

Alert

'BitLicense' Proposed for Virtual Currency Regulation

July 18, 2014

Yesterday, on July 17, 2014, the New York State Department of Financial Services ("NYDFS") issued for public comment a proposed "BitLicense" regulatory licensing scheme for virtual currency businesses that conduct transactions with New York businesses and consumers. The proposed rules would require virtual currency businesses that are already engaged in a covered activity to apply for a license within 45 days after the effective date of the final rules.

The NYDFS issued the proposed rules after a year-long fact-finding effort regarding virtual currencies, which included a public hearing in January 2014. Comments will be due 45 days after the proposed rules are published in the *New York State Register's* July 23, 2014 edition; we expect their due date to be Sept. 8, 2014. After the public comment period, the proposed rules will be subject to additional review and revision based on public feedback before the NYDFS finalizes them.

The NYDFS press release announcing the issuance of the proposed rules is available [here](#), and a copy of the proposed rules is available [here](#).

We are reviewing the proposed rules and will issue another *Alert* that includes a summary of their provisions. In the meantime, if you have any questions please contact your attorney at Schulte Roth & Zabel or one of the following attorneys: [Donald J. Mosher](#), [Joseph P. Vitale](#), [Jessica Sklute](#), [Kara A. Kuchar](#) and [Melissa G.R. Goldstein](#).

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