

STATE OF NEW YORK

8813

2025-2026 Regular Sessions

IN ASSEMBLY

June 9, 2025

Introduced by M. of A. BORES -- read once and referred to the Committee on Banks

AN ACT to amend the financial services law, in relation to regulation of business involving virtual currencies

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

1 Section 1. The financial services law is amended by adding a new arti-
2 cle 10 to read as follows:

3 ARTICLE 10

4 VIRTUAL CURRENCIES

5 Section 1001. Definitions.

6 1002. License.

7 1003. Application.

8 1004. Application fees.

9 1005. Action by superintendent.

10 1006. Compliance.

11 1007. Capital requirements.

12 1008. Custody and protection of customer assets.

13 1009. Material change to business.

14 1010. Change of control; mergers and acquisitions.

15 1011. Books and records.

16 1012. Examinations.

17 1013. Reports and financial disclosures.

18 1014. Anti-money laundering program.

19 1015. Cyber security program.

20 1016. Business continuity and disaster recovery.

21 1017. Advertising and marketing.

22 1018. Consumer protection.

23 1019. Complaints.

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

LBD09815-02-5

1 1020. Transitional period.

2 1021. Severability.

3 § 1001. Definitions. For the purposes of this article, the following
4 terms shall have the following meanings:

5 (a) "Affiliate" means any person that directly or indirectly controls,
6 is controlled by, or is under common control with, another person.

7 (b) "Cyber security event" means any act or attempt, successful or
8 unsuccessful, to gain unauthorized access to, disrupt, or misuse a
9 licensee's electronic systems or information stored on such systems.

10 (c) "Exchange service" means the conversion or exchange of fiat
11 currency or other value into virtual currency, the conversion or
12 exchange of virtual currency into fiat currency or other value, or the
13 conversion or exchange of one form of virtual currency into another form
14 of virtual currency.

15 (d) "Fiat currency" means government-issued currency that is desig-
16 nated as legal tender in its country of issuance through government
17 decree, regulation, or law.

18 (e) "Licensee" means any person duly licensed by the superintendent
19 pursuant to this article.

20 (f) "New York state resident" means any person that resides, is
21 located, has a place of business, or is conducting business in New York
22 state.

23 (g) "Person" means an individual, partnership, corporation, associ-
24 ation, joint stock association, trust, or other entity, however organ-
25 ized.

26 (h) "Prepaid card" means an electronic payment device that:

27 (1) is usable at a single merchant or an affiliated group of merchants
28 that share the same name, mark, or logo, or is usable at multiple, unaf-
29 filiated merchants or service providers;

30 (2) is issued in and for a specified amount of fiat currency;

31 (3) can be reloaded in and for only fiat currency, if at all;

32 (4) is issued and/or reloaded on a prepaid basis for the future
33 purchase or delivery of goods or services;

34 (5) is honored upon presentation; and

35 (6) can be redeemed in and for only fiat currency, if at all.

36 (i) "Principal officer" means an executive officer of an entity,
37 including, but not limited to, the chief executive, financial, operat-
38 ing, and compliance officers, president, general counsel, managing part-
39 ner, general partner, controlling partner, and trustee, as applicable.

40 (j) "Principal stockholder" means any person that directly or indi-
41 rectly owns, controls, or holds with power to vote ten percent or more
42 of any class of outstanding capital stock or other equity interest of an
43 entity or possesses the power to direct or cause the direction of the
44 management or policies of the entity.

45 (k) "Principal beneficiary" means any person entitled to ten percent
46 or more of the benefits of a trust.

47 (l) "Qualified custodian" means a bank, trust company, national bank,
48 savings bank, savings and loan association, federal savings association,
49 credit union, or federal credit union, as such terms are defined or
50 otherwise used by the banking law, in the state of New York, subject to
51 the prior approval of the superintendent.

52 (m) "Transmission" means the transfer, by or through a third party, of
53 virtual currency from a person to a person, including the transfer from
54 the account or storage repository of a person to the account or storage
55 repository of a person.

1 (n) "Virtual currency" (1) means any type of digital unit that is used
2 as a medium of exchange or a form of digitally stored value, and shall
3 be broadly construed to include digital units of exchange that: (A) have
4 a centralized repository or administrator; (B) are decentralized and
5 have no centralized repository or administrator; or (C) may be created
6 or obtained by computing or manufacturing effort; and

7 (2) shall not be construed to include any of the following:

8 (A) digital units that:

9 (i) are used solely within online gaming platforms;

10 (ii) have no market or application outside of online gaming platforms;

11 (iii) cannot be converted into, or redeemed for, fiat currency or
12 virtual currency; and

13 (iv) may or may not be redeemable for real-world goods, services,
14 discounts, or purchases;

15 (B) digital units that can be redeemed for goods, services, discounts,
16 or 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 virtual currency; or

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

21 (o) "Virtual currency business activity" means the conduct of any one
22 of the following types of activities involving New York state or a New
23 York state resident, provided, however, that the development and dissem-
24 ination of software in and of itself shall not constitute virtual
25 currency business activity:

26 (1) receiving virtual currency for transmission or transmitting virtu-
27 al currency, except where the transaction is undertaken for non-financ-
28 ial purposes and does not involve the transfer of more than a nominal
29 amount of virtual currency;

30 (2) storing, holding, or maintaining custody or control of virtual
31 currency on behalf of others;

32 (3) buying and selling virtual currency as a customer business;

33 (4) performing exchange services as a customer business; or

34 (5) controlling, administering, or issuing a virtual currency.

35 § 1002. License. (a) No person shall, without a license obtained from
36 the superintendent as provided in this article, engage in any virtual
37 currency business activity. Licensees are not authorized to exercise
38 fiduciary powers, as defined by section one hundred of the banking law.

39 (b) Each licensee is prohibited from conducting any virtual currency
40 business activity through an agent or agency arrangement when such agent
41 is not a licensee.

42 (c) The following persons are exempt from the licensing requirements
43 otherwise applicable under this article:

44 (1) persons that are chartered under the banking law and are approved
45 by the superintendent to engage in virtual currency business activity;
46 and

47 (2) merchants and consumers that utilize virtual currency solely for
48 the purchase or sale of goods or services or for investment purposes.

