

By the Committee on Banking and Insurance; and Senator Rouson

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A bill to be entitled

An act relating to virtual currency kiosks; amending s. 560.103, F.S.; revising the definition of the term "money services business"; defining terms; amending s. 560.105, F.S.; revising the requirements for certain rules adopted by the Financial Services Commission; creating part V of ch. 560, F.S., entitled "Virtual Currency Kiosk Businesses"; creating s. 560.501, F.S.; defining terms; creating s. 560.502, F.S.; prohibiting a virtual currency kiosk business from operating in this state without registering or renewing its registration; requiring the Office of Financial Regulation to give a specified notice to applicants; specifying that certain money transmitters are exempt from registration as a virtual currency kiosk business but are subject to certain provisions; prohibiting certain entities from performing certain actions without being licensed as a money services business; specifying that virtual currency kiosk business registrations are not transferable or assignable; creating s. 560.503, F.S.; requiring applicants to submit certain information to the office to be registered as a virtual currency kiosk business; requiring certain virtual currency kiosk businesses to submit a registration application to the office by a specified date; requiring registrants to report a change in the information within a specified timeframe; requiring registrants to renew their registration annually; specifying requirements for a

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renewal application; requiring registrants to be made inactive for a specified timeframe under certain circumstances; prohibiting registrants from conducting business while registration is inactive; specifying requirements for registrants to renew an inactive registration; providing that a renewal registration becomes effective on a specified date; requiring the office to approve applications for renewal registration within a specified timeframe; providing that a registration expires under certain circumstances; providing requirements if a registration expires; authorizing the office to deny certain applications under certain circumstances; providing that certain false statements made by a virtual currency kiosk business render its registration void; providing construction; creating s. 560.504, F.S.; requiring a virtual currency kiosk business to ensure that the virtual currency kiosk requires certain attestations from the customer and displays a certain disclosure; creating s. 560.505, F.S.; prohibiting a virtual currency kiosk business from permitting new or existing customers from transacting more than specified dollar amounts per calendar day; creating s. 560.506, F.S.; requiring a virtual currency kiosk business to provide a customer with a specified electronic receipt upon completion of a virtual currency transaction; creating s. 560.507, F.S.; requiring a virtual currency kiosk business to issue a full refund under certain circumstances;

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59 providing effective dates.

60
61 Be It Enacted by the Legislature of the State of Florida:

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63 Section 1. Subsection (23) of section 560.103, Florida
64 Statutes, is amended, and subsections (37) through (39) are
65 added to that section, to read:

66 560.103 Definitions.—As used in this chapter, the term:

67 (23) "Money services business" means any person located in
68 or doing business in this state, from this state, or into this
69 state from locations outside this state or country who acts as a
70 payment instrument seller, foreign currency exchanger, check
71 cashier, ~~or~~ money transmitter, or virtual currency kiosk
72 business.

73 (37) "Virtual currency kiosk" means an electronic terminal
74 that acts as a mechanical agent of the kiosk business, enabling
75 the kiosk business to facilitate the exchange of virtual
76 currency for fiat currency or other virtual currency for a
77 customer.

78 (38) "Virtual currency kiosk business" or "kiosk business"
79 means a corporation, limited liability company, limited
80 liability partnership, or foreign entity qualified to do
81 business in this state which offers virtual currency kiosk
82 services to a customer in this state.

83 (39) "Virtual currency kiosk transaction" means the process
84 in which a customer uses a virtual currency kiosk to exchange
85 virtual currency for fiat currency or other virtual currency. A
86 transaction begins at the point at which the customer is able to
87 initiate a transaction after the customer is given the option to

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88 select the type of transaction or account and does not include
89 any of the screens that display the required terms and
90 conditions, disclaimers, or attestations.

91 Section 2. Paragraph (b) of subsection (2) of section
92 560.105, Florida Statutes, is amended to read:

93 560.105 Supervisory powers; rulemaking.—

94 (2) The commission may adopt rules pursuant to ss.
95 120.536(1) and 120.54 to administer this chapter.

96 (b) Rules adopted to regulate money services businesses,
97 including deferred presentment providers and virtual currency
98 kiosk businesses, must be responsive to changes in economic
99 conditions, technology, and industry practices.

100 Section 3. Part V of chapter 560, Florida Statutes,
101 consisting of ss. 560.501-560.507, Florida Statutes, is created
102 and entitled "Virtual Currency Kiosk Businesses."

103 Section 4. Section 560.501, Florida Statutes, is created to
104 read:

105 560.501 Definitions.—For purposes of this part, the term:

106 (1) "Blockchain" means a mathematically secured,
107 chronological, decentralized, distributed, and digital ledger or
108 database that consists of records of transactions that cannot be
109 altered retroactively.

110 (2) "Blockchain analytics" means the process of examining,
111 monitoring, and gathering insights from the data and transaction
112 patterns on a blockchain network. The primary aims of blockchain
113 analytics are to understand and monitor the network's health,
114 track transaction flows, and identify potential security
115 threats, including illicit activity, in order to extract
116 actionable insights.

