensee will  
6 undertake with the person:

7 (1) A schedule of fees and charges the licensee may  
8 assess, how fees and charges will be calculated if  
9 they are not set in advance and disclosed, and the  
10 timing of the fees and charges;

11 (2) Whether the product or service provided by the  
12 licensee is covered by:

13 (A) A form of insurance or is otherwise guaranteed  
14 against loss by an agency of the United States,  
15 including the Federal Deposit Insurance  
16 Corporation and Securities Investor Protection  
17 Corporation, up to the United States dollar  
18 equivalent of digital currency purchased from the  
19 licensee or for control of digital currency by  
20 the licensee; or



- 1 (B) Private insurance against theft or loss,  
2 including cyber theft or theft by other means;
- 3 (3) The irrevocability of a transfer or exchange;
- 4 (4) The method by which the person can update the person's  
5 contact information with the licensee;
- 6 (5) That the date or time when the transfer or exchange is  
7 made, and when the person's account is debited, may  
8 differ from the date or time when the person initiates  
9 the instruction to make the transfer or exchange;
- 10 (6) The person's right to receive a receipt or other  
11 evidence of the transfer or exchange;
- 12 (7) The person's right to at least thirty days' notice of  
13 a change in the licensee's fee schedule, other terms  
14 and conditions of operating its digital currency  
15 business activity with the person, and the policies  
16 applicable to the person's account; and
- 17 (8) That digital currency is not money.
- 18 (c) At the end of a digital currency transaction with or  
19 on behalf of a person, a licensee shall provide the person a  
20 confirmation in a record that contains:



- 1           (1) The name and contact information of the licensee,  
2                   including information the person may need to ask a  
3                   question or file a complaint;
- 4           (2) The type, value, date, precise time, and amount of the  
5                   transaction; and
- 6           (3) The fee charged for the transaction, including any  
7                   charge for conversion of digital currency to money,  
8                   bank credit, or other digital currency.

9           § -32 **Tangible net worth requirement; records.** (a) A  
10 licensee engaged in digital currency business activity shall  
11 maintain at all times a tangible net worth of no less than  
12 \$500,000 or an amount determined by the commissioner necessary  
13 to ensure safe and sound operation.

14           (b) Each licensee shall make, keep, preserve, and make  
15 available for inspection by the commissioner the books,  
16 accounts, and other records required in subsection (c). A  
17 licensee shall maintain records required by subsection (c) in a  
18 form that enables the commissioner to determine whether the  
19 licensee is in compliance with this chapter, any court order,  
20 and the laws of the State.



1 (c) A licensee shall maintain, for all digital currency  
2 business activity with or on behalf of a person five years after  
3 the date of the activity, a record of:

4 (1) Each transaction of the licensee with or on behalf of  
5 the person or for the licensee's account in the State,  
6 including:

7 (A) The identity of the person;

8 (B) The form of the transaction;

9 (C) The amount, date, and payment instructions given  
10 by the person; and

11 (D) The account number, name, and address of the  
12 person and, to the extent feasible, other parties  
13 to the transaction;

14 (2) The aggregate number of transactions and aggregate  
15 value of transactions by the licensee with or on  
16 behalf of the person and for the licensee's account in  
17 this State, expressed in United States dollar  
18 equivalent of digital currency for the previous twelve  
19 calendar months;



- 1           (3) Each transaction in which the licensee exchanges one
- 2           form of digital currency for money or another form of
- 3           digital currency with or on behalf of the person;
- 4           (4) A general ledger posted at least monthly that lists
- 5           all assets, liabilities, capital, income, ownership
- 6           equity, and expenses of the licensee;
- 7           (5) Each business-call report the licensee is required to
- 8           create or provide to the division or NMLS;
- 9           (6) Bank statements and bank reconciliation records for
- 10          the licensee and the name, account number, and United
- 11          States Postal Service address of each bank the
- 12          licensee uses in the conduct of its digital currency
- 13          business activity with or on behalf of the person;
- 14          (7) Communications and documentation related to
- 15          investigations of customer complaints; and
- 16          (8) A report of any digital currency business activity
- 17          transaction with or on behalf of a person that the
- 18          licensee was unable to complete.

19           §   -33 Advertising and marketing. (a) Each licensee  
20 engaged in digital currency business activity shall not  
21 advertise its products, services, or activities in the State or



1 to consumers in the State without including the name of the  
2 licensee and the legend that the licensee is "Licensed to engage  
3 in Digital Currency Business Activity by the State of Hawaii  
4 Department of Commerce and Consumer Affairs' Division of  
5 Financial Institutions".

6 (b) Each licensee shall maintain, for examination by the  
7 commissioner, all advertising and marketing materials for a  
8 period of at least five years from the date of their creation,  
9 including but not limited to print media, internet media,  
10 websites, radio and television advertising, road show materials,  
11 presentations, and brochures. Each licensee shall maintain  
12 website captures of material changes to internet advertising and  
13 marketing, and audio and video transcripts of its advertising  
14 and marketing materials, as applicable.

15 (c) In all advertising and marketing materials, each  
16 licensee shall comply with all disclosure requirements under  
17 federal and state laws, rules, and regulations.

