



General Assembly

January Session, 2025

Raised Bill No. 7082

LCO No. 5224



Referred to Committee on BANKING

Introduced by:

(BA)

AN ACT CONCERNING CERTAIN REQUIREMENTS APPLICABLE TO VIRTUAL CURRENCY MONEY TRANSMISSION LICENSEES AND PROPERTY INTERESTS IN VIRTUAL CURRENCY AND PROHIBITING STATE PAYMENTS AND INVESTMENTS IN VIRTUAL CURRENCY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-596 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2025*):

3 As used in sections 36a-595 to 36a-614, inclusive, and section 2 of this
4 act, unless the context otherwise requires:

5 (1) "Advertise" or "advertising" has the same meaning as provided in
6 section 36a-485.

7 (2) "Authorized delegate" means a person designated by a person
8 licensed pursuant to sections 36a-595 to 36a-612, inclusive, to provide
9 money transmission services on behalf of such licensed person.

10 (3) "Control" means (A) the power to vote, directly or indirectly, at
11 least twenty-five per cent of the outstanding voting shares or voting
12 interests of a licensee or person in control of a licensee, (B) the power to

13 elect or appoint a majority of key individuals or executive officers,
14 managers, directors, trustees or other persons exercising managerial
15 authority of a person in control of a licensee, or (C) the power to exercise,
16 directly or indirectly, a controlling influence over the management or
17 policies of a licensee or person in control of a licensee. For purposes of
18 this subdivision, (i) a person is presumed to exercise a controlling
19 influence when the person holds the power to vote, directly or
20 indirectly, at least ten per cent of the outstanding voting shares or voting
21 interests of a licensee or person in control of a licensee, (ii) a person
22 presumed to exercise a controlling influence can rebut such
23 presumption if the person is a passive investor, and (iii) to determine
24 the percentage of control, a person's interest shall be aggregated with
25 the interest of any other immediate family member, including the
26 person's spouse, parent, child, sibling, mother-in-law, father-in-law,
27 son-in-law, daughter-in-law, brother-in-law, sister-in-law and any other
28 person who shares the person's home.

29 (4) "Control person" means any individual in control of a licensee or
30 applicant, any individual who seeks to acquire control of a licensee or a
31 key individual.

32 (5) "Electronic payment instrument" (A) means a card or other
33 tangible object (i) for the transmission of money or monetary value or
34 payment of money, (ii) which contains a microprocessor chip, magnetic
35 stripe or other means for the storage of information, (iii) that is
36 prefunded, and (iv) for which the value is decremented upon each use,
37 and (B) does not include a card or other tangible object that is
38 redeemable by the issuer in the issuer's goods or services.

39 (6) "Existing customer" means a consumer who (A) is engaging in a
40 transaction at a virtual currency kiosk in the state, (B) has performed not
41 fewer than three virtual currency transactions with the owner or
42 operator of such virtual currency kiosk, and (C) has been registered as a
43 customer of such owner or operator for more than seventy-two hours.

44 (7) "Holder" means a person, other than a purchaser, who is either in
45 possession of a payment instrument and is the named payee thereon or
46 in possession of a payment instrument issued or endorsed to such
47 person or bearer or in blank. "Holder" does not include any person who
48 is in possession of a lost, stolen or forged payment instrument.

49 (8) "Key individual" means any individual ultimately responsible for
50 establishing or directing policies and procedures of the licensee,
51 including, but not limited to, an executive officer, manager, director or
52 trustee.

53 (9) "Licensee" means any person licensed or required to be licensed
54 pursuant to sections 36a-595 to 36a-612, inclusive.

55 (10) "Main office" has the same meaning as provided in section 36a-
56 485.

57 (11) "Monetary value" means a medium of exchange, whether or not
58 redeemable in money.

59 (12) "Money transmission" means engaging in the business of issuing
60 or selling payment instruments or stored value, receiving money or
61 monetary value for current or future transmission or the business of
62 transmitting money or monetary value within the United States or to
63 locations outside the United States by any and all means including, but
64 not limited to, payment instrument, wire, facsimile, electronic transfer
65 or virtual currency kiosk.

66 (13) "New customer" means a consumer who (A) is engaging in a
67 transaction at a virtual currency kiosk in the state, (B) has performed
68 fewer than three virtual currency transactions with the owner or
69 operator of such virtual currency kiosk, and (C) has been registered as a
70 customer of such owner or operator for less than seventy-two hours.

