



FLORIDA
INTERNATIONAL
BANKERS
ASSOCIATION

FIBA INNOVATION COMMITTEE

VIRTUAL CURRENCY BUSINESS REGULATION

FREQUENTLY
ASKED
QUESTIONS



HOW ARE **VIRTUAL CURRENCY** BUSINESSES REGULATED?

Companies doing business in the virtual currency space – roughly, companies that control, exchange, store, or transfer virtual currency – presently operate in an unsettled and opaque regulatory environment.

At the federal level, the Financial Crimes Enforcement Network (“FinCEN”) issued guidance clarifying that certain virtual currency businesses are required to register as Money Services Businesses and otherwise comply with the regulations implementing the Bank Secrecy Act. However, to date, there is no federal licensing option for virtual currency businesses.

The states have taken divergent approaches to licensing virtual currency businesses, which has created complications for businesses seeking to operate and/or accept customers in more than one jurisdiction. Some states regulate virtual currency businesses as money services businesses under existing regulations; in other states, the regulatory approach is not clear. New York has created the BitLicense regulatory framework, which has been the subject of much criticism and may be revisited by New York lawmakers in the near future.

Florida currently has no legislation or regulation specifically pertaining to the licensing of virtual

currency businesses, but the state is beginning to take a more active role. In July 2018, Florida’s Chief Financial Officer announced that he is calling for the state government to create a cryptocurrency czar post. In addition, a number of Florida legislators and the Florida Office of Financial Regulation (the “OFR”) are considering whether – and how – to regulate virtual currency businesses in this state.



WHY AND HOW **IS FIBA** GETTING INVOLVED?

Businesses operating in the virtual currency space – like other FinTech companies – are playing an increasingly significant role in the financial services ecosystem. FIBA believes it is important to ensure that any legislation impacting the international banking community is appropriate and balanced. In addition, it is important to make sure that there is a level playing field among virtual currency businesses – and between virtual currency businesses and other financial services firms. In addition, given the lack of clarity in this regulatory environment, FIBA believes that sensible virtual currency regulation has the potential to have a positive economic impact on this state.



FLORIDA
INTERNATIONAL
BANKERS
ASSOCIATION



WHAT IS THE **VIRTUAL CURRENCY BUSINESSES MODEL ACT?**

Many industry participants believe that a good starting point for regulation is the Uniform Law Commission's recently-released Regulation of Virtual Currency Businesses Act (the "Uniform Act"). The overall objective of the Uniform Act is to provide consistency and certainty for companies operating in this space and their potential partners (including banking institutions). A copy of the Uniform Act is available here: [http://www.uniformlaws.org/Act.aspx?title=Regulation of Virtual-Currency Businesses Act](http://www.uniformlaws.org/Act.aspx?title=Regulation%20of%20Virtual-Currency%20Businesses%20Act).

The Uniform Act has a number of features resulting from a compromise between regulators and industry participants, including:

- A clearer definition of which virtual currency businesses are required to be licensed
- A three-tiered licensing structure, providing a regulatory on-ramp.
- A variety of consumer protections
- Reciprocal licensing between the states



HOW CAN I **GET INVOLVED?**

The next meeting of the Innovations Committee is scheduled for August 9 at the FIBA offices. Daniel Stabile and Andrew Barnard, the Co-Chairmen of the Innovations Committee, will be providing an overview of the Uniform Act. All FIBA members are welcome to attend to discuss.



WHAT ARE THE **NEXT STEPS FOR FIBA?**

The Florida Office of Financial Regulation has invited FIBA to an August 16, 2018 meeting in Tallahassee to discuss the possibility of introducing Florida legislation pertaining to virtual currency businesses.

