

SENATE BILL 305

I1, I3

5lr1348

By: **Senators Beidle and Hettleman**

Introduced and read first time: January 13, 2025

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2025

CHAPTER _____

1 AN ACT concerning

2 **Financial Institutions and Activities – Virtual Currency Kiosks – Registration**
3 **and Regulation**

4 FOR the purpose of establishing registration and operating requirements for a virtual
5 currency kiosk operator to operate a virtual currency kiosk in the State; authorizing
6 the Commissioner of Financial Regulation to investigate and enforce this Act in a
7 certain manner; authorizing the Commissioner to assess and recover certain
8 penalties for a knowing and willful violation of this Act; and generally relating to the
9 regulation of virtual currency kiosks.

10 BY repealing and reenacting, without amendments,
11 Article – Financial Institutions
12 Section 1–101(a) and (g)
13 Annotated Code of Maryland
14 (2020 Replacement Volume and 2024 Supplement)

15 BY adding to
16 Article – Financial Institutions
17 Section 12–1201 through ~~12–1207~~ 12–1209 to be under the new subtitle “Subtitle 12.
18 Virtual Currency Kiosks”
19 Annotated Code of Maryland
20 (2020 Replacement Volume and 2024 Supplement)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
22 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



Article – Financial Institutions

1–101.

(a) In this article, unless the context clearly requires otherwise, the following words have the meanings indicated.

(g) “Commissioner” means the Commissioner of Financial Regulation in the Maryland Department of Labor.

SUBTITLE 12. VIRTUAL CURRENCY KIOSKS.

12–1201.

(A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) “EXPERIENCED USER” MEANS A PERSON THAT IS NOT A NEW USER.

(C) “NEW USER” MEANS A PERSON THAT IS TRANSACTING WITH A VIRTUAL CURRENCY KIOSK OPERATOR:

(1) FOR THE FIRST TIME; OR

(2) ANYTIME IN THE 72 HOURS IMMEDIATELY FOLLOWING THE PERSON’S FIRST TRANSACTION WITH THE VIRTUAL CURRENCY KIOSK OPERATOR.

~~(B)~~ (D) (1) “VIRTUAL CURRENCY” MEANS A DIGITAL REPRESENTATION OF VALUE THAT:

(I) IS USED AS A MEDIUM OF EXCHANGE, UNIT OF ACCOUNT, OR STORE OF VALUE; AND

(II) IS NOT CURRENCY, AS DEFINED IN § 12–802 OF THIS TITLE.

(2) “VIRTUAL CURRENCY” DOES NOT INCLUDE:

(I) A DIGITAL REPRESENTATION OF VALUE THAT CAN BE REDEEMED FOR:

1. GOODS, SERVICES, DISCOUNTS, OR PURCHASES SOLELY AS PART OF A CUSTOMER AFFINITY OR REWARDS PROGRAM WITH THE ISSUING MERCHANT OR OTHER DESIGNATED MERCHANTS, OR BOTH; OR

1 2. DIGITAL UNITS IN ANOTHER CUSTOMER AFFINITY OR
2 REWARDS PROGRAM THAT MAY NOT DIRECTLY OR INDIRECTLY BE CONVERTED
3 INTO, REDEEMED, OR EXCHANGED FOR MONEY, MONETARY VALUE, BANK CREDIT,
4 OR VIRTUAL CURRENCY; OR

5 (II) A DIGITAL REPRESENTATION OF VALUE ISSUED BY OR ON
6 BEHALF OF A PUBLISHER THAT:

7 1. IS USED SOLELY WITHIN AN ONLINE GAME, GAME
8 PLATFORM, OR FAMILY OF GAMES SOLD BY THE SAME PUBLISHER OR OFFERED ON
9 THE SAME GAME PLATFORM;

10 2. HAS NO MARKET OR APPLICATION OUTSIDE OF THE
11 ONLINE GAME, GAME PLATFORM, OR FAMILY OF GAMES;

12 3. MAY NOT DIRECTLY OR INDIRECTLY BE CONVERTED
13 INTO, REDEEMED, OR EXCHANGED FOR MONEY, MONETARY VALUE, BANK CREDIT,
14 OR VIRTUAL CURRENCY; AND

15 4. MAY OR MAY NOT BE REDEEMABLE FOR REAL-WORLD
16 GOODS, SERVICES, DISCOUNTS, OR PURCHASES.

