

STATE OF NEW YORK

9410

IN SENATE

May 25, 2022

Introduced by Sen. THOMAS -- read twice and ordered printed, and when printed to be committed to the Committee on Banks

AN ACT to amend the financial services law, in relation to requiring certain disclosures in advertisements involving virtual tokens

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

1 Section 1. Subdivision (a) of section 104 of the financial services
2 law is amended by adding a new paragraph 6 to read as follows:

3 (6) "Virtual token" shall mean any interchangeable or non-interchange-
4 able unit of data that is stored on any blockchain ledger which shall
5 include, among other digital units that the superintendent determines to
6 be virtual tokens in accordance with this definition, cryptocurrencies,
7 virtual currencies, digital assets and digital tokens, whether fungible
8 or non-fungible. Virtual tokens shall not be construed to include any of
9 the following:

10 (A) digital units that: (i) are used solely within online gaming plat-
11 forms; (ii) have no market or application outside of those gaming plat-
12 forms; (iii) cannot be converted into, or redeemed for, fiat currency or
13 virtual currency; and (iv) may or may not be redeemable for real-world
14 goods, services, discounts, or purchases;

15 (B) digital units that can be redeemed for goods, services, or
16 purchases as part of a customer affinity or rewards program with the
17 issuer and/or other designated merchants or can be redeemed for digital
18 units in another customer affinity or rewards program, but cannot be
19 converted into, or redeemed for, fiat currency or other virtual curren-
20 cy; or

21 (C) digital units used as part of prepaid cards.

22 § 2. The financial services law is amended by adding a new section 410
23 to read as follows:

24 § 410. Restrictions concerning advertising. (a) No person shall, in
25 any manner, advertise, print, display, publish, distribute, or broad-
26 cast, or cause or permit to be advertised, printed, displayed,
27 published, distributed, or broadcasted, any statement or representation
28 with regard to any virtual token for consideration without disclosing

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

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1 the amount of consideration, whether past or prospective, direct or
2 indirect, and the nature thereof.

3 (b) No person shall, in any manner, advertise, print, display,
4 publish, distribute, or broadcast, or cause or permit to be advertised,
5 printed, displayed, published, distributed, or broadcasted, any state-
6 ment or representation with regard to any virtual token or other finan-
7 cial product or service if such statement or representation is, in any
8 manner, false, misleading or deceptive.

9 (c) For the purposes of this section and without limiting subdivisions
10 (a) and (b) of this section, a statement or representation shall be
11 false, misleading and deceptive if it states or implies, directly or
12 indirectly, that a person is authorized legally to offer or provide in
13 New York state or to New York state residents a virtual token or other
14 financial product or service, and such person is not so authorized.

15 § 3. This act shall take effect immediately.