

New York's Final "BitLicense" Rule: Overview and Changes from the July 2014 Proposal

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The New York Department of Financial Services (NYDFS) has published its [final "BitLicense" rule](#) for virtual currency businesses, as announced by outgoing [NYDFS Superintendent Lawsky in a speech](#) on Wednesday. Firms engaged in "Virtual Currency Business Activity" involving New York or a New York resident are required to apply for a BitLicense within 45 days of the effective date of the regulation, which is to be determined. Following an inquiry (including hearings) begun in 2013, this is the third version of the regulation, after an initial proposal in July 2014 and a reproposal in February 2015. Blacklines showing the changes between the proposed and final versions of the rule are available on [bitcoin-reg.com](#).

Firms that must apply for a license are required to have, among other things, AML/KYC, Consumer Protection, and Cybersecurity programs. Businesses involved in virtual currency activity should consider whether they will be required to apply for a BitLicense, and if they will be, whether they meet the BitLicense requirements (e.g., AML/KYC program) and whether they should apply for a license, seek no action relief or other clarification from the NYDFS, or seek to exit the New York market. This visual memo summarizes the requirements of the BitLicense regime and the changes made to the regime since the July 2014 initial proposal.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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