

October 21, 2014

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

Dear Mr. Syracuse

I am a consultant for firms that are registered with the Commodity Futures Trading Commission (“CFTC”) and Members of the National Futures Association (“NFA”). As a former regulator with the Commodity Exchange Inc (“COMEX”) and the NFA, I certainly understand the need for rules and regulations that are geared towards consumer protection. The rules that the New York State Department of Financial Services (“DFS”) have proposed are very similar to the rules currently in effect for NFA/CFTC registrants.

NFA and CFTC have rigorous customer protection rules and regulations. Firms subject to their regulation have to perform KYC rules as well as Anti-Money Laundering monitoring that is as stringent as the procedures that you have proposed. They also have high standards on promotional materials, solicitation, and dealing with customer complaint procedures. They have capital rules that insure that the firms are stable financial entities that could sufficiently cover firm’s risk. As a result, firms subject to this regulatory scheme would be the type of firms that could meet NYS standards for operating as an approved to business with Bitcoin customers.

I would like to suggest that firms with NFA/CFTC registrations be able to obtain a NYS license based upon their current license or be able to obtain an exemption from registration if they are able to demonstrate that they are currently subject to a comparable regulatory scheme. They are the type of firms that I believe you would want to be operating as Bitcoin dealers or vendors in NYS.

Regards
Alan Lash