18 (d) In all advertising and marketing materials, each  
19 licensee and any person or entity acting on its behalf, shall  
20 not, directly or by implication, make any false, misleading, or  
21 deceptive representations or omissions.



1           §   -34 Confidentiality. (a) Except as otherwise  
2 provided in title 12 United States Code section 5111, the  
3 requirements under any federal or state law regarding the  
4 privacy or confidentiality of any information or material  
5 provided to NMLS, and any privilege arising under federal or  
6 state law, including the rules of any federal or state court,  
7 with respect to the information or material, shall continue to  
8 apply to the information or material after the information or  
9 material has been disclosed to NMLS. The information and  
10 material may be shared with all federal and state regulatory  
11 officials with oversight authority over transactions subject to  
12 this chapter, without the loss of privilege or the loss of  
13 confidentiality protections provided by federal or state law.

14           (b) For the purposes of this section, the commissioner may  
15 enter into agreements or sharing arrangements with other  
16 governmental agencies, the Conference of State Bank Supervisors,  
17 or other associations representing governmental agencies as  
18 established by rule or order of the commissioner.

19           (c) Information or material that is subject to a privilege  
20 or confidentiality under subsection (a) shall not be subject to:

21           (1) Disclosure under chapter 92F; or





1 § -41 Enforcement authority; violations; penalties. (a)

2 To ensure the effective supervision and enforcement of this  
3 chapter, the commissioner may take any disciplinary action  
4 specified in subsection (b) against an applicant or licensee if  
5 the commissioner finds that:

6 (1) The applicant or licensee has violated this chapter,  
7 or any rule or order lawfully adopted or issued  
8 pursuant to this chapter;

9 (2) The applicant has failed to disclose facts or  
10 conditions that would have clearly justified the  
11 commissioner in denying an application for licensure,  
12 had these facts or conditions been known to exist at  
13 the time the application was made;

14 (3) The applicant or licensee has failed to provide  
15 information required by the commissioner within a  
16 reasonable time, as specified by the commissioner;

17 (4) The applicant or licensee has failed to provide or  
18 maintain proof of financial responsibility;

19 (5) The applicant or licensee is insolvent;

20 (6) The applicant or licensee has made, in any document or  
21 statement filed with the commissioner, a false



1 representation of a material fact or has omitted to  
2 state a material fact;

3 (7) The applicant, licensee, or, if an applicant or  
4 licensee is not an individual, any of the applicant's  
5 or licensee's control persons, executive officers,  
6 directors, general partners, or managing members have  
7 been convicted of or entered a plea of guilty or nolo  
8 contendere to a crime involving fraud or deceit, or to  
9 any similar crime under the jurisdiction of any  
10 federal court or court of another state;

11 (8) The applicant or licensee has failed to make,  
12 maintain, or produce records that comply with  
13 section -42 or any rule adopted by the commissioner  
14 pursuant to chapter 91;

15 (9) The applicant or licensee has been the subject of any  
16 disciplinary action by any federal or state agency  
17 that resulted in revocation of a license;

18 (10) A final judgment has been entered against the  
19 applicant or licensee for violations of this chapter,  
20 any federal or state law concerning a special purpose  
21 digital currency license or money transmitter license,



1 or any federal or state law prohibiting unfair or  
2 deceptive acts or practices; or

3 (11) The applicant or licensee has failed, in a timely  
4 manner as specified by the commissioner, to take or  
5 provide proof of the corrective action required by the  
6 commissioner after an investigation or examination  
7 pursuant to section -42.

8 (b) After a finding of one or more of the conditions under  
9 subsection (a), the commissioner may take any or all the  
10 following actions:

11 (1) Deny an application for licensure, including an  
12 application for a branch office license;

13 (2) Suspend or revoke the license in accordance with  
14 section -45;

15 (3) Issue an order to the licensee to cease and desist in  
16 accordance with section -46 from engaging in any  
17 act specified under subsection (a);

18 (4) Order the licensee to make refunds to consumers of  
19 excess charges under this chapter; or

20 (5) Impose penalties of up to \$10,000 for each violation  
21 in accordance with section -48.



1           (c) The commissioner may issue a temporary cease and  
2 desist order if the commissioner makes a finding that the  
3 licensee, applicant, or person is engaging, has engaged, or is  
4 about to engage in an illegal, unauthorized, unsafe, or unsound  
5 practice in violation of this chapter. Whenever the  
6 commissioner denies a license application or takes disciplinary  
7 action pursuant to this subsection, the commissioner shall enter  
8 an order to that effect and notify the licensee, applicant, or  
9 person of the denial or disciplinary action. The notification  
10 required by this subsection shall be given by personal service  
11 or by certified mail to the last known address of the licensee  
12 or applicant as shown on the application or license, or as  
13 subsequently furnished in writing to the commissioner.

14           (d) The revocation, suspension, expiration, or surrender  
15 of a license shall not affect the licensee's liability for acts  
16 previously committed or impair the commissioner's ability to  
17 issue a final agency order or take disciplinary action against  
18 the licensee.

19           (e) No revocation, suspension, consent order, or surrender  
20 of a license shall impair or affect the obligation of any



1 preexisting lawful contract between the licensee and any  
2 consumer.

