

Alert

Virtual Currency Regulation: The NYDFS Extends Comment Period to October 21

August 22, 2014

The New York State Department of Financial Services (“NYDFS”), the New York state regulator for the financial services and insurance industries, has extended the comment period on proposed rules to implement a framework for regulating virtual currency activities involving New York State (the “Proposed Rules”) an additional 45 days. The Proposed Rules were published on July 23, 2014 and originally provided for a 45-day public comment period. With the extension announced on Aug. 21, comments now must be submitted to the NYDFS by or on Oct. 21, 2014.

The NYDFS indicated that the extension was granted in response to requests from numerous groups and individuals who argued that additional time was needed to study the Proposed Rules, given that they represent the first proposal by any government agency to regulate virtual currency activities and are, thus, potentially precedent-setting. The NYDFS also indicated that if, after the conclusion of the comment period, it decides to make material changes to the Proposed Rules, it would re-propose them for an additional public comment period prior to finalizing them.

The Proposed Rules require any business that engages in a “Virtual Currency Business Activity” to obtain a license from the NYDFS and require such VC Licensees to, among other things, adopt consumer protection, anti-money laundering and cybersecurity policies, procedures and requirements. To view our full summary and analysis of the Proposed Rules, please see our prior [Alert](#).

If you have any questions concerning this *Alert*, please contact your attorney at Schulte Roth & Zabel or one of the attorneys in the firm’s [Bank Regulatory Group](#).

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