71 (14) "Outstanding" means (A) in the case of a payment instrument or
72 stored value, that (i) such instrument or value is sold or issued in the

73 United States, (ii) a report of such instrument or value has been received
74 by a licensee from its authorized delegates, and (iii) such instrument or
75 value has not yet been paid by the issuer, and (B) for all other money
76 transmissions, the value reported to the licensee for which the licensee
77 or any authorized delegate has received money or its equivalent value
78 from the customer for transmission, but has not yet completed the
79 money transmission by delivering the money or monetary value to the
80 person designated by the customer.

81 (15) "Passive investor" means a person that (A) does not have the
82 power to elect a majority of key individuals or executive officers,
83 managers, directors, trustees or other persons exercising managerial
84 authority of a person in control of a licensee, (B) is not employed by and
85 does not have any managerial duties of the licensee or person in control
86 of a licensee, (C) does not have the power to exercise, directly or
87 indirectly, a controlling influence over the management or policies of a
88 licensee or person in control of a licensee, and (D) attests to
89 subparagraphs (A), (B) and (C) of this subdivision in the form and
90 manner prescribed by the commissioner.

91 (16) "Payment instrument" means a check, draft, money order,
92 travelers check or electronic payment instrument that evidences either
93 an obligation for the transmission of money or monetary value or
94 payment of money, or the purchase or the deposit of funds for the
95 purchase of such check, draft, money order, travelers check or electronic
96 payment instrument.

97 (17) "Permissible investment" means (A) (i) cash in United States
98 currency, including, but not limited to, demand deposits, savings
99 deposits and funds in demand deposit and savings deposit accounts
100 held for the benefit of a licensee's customers in an insured depository
101 institution, and (ii) cash equivalents, including, but not limited to, (I)
102 automated clearing house items in transit to a licensee or payee, (II)
103 international wires in transit to a payee, (III) cash in transit via armored
104 car, (IV) cash in smart safes, (V) cash in locations owned by licensees,

105 (VI) transmission receivables that are funded by debit cards or credit
106 cards and owed by any bank, and (VII) money market mutual funds
107 rated "AAA" or the equivalent by S & P Global, Incorporated, in the "S
108 & P Global Ratings" or by any other rating service recognized by the
109 commissioner, (B) time deposits, as defined in section 36a-2, or other
110 debt instruments of a bank, (C) bills of exchange or bankers acceptances
111 which are eligible for purchase by member banks of the Federal Reserve
112 System, (D) commercial paper of prime quality, (E) interest-bearing
113 bills, notes, bonds, debentures or other obligations issued or guaranteed
114 by (i) the United States or any of its agencies or instrumentalities, or (ii)
115 any state, or any agency, instrumentality, political subdivision, school
116 district or legally constituted authority of any state if such investment is
117 of prime quality, (F) interest-bearing bills or notes, or bonds, debentures
118 or preferred stocks, traded on any national securities exchange or on a
119 national over-the-counter market, if such debt or equity investments are
120 of prime quality, (G) receivables due from authorized delegates
121 consisting of the proceeds of the sale of payment instruments which are
122 not past due or doubtful of collection, (H) gold, and (I) any other
123 investments approved by the commissioner. Notwithstanding the
124 provisions of this subdivision, if the commissioner at any time finds that
125 an investment of a licensee is unsatisfactory for investment purposes,
126 the investment shall not qualify as a permissible investment.

127 (18) "Prime quality" of an investment means that it is within the top
128 four rating categories in any rating service recognized by the
129 commissioner unless the commissioner determines for any licensee that
130 only those investments in the top three rating categories qualify as
131 prime quality.

132 (19) "Purchaser" means a person who buys or has bought a payment
133 instrument or who has given money or monetary value for current or
134 future transmission.

135 (20) "Receipt" means a paper record, electronic record or other written
136 confirmation of a money transmission transaction.

137 (21) "Stored value" means monetary value that is evidenced by an
138 electronic record. For the purposes of this subdivision, "electronic
139 record" means information that is stored in an electronic medium and is
140 retrievable in perceivable form.

141 (22) "Travelers check" means a payment instrument for the payment
142 of money that contains a provision for a specimen signature of the
143 purchaser to be completed at the time of a purchase of the instrument
144 and a provision for a countersignature of the purchaser to be completed
145 at the time of negotiation.

146 (23) "Unique identifier" has the same meaning as provided in section
147 36a-485.