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117 (3) "Daily transaction limit" means a new customer
118 transaction of no more than \$2,000 per calendar day, or an
119 existing customer transaction of no more than \$10,000 per
120 calendar day, whether through a single transaction or multiple
121 transactions or whether through one or more virtual currency
122 kiosks.

123 (4) "Existing customer" means a customer who has transacted
124 with a kiosk business on its virtual currency kiosk for 7 or
125 more days.

126 (5) "New customer" means a customer who has transacted with
127 a kiosk business on its virtual currency kiosk for fewer than 7
128 days.

129 (6) "Registrant" means a corporation, limited liability
130 company, limited liability partnership, or foreign entity
131 qualified to do business in this state which offers virtual
132 currency kiosk services and receives notice from the office that
133 the agency has granted an application for registration pursuant
134 to the provisions of this part.

135 (7) "Transaction hash" means a unique identifier consisting
136 of a string of characters which provides a verifiable record
137 that a transaction has been confirmed and added to the
138 blockchain.

139 (8) "Wallet" means hardware or software that enables a
140 customer to store, use, send, receive, and spend virtual
141 currency or store virtual currency private keys or passcodes
142 enabling the same.

143 Section 5. Effective March 1, 2027, section 560.502,
144 Florida Statutes, is created to read:

145 560.502 Registration required; exemptions; penalties.—

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146 (1) Except as provided in subsection (2), a virtual
147 currency kiosk business may not operate in this state without
148 first registering, or renewing its registration, in accordance
149 with s. 560.503. The office shall give written notice to each
150 applicant that the office has granted or denied the application
151 for registration.

152 (2) A money transmitter that is licensed as a money
153 services business pursuant to s. 560.141 and offers virtual
154 currency kiosk services is exempt from registration as a virtual
155 currency kiosk business but is subject to ss. 560.504, 560.505,
156 560.506, and 560.507.

157 (3) An entity, in the course of its business, may not act
158 as an intermediary with the ability to unilaterally execute or
159 indefinitely prevent a virtual currency kiosk transaction, or
160 otherwise meet the definition of a money transmitter as defined
161 in s. 560.103, without being licensed as a money services
162 business pursuant to s. 560.141.

163 (4) A virtual currency kiosk business registration issued
164 under this part is not transferable or assignable.

165 Section 6. Section 560.503, Florida Statutes, is created to
166 read:

167 560.503 Registration applications.—

168 (1) To apply to be registered as a virtual currency kiosk
169 business under this part, the applicant must submit all of the
170 following information to the office:

171 (a) A completed registration application on forms
172 prescribed by rule of the commission. The application must
173 include the following information:

174 1. The legal name, including any fictitious or trade names

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175 used by the applicant in the conduct of its business, and the
176 physical and mailing addresses of the applicant.

177 2. The date of the applicant's formation and the state in
178 which the applicant was formed, if applicable.

179 3. The name, social security number, alien identification
180 or taxpayer identification number, business and residence
181 addresses, and employment history for the past 5 years for each
182 control person as defined in s. 560.103.

183 4. A description of the organizational structure of the
184 applicant, including the identity of any parent or subsidiary of
185 the applicant, and the disclosure of whether any parent or
186 subsidiary is publicly traded.

187 5. The name and mailing address of the registered agent in
188 this state for service of process.

189 6. The physical address of the location of each virtual
190 currency kiosk through which the applicant proposes to conduct
191 or is conducting business in this state.

192 7. An attestation that the applicant has developed clearly
193 documented policies, processes, and procedures regarding the use
194 of blockchain analytics to prevent transfers to wallet addresses
195 linked to known criminal activity, including the manner in which
196 such blockchain analytics activity will integrate into its
197 compliance controls, and that the applicant will maintain and
198 comply with such blockchain analytics policies, processes, and
199 procedures.

200 8. Any other information as required by this chapter or
201 commission rule.

202 (b) Any information needed to resolve any deficiencies
203 found in the application within a time period prescribed by

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rule.

(2) A virtual currency kiosk business operating in this state on or before January 1, 2027, must submit a registration application to the office within 30 days after that date.

(3) A registrant shall report, on a form prescribed by rule of the commission, any change in the information contained in an initial application form or an amendment thereto within 30 days after the change is effective.

(4) A registrant must renew its registration annually on or before December 31 of the year preceding the expiration date of the registration. To renew such registration, the registrant must submit a renewal application that provides:

(a) The information required in paragraph (1)(a) if there are changes in the application information, or an affidavit signed by the registrant that the information remains the same as the prior year's information.

(b) Upon request by the office, evidence that the registrant has been operating in compliance with ss. 560.504, 560.505, 560.506, and 560.507. Such evidence may be prescribed by rule by the commission and may include, but need not be limited to, all of the following:

1. Current disclosures presented to customers during the transaction process.

2. Current use of blockchain analytics to prevent transfers to wallet addresses linked to known criminal activity.

(5) A registrant that does not renew its registration by December 31 of the year preceding expiration shall be made inactive for 60 days. A registrant may not conduct business while its registration is inactive.

