

March 5, 2025

Mark Hastie
Director of Non-Depository Financial Institutions
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

RE: Proposed Rules Relating to Virtual-Currency Business Activity Disclosures, Minnesota Rules, 2675.8500 and 2675.8510; Revisor's ID Number R-04895; OAH docket number 22-9009-40271

Director Hastie:

Thank you for the opportunity to provide comments on proposed rules relating to virtual-currency business activity disclosures.

The Crypto Council for Innovation (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 use an evidence-based approach to support governments worldwide that are shaping and encouraging the responsible regulation of this innovative technology. We believe that constructive partnership between government and business stakeholders is critical to crafting sound policy and regulation that benefits consumers and innovators.

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 are bringing increased transparency, security, efficiency, and inclusion not only to financial services, but to other sectors as well. To this end, CCI continues to advocate for the development of modern, coherent, and fit-for-purpose policy frameworks to foster responsible digital asset innovation in the United States. Fortunately, U.S. States have led in engaging with the digital assets industry and establishing proper state-based frameworks for digital asset market participants. Indeed, state-based frameworks can serve as an efficient and effective regulatory model for our industry.

Clear and conspicuous customer disclosures are critical to ensuring transparency and confidence for consumers and investors when engaging with digital asset intermediaries. However, CCI has concerns with the disclosure requirements outlined in the proposed rules. For instance, the specificity as to what constitutes a 'clear and conspicuous' manner with which disclosures must be made to consumers under Subpart 1b is overly prescriptive. It does not appear to allow room for this information to be presented differently in an app-based user

experience, which is how most digital information is presented by virtual currency licensees. For example, disclosures presented on the screen of a phone may require a smaller font in order to be readable compared to how information might need to be presented on a kiosk. It is also unclear if such prescriptive requirements, specifically as it relates to font, spacing, size, and boldness, might actually hinder readability in certain contexts, including, for example, when translating notices into foreign languages. Requiring the disclosures to be “clear, conspicuous, and easily readable” should be enforceable enough without requiring such specificity. For those reasons, we suggest striking Subpart 1b (1) and (2).

Lastly, it would be prudent to futureproof the method of receiving a receipt in Subpart 3 as communications technology continues to develop. Adding ‘or such other format as the commissioner may approve’ to the current list of physical, email or SMS only could achieve this.

Thank you again for the opportunity to provide these thoughts. CCI would be pleased to further engage on ways to ensure the responsible growth of the digital asset industry in Minnesota.

Respectfully,

A handwritten signature in black ink, appearing to read 'Ji Kim', with a stylized flourish at the end.

Ji Kim
President and Acting CEO
Crypto Council for Innovation