49 § 1003. Application. (a) Application for a license required under this
50 article shall be in writing, under oath, and in a form prescribed by the
51 superintendent, and shall contain the following:

52 (1) the exact name of the applicant, including any doing business as
53 name, the form of organization, the date of organization, and the juris-
54 isdiction where organized or incorporated;

1 (2) a list of all of the applicant's affiliates and an organization
2 chart illustrating the relationship among the applicant and such affil-
3 iates;

4 (3) a list of, and detailed biographical information for, each indi-
5 vidual applicant and each director, principal officer, principal stock-
6 holder, and principal beneficiary of the applicant, as applicable,
7 including such individual's name, physical and mailing addresses, and
8 information and documentation regarding such individual's personal
9 history, experience, and qualification, which shall be accompanied by a
10 form of authority, executed by such individual, to release information
11 to the department;

12 (4) a background report prepared by an independent investigatory agen-
13 cy acceptable to the superintendent for each individual applicant, and
14 each principal officer, principal stockholder, and principal beneficiary
15 of the applicant, as applicable;

16 (5) for each individual applicant, for each principal officer, princi-
17 pal stockholder, and principal beneficiary of the applicant, as applica-
18 ble, and for all individuals to be employed by the applicant who have
19 access to any customer funds, whether denominated in fiat currency or
20 virtual currency:

21 (A) a set of completed fingerprints, or a receipt indicating the
22 vendor, where such vendor is deemed acceptable by the superintendent, at
23 which, and the date when, such fingerprints were taken, for submission
24 to the division of criminal justice services and the federal bureau of
25 investigation;

26 (B) if applicable, such processing fees as prescribed by the super-
27 intendent; and

28 (C) two portrait-style photographs of the individual measuring not
29 more than two inches by two inches;

30 (6) an organization chart of the applicant and its management struc-
31 ture, including its principal officers or senior management, indicating
32 lines of authority and the allocation of duties among its principal
33 officers or senior management;

34 (7) a current financial statement for the applicant and each principal
35 officer, principal stockholder, and principal beneficiary of the appli-
36 cant, as applicable, and a projected balance sheet and income statement
37 for the following year of the applicant's operation;

38 (8) a description of the proposed, current, and historical business of
39 the applicant, including detail on the products and services provided
40 and to be provided, all associated website addresses, the jurisdictions
41 in which the applicant is engaged in business, the principal place of
42 business, the primary market of operation, the projected customer base,
43 any specific marketing targets, and the physical address of any opera-
44 tion in New York state;

45 (9) details of all banking arrangements;

46 (10) all written policies and procedures required by, or related to,
47 the requirements of this article;

48 (11) an affidavit describing any pending or threatened administrative,
49 civil, or criminal action, litigation, or proceeding before any govern-
50 mental agency, court, or arbitration tribunal against the applicant or
51 any of its directors, principal officers, principal stockholders, and
52 principal beneficiaries, as applicable, including the names of the
53 parties, the nature of the proceeding, and the current status of the
54 proceeding;

1 (12) verification from the department of taxation and finance that the
2 applicant is compliant with all New York state tax obligations in a form
3 acceptable to the superintendent;

4 (13) if applicable, a copy of any insurance policies maintained for
5 the benefit of the applicant, its directors or officers, or its custom-
6 ers;

7 (14) an explanation of the methodology used to calculate the value of
8 virtual currency in fiat currency; and

9 (15) such other additional information as the superintendent may
10 require.

11 (b) As part of an application under subsection (a) of this section,
12 the applicant shall demonstrate that it will be compliant with all of
13 the requirements of this article upon licensing.

14 (c) (1) Notwithstanding subsection (b) of this section, the super-
15 intendent may in the superintendent's sole discretion and consistent
16 with the purposes and intent of this article and any other provisions of
17 this chapter, approve an application by granting a conditional license.

18 (2) A conditional license may be issued to an applicant that does not
19 satisfy all regulatory requirements upon licensing.

20 (3) A licensee that holds a conditional license may be subject to
21 heightened review, whether in regard to the scope and frequency of exam-
22 ination or otherwise.

23 (4) Unless the superintendent removes the conditional status of or
24 renews a conditional license, such license shall expire two years after
25 its date of issuance.

26 (A) The superintendent may in the superintendent's sole discretion and
27 consistent with the purposes and intent of this article and any other
28 provisions of this chapter:

29 (i) renew a conditional license for an additional length of time; or

30 (ii) remove the conditional status from a conditional license.

31 (5) A conditional license may be suspended or revoked pursuant to
32 section one thousand five of this article.

33 (6) A conditional license may impose any reasonable condition or
34 conditions, as determined by the superintendent in the superintendent's
35 sole discretion.

36 (7) The superintendent may remove any condition or conditions from a
37 conditional license that has been issued.

38 (8) In determining whether to issue a conditional license, renew or
39 remove the conditional status of a conditional license, or impose or
40 remove any specific conditions on a conditional license, the superinten-
41 dent may consider any relevant factor or factors. Relevant factors may
42 include but are not limited to:

43 (A) the nature and scope of the applicant's or licensee's business;

44 (B) the anticipated volume of business to be transacted by the appli-
45 cant or licensee;

46 (C) the nature and scope of the risks that the applicant's or
47 licensee's business presents to consumers, virtual currency markets,
48 financial markets, and the general public;

49 (D) any measures which the applicant or licensee has taken to limit or
50 mitigate the risks its business presents;

51 (E) whether the applicant or licensee is registered with the financial
52 crimes enforcement network within the United States department of the
53 treasury;

54 (F) whether the applicant or licensee is licensed, registered, or
55 otherwise authorized by any governmental or self-regulatory authority to
56 engage in financial services or other business activities;

1 (G) the applicant's or licensee's financial services or other business
2 experience; and

3 (H) the licensee's history as a holder of a conditional license issued
4 by the superintendent.

5 (d) The superintendent may authorize that any application for a
6 license under this article, or any other submission required by this
7 article, be made or executed by electronic means.

8 § 1004. Application fees. As part of an application for licensing
9 under this article, each applicant shall submit an initial application
10 fee, in the amount of five thousand dollars, to cover the cost of proc-
11 essing the application, reviewing application materials, and investigat-
12 ing the financial condition and responsibility, financial and business
13 experience, and character and general fitness of the applicant. If the
14 application is denied or withdrawn, such fee shall not be refunded. Each
15 licensee may be required to pay fees to the department to process addi-
16 tional applications related to the license.

17 § 1005. Action by superintendent. (a) Upon the filing of an applica-
18 tion for licensing under this article, payment of the required fee, and
19 demonstration by the applicant of its ability to comply with the
20 provisions of this article upon licensing, the superintendent shall
21 investigate the financial condition and responsibility, financial and
22 business experience, and character and general fitness of such appli-
23 cant. If the superintendent finds such qualities warrant the belief
24 that such applicant's business will be conducted honestly, fairly,
25 equitably, carefully, and efficiently within the purposes and intent of
26 this article, and in a manner commanding the confidence and trust of the
27 community, the superintendent shall advise such applicant in writing of
28 the superintendent's approval of such application, and shall issue to
29 such applicant a license to conduct virtual currency business activity,
30 subject to the provisions of this article and such other conditions as
31 the superintendent shall deem appropriate; or the superintendent may
32 deny the application.