17 ~~(C)~~ (E) (1) “VIRTUAL CURRENCY KIOSK” MEANS A STAND-ALONE
18 AUTOMATED PLATFORM THROUGH WHICH A CONSUMER MAY DEPOSIT OR RECEIVE
19 CASH OR USE A CREDIT OR DEBIT CARD TO OBTAIN VIRTUAL CURRENCY SERVICES.

20 (2) “VIRTUAL CURRENCY KIOSK” DOES NOT INCLUDE AN AUTOMATED
21 TELLER MACHINE, AS DEFINED IN § 1-401(D) OF THIS ARTICLE.

22 ~~(D)~~ (F) “VIRTUAL CURRENCY KIOSK OPERATOR” OR “OPERATOR” MEANS
23 A PERSON WHO OWNS OR OPERATES A VIRTUAL CURRENCY KIOSK IN THE STATE.

24 ~~(E)~~ (G) (1) “VIRTUAL CURRENCY SERVICE” MEANS:

25 (I) THE CONVERSION OF A VIRTUAL CURRENCY TO ANOTHER
26 FORM OF VIRTUAL CURRENCY; OR

27 (II) THE PURCHASE, SALE, EXCHANGE, SWAP, OR TRANSFER OF
28 VIRTUAL CURRENCY BY ANY MEANS.

29 (2) “VIRTUAL CURRENCY SERVICE” INCLUDES ANY OTHER ACTIVITY
30 THAT THE COMMISSIONER IDENTIFIES AS A VIRTUAL CURRENCY SERVICE BY
31 REGULATION.

(3) "VIRTUAL CURRENCY SERVICE" DOES NOT INCLUDE MONEY TRANSMISSION, AS DEFINED IN § 12-401(P) OF THIS TITLE.

12-1202.

THIS SUBTITLE APPLIES TO A VIRTUAL CURRENCY KIOSK OPERATOR.

12-1203.

(A) BEGINNING JANUARY 1, 2026, A VIRTUAL CURRENCY KIOSK OPERATOR SHALL REGISTER A VIRTUAL CURRENCY KIOSK WITH THE COMMISSIONER BEFORE OPERATING THE VIRTUAL CURRENCY KIOSK IN THE STATE.

(B) AN APPLICATION FOR REGISTRATION SHALL INCLUDE:

(1) THE NAME OF THE VIRTUAL CURRENCY KIOSK OPERATOR;

(2) THE ADDRESS OF THE VIRTUAL CURRENCY KIOSK OPERATOR;

(3) UNIQUE IDENTIFYING INFORMATION FOR THE VIRTUAL CURRENCY KIOSK, SUCH AS THE MANUFACTURER NAME, MODEL NUMBER, SERIAL NUMBER, OR ASSET TAG;

(4) IF THE VIRTUAL CURRENCY KIOSK OPERATOR INTENDS TO OPERATE THE VIRTUAL CURRENCY KIOSK FROM ANY FIXED LOCATION FOR MORE THAN 30 DAYS IN A CALENDAR YEAR, EACH PHYSICAL ADDRESS WHERE THE VIRTUAL CURRENCY KIOSK WILL BE OPERATED;

(5) IF THE VIRTUAL CURRENCY KIOSK OPERATOR INTENDS TO OPERATE THE VIRTUAL CURRENCY KIOSK AT ANY LOCATION FOR 30 DAYS OR LESS IN A CALENDAR YEAR, THE GEOGRAPHIC AREA WHERE THE LICENSEE INTENDS TO OPERATE THE VIRTUAL CURRENCY KIOSK; AND

(6) ANY OTHER INFORMATION THAT THE COMMISSIONER REQUIRES BY REGULATION.

(C) A VIRTUAL CURRENCY KIOSK OPERATOR:

(1) SHALL RENEW THE REGISTRATION ON AN ANNUAL BASIS; AND

(2) MAY BE REQUIRED TO PAY A FEE AT THE TIME OF RENEWAL.

(D) THE COMMISSIONER MAY ADOPT AND ENFORCE:

(1) REGISTRATION PROCEDURES FOR VIRTUAL CURRENCY KIOSKS,
WHICH MAY INCLUDE THE USE OF NMLS;

(2) REGISTRATION FEES FOR VIRTUAL CURRENCY KIOSKS, WHICH
MAY INCLUDE FEES FOR THE USE OF NMLS, TO BE PAID DIRECTLY BY THE VIRTUAL
CURRENCY KIOSK OPERATOR;

(3) PROCEDURES AND FEES FOR RENEWING A VIRTUAL CURRENCY
KIOSK'S REGISTRATION, WHICH MAY INCLUDE FEES FOR THE RENEWED USE OF
NMLS, TO BE PAID DIRECTLY BY THE VIRTUAL CURRENCY KIOSK OPERATOR; ~~AND~~

(4) REGULATIONS REGARDING THE LIGHTING AND SAFETY OF
VIRTUAL CURRENCY KIOSK LOCATIONS; AND

(5) REGULATIONS REGARDING APPROPRIATE SIGNAGE TO CLEARLY
IDENTIFY A KIOSK AS A VIRTUAL CURRENCY KIOSK.

