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Dear Superintendent Lawsky and General Counsel Syracuse,

This message is to express concerns about the proposed virtual currency regulatory framework.

The technology that powers Bitcoin, currently the pre-eminent virtual currency, includes several innovative features. As a complete system it enables even more innovation that has only begun to be realized. Bitcoin is more than an electronic version of money. It is a platform for communication, collaboration and complex transactions. The uses that have already begun to be developed include the following:

- Smart contracts
- Distributed autonomous corporations
- Secure electronic voting
- Alternative internet domains
- Micro publishing
- Electronic stocks and bonds

These are just a few of the possible areas of revolutionary change. Experimentation with the Bitcoin technology almost always takes the form of developing a new "coin" (called an altcoin) off the same base - often by cloning (copying) the Bitcoin code itself and modifying it by changing the branding and adding new features.

Testing is done by allowing others to download the software and use it. In fact, there is no equivalent way of testing such powerful, distributed technology other than real use, where the network will generate the volume and kinds of data that will show the weaknesses and where humans will apply their creativity to exploring the possibilities.

The proposed regulations create significant burdens (in time, money and expertise required to achieve compliance) that are inconsistent with the nature of experimentation, which is rapid, exploratory and structured around the data needed to test a hypothesis, rather than around the needs of a business. Thus the part 200 proposed regulation would severely inhibit the exploration and experimentation needed to bring the great potential of this new technology to fruition by suppressing the creation of new types of cryptocurrencies by the many, talented and curious “hackers” of the New York. Instead, only well financed and highly risk averse businesses will have the financing and government-navigation knowledge that will allow them to pursue the potential of this technology.

For these reasons, it is respectfully suggested that an exemption from licensing requirements be added under part 200.3 for researchers.

In addition, an exemption is suggested for hobbyists and organizations who are engaged in experimentation with virtual currency features that are not intended to generate profit. Such features may include improvements to security or to privacy, different methods of calculating proof for new blocks and other improvements in or alterations to the underlying technology.

The suggested exemptions would protect those who use the creation of virtual currency to push the boundaries of financial technology. Bitcoin is new technology with great potential to change financial interactions but also many other kinds of interactions. New York City, as one of the world’s greatest finance centers, has a concentration of market and financial knowledge that could, if permitted, develop uses for this technology that go far beyond what has currently been envisioned but only if such experimentation is allowed. If New York does not participate in this great project, it will surely fall behind world financial centers such as London, where there are policies of welcoming new technology.

Respectfully,

**David Vandervort**  
**Research and Development Engineer (3)**  
PARC, A Xerox Company