33 (b) The superintendent shall approve or deny every application for a
34 license under this article within ninety days from the filing of an
35 application deemed by the superintendent to be complete. Such period of
36 ninety days may be extended at the discretion of the superintendent for
37 such additional reasonable period of time as may be required to enable
38 compliance with this article. A license issued pursuant to this article
39 shall remain in full force and effect until it is surrendered by the
40 licensee, is revoked or suspended, or expires as provided in this arti-
41 cle.

42 (c) The superintendent may suspend or revoke a license issued under
43 this article on any ground on which the superintendent might refuse to
44 issue an original license, for a violation of any provision of this
45 article, for good cause shown, or for failure of the licensee to pay a
46 judgment, recovered in any court, within or without this state, by a
47 claimant or creditor in an action arising out of, or relating to, the
48 licensee's virtual currency business activity, within thirty days after
49 the judgment becomes final or within thirty days after expiration or
50 termination of a stay of execution thereon; provided, however, that if
51 execution on the judgment is stayed, by court order or operation of law
52 or otherwise, then proceedings to suspend or revoke the license, for
53 failure of the licensee to pay such judgment, shall not be commenced by
54 the superintendent during the time of such stay, and for thirty days
55 thereafter. For the purposes of this subsection, "good cause" shall
56 exist when a licensee has defaulted or is likely to default in perform-

1 ing its obligations or financial engagements or engages in unlawful,
2 dishonest, wrongful, or inequitable conduct or practices that may cause
3 harm to the public.

4 (d) No license issued under this article shall be revoked or suspended
5 except after a hearing thereon. The superintendent shall give a licensee
6 no less than ten days' written notice of the time and place of such
7 hearing by registered or certified mail addressed to the principal place
8 of business of such licensee. Any order of the superintendent suspending
9 or revoking such license shall state the grounds upon which it is based
10 and be sent by registered or certified mail to the licensee at its prin-
11 cipal place of business as shown in the records of the department.

12 (e) The superintendent may, when deemed by the superintendent to be in
13 the public interest, seek a preliminary injunction to restrain a licen-
14 see from continuing to perform acts that violate any provision of this
15 article or of this chapter, the banking law, or the insurance law.

16 (f) Nothing in this article shall be construed as limiting any power
17 granted to the superintendent under any other provision of this chapter,
18 the banking law, or the insurance law, including any power to investi-
19 gate possible violations of law, rule, or regulation or to impose penal-
20 ties or take any other action against any person for violation of such
21 laws, rules, or regulations.

22 § 1006. Compliance. (a) Each licensee is required to comply with all
23 applicable federal and state laws, rules, and regulations.

24 (b) Each licensee shall designate a qualified individual or individ-
25 uals responsible for coordinating and monitoring compliance with this
26 article and all other applicable federal and state laws, rules, and
27 regulations.

28 (c) Each licensee shall maintain and enforce written compliance poli-
29 cies, including policies with respect to anti-fraud, anti-money launder-
30 ing, cyber security, privacy and information security, and any other
31 policy required under this article, which shall be reviewed and approved
32 by such licensee's board of directors or an equivalent governing body.

33 § 1007. Capital requirements. (a) Each licensee shall maintain at all
34 times such capital in an amount and form as the superintendent deter-
35 mines is sufficient to ensure the financial integrity of such licensee
36 and its ongoing operations based on an assessment of the specific risks
37 applicable to each licensee. In determining the minimum amount of capi-
38 tal that shall be maintained by a licensee, the superintendent may
39 consider a variety of factors, including but not limited to:

40 (1) the composition of such licensee's total assets, including the
41 position, size, liquidity, risk exposure, and price volatility of each
42 type of asset;

43 (2) the composition of such licensee's total liabilities, including
44 the size and repayment timing of each type of liability;

45 (3) the actual and expected volume of such licensee's virtual currency
46 business activity;

47 (4) whether such licensee is already licensed or regulated by the
48 superintendent under this chapter, the banking law, or the insurance
49 law, or otherwise subject to such laws as a provider of a financial
50 product or service, and whether such licensee is in good standing in
51 such capacity;

52 (5) the amount of leverage employed by such licensee;

53 (6) the liquidity position of such licensee;

54 (7) the financial protection that such licensee provides for its
55 customers through its trust account or bond;

56 (8) the types of entities to be serviced by such licensee; and

1 (9) the types of products or services to be offered by such licensee.

2 (b) Each licensee shall hold capital required to be maintained in
3 accordance with this section in the form of cash, virtual currency, or
4 high-quality, highly liquid, investment-grade assets, in such
5 proportions as are acceptable to the superintendent.

6 § 1008. Custody and protection of customer assets. (a) Each licensee
7 shall maintain a surety bond or trust account in United States dollars
8 for the benefit of its customers in such form and amount as is accepta-
9 ble to the superintendent for the protection of such licensee's custom-
10 ers. To the extent a licensee maintains a trust account in accordance
11 with this section, such trust account shall be maintained with a quali-
12 fied custodian.

13 (b) To the extent a licensee stores, holds, or maintains custody or
14 control of virtual currency on behalf of another person, such licensee
15 shall hold virtual currency of the same type and amount as that which is
16 owed or obligated to such other person.

17 (c) Each licensee is prohibited from selling, transferring, assigning,
18 lending, hypothecating, pledging, or otherwise using or encumbering
19 assets, including virtual currency, stored, held, or maintained by, or
20 under the custody or control of, such licensee on behalf of another
21 person except for the sale, transfer, or assignment of such assets at
22 the direction of such other person.

23 § 1009. Material change to business. (a) Each licensee shall obtain
24 the superintendent's prior written approval for any plan or proposal to
25 introduce or offer a materially new product, service, or activity, or to
26 make a material change to an existing product, service, or activity,
27 involving New York state or New York state residents.

28 (b) For the purposes of this section, a "materially new product,
29 service, or activity" or a "material change" may occur where:

30 (1) the proposed new product, service, or activity, or the proposed
31 change may raise a legal or regulatory issue about the permissibility of
32 such product, service, or activity;

33 (2) the proposed new product, service, or activity, or the proposed
34 change may raise safety and soundness or operational concerns; or

35 (3) a change is proposed to an existing product, service, or activity
36 that may cause such product, service, or activity to be materially
37 different from that previously listed on the application for licensing
38 by the superintendent.

