

NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES

-----x

In the Matter of Virtual Currency
Exchanges

-----x

ORDER PURSUANT TO NEW YORK BANKING LAW §§ 2-b, 24, 32, 102-a, and 4001-b
AND FINANCIAL SERVICES LAW §§ 301(c) and 302(a)

WHEREAS, on August 12, 2013, the Department commenced an inquiry into the use of virtual currencies, including Bitcoin and other cryptocurrencies, as an evolving technology for new and innovative payment systems (the “Inquiry”);

WHEREAS, in connection with the Inquiry, the Department collected and reviewed extensive documentary material and interviewed numerous industry participants regarding: (1) investor activity in the virtual currency space; (2) consumer protection issues; (3) law enforcement concerns linked to the pseudo-anonymity of virtual currency users; (4) the potential and limitations of the related technology; and (5) fundamental safety and soundness considerations;

WHEREAS, on January 28-29, 2014, the Department held public hearings to conduct further fact finding on these subjects and explore potential regulatory frameworks for virtual currency-related transactions;

WHEREAS, in light of hearing testimony regarding the need for regulated virtual currency exchanges located in the United States and the recent events demonstrating certain vulnerabilities in the virtual currency markets in the absence of appropriate regulation; and

WHEREAS, any appropriate framework should include strong legal and operational controls, including robust BSA/AML requirements;

NOW THEREFORE, IT IS HEREBY ORDERED that, pursuant to Banking Law §§ 2-b, 24, 32, 102-a, and 4001-b the Department will consider proposals and applications in connection with the establishment of virtual currency exchanges located in the State of New York; and

IT IS FURTHER ORDERED that all submissions be directed to the Department of Financial Services, Office of General Counsel, located at One State Street, 20th Floor, New York, NY 10004.

Date: March 11, 2014
New York, New York

By: 
BENJAMIN M. LAWSKY
SUPERINTENDENT