

November 18, 2024

Linda Conti  
Superintendent  
Bureau of Consumer Credit Protection  
Maine Department of Professional and Financial Regulation  
76 Northern Avenue  
Gardiner, ME 04345

**RE: Chapter 709 - License and Renewal Fees and Application Requirements for Maine's Money Transmitter Licensing and Requirements for Licensing through NMLS [2024-P287]**

Superintendent Conti:

Thank you for your leadership on standardizing requirements for money service businesses. Implementing nationwide standards that streamline the supervision of money transmission activities is important, as many states utilize money transmitter laws to regulate certain digital asset activities. However, LD 2112 also included provisions regarding “unhosted wallets” that go well beyond national and global standards for regulating this technology. The Crypto Council for Innovation (CCI) appreciates the opportunity to respectfully express concerns that these provisions would endanger the stability of the digital asset marketplace in Maine, likely leading to substantial burdens to financial institutions and consumers and many businesses exiting the state.

CCI is a global alliance of industry leaders in the digital asset and Web3 sectors that serves to educate policymakers, regulators, and consumers, and advocate for policy that spurs responsible innovation and consumer protection. Unhosted wallets, or self-hosted wallets, are technological solutions, more akin to physical wallets, where consumers self-direct transactions by virtue of holding private keys and digital assets. They can be software or hardware and enable users to interact directly and conveniently with retailers and other users through blockchain networks.

Although we understand the Bureau of Consumer Credit Protection (BCCP) is currently working to implement Chapter 709's self-hosted wallet requirements through a separate rulemaking process, the rules outlined in this proposed rulemaking would also impact self-hosted wallets. Title 32 M.R.S. Chapter 79-A proposes requiring applicants engaging in virtual currency business activity to disclose the number of money transmissions made by Maine residents and Maine businesses to self-hosted wallets, and the number of money transmissions made by Maine residents and Maine businesses to hosted wallets. However, it is technologically infeasible for virtual currency businesses to distinguish between wallets that are self-hosted or hosted by third parties. Self-hosted wallets are operated on a user's digital device and do not rely on intermediaries such as hosting by third parties. Developers and providers of self-hosted wallets do not have customer relationships with users akin to traditional financial services providers.

Given the unattainable nature of these disclosure requirements, we urge you to reconsider this section as you work to promulgate specific rulemaking on Chapter 709's problematic self-hosted

wallet provisions. These disclosures go measurably further than those required by other states. Building the compliance infrastructure as well as collecting and storing this information will significantly increase the cost of doing business in Maine and raise serious privacy concerns for consumers.

Thank you for your time and consideration. We look forward to continuing to work with the executive and the legislative branches, especially on proposals that would help to mitigate the impact of these provisions, including a potential safe harbor through the forthcoming advisory rule process. We will be following up with the Bureau shortly with recommendations in this regard. We must ensure that Maine residents are able to access this technology and benefit from web3 innovation, while safeguarding against bad actors and protecting marketplace stability.

Respectfully,



Sheila Warren  
Chief Executive Officer  
Crypto Council for Innovation



Ji Hun Kim  
Chief Legal & Policy Officer  
Crypto Council for Innovation