39 (c) The licensee shall submit a written plan describing the proposed
40 materially new product, service, or activity, or the proposed material
41 change, including a detailed description of the business operations,
42 compliance policies, and the impact on the overall business of the
43 licensee, as well as such other information as requested by the super-
44 intendent.

45 (d) If a licensee has any questions about the materiality of any
46 proposed new product, service, or activity, or of any proposed change,
47 such licensee may seek clarification from the department prior to intro-
48 ducing or offering such new product, service, or activity or making such
49 change.

50 (e) The superintendent shall promptly review a request by a licensee
51 to approve a materially new product, service, or activity provided by a
52 licensee pursuant to subsection (a) of this section, and approve or
53 disapprove such proposed product, service, or activity within one
54 hundred eighty days of receiving such request. An application shall be
55 promulgated by the department to facilitate such requests. Any denial of
56 such request for approval by a proposed trust company shall be review-

1 able upon application before a judge in a court of competent jurisdic-
2 tion. Any request to approve a materially new product, service, or
3 activity made pursuant to this subdivision which is not approved or
4 disapproved by the superintendent within one hundred eighty days of
5 receipt of such request shall be deemed approved.

6 (f) Provided that a request by a limited purpose trust company for
7 approval of a materially new product, service, or activity has been
8 granted by the superintendent or deemed approved, no further approval
9 shall be required to provide such product, service, or activity to addi-
10 tional customers, whether such customers reside in or outside of New
11 York state.

12 § 1010. Change of control; mergers and acquisitions. (a) No action
13 shall be taken, except with the prior written approval of the super-
14 intendent, that may result in a change of control of a licensee.

15 (1) Prior to any change of control, the person seeking to acquire
16 control of a licensee shall submit a written application to the super-
17 intendent in a form and substance acceptable to the superintendent,
18 including but not limited to detailed information about the applicant
19 and all directors, principal officers, principal stockholders, and prin-
20 cipal beneficiaries of the applicant, as applicable.

21 (2) For purposes of this section, the term "control" means the
22 possession, directly or indirectly, of the power to direct or cause the
23 direction of the management and policies of a licensee whether through
24 the ownership of stock of such licensee, the stock of any person that
25 possesses such power, or otherwise. Control shall be presumed to exist
26 if a person, directly or indirectly, owns, controls, or holds with power
27 to vote ten percent or more of the voting stock of a licensee or of any
28 person that owns, controls, or holds with power to vote ten percent or
29 more of the voting stock of such licensee. No person shall be deemed to
30 control another person solely by reason of such person's being an offi-
31 cer or director of such other person.

32 (3) The superintendent may determine upon application that any person
33 does not or will not upon the taking of some proposed action control
34 another person. Such determination shall be made within thirty days or
35 such further period as the superintendent may prescribe. The filing of
36 an application pursuant to this subsection in good faith by any person
37 shall relieve the applicant from any obligation or liability imposed by
38 this section with respect to the subject of such application until the
39 superintendent has acted upon such application. The superintendent may
40 revoke or modify the superintendent's determination, after notice and
41 opportunity to be heard, whenever in the superintendent's judgment revo-
42 cation or modification is consistent with this article. The superinten-
43 dent may consider the following factors in making such a determination:

44 (A) whether such person's purchase of common stock is made solely for
45 investment purposes and not to acquire control over the licensee;

46 (B) whether such person could direct, or cause the direction of, the
47 management or policies of the licensee;

48 (C) whether such person could propose directors in opposition to nomi-
49 nees proposed by the management or board of directors of the licensee;

50 (D) whether such person could seek or accept representation on the
51 board of directors of the licensee;

52 (E) whether such person could solicit or participate in soliciting
53 proxy votes with respect to any matter presented to the shareholders of
54 the licensee; or

55 (F) any other factor that indicates such person would or would not
56 exercise control of the licensee.

1 (4) The superintendent shall approve or deny every application for a
2 change of control of a licensee hereunder within one hundred twenty days
3 from the filing of an application deemed by the superintendent to be
4 complete. Such period of one hundred twenty days may be extended by the
5 superintendent, for good cause shown, for such additional reasonable
6 period of time as may be required to enable compliance with the require-
7 ments and conditions of this article.

8 (5) In determining whether to approve a proposed change of control,
9 the superintendent shall, among other factors, take into consideration
10 the public interest and the needs and convenience of the public.

11 (b) No action shall be taken, except with the prior written approval
12 of the superintendent, that may result in a merger or acquisition of all
13 or a substantial part of the assets of a licensee.

14 (1) Prior to any such merger or acquisition, an application containing
15 a written plan of merger or acquisition shall be submitted to the super-
16 intendent by the entities that are to merge or by the acquiring entity,
17 as applicable. Such plan shall be in form and substance satisfactory to
18 the superintendent, and shall specify each entity to be merged, the
19 surviving entity, or the entity acquiring all or substantially all of
20 the assets of the licensee, as applicable, and shall describe the terms
21 and conditions of the merger or acquisition and the mode of carrying it
22 into effect.

23 (2) The superintendent shall approve or deny a proposed merger or a
24 proposed acquisition of all or a substantial part of the assets of a
25 licensee within one hundred twenty days after the filing of an applica-
26 tion that contains a written plan of merger or acquisition and is deemed
27 by the superintendent to be complete. Such period of one hundred twenty
28 days may be extended by the superintendent, for good cause shown, for
29 such additional reasonable period of time as may be required to enable
30 compliance with the requirements and conditions of this article.

31 (3) In determining whether to so approve a proposed merger or acquisi-
32 tion, the superintendent shall, among other factors, take into consider-
33 ation the public interest and the needs and convenience of the public.

34 § 1011. Books and records. (a) Each licensee shall, in connection with
35 its virtual currency business activity, make, keep, and preserve all of
36 its books and records in their original form or native file format for a
37 period of at least seven years from the date of their creation and in a
38 condition that will allow the superintendent to determine whether such
39 licensee is complying with all applicable laws, rules, and regulations.
40 The books and records maintained by each licensee shall, without limita-
41 tion, include:

42 (1) for each transaction, the amount, date, and precise time of the
43 transaction, any payment instructions, the total amount of fees and
44 charges received and paid to, by, or on behalf of the licensee, and the
45 names, account numbers, and physical addresses of:

46 (A) the party or parties to the transaction that are customers or
47 accountholders of the licensee; and

48 (B) to the extent practicable, any other parties to the transaction;

49 (2) a general ledger containing all asset, liability, ownership equi-
50 ty, income, and expense accounts;

51 (3) bank statements and bank reconciliation records;

52 (4) any statements or valuations sent or provided to customers and
53 counterparties;

54 (5) records or minutes of meetings of the board of directors or an
55 equivalent governing body;

1 (6) records demonstrating compliance with applicable state and federal
2 anti-money laundering laws, rules, and regulations, including customer
3 identification and verification documents, records linking customers to
4 their respective accounts and balances, and a record of all compliance
5 breaches;

6 (7) communications and documentation related to investigations of
7 customer complaints and transaction error resolution or concerning facts
8 giving rise to possible violations of laws, rules, or regulations;

9 (8) all other records required to be maintained in accordance with
10 this article; and

11 (9) all other records as the superintendent may require.