3 (f) The commissioner may reinstate a license, terminate a  
4 suspension, or grant a new license to a person whose license has  
5 been revoked or suspended if no fact or condition then exists  
6 that would clearly justify the commissioner in revoking,  
7 suspending, or refusing to grant a license.

8 (g) The commissioner may impose an administrative fine on  
9 a licensee or person subject to this chapter if the commissioner  
10 finds on the record after notice and opportunity for hearing  
11 that the licensee or person subject to this chapter has violated  
12 or failed to comply with any requirement of this chapter or any  
13 rule adopted by the commissioner under this chapter or order  
14 issued under the authority of this chapter.

15 (h) Each violation or failure to comply with any directive  
16 or order of the commissioner shall be a separate and distinct  
17 violation.

18 § -42 Investigation and examination authority. (a) In  
19 addition to the authority granted under section -3, the  
20 commissioner may conduct investigations and examinations in  
21 accordance with this section. The commissioner may access,



1 receive, and use any books, accounts, records, files, documents,  
2 information, or evidence that the commissioner deems relevant to  
3 the investigation or examination, regardless of the location,  
4 possession, control, or custody of the documents, information,  
5 or evidence.

6 (b) For the purposes of investigating violations or  
7 complaints arising under this chapter, or for the purposes of  
8 examination, the commissioner may review, investigate, or  
9 examine any licensee or person subject to this chapter as often  
10 as necessary to carry out the purposes of this chapter. The  
11 commissioner may direct, subpoena, or order the attendance of,  
12 and examine under oath, all persons whose testimony may be  
13 required about digital currency transactions or the business or  
14 subject matter of any investigation or examination and may  
15 direct, subpoena, or order the person to produce books,  
16 accounts, records, files, and any other documents the  
17 commissioner deems relevant to the inquiry.

18 (c) Each licensee or person subject to this chapter shall  
19 provide to the commissioner, upon request, the books and records  
20 relating to the operations of the licensee or person subject to  
21 this chapter. The commissioner shall have access to the books



1 and records and shall be permitted to interview the control  
2 persons, executive officers, directors, general partners,  
3 managing members, principals, managers, employees, independent  
4 contractors, agents, and consumers of the licensee or person  
5 subject to this chapter concerning their business.

6 (d) Each licensee or person subject to this chapter shall  
7 make or compile reports or prepare other information, as  
8 directed by the commissioner, to carry out the purposes of this  
9 section, including:

- 10 (1) Accounting compilations;
- 11 (2) Information lists and data concerning digital currency  
12 transactions in a format prescribed by the  
13 commissioner; or
- 14 (3) Other information that the commissioner deems  
15 necessary.

16 (e) In conducting any investigation or examination  
17 authorized by this chapter, the commissioner may control access  
18 to any documents and records of the licensee or person under  
19 investigation or examination. The commissioner may take  
20 possession of the documents and records or place a person in  
21 exclusive charge of the documents and records. During the



1 period of control, no person shall remove or attempt to remove  
2 any of the documents and records except pursuant to a court  
3 order or with the consent of the commissioner. Unless the  
4 commissioner has reasonable grounds to believe the documents or  
5 records of the licensee or person under investigation or  
6 examination have been, or are at risk of being, altered or  
7 destroyed for the purposes of concealing a violation of this  
8 chapter, the licensee or owner of the documents and records  
9 shall have access to the documents or records as necessary to  
10 conduct its ordinary business affairs.

11 (f) The authority of this section shall remain in effect,  
12 whether a licensee or person subject to this chapter acts or  
13 claims to act under any licensing or registration law of this  
14 State or claims to act without this authority.

15 (g) No licensee or person subject to investigation or  
16 examination under this section may knowingly withhold, abstract,  
17 remove, mutilate, destroy, or conceal any books, records,  
18 computer records, or other information.

19 (h) The commissioner may charge an investigation or  
20 examination fee, payable to the commissioner, based upon the  
21 cost per hour per examiner for all licensees and persons subject



1 to this chapter investigated or examined by the commissioner or  
2 the commissioner's staff. The hourly fee shall be \$60 or an  
3 amount as the commissioner shall establish by rule pursuant to  
4 chapter 91. In addition to the investigation or examination  
5 fee, the commissioner may charge any person who is investigated  
6 or examined by the commissioner or the commissioner's staff  
7 pursuant to this section additional fees for travel, per diem,  
8 mileage, and other reasonable expenses incurred in connection  
9 with the investigation or examination, payable to the  
10 commissioner.

11 (i) Any person having reason to believe that this chapter  
12 or the rules adopted under this chapter have been violated, or  
13 that a license issued under this chapter should be suspended or  
14 revoked, may file a written complaint with the commissioner,  
15 setting forth the details of the alleged violation or grounds  
16 for suspension or revocation.

