

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 4909

(SENATE AUTHORS: MCEWEN, Marty and Mitchell)

DATE
03/13/2024

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Introduction and first reading
Referred to Commerce and Consumer Protection

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to commerce; defining terms relating to virtual currency; adding additional
1.3 disclosure requirements for virtual currency transactions; amending Minnesota
1.4 Statutes 2023 Supplement, section 53B.69, by adding subdivisions; proposing
1.5 coding for new law in Minnesota Statutes, chapter 53B.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding
1.8 a subdivision to read:

1.9 Subd. 3a. **Transaction hash.** "Transaction hash" means a unique identifier made up of
1.10 a string of characters that act as a record of and provides proof that the transaction was
1.11 verified and added to the blockchain.

1.12 Sec. 2. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a
1.13 subdivision to read:

1.14 Subd. 6a. **Virtual currency address.** "Virtual currency address" means an alphanumeric
1.15 identifier representing a destination for a virtual currency transfer that is associated with a
1.16 virtual currency wallet.

1.17 Sec. 3. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a
1.18 subdivision to read:

1.19 Subd. 10. **Virtual currency kiosk.** "Virtual currency kiosk" means an electronic terminal
1.20 acting as a mechanical agent of the licensee to enable the licensee to facilitate the exchange
1.21 of virtual currency for money, bank credit, or other virtual currency, including but not
1.22 limited to by (1) connecting directly to a separate virtual currency exchanger that performs

2.1 the actual virtual currency transmission, or (2) drawing upon the virtual currency in the
2.2 possession of the electronic terminal's licensee.

2.3 Sec. 4. Minnesota Statutes 2023 Supplement, section 53B.69, is amended by adding a
2.4 subdivision to read:

2.5 Subd. 11. **Virtual currency wallet.** "Virtual currency wallet" means a software
2.6 application or other mechanism providing a means to hold, store, or transfer virtual currency.

2.7 Sec. 5. **[53B.75] VIRTUAL CURRENCY KIOSKS.**

2.8 Subdivision 1. **Disclosures on material risks.** (a) Before entering into an initial virtual
2.9 currency transaction for, on behalf of, or with a person, the virtual currency kiosk licensee
2.10 must disclose in clear, conspicuous, and legibly written English all material risks generally
2.11 associated with virtual currency. The disclosures must be displayed on the screen of the
2.12 virtual currency kiosk with the ability for a person to acknowledge the receipt of the
2.13 disclosures. The disclosures must include at least the following information:

2.14 (1) virtual currency is not backed or insured by the government, and accounts and value
2.15 balances are not subject to Federal Deposit Insurance Corporation, National Credit Union
2.16 Administration, or Securities Investor Protection Corporation protections;

2.17 (2) some virtual currency transactions are deemed to be made when recorded on a public
2.18 ledger, which may not be the date or time when the person initiates the transaction;

2.19 (3) virtual currency's value may be derived from market participants' continued
2.20 willingness to exchange fiat currency for virtual currency, which may result in the permanent
2.21 and total loss of a particular virtual currency's value if the market for virtual currency
2.22 disappears;

2.23 (4) a person who accepts a virtual currency as payment today is not required to accept
2.24 and might not accept virtual currency in the future;

2.25 (5) the volatility and unpredictability of the price of virtual currency relative to fiat
2.26 currency may result in a significant loss over a short period;

2.27 (6) the nature of virtual currency may lead to an increased risk of fraud or cyber attack;

2.28 (7) the nature of virtual currency means that any technological difficulties experienced
2.29 by the licensees may prevent access to or use of a person's virtual currency; and

2.30 (8) any bond maintained by the licensee for the benefit of a person may not cover all
2.31 losses a person incurs.

3.1 (b) The virtual currency kiosk licensee must provide an additional disclosure, which
3.2 must be acknowledged by the person, written prominently and in bold type, and provided
3.3 separately from the disclosures above, stating: "WARNING: LOSSES DUE TO
3.4 FRAUDULENT OR ACCIDENTAL TRANSACTIONS MAY NOT BE RECOVERABLE
3.5 AND TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE."