12 (b) Each licensee shall provide the department, upon request, immedi-
13 ate access to all facilities, books, records, documents, or other infor-
14 mation maintained by such licensee or its affiliates, wherever located.

15 (c) Records of non-completed, outstanding, or inactive virtual curren-
16 cy accounts or transactions shall be maintained for at least five years
17 after the time when any such virtual currency has been deemed, under the
18 abandoned property law, to be abandoned property.

19 § 1012. Examinations. (a) Each licensee shall permit and assist the
20 superintendent to examine such licensee whenever in the superintendent's
21 judgment such examination is necessary or advisable, but not less than
22 once every two calendar years, including, without limitation, to deter-
23 mine:

24 (1) the financial condition of the licensee;

25 (2) the safety and soundness of the conduct of its business;

26 (3) the policies of its management;

27 (4) whether the licensee has complied with the requirements of laws,
28 rules, and regulations; and

29 (5) such other matters as the superintendent may determine, including,
30 but not limited to, any activities of the licensee outside the state of
31 New York if in the opinion of the superintendent such activities may
32 affect the licensee's virtual currency business activity.

33 (b) Each licensee shall permit and assist the superintendent at any
34 time to examine all of such licensee's books, records, accounts, docu-
35 ments, and other information.

36 (c) Each licensee shall permit and assist the superintendent to make
37 such special investigations as the superintendent shall deem necessary
38 to determine whether such licensee has violated any provision of the
39 applicable laws, rules, or regulations and to the extent necessary shall
40 permit and assist the superintendent to examine all relevant facilities,
41 books, records, accounts, documents, and other information.

42 (d) For the purpose of determining the financial condition of the
43 licensee, its safety and soundness practices, or whether it has complied
44 with the requirements of laws, rules, and regulations, the licensee
45 shall permit and assist the superintendent, when in the superintendent's
46 judgment it is necessary or advisable, to examine an affiliate of the
47 licensee.

48 § 1013. Reports and financial disclosures. (a) Each licensee shall
49 submit to the superintendent quarterly financial statements within
50 forty-five days following the close of such licensee's fiscal quarter in
51 the form, and containing such information, as the superintendent shall
52 prescribe, including, without limitation, the following information:

53 (1) a statement of the financial condition of such licensee, including
54 a balance sheet, income statement, statement of comprehensive income,
55 statement of change in ownership equity, cash flow statement, and state-
56 ment of net liquid assets;

1 (2) a statement demonstrating compliance with any financial require-
2 ments established under this article;

3 (3) financial projections and strategic business plans;

4 (4) a list of all off-balance sheet items;

5 (5) a chart of accounts, including a description of each account; and

6 (6) a report of permissible investments by such licensee as permitted
7 under this article.

8 (b) Each licensee shall submit audited annual financial statements,
9 together with an opinion and an attestation by an independent certified
10 public accountant regarding the effectiveness of such licensee's inter-
11 nal control structure. All such annual financial statements shall
12 include:

13 (1) a statement of management's responsibilities for preparing the
14 licensee's annual financial statements, establishing and maintaining
15 adequate internal controls and procedures for financial reporting, and
16 complying with all applicable laws, rules, and regulations;

17 (2) an assessment by management of the licensee's compliance with such
18 applicable laws, rules, and regulations during the fiscal year covered
19 by the financial statements; and

20 (3) certification of the financial statements by an officer or direc-
21 tor of the licensee attesting to the truth and correctness of such
22 statements.

23 (c) Each licensee shall notify the superintendent in writing of any
24 criminal action or insolvency proceeding against such licensee or any of
25 its directors, principal stockholders, principal officers, and principal
26 beneficiaries, as applicable, immediately after the commencement of any
27 such action or proceeding.

28 (d) Each licensee shall notify the superintendent in writing of any
29 proposed change to the methodology used to calculate the value of virtu-
30 al currency in fiat currency that was submitted to the department in
31 accordance with section one thousand three of this article.

32 (e) Each licensee shall submit a report to the superintendent imme-
33 diately upon the discovery of any violation or breach of law, rule, or
34 regulation related to the conduct of activity licensed under this arti-
35 cle.

36 (f) Each licensee shall make additional special reports to the super-
37 intendent, at such times and in such form, as the superintendent may
38 request.

39 § 1014. Anti-money laundering program. (a) All values in United States
40 dollars referenced in this section shall be calculated using the method-
41 ology to determine the value of virtual currency in fiat currency
42 provided to the department under this article.

43 (b) Each licensee shall conduct an initial risk assessment that shall
44 consider legal, compliance, financial, and reputational risks associated
45 with such licensee's activities, services, customers, counterparties,
46 and geographic location and shall establish, maintain, and enforce an
47 anti-money laundering program based thereon. Such licensee shall conduct
48 additional assessments on an annual basis, or more frequently as risks
49 change, and shall modify its anti-money laundering program as appropri-
50 ate to reflect any such changes.

51 (c) The anti-money laundering program established under this section
52 shall, at a minimum:

53 (1) provide for a system of internal controls, policies, and proce-
54 dures designed to ensure ongoing compliance with all applicable anti-mo-
55 ney laundering laws, rules, and regulations;

1 (2) provide for independent testing for compliance with, and the
2 effectiveness of, the anti-money laundering program established under
3 this section to be conducted by qualified internal personnel of the
4 licensee, who are not responsible for the design, installation, mainte-
5 nance, or operation of the anti-money laundering program established
6 under this section, or the policies and procedures that guide its opera-
7 tion, or a qualified external party, at least annually, the findings of
8 which shall be summarized in a written report submitted to the super-
9 intendent;

10 (3) designate a qualified individual or individuals in compliance
11 responsible for coordinating and monitoring day-to-day compliance with
12 the anti-money laundering program established under this section; and

13 (4) provide ongoing training for appropriate personnel to ensure they
14 have a fulsome understanding of anti-money laundering requirements and
15 to enable them to identify transactions required to be reported and
16 maintain records required to be kept in accordance with this article.