17 § -43 **Prohibited practices.** (a) It shall be a  
18 violation of this chapter for a licensee, its control persons,  
19 executive officers, directors, general partners, managing  
20 members, employees, or independent contractors, or any other  
21 person subject to this chapter to:



- 1           (1) Engage in any act that limits or restricts the  
2           application of this chapter;
- 3           (2) Use a customer's digital currency account number to  
4           prepare, issue, or create a digital currency  
5           transaction on behalf of the consumer without the  
6           customer's authorization;
- 7           (3) Charge, collect, or receive, directly or indirectly,  
8           fees for negotiating digital currency transactions  
9           except those explicitly authorized in this chapter;
- 10          (4) Fail to make disclosures as required by this chapter  
11          and any other applicable federal or state law,  
12          including rules or regulations adopted pursuant to  
13          federal or state law;
- 14          (5) Directly or indirectly employ any scheme, device, or  
15          artifice to defraud or mislead any consumer or person;
- 16          (6) Directly or indirectly engage in unfair or deceptive  
17          acts, practices, or advertising in connection with a  
18          digital currency business activity toward any person;
- 19          (7) Directly or indirectly obtain digital currency by  
20          fraud or misrepresentation;



- 1           (8) Conduct digital currency business activity with or on  
2           behalf of any person physically located in the State  
3           through the use of the Internet, facsimile, telephone,  
4           kiosk, or other means without first obtaining a  
5           license under this chapter;
- 6           (9) Make, in any manner, any false or deceptive statement  
7           or representation, including with regard to the rates,  
8           fees, or other financing terms or conditions for  
9           digital currency business activity, or engage in bait  
10          and switch advertising;
- 11          (10) Make any false statement or knowingly make any  
12          omission of material fact in connection with any  
13          reports filed with the division by a licensee or in  
14          connection with any investigation conducted by the  
15          division;
- 16          (11) Conduct digital currency business activity from any  
17          unlicensed location;
- 18          (12) Draft funds from any depository financial institution  
19          without written approval of the consumer; provided  
20          that nothing in this paragraph shall prohibit the  
21          conversion of a negotiable instrument into an



1           electronic form for processing through the Automated  
2           Clearing House or similar system;

3           (13) Fail to comply with all applicable federal and state  
4           laws relating to the activities governed by this  
5           chapter; or

6           (14) Fail to pay any fee, assessment, or moneys due to the  
7           department.

8           (b) In addition to any other penalties provided for under  
9           this chapter, any digital currency transaction in violation of  
10          subsection (a) shall be void and unenforceable.

11          §   -44   **Voluntary surrender of license.**   (a) A licensee  
12          may voluntarily cease business and surrender its license by  
13          giving written notice through NMLS to the commissioner of the  
14          licensee's intent to surrender its license. Prior to the  
15          surrender date, the licensee shall have either completed all  
16          pending digital currency transactions or assigned each pending  
17          digital currency transaction to another licensee.

18          (b) Notice to the commissioner shall be provided at least  
19          thirty days before the surrender of the license and shall  
20          include:

21          (1) The date of surrender;



- 1           (2) The name, address, telephone number, facsimile number,  
2           and electronic mail address of a contact individual  
3           with knowledge and authority sufficient to communicate  
4           with the commissioner regarding all matters relating  
5           to the licensee during the period that it was licensed  
6           pursuant to this chapter;
- 7           (3) The reason or reasons for surrender;
- 8           (4) The total dollar amount of the licensee's outstanding  
9           digital currency transactions in the State and the  
10          individual amounts of each outstanding digital  
11          currency transactions and the name, address, and  
12          contact telephone number of the licensee to whom each  
13          outstanding digital currency transaction was assigned;
- 14          (5) A list of the licensee's authorized branch offices in  
15          the State, if any, as of the date of surrender;
- 16          (6) Confirmation that the licensee has notified each of  
17          its authorized branch offices in the State, if any,  
18          that the branch offices shall no longer conduct  
19          digital currency business activity on the licensee's  
20          behalf; and



1           (7) Confirmation that the licensee has notified each of  
2           its digital currency accounts, if any, that the  
3           digital currency account is being transferred and the  
4           name, address, telephone number, and any other contact  
5           information of the licensee or entity described in  
6           section     -20 to whom the digital currency was  
7           assigned.

8           (c) Voluntary surrender of a license shall be effective  
9           upon the date of surrender specified on the written notice to  
10          the commissioner as required by this section; provided that the  
11          licensee has met all the requirements of voluntary surrender.

12          §     -45   **Suspension or revocation of licenses.**   The  
13          commissioner may suspend or revoke a license if the commissioner  
14          finds that:

15          (1) Any fact or condition exists that, if it had existed  
16          at the time at which the licensee applied for its  
17          license, would have been grounds for denying the  
18          licensee's application;

19          (2) The licensee's tangible net worth becomes inadequate  
20          and the licensee, after ten days' written notice from



- 1 the commissioner, fails to take steps as the  
2 commissioner deems necessary to remedy a deficiency;
- 3 (3) The licensee knowingly violates any material provision  
4 of this chapter or any rule adopted or order issued by  
5 the commissioner under authority of this chapter;
- 6 (4) The licensee is conducting its business in an unsafe  
7 or unsound manner;
- 8 (5) The licensee is insolvent;
- 9 (6) The licensee has suspended payment of its obligations,  
10 has made an assignment for the benefit of its  
11 creditors, or has admitted, in writing, its inability  
12 to pay its debts as they become due;
- 13 (7) The licensee has filed for bankruptcy, reorganization,  
14 arrangement, or other relief under any bankruptcy law;
- 15 (8) The licensee refuses to permit the commissioner to  
16 make any investigation or examination authorized by  
17 this chapter; or
- 18 (9) The competence, experience, character, or general  
19 fitness of the licensee indicates that it is not in  
20 the public interest to allow the licensee to have a  
21 license.



