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DFS Office of General Counsel
Dana V. Syracuse
New York State Department of Financial Services
One State Street
New York, NY 10004
United States of America

dana.syracuse@dfs.ny.gov

16.10.2014

**Re: Proposed New York Codes, Rules and Regulations
Title 23. Department of Financial Services
Chapter I. Regulations of the Superintendent of Financial Services
Part 200. Virtual Currencies**

Dear Ms. Syracuse,

Leondra music GmbH ("Leondra") appreciates this opportunity to comment briefly on the DFS' proposed BitLicense Framework. Leondra is fully supportive of the DFS initiative to create an environment that will define the regulatory landscape for all parties engaging in virtual currencies. We file this brief comment letter to highlight certain issues the DFS should review as part of its rule making.

Leondra, an Internet startup originating from Berlin, Germany, is in the stages of introducing a new asset class for creatives: Leondrino – a new type of virtual currencies secured by current and future business of global entertainment brands. As part of our expansion plans, we are considering setting up our US operations in New York City. Your current rule making initiatives encourages us in this very endeavor. As other parties have done already, we commend you for your transparent approach and for seeking a dialog that must balance the interest of consumers and the interests of both entrepreneurs and established businesses.

Comments

Section 200.4 Application

Section 200.14 Reports and financial disclosures

Sections 200.4 (13) and 200.14 (d), among others, make reference to the valuation of the Virtual Currency expressed Fiat Currency. While the Virtual Currency Business Activity is based on a market-based price discovery based on supply and demand, the DFS may elaborate on suggested or expected valuation techniques.



Section 200.8 Capital requirements

We fully support your risk-oriented approach of suggesting low-risk alternatives (200.8 (b) 1-5) with short maturity profiles for the investment of retained earnings.

Particularly with a view on internationally operating companies, we would like to suggest to possibly include Euro-denominated investment alternatives of similar stature.

According to Q1 2014 data of the International Monetary Fund¹, 60.9% of currency reserves are held in the form of US Dollars. The second-largest position is the Euro with a 24.5% share.

Section 200.15 Anti-money laundering program

Effective anti-money laundering provisions and mechanisms are pivotal to a proper and sustainable Virtual Currency Business Activity.

While we agree with the USD 10,000 threshold in 200.15 (d) (2), we view the USD 3,000 threshold in 200.15 (g) (4) as possibly too low. A too low threshold would result in excessive administrative requirements for the Licensee, including for the DFS.

Conclusion

We commend you for your efforts in the field of Virtual Currency Business Activity and, already now, feel highly encouraged that New York State, and New York City in particular, will provide the best possible base for our envisaged expansion into the United States of America. We will continue to closely follow the process and the finalization of your rule making.

If you have any questions regarding this comment letter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in purple ink, reading "Sandra Leonie Ritter".

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Sandra Leonie Ritter
Chief Executive Officer

¹ International Monetary Fund, Currency Composition of Official Foreign Exchange Reserves (COFER), <http://www.imf.org/External/np/sta/cofer/eng/index.htm>