17 (d) The anti-money laundering program established under this section
18 shall include a written anti-money laundering policy reviewed and
19 approved by the licensee's board of directors or equivalent governing
20 body.

21 (e) Each licensee, as part of its anti-money laundering program estab-
22 lished under this section, shall maintain records and make reports in
23 the manner set forth below.

24 (1) Each licensee shall maintain the following information for all
25 virtual currency transactions involving the payment, receipt, exchange,
26 conversion, purchase, sale, transfer, or transmission of virtual curren-
27 cy:

28 (A) the identity and physical addresses of the party or parties to the
29 transaction that are customers or accountholders of the licensee and, to
30 the extent practicable, any other parties to the transaction;

31 (B) the amount or value of the transaction, including in what denomi-
32 nation purchased, sold, or transferred;

33 (C) the method of payment;

34 (D) the date or dates on which the transaction was initiated and
35 completed; and

36 (E) a description of the transaction.

37 (2) When a licensee is involved in a virtual currency to virtual
38 currency transaction or series of virtual currency to virtual currency
39 transactions that are not subject to currency transaction reporting
40 requirements under federal law, including transactions for the payment,
41 receipt, exchange, conversion, purchase, sale, transfer, or transmission
42 of virtual currency, in an aggregate amount exceeding the United States
43 dollar value of ten thousand dollars in one day, by one person, such
44 licensee shall notify the department, in a manner prescribed by the
45 superintendent, within twenty-four hours.

46 (3) Each licensee shall monitor for transactions that might signify
47 money laundering, tax evasion, or other illegal or criminal activity.

48 (A) Each licensee shall file suspicious activity reports in accordance
49 with applicable federal laws, rules, and regulations.

50 (B) Each licensee that is not subject to suspicious activity reporting
51 requirements under federal law shall file with the superintendent, in a
52 form prescribed by the superintendent, reports of transactions that
53 indicate a possible violation of law or regulation within thirty days
54 from the detection of the facts that constitute a need for filing.
55 Continuing suspicious activity shall be reviewed on an ongoing basis and

1 a suspicious activity report shall be filed within one hundred twenty
2 days of the last filing describing continuing activity.

3 (f) No licensee shall structure transactions, or assist in the struc-
4 turing of transactions, to evade reporting requirements under this arti-
5 cle.

6 (g) No licensee shall engage in, facilitate, or knowingly allow the
7 transfer or transmission of virtual currency when such action will
8 obfuscate or conceal the identity of an individual customer or counter-
9 party. Nothing in this section, however, shall be construed to require a
10 licensee to make available to the general public the fact or nature of
11 the movement of virtual currency by individual customers or counterpar-
12 ties.

13 (h) Each licensee shall also maintain, as part of its anti-money laun-
14 dering program established under this section, a customer identification
15 program.

16 (1) When opening an account for, or establishing a service relation-
17 ship with, a customer, each licensee shall, at a minimum, verify such
18 customer's identity, to the extent reasonable and practicable, maintain
19 records of the information used to verify such identity, including name,
20 physical address, and other identifying information, and check customers
21 against the specially designated nationals list maintained by the office
22 of foreign assets control, a part of the United States department of the
23 treasury. Enhanced due diligence may be required based on additional
24 factors, such as for high-risk customers, high-volume accounts, or
25 accounts on which a suspicious activity report has been filed.

26 (2) Licensees that maintain accounts for non-U.S. persons and non-U.S.
27 licensees shall establish enhanced due diligence policies, procedures,
28 and controls to detect money laundering, including assessing the risk
29 presented by such accounts based on the nature of the foreign business,
30 the type and purpose of the activity, and the anti-money laundering and
31 supervisory regime of the foreign jurisdiction.

32 (3) Licensees are prohibited from maintaining relationships of any
33 type in connection with their virtual currency business activity with
34 entities that do not have a physical presence in any country.

35 (4) Each licensee shall require verification of the identity of any
36 account holder initiating a transaction with a value greater than three
37 thousand dollars.

38 (i) Each licensee shall demonstrate that it has risk-based policies,
39 procedures, and practices to ensure, to the maximum extent practicable,
40 compliance with applicable regulations issued by the office of foreign
41 assets control.

42 (j) Each licensee shall have in place appropriate policies and proce-
43 dures to block or reject specific or impermissible transactions that
44 violate federal or state laws, rules, or regulations.

45 (k) The individual or individuals designated by the licensee, pursuant
46 to paragraph three of subsection (c) of this section, shall be responsi-
47 ble for day-to-day operations of the anti-money laundering program
48 established under this section and shall, at a minimum:

49 (1) monitor changes in anti-money laundering laws, including updated
50 office of foreign assets control and specially designated nationals
51 lists, and update the program accordingly;

52 (2) maintain all records required to be maintained under this section;

53 (3) review all filings required under this section before submission;

54 (4) escalate matters to the board of directors, senior management, or
55 appropriate governing body and seek outside counsel, as appropriate;

1 (5) provide periodic reporting, at least annually, to the board of
2 directors, senior management, or appropriate governing body; and

3 (6) ensure compliance with relevant training requirements.

4 § 1015. Cyber security program. (a) Each licensee shall establish and
5 maintain an effective cyber security program to ensure the availability
6 and functionality of such licensee's electronic systems and to protect
7 such systems and any sensitive data stored on such systems from unau-
8 thorized access, use, or tampering. Such cyber security program shall be
9 designed to perform the following five core cyber security functions:

10 (1) identify internal and external cyber risks by, at a minimum, iden-
11 tifying the information stored on the licensee's systems, the sensitiv-
12 ity of such information, and how and by whom such information may be
13 accessed;

14 (2) protect the licensee's electronic systems, and the information
15 stored on such systems, from unauthorized access, use, or other mali-
16 icious acts through the use of defensive infrastructure and the implemen-
17 tation of policies and procedures;

18 (3) detect systems intrusions, data breaches, unauthorized access to
19 systems or information, malware, and other cyber security events;

20 (4) respond to detected cyber security events to mitigate any negative
21 effects; and

22 (5) recover from cyber security events and restore normal operations
23 and services.