1 § -46 Orders to cease and desist. (a) If the  
2 commissioner determines that a licensee's violation of this  
3 chapter or a rule adopted or an order issued under this chapter  
4 is:

5 (1) Likely to cause immediate and irreparable harm to the  
6 licensee, the licensee's customers, or the public as a  
7 result of the violation; or

8 (2) Cause insolvency or significant dissipation of assets  
9 of the licensee,

10 the commissioner may issue an order requiring the licensee to  
11 cease and desist from the violation. The order shall become  
12 effective upon service of the order upon the licensee.

13 (b) An order to cease and desist shall remain effective  
14 and enforceable pending the completion of an administrative  
15 proceeding pursuant to chapter 91.

16 (c) A licensee that is served with an order to cease and  
17 desist may petition the circuit court for a judicial order  
18 setting aside, limiting, or suspending the enforcement,  
19 operation, or effectiveness of the order pending the completion  
20 of an administrative proceeding pursuant to sections -51  
21 or -52.



1 (d) The commissioner shall commence an administrative  
2 proceeding pursuant to chapter 91 within twenty days after  
3 issuing an order to cease and desist.

4 (e) The commissioner may apply to the circuit court for an  
5 appropriate order to protect the public interest.

6 § -47 **Consent orders.** The commissioner may enter into a  
7 consent order at any time with a person to resolve a matter  
8 arising under this chapter. A consent order shall be signed by  
9 the person to whom the order is issued or by the person's  
10 authorized representative and shall indicate agreement with the  
11 terms contained in the order. A consent order may provide that  
12 it does not constitute an admission by a person that this  
13 chapter or a rule adopted or an order issued under this chapter  
14 has been violated.

15 § -48 **Civil penalties.** (a) The commissioner may assess  
16 a fine against a person who violates this chapter or a rule  
17 adopted or an order issued under this chapter in an amount not  
18 to exceed \$10,000 per violation, plus the State's costs and  
19 expenses for the investigation and prosecution of the matter,  
20 including reasonable attorneys' fees.



1 (b) Any violation of this chapter that is directed toward,  
2 targets, or injures an elder may be subject to an additional  
3 civil penalty of not more than \$10,000 for each violation, in  
4 addition to any other fines or penalties assessed for the  
5 violation.

6 § -49 Criminal penalties. (a) A person who  
7 intentionally makes a false statement, misrepresentation, or  
8 false certification in a record filed or required to be  
9 maintained under this chapter, who intentionally makes a false  
10 entry, or who omits a material entry in a record shall be guilty  
11 of a class C felony and shall be subject to a fine of not more  
12 than \$10,000.

13 (b) An individual or person who knowingly engages in any  
14 activity for which a license is required under this chapter,  
15 without being licensed under this chapter, shall be guilty of a  
16 misdemeanor and shall be subject to a fine of not more than  
17 \$1,000, imprisonment of not more than one year, or both. Each  
18 day a violation exists shall be deemed a separate offense.

19 § -50 Unlicensed persons. (a) If the commissioner has  
20 reason to believe that a person has violated or is violating  
21 section -11, the commissioner may issue an order to show



1 cause why an order to cease and desist should not issue  
2 requiring that the person cease and desist from the violation of  
3 section -11.

4 (b) If the commissioner has reason to believe that a  
5 person has violated or is violating section -11, the  
6 commissioner may petition the circuit court for the issuance of  
7 a temporary restraining order if the public would be irreparably  
8 harmed.

9 (c) An order to cease and desist shall become effective  
10 upon service of the order upon the person.

11 (d) An order to cease and desist shall remain effective  
12 and enforceable pending the completion of an administrative  
13 proceeding pursuant to section -46.

14 (e) A person who is served with an order to cease and  
15 desist for violating section -11 may petition the circuit  
16 court for a judicial order setting aside, limiting, or  
17 suspending the enforcement, operation, or effectiveness of the  
18 order to cease and desist pending the completion of an  
19 administrative proceeding pursuant to section -46.



1 (f) The commissioner shall commence an administrative  
2 proceeding within twenty days after issuing an order to cease  
3 and desist.

4 § -51 Administrative procedures. All administrative  
5 proceedings under this chapter shall be conducted in accordance  
6 with chapter 91.

7 § -52 Hearings. Except as otherwise provided in  
8 sections -18(d) and -45, the commissioner shall not  
9 suspend or revoke a license, issue an order to cease and desist,  
10 or assess a civil penalty without notice and an opportunity to  
11 be heard.

12 § -53 Division functions. (a) The division shall  
13 exercise all administrative functions of the State in relation  
14 to the regulation, supervision, and licensing of special purpose  
15 digital currency companies.

16 (b) The division shall interpret and enforce this  
17 chapter."

