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# HOUSE RESOLUTION

REQUESTING THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS,  
FOLLOWING THE COMPLETION OF THE DEPARTMENT OF COMMERCE AND  
CONSUMER AFFAIRS' DIVISION OF FINANCIAL INSTITUTIONS' AND  
HAWAII TECHNOLOGY DEVELOPMENT CORPORATION'S STUDY, TO  
RECONSIDER ITS 2016 RULING ON ASSET RESERVE REQUIREMENTS  
FOR DIGITAL CURRENCY COMPANIES, VIRTUAL CURRENCY COMPANIES,  
AND CRYPTOCURRENCY COMPANIES TO CONDUCT BUSINESS IN HAWAII  
AND TO ALIGN THE STATE'S ASSET RESERVE REQUIREMENTS FOR  
THESE COMPANIES WITH THE ASSET RESERVE REQUIREMENTS IN  
OTHER STATES.

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

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

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

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

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



1 WHEREAS, the 2016 Division of Financial Institutions'  
2 requirements interpreted state law governing money transmitter  
3 businesses as applying to digital currency companies, which  
4 subjected these companies to licensing and asset reserve  
5 requirements that were too burdensome for them to do business in  
6 Hawaii; and

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

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

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

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

