

## NYDFS Proposes a Streamlined Approval Process for Services in New Virtual Currencies

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Building upon its [BitLicense regime instituted in 2015](#), the New York State Department of Financial Services (**NYDFS**) has proposed two mechanisms by which entities that hold BitLicenses or trust charters with virtual currency authority (**VC Licensees**) may list or provide other approved services in a new virtual currency without seeking the prior approval of NYDFS.<sup>[1]</sup> NYDFS has generally required a VC Licensee to either obtain prior approval before providing services for each virtual currency not previously approved by NYDFS or to obtain approval for an analytical framework under which the VC Licensee would assess and self-certify services for new virtual currencies. As described by [NYDFS in its request for comment](#), there has been an exponential growth in the number of virtual currencies available in the virtual currency marketplace. This proposal is a welcome initiative to streamline the process for VC Licensees in seeking to list or provide other approved services in new or additional virtual currencies.

The first proposed mechanism would involve an NYDFS-maintained webpage that would identify each virtual currency it has reviewed and approved for listing, and therefore which any VC Licensee may list or otherwise adopt without seeking a determination from NYDFS. Initially, NYDFS contemplates this list to include Bitcoin, Bitcoin Cash, Ether, Ether Classic, Litecoin, Ripple, Paxos Standard and Gemini Dollar. For the determination to remain valid, any coin identified must not have been subject to a modification, division or change following its inclusion on the webpage.

The second proposed mechanism would formalize a practice that has developed among some VC Licensees. The proposal would allow a VC Licensee to self-certify new virtual currencies in accordance with a firm-specific, NYDFS-approved coin listing or adoption policy (**NYDFS Approved Listing Policy**). This process would

allow a VC Licensee to offer or otherwise adopt a new virtual currency upon prior notice to NYDFS. The proposal includes a model framework describing the topics and **minimum** governance, risk and monitoring standards that must be included in order for a listing policy to be approved. A VC Licensee that does not have a NYDFS Approved Listing Policy must continue to seek prior approval for any new virtual currency listings or adoption, unless the virtual currency is listed on the NYDFS-maintained webpage described above.

The comment period for the proposal is open until January 27, 2020.

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<sup>[1]</sup> NYDFS, *Proposed Guidance Regarding Adoption or Listing of Virtual Currencies*, Dec. 11, 2019, [https://www.dfs.ny.gov/apps\\_and\\_licensing/virtual\\_currency\\_businesses/pr\\_guidance\\_regarding\\_listing\\_of\\_vc](https://www.dfs.ny.gov/apps_and_licensing/virtual_currency_businesses/pr_guidance_regarding_listing_of_vc).