18 SECTION 3. Section 489D-4, Hawaii Revised Statutes, is  
19 amended by amending the definition of "monetary value" to read  
20 as follows:



1        "Monetary value" means a medium of exchange, whether or  
2 not redeemable in money[-], except as defined as digital  
3 currency under section -1."

4        SECTION 4. Section 846-2.7, Hawaii Revised Statutes, is  
5 amended by amending subsection (b) to read as follows:

6        "(b) Criminal history record checks may be conducted by:

- 7        (1) The department of health or its designee on operators  
8           of adult foster homes for individuals with  
9           developmental disabilities or developmental  
10          disabilities domiciliary homes and their employees, as  
11          provided by section 321-15.2;
- 12        (2) The department of health or its designee on  
13          prospective employees, persons seeking to serve as  
14          providers, or subcontractors in positions that place  
15          them in direct contact with clients when providing  
16          non-witnessed direct mental health or health care  
17          services as provided by section 321-171.5;
- 18        (3) The department of health or its designee on all  
19          applicants for licensure or certification for,  
20          operators for, prospective employees, adult



- 1 volunteers, and all adults, except adults in care, at  
2 healthcare facilities as defined in section 321-15.2;
- 3 (4) The department of education on employees, prospective  
4 employees, and teacher trainees in any public school  
5 in positions that necessitate close proximity to  
6 children as provided by section 302A-601.5;
- 7 (5) The counties on employees and prospective employees  
8 who may be in positions that place them in close  
9 proximity to children in recreation or child care  
10 programs and services;
- 11 (6) The county liquor commissions on applicants for liquor  
12 licenses as provided by section 281-53.5;
- 13 (7) The county liquor commissions on employees and  
14 prospective employees involved in liquor  
15 administration, law enforcement, and liquor control  
16 investigations;
- 17 (8) The department of human services on operators and  
18 employees of child caring institutions, child placing  
19 organizations, and foster boarding homes as provided  
20 by section 346-17;



- 1           (9) The department of human services on prospective  
2           adoptive parents as established under  
3           section 346-19.7;
- 4           (10) The department of human services or its designee on  
5           applicants to operate child care facilities, household  
6           members of the applicant, prospective employees of the  
7           applicant, and new employees and household members of  
8           the provider after registration or licensure as  
9           provided by section 346-154, and persons subject to  
10          section 346-152.5;
- 11          (11) The department of human services on persons exempt  
12          pursuant to section 346-152 to be eligible to provide  
13          child care and receive child care subsidies as  
14          provided by section 346-152.5;
- 15          (12) The department of health on operators and employees of  
16          home and community-based case management agencies and  
17          operators and other adults, except for adults in care,  
18          residing in community care foster family homes as  
19          provided by section 321-15.2;



- 1           (13) The department of human services on staff members of  
2           the Hawaii youth correctional facility as provided by  
3           section 352-5.5;
- 4           (14) The department of human services on employees,  
5           prospective employees, and volunteers of contracted  
6           providers and subcontractors in positions that place  
7           them in close proximity to youth when providing  
8           services on behalf of the office or the Hawaii youth  
9           correctional facility as provided by section 352D-4.3;
- 10          (15) The judiciary on employees and applicants at detention  
11          and shelter facilities as provided by section 571-34;
- 12          (16) The department of public safety on employees and  
13          prospective employees who are directly involved with  
14          the treatment and care of persons committed to a  
15          correctional facility or who possess police powers  
16          including the power of arrest as provided by  
17          section 353C-5;
- 18          (17) The board of private detectives and guards on  
19          applicants for private detective or private guard  
20          licensure as provided by section 463-9;



- 1           (18) Private schools and designated organizations on  
2 employees and prospective employees who may be in  
3 positions that necessitate close proximity to  
4 children; provided that private schools and designated  
5 organizations receive only indications of the states  
6 from which the national criminal history record  
7 information was provided pursuant to section 302C-1;
- 8           (19) The public library system on employees and prospective  
9 employees whose positions place them in close  
10 proximity to children as provided by  
11 section 302A-601.5;
- 12           (20) The State or any of its branches, political  
13 subdivisions, or agencies on applicants and employees  
14 holding a position that has the same type of contact  
15 with children, vulnerable adults, or persons committed  
16 to a correctional facility as other public employees  
17 who hold positions that are authorized by law to  
18 require criminal history record checks as a condition  
19 of employment as provided by section 78-2.7;
- 20           (21) The department of health on licensed adult day care  
21 center operators, employees, new employees,



1 subcontracted service providers and their employees,  
2 and adult volunteers as provided by section 321-15.2;

3 (22) The department of human services on purchase of  
4 service contracted and subcontracted service providers  
5 and their employees serving clients of the adult  
6 protective and community services branch, as provided  
7 by section 346-97;

8 (23) The department of human services on foster grandparent  
9 program, senior companion program, and respite  
10 companion program participants as provided by  
11 section 346-97;

12 (24) The department of human services on contracted and  
13 subcontracted service providers and their current and  
14 prospective employees that provide home and  
15 community-based services under section 1915(c) of the  
16 Social Security Act, title 42 United States Code  
17 section 1396n(c), or under any other applicable  
18 section or sections of the Social Security Act for the  
19 purposes of providing home and community-based  
20 services, as provided by section 346-97;