12-1204.

(A) A VIRTUAL CURRENCY KIOSK OPERATOR SHALL ENSURE THAT THE
VIRTUAL CURRENCY KIOSK DOES NOT, IN CONNECTION WITH VIRTUAL CURRENCY
SERVICES FOR A SINGLE PERSON IN THE STATE USING ONE OR MORE VIRTUAL
CURRENCY KIOSKS, ACCEPT OR DISPENSE IN A SINGLE DAY ~~MORE THAN \$1,000;~~

~~(1) IN CASH, INCLUDING VALUE DOWNLOADED THROUGH PRE-PAID
ACCESS, AS DEFINED IN § 12-401(U) OF THIS TITLE; OR~~

~~(2) THE EQUIVALENT IN CREDIT~~ AN AMOUNT OF CASH, INCLUDING
VALUE DOWNLOADED THROUGH PREPAID ACCESS, AS DEFINED IN § 12-401 OF THIS
TITLE, OR THE EQUIVALENT IN CREDIT THAT EXCEEDS:

(1) FOR A NEW USER, \$2,000; OR

(2) FOR AN EXPERIENCED USER, \$10,500.

(B) A VIRTUAL CURRENCY KIOSK OPERATOR ~~MAY~~:

(1) MAY NOT IMPOSE A FEE IN EXCESS OF THE GREATER OF:

~~(1)~~ (I) \$5; OR

~~(2)~~ (II) 15% OF THE AMOUNT OF A VIRTUAL CURRENCY SERVICE
TRANSACTION; AND

(2) SHALL REFUND ANY FEE IMPOSED ON A TRANSACTION THAT IS VERIFIED AS FRAUDULENT IN A MANNER ESTABLISHED BY THE COMMISSIONER THROUGH REGULATION.

(C) A VIRTUAL CURRENCY KIOSK OPERATOR SHALL COLLECT THE FOLLOWING INFORMATION FROM A PERSON BEFORE ACCEPTING CASH OR CREDIT IN CONNECTION WITH A VIRTUAL CURRENCY SERVICE FROM THE PERSON:

(1) NAME;

(2) DATE OF BIRTH;

(3) MAILING ADDRESS;

(4) ELECTRONIC MAIL ADDRESS;

(5) PHONE NUMBER; AND

(6) A COPY OF THE PERSON'S GOVERNMENT-ISSUED IDENTIFICATION.

(D) AT THE END OF A VIRTUAL CURRENCY TRANSACTION, THE VIRTUAL CURRENCY KIOSK OPERATOR SHALL DISPENSE OR DISPLAY A RECEIPT THAT INCLUDES:

(1) THE TYPE OF VIRTUAL CURRENCY SOLD OR PURCHASED;

(2) THE VALUE OF THE VIRTUAL CURRENCY SOLD OR PURCHASED, INCLUDING THE REQUISITE EXCHANGE RATE FOR THE VIRTUAL CURRENCY;

(3) THE DATE AND TIME OF THE TRANSACTION;

(4) IDENTIFYING INFORMATION FOR THE VIRTUAL CURRENCY KIOSK;

(5) THE TOLL-FREE NUMBER FOR CUSTOMER SUPPORT; AND

(6) ANY OTHER INFORMATION THAT THE COMMISSIONER REQUIRES THROUGH REGULATION.

12-1205.

