

Rhode Island & Nevada Enter the Cryptocurrency Fray

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Effective January 1, 2020, Rhode Island will join the growing list of states that require entities to obtain a money transmitter license to provide certain services involving cryptocurrency (a.k.a. virtual currency). The Rhode Island General Assembly recently amended the state's money transmitter law to require licensing for "currency transmission," which is defined to include "maintaining control of virtual currency or transactions in virtual currency on behalf of others." Similar to other states, the revised statute defines "control" as "the power to execute unilaterally or prevent indefinitely a virtual currency transaction."

Various activities are excluded from the licensing requirement. For example, entities are exempt if they only:

1. Provide data storage or security services for a business engaged in virtual currency business activity and do not otherwise engage in virtual currency business activity on behalf of others;
2. Provide virtual currency as an enterprise solution used solely among each other and have no agreement or relationship with a resident that is an end-user of virtual currency; or
3. Obtain, create, invest, buy, or sell virtual currency as payment for good or services on their own behalf, for academic purposes, or for consumer purposes are exempt.

The revised law also imposes various requirements specifically on those that engage in virtual currency business activity. The text of the Rhode Island statute can be viewed [here](#).

Earlier this year, the Nevada legislature considered but ultimately declined to adopt the Uniform Regulation of [Virtual Currency Businesses Act](#). According to a [report](#) from Coindesk, the Nevada Division of Financial Institutions (the “Division”) has nevertheless changed its policy to now require owners of cryptocurrency kiosks to obtain a license. According to the article, the Division does not anticipate making a formal announcement of the change, and the Division has not provided detailed guidance about whether any cryptocurrency-related exemptions apply.

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