1 (25) The department of commerce and consumer affairs on  
2 proposed directors and executive officers of a bank,  
3 savings bank, savings and loan association, trust  
4 company, and depository financial services loan  
5 company as provided by section 412:3-201;

6 (26) The department of commerce and consumer affairs on  
7 proposed directors and executive officers of a  
8 nondepository financial services loan company as  
9 provided by section 412:3-301;

10 (27) The department of commerce and consumer affairs on the  
11 original chartering applicants and proposed executive  
12 officers of a credit union as provided by  
13 section 412:10-103;

14 (28) The department of commerce and consumer affairs on:

15 (A) Each principal of every non-corporate applicant  
16 for a money transmitter license;

17 (B) Each person who upon approval of an application  
18 by a corporate applicant for a money transmitter  
19 license will be a principal of the licensee; and

20 (C) Each person who upon approval of an application  
21 requesting approval of a proposed change in



1 control of licensee will be a principal of the  
2 licensee,

3 as provided by sections 489D-9 and 489D-15;

4 (29) The department of commerce and consumer affairs on  
5 applicants for licensure and persons licensed under  
6 title 24;

7 (30) The Hawaii health systems corporation on:

8 (A) Employees;

9 (B) Applicants seeking employment;

10 (C) Current or prospective members of the corporation  
11 board or regional system board; or

12 (D) Current or prospective volunteers, providers, or  
13 contractors,

14 in any of the corporation's health facilities as  
15 provided by section 323F-5.5;

16 (31) The department of commerce and consumer affairs on:

17 (A) An applicant for a mortgage loan originator  
18 license, or license renewal; and

19 (B) Each control person, executive officer, director,  
20 general partner, and managing member of an



1 applicant for a mortgage loan originator company  
2 license or license renewal,  
3 as provided by chapter 454F;

4 (32) The state public charter school commission or public  
5 charter schools on employees, teacher trainees,  
6 prospective employees, and prospective teacher  
7 trainees in any public charter school for any position  
8 that places them in close proximity to children, as  
9 provided in section 302D-33;

10 (33) The counties on prospective employees who work with  
11 children, vulnerable adults, or senior citizens in  
12 community-based programs;

13 (34) The counties on prospective employees for fire  
14 department positions that involve contact with  
15 children or vulnerable adults;

16 (35) The counties on prospective employees for emergency  
17 medical services positions that involve contact with  
18 children or vulnerable adults;

19 (36) The counties on prospective employees for emergency  
20 management positions and community volunteers whose  
21 responsibilities involve planning and executing



1 homeland security measures including viewing,  
2 handling, and engaging in law enforcement or  
3 classified meetings and assisting vulnerable citizens  
4 during emergencies or crises;

5 (37) The State and counties on employees, prospective  
6 employees, volunteers, and contractors whose position  
7 responsibilities require unescorted access to secured  
8 areas and equipment related to a traffic management  
9 center;

10 (38) The State and counties on employees and prospective  
11 employees whose positions involve the handling or use  
12 of firearms for other than law enforcement purposes;

13 (39) The State and counties on current and prospective  
14 systems analysts and others involved in an agency's  
15 information technology operation whose position  
16 responsibilities provide them with access to  
17 proprietary, confidential, or sensitive information;

18 (40) The department of commerce and consumer affairs on:

19 (A) Applicants for real estate appraiser licensure or  
20 certification as provided by chapter 466K;



1 (B) Each person who owns more than ten per cent of an  
2 appraisal management company who is applying for  
3 registration as an appraisal management company,  
4 as provided by section 466L-7; and

5 (C) Each of the controlling persons of an applicant  
6 for registration as an appraisal management  
7 company, as provided by section 466L-7;

8 (41) The department of health or its designee on all  
9 license applicants, licensees, employees, contractors,  
10 and prospective employees of medical cannabis  
11 dispensaries, and individuals permitted to enter and  
12 remain in medical cannabis dispensary facilities as  
13 provided under sections 329D-15(a)(4) and  
14 329D-16(a)(3);

15 (42) The department of commerce and consumer affairs on  
16 applicants for nurse licensure or license renewal,  
17 reactivation, or restoration as provided by  
18 sections 457-7, 457-8, 457-8.5, and 457-9;

19 (43) The county police departments on applicants for  
20 permits to acquire firearms pursuant to section 134-2



1 and on individuals registering their firearms pursuant  
2 to section 134-3;

3 (44) The department of commerce and consumer affairs on:

4 (A) Each of the controlling persons of the applicant  
5 for licensure as an escrow depository, and each  
6 of the officers, directors, and principals who  
7 will be in charge of the escrow depository's  
8 activities upon licensure; and

9 (B) Each of the controlling persons of an applicant  
10 for proposed change in control of an escrow  
11 depository licensee, and each of the officers,  
12 directors, and principals who will be in charge  
13 of the licensee's activities upon approval of the  
14 application,

15 as provided by chapter 449;