3.6 Subd. 2. **New account disclosures.** When opening an account for a person a virtual
3.7 currency kiosk licensee has not previously opened an account for, and before entering into
3.8 an initial virtual currency transaction for, on behalf of, or with the person, a virtual currency
3.9 kiosk licensee must disclose all relevant terms and conditions generally associated with the
3.10 products, services, and activities of the licensee and virtual currency. A virtual currency
3.11 licensee must make the disclosures in clear, conspicuous, and legibly written English, using
3.12 at least 48-point sans serif type font. The disclosures under this subdivision must address
3.13 at least the following:

3.14 (1) the person's liability for unauthorized virtual currency transactions;

3.15 (2) the person's right to:

3.16 (i) stop payment of a preauthorized virtual currency transfer and the procedure to stop
3.17 payment;

3.18 (ii) receive periodic account statements and valuations from the licensee;

3.19 (iii) receive a receipt, trade ticket, or other evidence of a transaction; and

3.20 (iv) prior notice of a change in the licensee's rules or policies;

3.21 (3) under what circumstances the licensee, without a court or government order, discloses
3.22 a person's account information to third parties; and

3.23 (4) other disclosures that are customarily provided in connection with opening a person's
3.24 account.

3.25 Subd. 3. **Prior to transaction disclosures.** Before each virtual currency transaction for,
3.26 on behalf of, or with a person, a virtual currency kiosk licensee must disclose the transaction's
3.27 terms and conditions in clear, conspicuous, and legibly written English, using at least 48-point
3.28 sans serif type font. The disclosures under this subdivision must address at least the following:

3.29 (1) the amount of the transaction;

3.30 (2) any fees, expenses, and charges, including applicable exchange rates;

3.31 (3) the type and nature of the transaction;

4.1 (4) a warning that once completed, the transaction may not be reversed, if applicable;

4.2 (5) a daily virtual currency transaction limit of no more than \$1,000;

4.3 (6) the difference in the virtual currency's sale price versus the current market price; and

4.4 (7) other disclosures that are customarily given in connection with a virtual currency

4.5 transaction.

4.6 Subd. 4. **Acknowledgment of disclosures.** A virtual currency kiosk licensee must ensure

4.7 that each person who engages in a virtual currency transaction using the virtual currency

4.8 licensee's kiosk acknowledges receipt of all the disclosures required under this section.

4.9 Additionally, upon a transaction's completion, the virtual currency licensee must provide a

4.10 person with a receipt containing the following information:

4.11 (1) the licensee's name and contact information, including a telephone number to answer

4.12 questions and register complaints;

4.13 (2) the type, value, date, and precise time of the transaction, transactional hash, and each

4.14 virtual currency address;

4.15 (3) the fee charged;

4.16 (4) the exchange rate, if applicable;

4.17 (5) a statement of the licensee's liability for nondelivery or delayed delivery;

4.18 (6) a statement of the licensee's refund policy; and

4.19 (7) any additional information the commissioner of commerce may require.

4.20 Subd. 5. **Fees.** The licensee of a virtual currency kiosk is prohibited from collecting fees,

4.21 whether direct or indirect, from a person related to a single digital financial asset transaction

4.22 that exceeds the greater of either:

4.23 (1) \$5; or

4.24 (2) ten percent of the United States dollar equivalent of digital financial assets involved

4.25 in the transaction, according to the publicly quoted market price of the digital asset on a

4.26 licensed digital financial asset exchange at the time the person initiates the transaction.

4.27 Subd. 6. **Cancellation and refund.** A virtual currency kiosk licensee must, at the

4.28 licensee's cost and within 72 hours after a virtual currency transaction, allow the person to

4.29 cancel and receive a full refund for the virtual currency transaction if the virtual currency

4.30 transaction is:

4.31 (1) the person's first virtual currency transaction with the licensee; and

5.1 (2) to a virtual currency wallet or exchange located outside of the United States.