

JAN 24 2018

A BILL FOR AN ACT

RELATING TO MONEY TRANSMITTERS.

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

1 SECTION 1. The legislature finds that since the enactment
2 of the State's Money Transmitters Act in 2006, codified as
3 chapter 489D, Hawaii Revised Statutes, technological innovation
4 has given rise to digital forms of currency that can be bought
5 and sold as a form of money exchange. Transmission of this
6 virtual currency, also known as cryptocurrency, appropriately
7 falls under chapter 489D, Hawaii Revised Statutes, thus
8 providing the State with a mechanism to regulate these
9 transmissions and protect consumers. However, amendments to the
10 Money Transmitters Act are necessary to address certain
11 idiosyncrasies of virtual currency transmissions.

12 The purpose of this Act is to define "virtual currency"
13 under the State's Money Transmitters Act and amend certain
14 requirements that are unsuitable for virtual currency
15 transmissions.



1 SECTION 2. Section 489D-4, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Virtual currency" means any type of digital unit that is
5 used as a medium of exchange or a form of digitally stored value
6 or that is incorporated into payment system technology. The
7 term "virtual currency" shall be broadly construed to include
8 digital units of exchange that have a centralized repository or
9 administrator, are decentralized and have no centralized
10 repository or administrator, or may be created or obtained by
11 computing or manufacturing effort.

12 The term "virtual currency" shall not be construed to
13 include digital units that are used solely within online gaming
14 platforms with no market or application outside these gaming
15 platforms, or used exclusively as part of a consumer affinity or
16 rewards program and can be applied solely as payment for
17 purchases with the issuer or other designated merchants but
18 cannot be converted into or redeemed for fiat currency."

19 SECTION 3. Section 489D-8, Hawaii Revised Statutes, is
20 amended to read as follows:



1 "§489D-8 Permissible investments and statutory trust. (a)

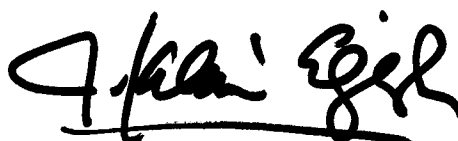

2 A licensee, at all times, shall possess permissible investments
3 having an aggregate market value, calculated in accordance with
4 generally accepted accounting principles, of not less than the
5 aggregate amount of all outstanding payment obligations. This
6 requirement may be waived by the commissioner if the dollar
7 volume of a licensee's outstanding payment obligations does not
8 exceed the bond or other security devices posted by the licensee
9 pursuant to section 489D-7.

10 (b) Permissible investments, even if commingled with other
11 assets of the licensee, shall be held in trust for the benefit
12 of the purchasers and holders of the licensee's outstanding
13 payment obligations in the event of the bankruptcy of the
14 licensee.

15 (c) This section shall not apply to money transmissions of
16 virtual currency."

17 SECTION 4. New statutory material is underscored.

18 SECTION 5. This Act shall take effect on July 1, 2018.

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 INTRODUCED BY: 



S.B. NO. 2853

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S.B. NO. 2853

Report Title:

Money Transmitters; Virtual Currency

Description:

Defines "virtual currency" within the Money Transmitters Act. Clarifies that the permissible investment requirements for money transmitter licensees shall not apply to money transmissions of virtual currency.

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