





Hi Dana,

I have 2 comments on BitLicense proposal:

1)

as proposed BitLicense exempts from licensing requirements:

"merchants and consumers that utilize Virtual Currency solely for the purchase or sale of goods or services."

This exemption is too narrow. Consumers buy virtual currency not just to use it to purchase goods or services. They may buy virtual currency as investment in an attempt to sell it later for profit just as they buy and sell stocks and bonds (in fact it's likely most of virtual currency activity by individual users today is for investment purpose rather than to use virt curr to buy goods/services). FinCEN does not consider persons who buy and sell virtual currency as investment for their own account as money servicing businesses per

http://www.fincen.gov/news_room/rp/rulings/pdf/FIN-2014-R002.pdf

Clearly BitLicense proposal didn't intend to require individual investors trading in virtual currencies for their own account obtain the license but the above language in BitLicense proposal taken in isolation from the rest of the document can be misconstrued to imply otherwise. My suggestion is to broaden the definition of when persons are exempted from BitLicense so that virtual currency investment activity by individual investors is also exempted.

In addition consumers may give bitcoins as gifts to other consumers or as payment of debt. This activity should also be exempted from needing a BitLicense when done by individual consumers and not as a customer business.

2)

Electronic Code of Federal Regulations that defines money services business (MSB), money transmitters, etc. :

<http://www.ecfr.gov/cgi-bin/text-idx?type=simple;c=ecfr;cc=ecfr;sid=6713e2629830c48030723a73ffae5b8a;idno=31;region=DIV1;q1=1010.100;rgn=d>

limits in paragraph (ff)(8)(iii) what activity is considered MSB, money transmitters, etc. as follows:

"

(8) *Limitation.* For the purposes of this section, the term “money services business” shall not include:

...

(iii) A natural person who engages in an activity identified in paragraphs (ff)(1) through (ff)(5) of this section on an infrequent basis and not for gain or profit."

"

I suggest that BitLicense also adds a similar exemption from needing a license for persons who do some virtual currency activity as defined in Bitlicense on behalf of others (e.g. close relatives, domestic partners, etc.) infrequently, not as a business and not for profit or gain. e.g. a daughter helping her old father with managing his bitcoins (say storing his coins on her computer because he doesn't have his own computer).

In addition it would be helpful to clarify Virtual Currency Business Activity definitions that it only applies when it's done as customer business. Currently only case 3 says so explicitly:

"(3) buying and selling Virtual Currency as a customer business"

all other cases (1), (2), (4), (5) don't say "as a customer business". I suggest those cases also add "as a customer business" clarification just as it's said for case (3)

Thank you for considering my comments!