HUDSON VALLEY
current

March 27, 2015

Dana Syracuse
Deputy General Counsel, Office of the General Counsel
New York State Department of Financial Services
One State Street, New York, NY 10004

Re: Addition of Part 200 to Title 23 of the New York Codes, Rules and Regulations.

Dear Mr. Syracuse,

This letter is on behalf of the Hudson Valley Current Inc. ("HVC"), a not-for-profit corporation located in the Hudson Valley, New York. We appreciate the opportunity to submit comments on the Notice of Proposed Rulemaking I.D. No. DFS-29-14-00015-RP. HVC, which operates only in certain counties in the Hudson Valley, was established to stimulate the region's economy and create more wealth opportunities. To this end, it has created a form of a barter system that provides residents with a platform to buy and sell locally produced products and services using a digital unit of exchange called the Current. The Current is not redeemable or convertible into fiat currency.

Of particular concern to HVC is the intended scope of the exemption from the definition of "virtual currency" in Section 200.2, paragraph (p), Subparagraph (2). Subparagraph 2 provides that the following is not considered to be virtual currency: "digital units" that are redeemable only "for goods, services, . . . or purchases with the issuer and/or other designated merchants" and "cannot be converted into, or redeemed for Fiat Currency or other Virtual Currency".

We request the DFS clarify in the regulation itself or interpretive guidance upon issuance of the final regulation that digital units issued for the purpose of barter are within the scope of this exemption. This exemption could explicitly provide that it is available if the digital unit issuer is treated for federal and/or state tax purposes as a barter exchange. Recognizing that it is not possible to predict whether that status of such an issuer could change in time due to federal or state statutory or regulatory changes, we also suggest that availability of the exception depend on the nature of the issuer at the time the first digital unit is issued assuming that no other changes are made with respect to redemption and conversion of the digital unit.

We again appreciate the opportunity to provide comments on the proposal. We are available to answer any questions you may have.

Sincerely,

Christopher Fenichel-Hewitt
Executive director, Hudson Valley Current, Inc.

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