148 (24) "Virtual currency" means any type of digital unit that is used as
149 a medium of exchange or a form of digitally stored value or that is
150 incorporated into payment system technology. Virtual currency shall be
151 construed to include digital units of exchange that (A) have a centralized
152 repository or administrator, (B) are decentralized and have no
153 centralized repository or administrator, or (C) may be created or
154 obtained by computing or manufacturing effort. Virtual currency shall
155 not be construed to include digital units that are used (i) solely within
156 online gaming platforms with no market or application outside such
157 gaming platforms, or (ii) exclusively as part of a consumer affinity or
158 rewards program, and can be applied solely as payment for purchases
159 with the issuer or other designated merchants, but cannot be converted
160 into or redeemed for fiat currency.

161 (25) "Virtual currency address" means an alphanumeric identifier
162 representing a destination for a virtual currency transfer that is
163 associated with a virtual currency wallet.

164 (26) "Virtual currency control services vendor" means a person that
165 controls virtual currency under an agreement with another person that,
166 on behalf of a third person, assumes control of virtual currency.

167 [(26)] (27) "Virtual currency kiosk" means an electronic terminal
168 acting as a mechanical agent of the owner or operator to enable the
169 owner or operator to facilitate the exchange of virtual currency for fiat
170 currency or other virtual currency, including, but not limited to, by (A)
171 connecting directly to a separate virtual currency exchanger that
172 performs the actual virtual currency transmission, or (B) drawing upon
173 the virtual currency in the possession of the owner or operator of the
174 electronic terminal.

175 [(27)] (28) "Virtual currency wallet" means a software application or
176 other mechanism providing a means for holding, storing and
177 transferring virtual currency.

178 Sec. 2. (NEW) (*Effective October 1, 2025*) (a) Prior to entering into a
179 virtual currency transaction for, on behalf of or with a person, and to the
180 extent applicable to the transaction, each licensee that engages in the
181 business of money transmission in this state by receiving, transmitting,
182 storing or maintaining custody or control of virtual currency shall
183 clearly and conspicuously disclose to such person in a retainable record:

184 (1) A schedule of any fee or charge;

185 (2) If any fee or charge is not set and disclosed in advance of the
186 transaction, the manner and timing by which such fee or charge will be
187 calculated;

188 (3) Any pricing differential on a purchase, sale or exchange of virtual
189 currency related to the transaction and in which the licensee or any
190 affiliate of such licensee is acting in a principal capacity;

191 (4) Whether the transaction is covered by (A) insurance, or is
192 otherwise guaranteed against loss by an agency of the United States or
193 the Securities Investor Protection Corporation, and, if so, the amount,
194 expressed in United States dollars, of such coverage or guarantee, or (B)
195 insurance against theft or loss, including, but not limited to, cyber theft;

196 (5) That the transaction is irrevocable, or if there is any exception to
197 such irrevocability;

198 (6) A description of (A) the person's liability for an unauthorized,
199 mistaken or accidental transaction, (B) the person's responsibility to
200 provide notice to the licensee of such unauthorized, mistaken or
201 accidental transaction, (C) the basis for any recovery by the person from
202 the licensee, (D) the general rights of the person to resolve an error
203 related to the transaction, and (E) the method for the person to update
204 the person's contact information with the licensee;

205 (7) That the date or time when the transaction is completed and the
206 person's account is debited may differ from the date or time when the
207 person initiates the transaction;

208 (8) Whether the person has a right to stop a preauthorized transaction
209 or revoke an authorization for a transaction, and the procedure to
210 initiate such stop or revocation;

211 (9) The person's right to receive a receipt, trade ticket or other
212 evidence of the transaction;

213 (10) The person's right to receive not less than thirty days' notice of
214 any change in the licensee's fee schedule, other terms or conditions of
215 the licensee's virtual currency business and any policy applicable to the
216 person's account;

217 (11) That virtual currency is not money; and

218 (12) Any additional disclosure the Banking Commissioner
219 determines to be reasonably necessary for the protection of the public.

220 (b) Each licensee that engages in the business of money transmission
221 in this state by receiving, transmitting, storing or maintaining custody
222 or control of virtual currency shall, upon the completion of any virtual
223 currency transaction with a person, provide to the person a receipt
224 containing the following information:

