MEMORANDUM

DATE: November 1, 2017

TO: Honorable Christopher Sununu, Governor
    Honorable Shawn N. Jasper, Speaker of the House
    Honorable Chuck W. Morse, President of the Senate
    Honorable Paul C. Smith, House Clerk
    Honorable Tammy L. Wright, Senate Clerk
    Michael York, State Librarian

FROM: Representative John B. Hunt

             Chapter 205, Laws of 2016


If you have any questions or comments regarding this report, please do not hesitate to contact me.

Enclosure

Cc: committee members
ANNUAL REPORT

Commission to Study Cryptocurrency

HB 356, Chapter 205, Laws of 2016

November 1, 2017

Members:

Rep. John B. Hunt, Chairman
Rep. Barbara Biggie, Clerk
Rep. Susan W. Almy
Maryam Torben-Desfosses, Banking Department
Kevin Moquin, Division of Securities Regulation, Department of State
Jeremy Kauffman, representative of the cryptocurrency industry

Commission Charge

This commission was established effective June 6, 2016. It is charged with studying whether regulation of the cryptocurrency industry is necessary in New Hampshire. It is required to report annually with its findings and any recommendations for proposed legislation. The commission will be repealed effective November 1, 2021.

Legislation Adopted, 2017

Rep. Biggie and Rep. Ammon sponsored HB 436, exempting persons using virtual currency from registering as money transmitters, in 2017. This bill added an exemption to RSA 399-G exempting “persons who engage in the business of selling or issuing payment instruments or stored value solely in the form of convertible virtual currency or receive convertible virtual currency for transmission to another location” from the licensure requirements applied to money transmitters. It also explicitly stated that such persons are subject to RSA 358-A, the NH Consumer Protection Act.

HB 436 was signed by the Governor on June 2, 2017 and became Chapter 70, Laws of 2017. It took effect on August 1, 2017.
**Meeting and Discussion**

The Committee met on October 24, 2017 and elected Rep. John Hunt to continue to serve as the Chairman.

Maryam Torben-Desfosses, Banking Department, noted that the department had posted the following notice on its website relative to HB 436:

“With Governor Sununu’s signing of House Bill 436 into law, the New Hampshire Banking Department will no longer license or supervise money transmitters “who engage in the business of selling or issuing payment instruments or stored value solely (emphasis added) in the form of convertible virtual currency or receive convertible virtual currency for transmission to another location.” This change is effective on August 1, 2017. Bitcoin is one well-known example of “convertible virtual currency”.

Note the emphasized language above. Money transmitters who conduct business in traditional fiat currency, for example U.S. dollars, and those who transmit money in fiat and cryptocurrency are still required to be licensed with the New Hampshire Banking Department. Please call us at 603-271-3561 if you have questions.

As a result of passage of HB 436, NH RSA 399-G:3 will also include language stating that cryptocurrency transactions will now be “subject to the provisions of RSA 358-A”, also known as the Consumer Protection Act. Consumers who believe they may have been harmed by a cryptocurrency transmitter should contact the Consumer Protection Bureau of the New Hampshire Department of Justice at (603) 271-3641.”

Ms. Torben-Desfosses added that all of the money transmitters that were licensed prior to the adoption of this new exemption have maintained their licenses. Money transmitter license renewal costs $500 annually. The department will continue to audit these businesses on a regular basis using a standard checklist to ensure compliance with applicable laws. She was not aware of any complaints in this area, but will inquire about complaints and report back to the Commission.

Kevin Moquin noted that the Bureau of Securities Regulation has not received any complaints about virtual currency businesses.

Ian Freeman commented that the adoption of HB 436 has already provided good publicity for the state of New Hampshire. He cited a new app business based in Portsmouth that was attracted by the cryptocurrency-friendly environment and the Free State Blockchain Digital Assets Conference that will be held in December, as examples of how the new law has benefitted the state.
**Recommendation:**

After considering the testimony presented, commission members agreed that they would continue to monitor the New Hampshire cryptocurrency industry and would not recommend any changes to the current law for introduction in the 2018 legislative session.

Respectfully submitted on behalf of the commission,

Rep. John B. Hunt, Chairman