16 (45) The department of taxation on current or prospective  
17 employees or contractors who have access to federal  
18 tax information in order to comply with requirements  
19 of federal law, regulation, or procedure, as provided  
20 by section 231-1.6;



- 1           (46) The department of labor and industrial relations on  
2                   current or prospective employees or contractors who  
3                   have access to federal tax information in order to  
4                   comply with requirements of federal law, regulation,  
5                   or procedure, as provided by section 383-110;
- 6           (47) The department of human services on current or  
7                   prospective employees or contractors who have access  
8                   to federal tax information in order to comply with  
9                   requirements of federal law, regulation, or procedure,  
10                  as provided by section 346-2.5;
- 11          (48) The child support enforcement agency on current or  
12                  prospective employees or contractors who have access  
13                  to federal tax information in order to comply with  
14                  federal law, regulation, or procedure, as provided by  
15                  section 576D-11.5;
- 16          (49) The department of the attorney general on current or  
17                  prospective employees or employees or agents of  
18                  contractors who have access to federal tax information  
19                  to comply with requirements of federal law,  
20                  regulation, or procedure, as provided by  
21                  section 28-17;



1 [-] (50) [+] The department of commerce and consumer affairs on  
2 each control person, executive officer, director,  
3 general partner, and managing member of an installment  
4 loan licensee, or an applicant for an installment loan  
5 license, as provided in chapter 480J;

6 [-] (51) [+] The University of Hawaii on current and prospective  
7 employees and contractors whose duties include  
8 ensuring the security of campus facilities and  
9 persons; [~~and~~]

10 (52) The department of commerce and consumer affairs on  
11 each control person, executive officer, director,  
12 general partner, and managing member of a special  
13 purpose digital currency company licensee or an  
14 applicant for a special purpose digital currency  
15 license, as provided in chapter ; and

16 [~~-(52)-~~] (53) Any other organization, entity, or the State,  
17 its branches, political subdivisions, or agencies as  
18 may be authorized by state law."

19 SECTION 5. (a) Notwithstanding any law to the contrary,  
20 the companies participating in the digital currency innovation  
21 lab operated by the department of commerce and consumer affairs



1 and Hawaii technology development corporation shall be allowed  
2 to continue operations until their applications for licensure  
3 are acted upon by the division of financial institutions of the  
4 department of commerce and consumer affairs; provided that the  
5 complete application is submitted to the division of financial  
6 institutions of the department of commerce and consumer affairs  
7 by March 1, 2024.

8 (b) A company authorized to participate in the digital  
9 currency innovation lab as of June 30, 2023, and whose  
10 application for licensure under section 2 of this Act has been  
11 submitted to the division of financial institutions of the  
12 department of commerce and consumer affairs on or before  
13 March 1, 2024, shall be exempt from the requirements in  
14 section -11, Hawaii Revised Statutes, as established by this  
15 Act for a period of six months from the date the application is  
16 deemed complete or until the commissioner of financial  
17 institutions approves or denies the application, whichever  
18 occurs first. The commissioner of financial institutions, for  
19 good cause, may reduce or extend the six-month period.  
20 Submission of an application for licensure shall be evidenced  
21 through the nationwide multi-state licensing and registry system



1 developed and maintained by the Conference of State Bank  
2 Supervisors for the state licensing and registration of state-  
3 licensed financial services providers to the commissioner of  
4 financial institutions.

5 SECTION 6. The department of commerce and consumer affairs  
6 may employ necessary personnel without regard to chapter 76,  
7 Hawaii Revised Statutes, including three full-time equivalent  
8 (3.0 FTE) positions for examiners, to assist with the  
9 implementation and continuing function of this Act.

10 SECTION 7. There is appropriated out of the compliance  
11 resolution fund established pursuant to section 26-9(o), Hawaii  
12 Revised Statutes, the sum of \$500,000 or so much thereof as may  
13 be necessary for fiscal year 2023-2024 and the same sum or so  
14 much thereof as may be necessary for fiscal year 2024-2025 to  
15 establish and hire three full-time equivalent (3.0 FTE)  
16 permanent examiners, without regard to chapter 76, Hawaii  
17 Revised Statutes, to carry out the purposes of the special  
18 purpose digital currency license program established by section  
19 2 of this Act; provided that the positions may be added to the  
20 position count for the division of financial institutions of the  
21 department of commerce and consumer affairs.



1           The sums appropriated shall be expended by the department  
2 of commerce and consumer affairs for the purposes of this Act.

3           SECTION 8. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5           SECTION 9. This Act shall take effect on July 1, 2023;  
6 provided that the special purpose digital currency licensing  
7 requirements established by section 2 of this Act shall take  
8 effect on January 1, 2024.



**Report Title:**

DCCA; Division of Financial Institutions; Special Purpose Digital Currency Companies; Licensure; Digital Currency Innovation Lab; Appropriation

**Description:**

Beginning 1/1/2024, establishes within the Department of Commerce and Consumer Affairs Division of Financial Institutions a program for the licensure, regulation, and oversight of special purpose digital currency companies. Extends operations of companies in the Digital Currency Innovation Lab under certain circumstances. Appropriates funds for three full-time equivalent (3.0 FTE) permanent examiners. (CD1)

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