
HOUSE CONCURRENT RESOLUTION

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

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

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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

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26 WHEREAS, the 2016 Division of Financial Institutions'
27 requirements interpreted state law governing money transmitter



H.C.R. NO. 118

1 businesses as applying to digital currency companies, which
 2 subjected these companies to licensing and asset reserve
 3 requirements that were too burdensome for them to do business in
 4 Hawaii; and

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

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

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

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

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

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OFFERED BY:

MAR 12 2021