- 225 (1) The name and contact information of the licensee;
- 226 (2) A description of how the person may ask a question or file a
227 complaint;
- 228 (3) The type, date and precise time of the transaction;
- 229 (4) The value of the transaction, expressed in United States dollars;
230 and
- 231 (5) Any consideration the licensee charged for the transaction,
232 including, but not limited to (A) any charge, fee or commission, and (B)
233 the amount of any difference between the price paid by the person for
234 virtual currency and the prevailing market price of such virtual
235 currency.
- 236 (c) The Banking Commissioner may waive a disclosure or receipt
237 requirement established by subsection (a) or (b) of this section and
238 approve an alternative disclosure or receipt proposed by a licensee, if
239 the commissioner determines that the alternative disclosure or receipt is
240 more appropriate for the virtual currency business of such licensee and
241 provides the same or equivalent information and protection to the
242 public.
- 243 (d) A licensee that engages in the business of money transmission in
244 this state by receiving, transmitting, storing or maintaining custody or
245 control of virtual currency shall not:
- 246 (1) Sell, transfer, assign, lend, hypothecate, pledge or otherwise use
247 or encumber virtual currency stored, held, controlled, maintained by, or
248 under the custody or control of, such licensee on behalf of a person,
249 except for the sale, transfer of ownership or assignment of such virtual
250 currency at the direction of such person; or
- 251 (2) Directly or indirectly use or engage any other person, including,
252 but not limited to, a virtual currency control services vendor, to store or
253 hold custody or control of virtual currency for or on behalf of a

254 customer, unless such other person is (A) licensed pursuant to sections
255 36a-595 to 36a-612, inclusive, of the general statutes, (B) a federally
256 insured federal bank, out-of-state bank, Connecticut bank, Connecticut
257 credit union, federal credit union or out-of-state credit union that is
258 exempt from licensure under section 36a-609 of the general statutes, or
259 (C) approved by the Banking Commissioner to store or hold custody or
260 control of virtual currency for or on behalf of a customer.

261 Sec. 3. Section 36a-603 of the general statutes is repealed and the
262 following is substituted in lieu thereof (*Effective October 1, 2025*):

263 (a) Each licensee shall at all times maintain permissible investments
264 having a value, computed in accordance with generally accepted
265 accounting principles, at least equal to the aggregate amount of its
266 outstanding money transmissions in this state, provided the value of
267 receivables due from authorized delegates consisting of the proceeds of
268 the sale of payment instruments that are not past due or doubtful of
269 collection shall not exceed thirty per cent of the permissible investments
270 held by the licensee and receivables due from any one person shall not
271 exceed ten per cent of the value of permissible investments held by the
272 licensee.

273 (b) Each licensee that engages in the business of money transmission
274 in this state by receiving, transmitting, storing or maintaining custody
275 or control of virtual currency on behalf of another person shall at all
276 times hold virtual currency of the same type and amount owed or
277 obligated to such other person. As used in subsection (a) of this section,
278 outstanding money transmissions does not include any virtual currency
279 held pursuant to this subsection, and "value" means the lower of book
280 or market value, except that with regard to debt obligations which the
281 licensee as a matter of policy retains until maturity, "value" means the
282 greater of book or market value unless the commissioner orders that for
283 some or all investments of a particular licensee, "value" means the lower
284 of book or market value.

285 (c) Permissible investments and virtual currency held pursuant to
286 subsection (b) of this section, even if commingled with other assets of
287 the licensee, shall be deemed by operation of law to be (1) property
288 interests of any claimants against the licensee, on a pro rata basis and in
289 the type and amount of virtual currency to which such claimants are
290 entitled, without regard to the time when (A) such claimants became
291 entitled to such virtual currency, or (B) the licensee obtained control of
292 such virtual currency, (2) held in trust for the benefit of any claimants
293 against the licensee to serve the faithful performance of the obligations
294 of the licensee and the licensee's authorized delegates with respect to
295 the licensee's money transmission business in this state in the event of
296 the bankruptcy of the licensee, and [shall be] (3) immune from
297 attachment by creditors or judgment creditors.

298 Sec. 4. Subsection (a) of section 36a-607 of the general statutes is
299 repealed and the following is substituted in lieu thereof (*Effective October*
300 *1, 2025*):

301 (a) [A] Except as provided in subsection (d) of section 2 of this act, a
302 licensee may conduct its business at one or more locations within this
303 state as follows:

304 (1) The business may be conducted by the licensee or through or by
305 means of such authorized delegates as the licensee may periodically
306 designate or appoint on the system in such form and manner as required
307 by the commissioner. The licensee shall pay any associated processing
308 fees imposed by the system. The licensee shall notify the commissioner
309 on the system of all authorized delegates that act on its behalf. An
310 authorized delegate may not engage in the business of money
311 transmission in this state on behalf of a licensee through or by means of
312 any person who is not identified on the system as an authorized
313 delegate of the licensee.

314 (2) No license under sections 36a-595 to 36a-612, inclusive, shall be
315 required of any authorized delegate.

