

July 17, 2017

Dear President Cassidy, Commissioners, Staff, and Attendees of the ULC Annual Meeting:

I am an active member of the Bitcoin and cryptocurrency community, an organizer of the San Diego Bitcoin meetup, the founder of a blockchain consulting firm, CoinStructive and BlockchainBTM, an MSB registered Bitcoin ATM operator. Thank you for this opportunity to share my support for the ULC's Uniform Regulation of Virtual Currency Business Act.

Regardless of whether we like it or not, regulation for Virtual Currency Businesses is coming. Currently, we know it is uncertain how individual states will approach regulation. If the ULC does not put forward a model law, laying the groundwork for States, we will see laws like Washington's Senate Bill 5031 which has passed and comes into effect on July 23rd, 2017. The ULC's attempt to draft a model law for the Virtual Currency Business Act would avoid enveloping non-custodial businesses, who do not have "control"(as carefully defined by the ULC in Section 102(3) of the current draft) over a client/customer's virtual currency, to obtain Money Transmission licensing. By contrast, language in Washington's SB 5031 suggests businesses who are involved in exchanging or selling, but not necessarily in "control" of customer's virtual currency, may need to register as money transmitters.

The ULC has taken careful consideration to construct uniform language which will make it easier for legislators, as well as the public, to debate the underlying policy concerns (e.g. licensing vs. other consumer protective measures) without the battle coming down to fundamental definitions like the nature of "control" over customer/client virtual currency. Having uniform definitions in each jurisdiction will help curb businesses and people from debating those definitions and instead discuss functionality and interpretation of its effects on those businesses and individuals. It is far better to bring uniformity to the space rather than have 50 different laws.

In the ULC draft, there are many considerations and exemptions for businesses, including 'academic research' and 'beta testing', which allow for businesses to innovate without the risk of prosecution for being unlicensed money transmission businesses. These are key developments to avoid hindering or stifling progress, and a substantial improvement over existing money transmission regulations which may, in the absence of this model act, apply to bitcoin businesses.

Although there is no "silver bullet" for this industry, we believe the ULC's efforts are not premature and will help prevent ill drafted regulations that have surfaced in States like New York.

CoinStructive and I support the ULC and its draft of the Virtual Currency Business Act.

Regards,

Chris Groshong

CEO of CoinStructive, Inc.