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WHY YOUR STATE SHOULD ADOPT THE UNIFORM REGULATION OF VIRTUAL-CURRENCY BUSINESSES ACT

The Uniform Regulation of Virtual-Currency Businesses Act (URVCBA) creates a statutory framework for regulating companies engaged in virtual-currency business activity. The URVCBA, drafted in collaboration with leaders in virtual currency, banking, business, and government, eliminates legal gray areas for licensing and supplies the certainty needed for both regulators and the virtual currency industry. Some benefits of the URVCBA include:

- The URVCBA provides a clear scope. The URVCBA only regulates companies that assume "control" of a client's virtual currency. The term "control" is defined precisely so businesses that do not have the requisite power over virtual currency are not required to obtain a license under the Act.
- The URVCBA's "regulatory on-ramp" encourages innovation. The URVCBA permits start-up companies whose virtual-currency business activity is under a stated threshold to operate without a license, so long as the company registers with the state and meets other minimal requirements. This regulatory on-ramp allows companies to focus on innovation and experimentation while they are in the early stage of business development.
- The URVCBA contains numerous consumer protections. The URVCBA is designed to assure consumers of the safety and security of their virtual currency. For example, Section 501 of the URVCBA requires licensees and provisional registrants to issue disclosures to potential customers to inform them about fees, any insurance coverage for the product or service, etc. In addition, all virtual-currency businesses regulated by the Act must establish specific policies and compliance programs to guard against fraud, cyberthreats, and terrorist activity.
- The URVCBA's reciprocal licensing provisions offer efficiency for businesses and the states. Section 204 of the URVCBA provides enacting states two alternatives for reciprocal licensing. Both alternatives are meant to encourage the use of reciprocal licensing, which conserves state resources and allows businesses to reach more consumers with fewer regulatory hurdles.

For further information about the URVCBA, please contact Katie Robinson or Kaitlin Wolff at (312) 450-6600.