24 (b) Each licensee shall implement a written cyber security policy
25 setting forth such licensee's policies and procedures for the protection
26 of its electronic systems and customer and counterparty data stored on
27 such systems, which shall be reviewed and approved by such licensee's
28 board of directors or equivalent governing body at least annually. Such
29 cyber security policy shall address the following areas:

30 (1) information security;

31 (2) data governance and classification;

32 (3) access controls;

33 (4) business continuity and disaster recovery planning and resources;

34 (5) capacity and performance planning;

35 (6) systems operations and availability concerns;

36 (7) systems and network security;

37 (8) systems and application development and quality assurance;

38 (9) physical security and environmental controls;

39 (10) customer data privacy;

40 (11) vendor and third-party service provider management;

41 (12) monitoring and implementing changes to core protocols not direct-
42 ly controlled by the licensee, as applicable; and

43 (13) incident response.

44 (c) Each licensee shall designate a qualified employee to serve as
45 such licensee's chief information security officer responsible for over-
46 seeing and implementing such licensee's cyber security program and
47 enforcing its cyber security policy.

48 (d) Each licensee shall submit to the department a report, prepared by
49 the chief information security officer and presented to such licensee's
50 board of directors or equivalent governing body, at least annually,
51 assessing the availability, functionality, and integrity of such
52 licensee's electronic systems, identifying relevant cyber risks to such
53 licensee, assessing such licensee's cyber security program, and propos-
54 ing steps for the redress of any inadequacies identified therein.

55 (e) Each licensee's cyber security program shall, at a minimum,
56 include audit functions as set forth below.

1 (1) Each licensee shall conduct penetration testing of its electronic
2 systems, at least annually, and vulnerability assessment of such
3 systems, at least quarterly.

4 (2) Each licensee shall maintain audit trail systems that:

5 (A) track and maintain data that allows for the complete and accurate
6 reconstruction of all financial transactions and accounting;

7 (B) protect the integrity of data stored and maintained as part of the
8 audit trail from alteration or tampering;

9 (C) protect the integrity of hardware from alteration or tampering,
10 including by limiting electronic and physical access permissions to
11 hardware and maintaining logs of physical access to hardware that allows
12 for event reconstruction;

13 (D) log system events including, at minimum, access and alterations
14 made to the audit trail systems by the systems or by an authorized user,
15 and all system administrator functions performed on the systems; and

16 (E) maintain records produced as part of the audit trail in accordance
17 with the recordkeeping requirements set forth in this article.

18 (f) Each licensee's cyber security program shall, at minimum, include
19 written procedures, guidelines, and standards reasonably designed to
20 ensure the security of all applications utilized by such licensee. All
21 such procedures, guidelines, and standards shall be reviewed, assessed,
22 and updated by such licensee's chief information security officer at
23 least annually.

24 (g) Each licensee shall:

25 (1) employ cyber security personnel adequate to manage such licensee's
26 cyber security risks and to perform the core cyber security functions
27 specified in subsection (a) of this section;

28 (2) provide and require cyber security personnel to attend regular
29 cyber security update and training sessions; and

30 (3) require key cyber security personnel to take steps to stay abreast
31 of changing cyber security threats and countermeasures.

32 § 1016. Business continuity and disaster recovery. (a) Each licensee
33 shall establish and maintain a written business continuity and disaster
34 recovery plan reasonably designed to ensure the availability and func-
35 tionality of such licensee's services in the event of an emergency or
36 other disruption to such licensee's normal business activities. Such
37 business continuity and disaster recovery plan, at minimum, shall:

38 (1) identify documents, data, facilities, infrastructure, personnel,
39 and competencies essential to the continued operations of the licensee's
40 business;

41 (2) identify the supervisory personnel responsible for implementing
42 each aspect of such business continuity and disaster recovery plan;

43 (3) include a plan to communicate with essential persons in the event
44 of an emergency or other disruption to the operations of the licensee,
45 including employees, counterparties, regulatory authorities, data and
46 communication providers, disaster recovery specialists, and any other
47 persons essential to the recovery of documentation and data and the
48 resumption of operations;

49 (4) include procedures for the maintenance of back-up facilities,
50 systems, and infrastructure as well as alternative staffing and other
51 resources to enable the timely recovery of data and documentation and to
52 resume operations as soon as reasonably possible following a disruption
53 to normal business activities;

54 (5) include procedures for the back-up or copying, with sufficient
55 frequency, of documents and data essential to the operations of the
56 licensee and storing of such information off site; and

1 (6) identify third parties that are necessary to the continued oper-
2 ations of the licensee's business.

3 (b) Each licensee shall distribute a copy of the business continuity
4 and disaster recovery plan, and any revisions thereto, to all relevant
5 employees and shall maintain copies of the business continuity and
6 disaster recovery plan at one or more accessible off-site locations.

7 (c) Each licensee shall provide relevant training to all employees
8 responsible for implementing the business continuity and disaster recov-
9 ery plan regarding their roles and responsibilities.

10 (d) Each licensee shall promptly notify the superintendent of any
11 emergency or other disruption to its operations that may affect its
12 ability to fulfill regulatory obligations or that may have a significant
13 adverse effect on such licensee, its counterparties, or the market.

14 (e) The business continuity and disaster recovery plan shall be tested
15 at least annually by qualified, independent internal personnel or a
16 qualified third party, and revised accordingly.

17 § 1017. Advertising and marketing. (a) No licensee engaged in virtual
18 currency business activity shall advertise its products, services, or
19 activities in New York state or to New York state residents without
20 including the name of such licensee and the legend that such licensee is
21 "licensed to engage in virtual currency business activity by the New
22 York State Department of Financial Services".

23 (b) Each licensee shall maintain, for examination by the superinten-
24 dent, all advertising and marketing materials for a period of at least
25 seven years from the date of their creation, including but not limited
26 to print media, internet media, including websites, radio and television
27 advertising, road show materials, presentations, and brochures. Each
28 licensee shall maintain hard copy, website captures of material changes
29 to internet advertising and marketing, and audio and video scripts of
30 its advertising and marketing materials, as applicable.

31 (c) In all advertising and marketing materials, each licensee shall
32 comply with all disclosure requirements under federal and state laws,
33 rules, and regulations.

34 (d) In all advertising and marketing materials, no licensee, and no
35 person or entity acting on its behalf, shall, directly or by impli-
36 cation, make any false, misleading, or deceptive representations or
37 omissions.

