

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 86
Senate Commerce and Insurance Committee Substitute Adopted 6/12/18

Short Title: Virtual Currency Changes. (Public)

Sponsors:

Referred to:

February 13, 2017

A BILL TO BE ENTITLED
AN ACT TO MAKE CLARIFYING CHANGES TO PERMISSIBLE INVESTMENTS AND
STATUTORY TRUST UNDER THE MONEY TRANSMITTERS ACT.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 53-208.42 reads as rewritten:

"§ 53-208.42. **Definitions.**

For purposes of this Article, the following definitions apply:

...

(2) Authorized delegate. – An entity designated by the licensee under the provisions of this Article to engage in the business of money transmission on behalf of a licensee ~~from a branch office~~ in this State.

...

(17) Permissible investments. – One or more of the following, but only to the extent that they are maintained in an account located in the United States:

a. Cash.

b. Certificates of deposit or other debt obligations of a depository institution, either domestic or foreign.

c. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, which are eligible for purchase by member banks of the Federal Reserve System.

d. Any investment bearing a rating of one of the three highest grades as defined by a nationally recognized organization that rates securities.

e. Investment securities that are obligations of the United States, its agencies, or instrumentalities or obligations that are guaranteed fully as to principal and interest of the United States or any obligations of any state, municipality, or any political subdivision thereof.

f. Shares in a money market mutual fund, interest bearing bills or notes or bonds, debentures, or preferred stock traded on any national securities exchange or on a national over the counter market, or mutual funds primarily composed of such securities or a fund composed of one or more permissible investments as set forth herein.

g. Any demand borrowing agreement or agreements made to a corporation or a subsidiary of a corporation whose capital stock is listed on a national exchange.

h. Value of receivables due to the licensee that are no more than ~~90~~30 days past due or otherwise doubtful of collection.



- 1 i. Virtual currency ~~owned by the licensee~~, but only to the extent of
- 2 outstanding transmission obligations received by the licensee in like
- 3 kind virtual currency.
- 4 j. Any other investments or security device approved by the
- 5 Commissioner.

6"

7 **SECTION 2.** G.S. 53-208.48 reads as rewritten:

8 **"§ 53-208.48. Permissible investments and statutory trust.**

9 (a) ~~Each~~ Except as otherwise provided in this section, each licensee under this Article
 10 shall possess at all times unencumbered permissible investments having an aggregate market
 11 value, calculated in accordance with generally accepted accounting principles, of not less than
 12 the aggregate face amount of all outstanding transmission obligations. This requirement may be
 13 waived by the Commissioner if the dollar volume of a licensee's outstanding transmission
 14 obligations does not exceed the bond or other security devices posted by the licensee pursuant to
 15 G.S. 53 208.47.

16 (b) Permissible investments, even if commingled with other assets of the licensee, shall
 17 be deemed by operation of law to be held in trust for the benefit of the purchasers and holders of
 18 the licensee's outstanding payment instruments and stored value obligations in the event of the
 19 bankruptcy of the licensee.

20 (c) If the licensee possesses virtual currency as permissible investments under this
 21 Article, the Commissioner may at any time request that the licensee verify, in a manner
 22 acceptable to the Commissioner, aggregate virtual currency transmission obligations outstanding
 23 and virtual currency held as permissible investments, including virtual currency stored offline."

24 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
 25 law.