

STATE OF NEW YORK

8598

IN ASSEMBLY

January 10, 2022

Introduced by M. of A. EPSTEIN -- read once and referred to the Committee on Governmental Employees

AN ACT to amend the retirement and social security law, in relation to prohibiting the investment of certain public funds with companies conducting cryptocurrency business activities

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The retirement and social security law is amended by adding
2 a new section 423-d to read as follows:

3 § 423-d. Prohibition on investment of certain public funds with compa-
4 nies conducting cryptocurrency business activities. 1. For the purposes
5 of this section, the following terms shall have the following meanings:

6 (a) "cryptocurrency business activities" means the conduct of any of
7 the following types of activities involving New York state or a New York
8 state resident:

9 (i) receiving cryptocurrency for transmission or transmitting crypto-
10 currency, except where the transaction is undertaken for non-financial
11 purposes and does not involve the transfer of more than a nominal amount
12 of cryptocurrency;

13 (ii) storing, holding, or maintaining custody or control of cryptocur-
14 rency on behalf of others;

15 (iii) buying and selling cryptocurrency as a customer business;

16 (iv) performing exchange services of cryptocurrency as a customer
17 business; or

18 (v) controlling, administering, or issuing a cryptocurrency; and

19 (b) "cryptocurrency" means a digital currency which uses encryption
20 techniques to regulate the generation of currency units and verify the
21 transfer of funds, operating independently from a central bank.

22 2. On and after the effective date of this section, no monies or
23 assets of the common retirement fund shall be invested in the stocks,
24 securities or other obligations of any institution or company conducting
25 cryptocurrency business activities, or any partly-owned or wholly-owned
26 subsidiary thereof, or with agencies or instrumentalities thereof.
27 Notwithstanding any provisions of law to the contrary, no assets of any

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 pension or annuity fund under the jurisdiction of the comptroller shall
2 be invested in any bank or financial institution which directly or
3 through a subsidiary conducts cryptocurrency business activities, and no
4 such assets shall be invested in the stocks, securities or other obli-
5 gations of any institution or company which conducts cryptocurrency
6 business activities.

7 3. The comptroller shall take appropriate action to sell, redeem,
8 divest or withdraw any investment held in violation of the provisions of
9 this section. This section shall not be construed to require the prema-
10 ture or otherwise imprudent sale, redemption, divestment or withdrawal
11 of an investment, but such sale, redemption, divestment or withdrawal
12 shall be completed not later than three years following the effective
13 date of this section.

14 4. Within sixty days of the effective date of this section, the comp-
15 troller shall file with the legislature a report of all investments held
16 as of the effective date of this section which are in violation of the
17 provisions of this section. Every year thereafter, the comptroller shall
18 report on all investments sold, redeemed, divested or withdrawn in
19 compliance with this section. Every such report after the initial report
20 shall provide a description of the progress which the comptroller has
21 made since the previous report and since the effective date of this
22 section.

23 § 2. This act shall take effect immediately.