

# The Wait is Over: Louisiana Proposes Virtual Currency Business Rules

**July 01, 2022**

The Louisiana Virtual Currency Business Act (Act), which requires virtual currency businesses to hold a [license](#) became effective on August 1, 2020. At that time the Louisiana Office of Financial Institutions (OFI) was tasked with adopting administrative rules to govern the licensing process before it could begin accepting license applications. The wait is over and the OFI published proposed rules in the Louisiana Register on June 20, 2022.

Businesses or individuals who are currently operating, or intend to soon begin operating, a virtual currency business with Louisiana residents, may want to review the proposed rules and watch for news of their adoption (expected later this fall) to timely submit a completed application to the Louisiana regulator.

The proposed rules contain a number of routine administrative items including processes for change of control, renewal, determination of net worth, examination, reporting, recordkeeping and policies and procedure requirements. The proposed rules also expand the definition of “control” and add definitions for previously undefined terms, including, but not limited to, definitions for “Unfair or Deceptive Act or Practice” and “Unsafe or Unsound Act or Practice,” which are both specific named activities for which the Department can take enforcement measures under the Act. Failure to provide required disclosures under the new proposed rules would automatically be an unfair or deceptive act or practice for purposes of enforcement actions. However, the proposed rules do not yet identify the required disclosures. Instead, the rules are written to allow the Commissioner to take further actions by policy at a later date.

Unsafe or unsound act or practice includes engaging in activity “which creates the likelihood of material loss, insolvency, dissipation of the licensee’s or registrant’s assets, materially prejudices the interests of its customers, and any other set of facts and circumstances, as determined by the commissioner in his discretion.” The rules allow the Commissioner to asses a civil penalty, not to exceed \$1,000 for each violation, for violations of the Act or of the proposed rules.

After the rules are effective, any person already engaged in virtual currency business activity or activities in Louisiana must either apply for a license or file a notice of registration, and submit a completed application within 90 days of the effective date. The initial license application fee is set at \$5,000 and the initial registration application fee is set at \$750. It appears that all applications will be processed through the National Mortgage Licensing System (NMLS).

Comments to the proposed rules are being accepted through 5:00 pm on July 10, 2022. If you would like to review the current proposed rules you can find them [here](#).

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