

---

## OLR Bill Analysis

### sHB 7082

#### ***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.***

#### **SUMMARY**

This bill imposes several virtual currency-related requirements and restrictions on people who are or must be licensed as money transmitters (“licensees”) under the state’s Money Transmission Act, which regulates businesses, other than banks or credit unions, that receive and transmit money. The bill:

1. generally requires licensees to give specific disclosures before entering into a virtual currency transaction (e.g., a fee schedule and whether the transaction is covered by insurance or is otherwise guaranteed against loss) and to provide receipts with specific details (e.g., the transaction’s value in U.S. dollars and any consideration the licensee charged) (§§ 2 & 5);
2. prohibits licensees who control other people’s virtual currency from, generally, selling or transferring it without the person’s authorization, or using a virtual currency control services vendor or other person to store or hold custody of the virtual currency unless they are qualified to do so (§§ 1-2 & 4); and
3. specifies that virtual currency held by licensees is a property interest of any claimants against it on a proportional basis (§ 3).

Separate from money transmission, the bill also prohibits Connecticut and its political subdivisions from accepting or requiring payment in the form of virtual currency, or purchasing, holding, investing in, or establishing a reserve of virtual currency (§ 6).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2025

## **§§ 2 & 5 — VIRTUAL CURRENCY TRANSACTION DISCLOSURES AND RECEIPTS**

The bill generally requires licensees that engage in the business of money transmission in Connecticut by receiving, transmitting, storing, or maintaining custody or control of virtual currency to provide specific disclosures and receipts for these transactions. However, the bill authorizes the banking commissioner to waive any of these requirements and approve an alternative disclosure or receipt proposed by a licensee if he determines that the alternative is more appropriate for the licensee's virtual currency business and gives the same or equivalent information and protection to the public.

### ***Disclosures***

Absent an approved alternative disclosure, the bill requires licensees to provide several disclosures before entering into a virtual currency transaction for, on behalf of, or with a person. Specifically, they must clearly and conspicuously disclose the following (to the extent applicable to the transaction) to the person in a retainable record:

1. a schedule of any fees or charges and the manner and timing for calculating any fee or charge that is not set and disclosed before the transaction;
2. any pricing differential on a purchase, sale, or exchange of virtual currency related to the transaction and in which the licensee or any of its affiliates is acting in a principal capacity;
3. whether the transaction is covered by insurance or is otherwise guaranteed against loss by a U.S. agency or the Securities Investor Protection Corporation, and, if so, (a) the U.S. dollar amount of the coverage or guarantee, and (b) whether the insurance provides coverage against theft or loss, including cyber theft;

4. that the transaction is irrevocable or if there is any exception to that;
5. a description of the (a) person's liability for and responsibility to notify the licensee about an unauthorized, mistaken, or accidental transaction, (b) basis for any recovery by the person from the licensee, (c) general rights of the person to resolve an error related to the transaction, and (d) method for the person to update his or her contact information with the licensee;
6. that the date or time when the transaction is completed and the person's account is debited may differ from the date or time when the person initiates the transaction;
7. whether the person has a right to stop a preauthorized transaction or revoke an authorization for a transaction and how to do so;
8. the person's right to receive (a) a receipt, trade ticket, or other evidence of the transaction and (b) notice within 30 days before any change in the licensee's fee schedule, other terms or conditions of the licensee's virtual currency business, and any policy applicable to the person's account;
9. that virtual currency is not money; and
10. any additional disclosure the banking commissioner determines to be reasonably necessary to protect the public.

### ***Receipts***

Absent an approved alternative receipt, the bill requires licensees to give the person a specific receipt once the transaction is completed. The receipt must contain the following information:

1. the licensee's name and contact information;
2. a description of how the person may ask a question or file a complaint;

3. the transaction's type, date, precise time, and value in U.S. dollars; and
4. any consideration the licensee charged for the transaction, including (a) any charge, fee, or commission, and (b) the amount of any difference between the price the person paid for the virtual currency and its prevailing market price.

Relatedly, the bill specifies that this receipt is in addition to the receipt that existing law requires virtual currency kiosk owners and operators specifically to provide after completing a virtual currency transaction.

#### **§§ 1-2 & 4 — VIRTUAL CURRENCY CUSTODY AND CONTROL RESTRICTIONS**

The bill imposes two restrictions on the handling of virtual currency by licensees that engage in the business of money transmission in Connecticut by receiving, transmitting, storing, or maintaining custody or control of virtual currency. First, it prohibits them from selling, transferring, assigning, lending, hypothecating, pledging, or otherwise using or encumbering virtual currency stored, held, controlled, maintained by, or under the custody or control of the licensee on a person's behalf, except for the sale, transfer of ownership, or assignment at the person's direction.

Second, it limits current law's provisions authorizing these licensees to use designated agents to provide money transmission services on their behalf. Regardless of those current authorizations, the bill prohibits the licensees from directly or indirectly using or engaging any other person, including a virtual currency control services vendor, to store or hold virtual currency for or on behalf of a customer, unless the other person is a licensed money transmitter, a qualified bank or credit union, or approved by the banking commissioner to do so.

Under the bill, a "virtual currency control services vendor" is a person who controls virtual currency under an agreement with another person who assumes control of this currency on a third person's behalf.

### **§ 3 — PROPERTY INTERESTS OF CLAIMANTS AGAINST LICENSEES**

Under existing law, licensees that engage in the business of money transmission in Connecticut by receiving, transmitting, storing, or maintaining custody or control of virtual currency on behalf of another person must at all times hold virtual currency of the same type and amount owed or obligated to the other person. The bill specifies that this virtual currency is a property interest of any claimants against the licensee on a proportional basis and in the type and amount to which the claimants are entitled, without regard to when the claimants became entitled or the licensee obtained control.

#### **BACKGROUND**

##### ***Virtual Currency Definition***

By law and under the bill, “virtual currency” is a digital unit (1) used as a medium of exchange or form of digitally stored value or (2) incorporated into payment system technology. It includes digital units of exchange that have a centralized repository or administrator, are decentralized without a centralized repository or administrator, or may be created or obtained by computing or manufacturing effort. Virtual currency does not include digital units used:

1. solely in online gaming platforms with no other market or application, or
2. exclusively in a consumer affinity or rewards program that (a) can be used only as payment for purchases with the issuer or another designated merchant and (b) cannot be converted into, or redeemed for, fiat currency.

##### ***Related Bill***

sHB 6991 (File 194), favorably reported by the Banking Committee, makes several definition changes that specify the scope of “money transmission” under the Money Transmission Act.

**COMMITTEE ACTION**

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/11/2025)