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233 (6) To renew an inactive registration, a registrant must,
234 within 60 days after the registration becomes inactive, submit
235 all of the following:

236 (a) The information required in paragraph (1)(a) if there
237 are changes in the application information, or an affidavit
238 signed by the registrant that the information remains the same
239 as the prior year's information.

240 (b) Evidence that the registrant was operating in
241 compliance with ss. 560.504, 560.505, 560.506, and 560.507. Such
242 evidence may be prescribed by rule by the commission and may
243 include, but need not be limited to, all of the following:

244 1. Current disclosures presented to customers during the
245 transaction process.

246 2. Reports that confirm compliance with daily transaction
247 limits.

248 3. Copies of receipts provided to customers.

249 4. Records showing refunds provided to customers in
250 required circumstances.

251 5. Current use of blockchain analytics to prevent transfers
252 to wallet addresses linked to known criminal activity.

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254 Any renewal registration made pursuant to this subsection
255 becomes effective upon the date the office approves the
256 application for registration. The office shall approve the
257 application for renewal registration within a timeframe
258 prescribed by rule.

259 (7) Except as provided in s. 560.502(2), failure to submit
260 an application to renew a virtual currency kiosk business's
261 registration within 60 days after the registration becomes

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inactive shall result in the registration becoming expired. If the registration is expired, a new application to register the virtual currency kiosk business pursuant to subsection (1) must be submitted to the office and a certification of registration must be issued by the office before the virtual currency kiosk business may conduct business in this state.

(8) If a control person of a registrant or prospective registrant has engaged in any unlawful business practice, or been convicted or found guilty of, or pled guilty or nolo contendere to, regardless of adjudication, a crime involving dishonest dealing, fraud, acts of moral turpitude, or other acts that reflect an inability to engage lawfully in the business of a registered virtual currency kiosk business, the office may deny the prospective registrant's initial registration application or the registrant's renewal application.

(9) The office shall deny the application of a virtual currency kiosk business that submits a renewal application and fails to provide evidence of compliance upon request pursuant to paragraph (4)(b) or as required in paragraph (6)(b).

(10) Any false statement made by a virtual currency kiosk business in an application for registration under this section renders the registration void. A void registration may not be construed as creating a defense to any prosecution for violation of this chapter.

Section 7. Section 560.504, Florida Statutes, is created to read:

560.504 Disclosures.—Before a customer initiates a virtual currency kiosk transaction, the virtual currency kiosk business must ensure that the virtual currency kiosk:

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(1) Requires the customer to confirm whether the customer has conducted any transactions at another virtual currency kiosk on the same calendar day and any amount of such transactions to determine how much, if any, the customer may transact at the virtual currency kiosk before reaching the daily transaction limit.

(2) Clearly and conspicuously display the following disclosure to the customer on the screen:

WARNING: FRAUD OFTEN STARTS WITH CONTACT FROM A STRANGER. IF YOU HAVE BEEN DIRECTED TO THIS MACHINE BY SOMEONE CLAIMING TO BE A GOVERNMENT AGENT, BILL COLLECTOR, LAW ENFORCEMENT OFFICER, OR ANYONE YOU DO NOT KNOW PERSONALLY, STOP THIS TRANSACTION IMMEDIATELY AND CONTACT YOUR FINANCIAL ADVISOR OR LOCAL LAW ENFORCEMENT.

Section 8. Section 560.505, Florida Statutes, is created to read:

560.505 Transaction limits.—A virtual currency kiosk business may not permit a new customer to transact more than \$2,000 per calendar day, whether through a single transaction or multiple transactions or whether through one or more virtual currency kiosks. A virtual currency kiosk business may not permit an existing customer to transact more than \$10,000 per calendar day, whether through a single transaction or multiple transactions or whether through one or more virtual currency kiosks.

Section 9. Section 560.506, Florida Statutes, is created to

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read:

560.506 Mandatory receipt.—Upon completion of a virtual currency transaction, the virtual currency kiosk business must provide the customer with an electronic receipt that includes all of the following:

(1) The name and contact information of the virtual currency kiosk business, including an e-mail address and a toll-free telephone number for such business.

(2) The date, time, amount of the transaction in United States dollars, and type of the transaction.

(3) The transaction hash and each wallet used.

(4) The total fee charged for the transaction.

(5) The exchange rate, if applicable.

(6) A statement of the virtual currency kiosk's liability, if any, for nondelivery or delayed delivery of the virtual currency.

(7) The refund policy of the virtual currency kiosk business.

Section 10. Section 560.507, Florida Statutes, is created to read:

560.507 Mandatory refund.—A virtual currency kiosk business must issue a full refund within 72 hours to a customer for the customer's first virtual currency transaction if all of the following conditions are met:

(1) The customer transferred virtual currency to a wallet or exchange located outside the United States.

(2) Within 60 days, the customer notifies the virtual currency kiosk business and a law enforcement or governmental agency regarding the fraudulent nature of the transaction.

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349 (3) The customer provides proof of the alleged fraud to the
350 virtual currency kiosk business, such as a police report or a
351 notarized affidavit.

352 Section 11. Except as otherwise expressly provided in this
353 act, this act shall take effect January 1, 2027.