

June 1, 2023

The Honorable Mark Wright
Louisiana House of Representatives
312 South Jefferson Street, Suite A & B
Covington, LA 70433

RE: Senate Bill 185

Dear Representative Wright,

The Crypto Council for Innovation (CCI) writes to express concern for Senate Bill 185. While we commend the Senate for amending some of the problematic provisions of this bill, we remain concerned about other provisions which lack clarity and are unnecessarily burdensome.

Given that this bill amends legislation which you authored in 2020, coupled with your thought leadership and expertise on crypto issues, we write today to outline some of our thoughts related to the legislation and potential solutions. We hope you may be able to bring some of these ideas to the House floor when the legislation comes up for consideration.

CCI is a global alliance of industry leaders in the digital asset and Web3 sectors that serves to educate consumers and policymakers and advocate for policy that spurs responsible innovation. We believe that trusted partnership between government and business stakeholders is key to crafting inclusive policy that benefits consumers and industry alike.

Digital assets and blockchain applications more generally are significant and evolving technological innovations with many use cases developed under a variety of business models. These innovations have the potential to bring increased transparency, security, efficiency, and inclusion not only to financial services, but to other sectors as well. As you consider legislation to promote responsible innovation in cryptocurrencies and other digital assets, CCI respectfully submits that the policies should be guided by key principles, including:

- Legislation and regulation should be tailored to address the unique characteristics of digital assets – and carefully consider the nuances within the space.
- Legislation should take a strategic and forward-looking approach.
- Legislation and regulation should create a level playing field for industry participants.
- Legislation and regulation should promote responsible innovation while putting in place appropriate protections for consumers and investors.
- Legislation should take a deliberate and thoughtful approach to definitions and categorization.

With these principles in mind, CCI requests that you include the following amendments before advancing SB 185:

§1382.5.b.iv. - delete “indirectly”

§1385.A.1.d. - amend to one-year financial pro forma; it is challenging to forecast three years ahead

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§1385.1.A.1.a. - delete this provision; the timing could result in notifying the state before a public announcement and this is not an industry standard

§1385.1.B. - add a review timeframe - "and in any case no later than 30 days after receiving the change of control notice"

§1386.B.2. - amend to 30 days - adjusting net worth within 15 days of notice from the state could impose undue burden on smaller licensees.

§1393.1.B. - seeking clarity on the intent of disclosures being made separately

1391.1.B.d - between "transactions," and "including" insert the following: "to the extent known,". This section of the legislation requires licensees to provide names, account numbers and physical addresses of the individuals making transactions. Given blockchain technology, that information is not always available. Adding in "to the extent known" makes this provision consistent with other states that have adopted similar language.

1388.C.2.e.ii - delete in entirety. This is a manual, error-prone calculation that often does not provide an accurate portrayal of the state as this is just one moment in time.

Also as a general matter, we recommend reconsidering surety bond level requirements. Louisiana has some of the highest surety bond levels in the country, which is disproportionate to the amount of transaction volume that occurs in the state. Lowering these levels would align the state with the rest of the country and ensure a level playing field for all types of licensees.

Thank you for your time and for your leadership on these important issues. We look forward to serving you and the legislature as a resource.

Sincerely,



Sheila Warren
Chief Executive Officer
Crypto Council for Innovation