316 (3) Each authorized delegate shall, from the moment of receipt, hold
317 the proceeds of a sale or delivery of a licensee's money transmissions in
318 this state in trust for the benefit of such licensee.

319 (4) A licensee shall be liable for the loss caused to any purchaser or
320 holder of the licensee's payment instruments or stored value sold in this
321 state by the failure of an authorized delegate to forward to the licensee
322 the amount due from the proceeds of a sale or delivery of the licensee's
323 payment instruments or stored value, or money or monetary value
324 received for transmission.

325 (5) The licensee shall enter into a contract with each of its authorized
326 delegates that requires the authorized delegate to operate in full
327 compliance with sections 36a-595 to 36a-612, inclusive, and provides
328 that appointment of the authorized delegate is not effective during any
329 period when the license of the licensee has been suspended. The licensee
330 shall provide each authorized delegate with policies and procedures
331 sufficient to ensure compliance with sections 36a-595 to 36a-612,
332 inclusive.

333 (6) An authorized delegate shall remit all money owing to the licensee
334 in accordance with the terms of the contract between the licensee and
335 the authorized delegate.

336 (7) An authorized delegate shall not provide money transmission
337 services in this state outside the scope of activity permissible under the
338 contract between the authorized delegate and the licensee.

339 Sec. 5. Subsection (e) of section 36a-613 of the general statutes is
340 repealed and the following is substituted in lieu thereof (*Effective October*
341 *1, 2025*):

342 (e) (1) The owner or operator of a virtual currency kiosk shall, upon
343 the completion of any virtual currency transaction, provide to the
344 customer a receipt, in addition to the receipt required pursuant to
345 subsection (b) of section 2 of this act, containing the following

346 information:

347 (A) The name of, and contact information for, the owner or operator,
348 including, but not limited to, the owner or operator's business address
349 and a customer service telephone number established by the owner or
350 operator to answer questions and register complaints;

351 (B) The name of the customer;

352 (C) The type, value, date and precise time of such virtual currency
353 transaction, and each virtual currency address;

354 (D) The amount of such virtual currency transaction expressed in
355 United States currency;

356 (E) The full unique transaction hash or identification number;

357 (F) The public virtual currency address of the customer;

358 (G) The unique identifier;

359 (H) Any fee charged, including, but not limited to, any fee charged
360 directly or indirectly by the owner or operator or a third party involved
361 in such virtual currency transaction;

362 (I) The exchange rate, if applicable;

363 (J) Any tax collected by the owner or operator for such virtual
364 currency transaction;

365 (K) A statement of the liability of the owner or operator for
366 nondelivery or delayed delivery;

367 (L) A statement of the refund policy of the owner or operator;

368 (M) The name and telephone number of the Department of Banking
369 and a statement disclosing that the owner or operator's customers may
370 contact the department with questions or complaints about the owner

371 or operator's virtual currency kiosk services; and

372 (N) Any additional information the Banking Commissioner may
373 require.

374 (2) The receipt required under subdivision (1) of this subsection:

375 (A) Shall be provided in (i) a retainable form, (ii) the English
376 language, and (iii) the language principally used by the owner or
377 operator of the virtual currency kiosk to advertise, solicit or negotiate,
378 either orally or in writing; and

379 (B) May be provided electronically if the customer requests or agrees
380 to receive an electronic receipt.

381 Sec. 6. (NEW) (Effective October 1, 2025) Neither the state nor any
382 political subdivision of the state shall (1) accept or require payment in
383 the form of virtual currency for an amount due to the state or the
384 political subdivision, or (2) purchase, hold, invest in or establish a
385 reserve of virtual currency. For purposes of this section, "virtual
386 currency" has the same meaning as provided in section 36a-596 of the
387 general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2025	36a-596
Sec. 2	October 1, 2025	New section
Sec. 3	October 1, 2025	36a-603
Sec. 4	October 1, 2025	36a-607(a)
Sec. 5	October 1, 2025	36a-613(e)
Sec. 6	October 1, 2025	New section

Statement of Purpose:

To (1) define "virtual currency control services vendor", (2) establish requirements for virtual currency money transmission licensees concerning (A) disclosures, (B) receipts, (C) the use of virtual currency under the control of such licensees, and (D) the engagement of other

persons to store or hold custody or control of virtual currency for or on behalf of a customer, (3) establish that certain virtual currency held by such licensees shall be deemed to be property interests of any claimants against such licensees, and (4) prohibit the state, and political subdivisions of the state, from (A) accepting or requiring payment in the form of virtual currency, or (B) purchasing, holding, investing in or establishing a reserve of virtual currency.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]