(A) A VIRTUAL CURRENCY KIOSK OPERATOR SHALL ENSURE THAT A VIRTUAL CURRENCY KIOSK DISPLAYS ON-SCREEN DISCLOSURES BEFORE EACH VIRTUAL CURRENCY SERVICE TRANSACTION THAT DISCLOSE ALL MATERIAL RISKS

1 GENERALLY ASSOCIATED WITH VIRTUAL CURRENCY IN CLEAR AND CONSPICUOUS
2 LANGUAGE.

3 (B) THE ON-SCREEN DISCLOSURES SHALL INCLUDE:

4 (1) A SCHEDULE OF FEES AND CHARGES THAT MAY BE ASSESSED;

5 (2) THE STATEMENT:

6 “VIRTUAL CURRENCY IS NOT MONEY OR LEGAL TENDER AND IS NOT BACKED OR
7 INSURED BY THE GOVERNMENT. VIRTUAL CURRENCY ACCOUNTS AND VALUE
8 BALANCES ARE NOT SUBJECT TO ANY PROTECTIONS FROM THE FEDERAL DEPOSIT
9 INSURANCE CORPORATION, NATIONAL CREDIT UNION ADMINISTRATION, OR
10 SECURITIES INVESTOR PROTECTION CORPORATION.”;

11 (3) THE STATEMENT:

12 “WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL VIRTUAL CURRENCY
13 TRANSACTIONS ~~ARE~~ MAY NOT BE RECOVERABLE AND TRANSACTIONS IN VIRTUAL
14 CURRENCY ARE IRREVERSIBLE. VIRTUAL CURRENCY TRANSACTIONS MAY BE USED
15 BY SCAMMERS IMPERSONATING LOVED ONES, THREATENING JAIL TIME, AND
16 INSISTING YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE
17 VIRTUAL CURRENCY.”;

18 (4) THE CONTACT INFORMATION FOR THE VIRTUAL CURRENCY KIOSK
19 OPERATOR, INCLUDING THE OPERATOR’S NAME, PHONE NUMBER, ADDRESS, AND
20 HOURS OF OPERATION;

21 (5) THE CURRENT EXCHANGE RATES FOR EACH TYPE OF VIRTUAL
22 CURRENCY ELIGIBLE TO BE SOLD OR PURCHASED AT THE VIRTUAL CURRENCY
23 KIOSK; AND

24 ~~(5)~~ (6) ANY OTHER INFORMATION THAT THE COMMISSIONER
25 REQUIRES BY REGULATION.

26 (C) THE VIRTUAL CURRENCY OPERATOR SHALL ENSURE THAT A PERSON
27 USING THE OPERATOR’S VIRTUAL CURRENCY KIOSK IS REQUIRED TO
28 ACKNOWLEDGE AND ACCEPT EACH DISCLOSURE BEFORE THE PERSON MAY RECEIVE
29 VIRTUAL CURRENCY SERVICES.

30 (D) THE COMMISSIONER SHALL ADOPT REGULATIONS ESTABLISHING THE
31 MINIMUM AMOUNT OF TIME THAT EACH DISCLOSURE MUST REMAIN ON THE SCREEN
32 BEFORE ADVANCING.

12-1206.

A VIRTUAL CURRENCY OPERATOR SHALL MAINTAIN LIVE CUSTOMER SUPPORT THAT, AT A MINIMUM, IS:

(1) REACHABLE BY TELEPHONE AT A TOLL-FREE NUMBER; AND

(2) AVAILABLE MONDAY THROUGH FRIDAY BETWEEN 8 A.M. AND 6 P.M.

12-1207.

A VIRTUAL CURRENCY KIOSK OPERATOR SHALL ENSURE THAT THE VIRTUAL CURRENCY KIOSK:

(1) OPERATES SOLELY FOR THE PURPOSE OF VIRTUAL CURRENCY SERVICES; AND

(2) DOES NOT OPERATE AS AN AUTOMATED TELLER MACHINE AS DEFINED UNDER § 1-401 OF THIS ARTICLE.

12-1208.

(A) THE COMMISSIONER MAY USE THE INVESTIGATIVE AND ENFORCEMENT POWERS UNDER §§ 2-113 THROUGH 2-116 OF THIS ARTICLE TO ENFORCE THIS SUBTITLE.

(B) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE COMMISSIONER MAY IMPOSE THE PENALTIES UNDER §§ 2-113 THROUGH 2-116 OF THIS ARTICLE FOR A VIOLATION OF THIS SUBTITLE.

(2) THE COMMISSIONER MAY ASSESS AGAINST A VIRTUAL CURRENCY KIOSK OPERATOR A CIVIL PENALTY NOT EXCEEDING \$1,000 FOR EACH KNOWING AND WILLFUL VIOLATION OF THIS SUBTITLE.

(3) EACH DAY THAT A VIOLATION OCCURS OR CONTINUES IS A SEPARATE VIOLATION.

~~12-1207.~~ 12-1209.

THE COMMISSIONER ~~MAY~~ SHALL ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2025.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.