38 § 1018. Consumer protection. (a) As part of establishing a relation-
39 ship with a customer, and prior to entering into an initial transaction
40 for, on behalf of, or with such customer, each licensee shall disclose
41 in clear, conspicuous, and legible writing in the English language and
42 in any other predominant language spoken by the customers of such licen-
43 see, all material risks associated with its products, services, and
44 activities and virtual currency generally, including, at a minimum, the
45 following:

46 (1) virtual currency is not legal tender, is not backed by the govern-
47 ment, and accounts and value balances are not subject to federal deposit
48 insurance corporation or securities investor protection corporation
49 protections;

50 (2) legislative and regulatory changes or actions at the state, feder-
51 al, or international level may adversely affect the use, transfer,
52 exchange, and value of virtual currency;

53 (3) transactions in virtual currency may be irreversible, and, accord-
54 ingly, losses due to fraudulent or accidental transactions may not be
55 recoverable;

1 (4) some virtual currency transactions shall be deemed to be made when
2 recorded on a public ledger, which is not necessarily the date or time
3 that the customer initiates the transaction;

4 (5) the value of virtual currency may be derived from the continued
5 willingness of market participants to exchange fiat currency for virtual
6 currency, which may result in the potential for permanent and total loss
7 of value of a particular virtual currency should the market for such
8 virtual currency disappear;

9 (6) there is no assurance that a person who accepts a virtual currency
10 as payment on a certain date will continue to do so in the future;

11 (7) the volatility and unpredictability of the price of virtual
12 currency relative to fiat currency may result in significant loss over a
13 short period of time;

14 (8) the nature of virtual currency may lead to an increased risk of
15 fraud or cyber attack;

16 (9) the nature of virtual currency means that any technological diffi-
17 culties experienced by the licensee may prevent the access or use of a
18 customer's virtual currency; and

19 (10) any bond or trust account maintained by the licensee for the
20 benefit of its customers may not be sufficient to cover all losses
21 incurred by customers.

22 (b) When opening an account for a new customer, and prior to entering
23 into an initial transaction for, on behalf of, or with such customer,
24 each licensee shall disclose in clear, conspicuous, and legible writing
25 in the English language and in any other predominant language spoken by
26 the customers of such licensee, all relevant terms and conditions asso-
27 ciated with its products, services, and activities and virtual currency
28 generally, including, at a minimum, the following, as applicable:

29 (1) the customer's liability for unauthorized virtual currency trans-
30 actions;

31 (2) the customer's right to stop payment of a preauthorized virtual
32 currency transfer and the procedure to initiate such a stop-payment
33 order;

34 (3) under what circumstances the licensee will, absent a court or
35 government order, disclose information concerning the customer's account
36 to third parties;

37 (4) the customer's right to receive periodic account statements and
38 valuations from the licensee;

39 (5) the customer's right to receive a receipt, trade ticket, or other
40 evidence of a transaction;

41 (6) the customer's right to prior notice of a change in the licensee's
42 rules or policies; and

43 (7) such other disclosures as are customarily given in connection with
44 the opening of customer accounts.

45 (c) Prior to each transaction in virtual currency, for, on behalf of,
46 or with a customer, each licensee shall furnish to each such customer a
47 written disclosure in clear, conspicuous, and legible writing in the
48 English language and in any other predominant language spoken by the
49 customers of such licensee, containing the terms and conditions of the
50 transaction, which shall include, at a minimum, to the extent applica-
51 ble:

52 (1) the amount of the transaction;

53 (2) any fees, expenses, and charges borne by the customer, including
54 applicable exchange rates;

55 (3) the type and nature of the virtual currency transaction;

1 (4) a warning that once executed the transaction may not be undone, if
2 applicable; and

3 (5) such other disclosures as are customarily given in connection with
4 a transaction of this nature.

5 (d) Each licensee shall ensure that all disclosures required in this
6 section are acknowledged as received by customers.

7 (e) Upon completion of any transaction, each licensee shall provide to
8 a customer a receipt containing the following information:

9 (1) the name and contact information of such licensee, including a
10 telephone number established by such licensee to answer questions and
11 register complaints;

12 (2) the type, value, date, and precise time of the transaction;

13 (3) the fee charged;

14 (4) the exchange rate, if applicable;

15 (5) a statement of the liability of the licensee for non-delivery or
16 delayed delivery;

17 (6) a statement of the refund policy of the licensee; and

18 (7) any additional information the superintendent may require.

19 (f) Each licensee shall make available to the department, upon
20 request, the form of the receipts it is required to provide to customers
21 in accordance with subsection (e) of this section.

22 (g) Licensees are prohibited from engaging in fraudulent activity.
23 Additionally, each licensee shall take reasonable steps to detect and
24 prevent fraud, including by establishing and maintaining a written anti-
25 fraud policy. Such anti-fraud policy shall, at a minimum, include:

26 (1) the identification and assessment of fraud-related risk areas;

27 (2) procedures and controls to protect against identified risks;

28 (3) allocation of responsibility for monitoring risks; and

29 (4) procedures for the periodic evaluation and revision of the anti-
30 fraud procedures, controls, and monitoring mechanisms.

31 § 1019. Complaints. (a) Each licensee shall establish and maintain
32 written policies and procedures to fairly and timely resolve complaints.

33 (b) Each licensee shall provide, in a clear and conspicuous manner, on
34 its website or websites, in all physical locations, and in any other
35 location as the superintendent may prescribe, the following disclosures:

36 (1) such licensee's mailing address, email address, and telephone
37 number for the receipt of complaints;

38 (2) a statement that the complainant may also bring such complainant's
39 complaint to the attention of the department;

40 (3) the department's mailing address, website, and telephone number;
41 and

42 (4) such other information as the superintendent may require.

43 (c) Each licensee shall report to the superintendent any change in
44 such licensee's complaint policies or procedures within seven days.

45 § 1020. Transitional period. A person who was engaging in virtual
46 currency business activity prior to the effective date of this article
47 shall apply for a license in accordance with this article within forty-
48 five days of the effective date of this article. A person who was engag-
49 ing in virtual currency business activity prior to the effective date of
50 this article and applies for a license within such forty-five day time
51 period shall be deemed in compliance with the licensure requirements of
52 this article until such person has been notified by the superintendent
53 that such person's application for a license has been denied. Upon
54 notification of the denial of an application for a license, such person
55 shall immediately cease operating in New York and doing business with
56 New York state residents. Any person engaged in virtual currency busi-

1 ness activity that fails to submit an application for a license within
2 forty-five days of the effective date of this article shall be deemed to
3 be conducting unlicensed virtual currency business activity.

4 § 1021. Severability. If any provision of this article or the applica-
5 tion thereof to any person or circumstance is adjudged invalid by a
6 court of competent jurisdiction, such judgment shall not affect or
7 impair the validity of the other provisions of this article or the
8 application thereof to other persons or circumstances.

9 § 2. This act shall take effect on the one hundred eightieth day after
10 it shall have become a law. Effective immediately, the addition, amend-
11 ment and/or repeal of any rule or regulation necessary for the implemen-
12 tation of this act on its effective date are authorized to be made and
13 completed on or before such effective date.