

[Second Reprint]
SENATE, No. 3132

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED NOVEMBER 5, 2020

Sponsored by:

Senator NELLIE POU

District 35 (Bergen and Passaic)

Senator TROY SINGLETON

District 7 (Burlington)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

SYNOPSIS

“Digital Asset and Blockchain Technology Act.”

CURRENT VERSION OF TEXT

As reported by the Senate Budget and Appropriations Committee on December 6, 2021, with amendments.



(Sponsorship Updated As Of: 12/16/2021)

1 AN ACT concerning digital assets and blockchain technology,
 2 ²amending P.L.2005, c.199,² and supplementing Title 17 of the
 3 Revised Statutes and chapter 6 of Title 54A of the New Jersey
 4 Statutes.

5
 6 **BE IT ENACTED** *by the Senate and General Assembly of the State*
 7 *of New Jersey:*
 8

9 1. This act shall be known and may be cited as the “Digital
 10 Asset and Blockchain Technology Act.”
 11

12 2. ²“Agent” means a separate business entity from the principal
 13 that the principal authorizes, through a written agreement or
 14 otherwise, to sell its instruments or, in the case of funds
 15 transmission, to sell its send and receive transfer services.²

16 “Control” means the ownership of, or the power to vote, 25
 17 percent or more of the outstanding voting interest of a licensee or
 18 controlling person. For purposes of determining the percentage of a
 19 licensee controlled by any person, there shall be aggregated with
 20 the person’s interest the interest of any other person controlled by
 21 that person or by any spouse, parent, or child of that person.

22 “Controlling person” means any person in control of a licensee.

23 “Department” means the Department of Banking and Insurance.

24 “Digital asset” means a representation of economic, proprietary,
 25 or access rights that is stored in a machine-readable format, has a
 26 transaction history that is recorded in a distributed, digital ledger or
 27 digital data structure in which consensus is achieved through a
 28 mathematically verifiable process, and includes digital consumer
 29 assets¹**【**, digital securities,**】**¹ and virtual currency. ¹“Digital asset”
 30 shall not include securities subject to regulation by the Bureau of
 31 Securities in the Division of Consumer Affairs in the Department of
 32 Law and Public Safety, whether in digital form or otherwise.¹

33 “Digital asset business” means a business that engages in the
 34 activities listed in subsection b. of section 3 of this act.

35 “Digital consumer asset” means a digital asset that is used or
 36 bought primarily for consumptive, personal, or household purposes
 37 and includes any other digital asset that does not fall within the
 38 ¹**【**terms digital security or**】** term¹ virtual currency.

39 ¹**【**“Digital security” means a digital asset that provides an
 40 interest or participation in any profit-sharing agreement, but shall
 41 not include a digital consumer asset or virtual currency.**】**¹

42 ²**【**“Executive officer” means the licensee’s president, chairman
 43 of the executive committee, senior officer responsible for the

EXPLANATION – Matter enclosed in bold-faced brackets **【thus】** in the above bill is
 not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SCM committee amendments adopted May 13, 2021.

²Senate SBA committee amendments adopted December 6, 2021.

1 licensee's business in this State, chief financial officer, and any
2 other person who performs similar functions. ¹2

3 "Issuing" means being the person who has authority over the
4 initial creation and dissemination of a digital asset.

5 ²"Key individual " means any individual ultimately responsible
6 for establishing or directing policies and procedures of the licensee,
7 such as the licensee's president, chairperson of the executive
8 committee, senior officer responsible for the business of the
9 licensee in the State, chief financial officer, an executive manager,
10 director, trustee and any other person who performs similar
11 functions. ²

12 "Licensee" means a person licensed under this act or an applicant
13 for licensure under this act.

14 ²"Nationwide Multistate Licensing System" means the licensing
15 system owned and operated by the State Regulatory Registry LLC,
16 a wholly-owned subsidiary of the Conference of State Bank
17 Supervisors, which functions as a system of record for non-
18 depository, financial services licensing or registration in
19 participating state agencies, including the District of Columbia and
20 the United States Territories of Puerto Rico, the US Virgin Islands,
21 and Guam, where it is the official system for companies and
22 individuals seeking to apply for, amend, renew, and surrender
23 license authorities. ²

24 "Resident" means a person that is: domiciled in New Jersey;
25 physically located in New Jersey for more than 183 days of the
26 previous 365 days; or a limited partnership, limited liability
27 partnership, limited liability company, or corporation formed or
28 incorporated in New Jersey.

29 "Responsible individual" means an individual who has
30 managerial authority with respect to a licensee's digital asset
31 business activity with or on behalf of a resident.

32 "Transmission" means to engage in the business of receiving
33 monetary value for transmission to a location inside or outside of
34 the United States by any means, including, but not limited to, wire,
35 facsimile, or electronic transfer.

36 "Virtual currency" means a digital asset that is used as a medium
37 of exchange, unit of account, or store of value, and is not
38 recognized as legal tender by the United States government.

39
40 3. a. A person shall not engage in a digital asset business
41 activity, or hold itself out as being able to engage in a digital asset
42 business activity, with or on behalf of a resident unless the person is
43 ²1:

44 (1) ¹2 licensed in this State by the department, or has filed a
45 pending license with the department ²1; or

1 (2) licensed in another state to conduct digital asset business
2 activity by a state with which this state has a reciprocity
3 agreement¹.

4 b. The department may license a person to carry on one or
5 more of the following digital asset business activities:

6 (1) receiving a digital asset for transmission or transmitting a
7 digital asset, except where the transaction is undertaken for non-
8 financial purposes and does not involve the transfer of more than a
9 nominal amount of a digital asset;

10 (2) storing, holding, or maintaining custody of a digital asset on
11 behalf of others, exempting all custodians otherwise regulated as a
12 bank, trust, broker-dealer, or ²~~financial institution~~ credit union²
13 in any state or by the United States², or money transmitter licensed
14 in this State²;

15 (3) buying and selling digital assets as a customer business;

16 (4) performing exchange services of digital assets as a customer
17 business;

18 (5) issuing a digital asset; or

19 (6) borrowing or lending of, or facilitating the borrowing or
20 lending of, customer digital assets.

21 c. A person who violates this section shall be liable for a
22 penalty of \$500 per day, from the first day the department issues a
23 notice of failure to apply a license until a license application is filed
24 with the department.

25
26 4. a. An application for a license under this act shall be
27 ¹submitted through the Nationwide Multistate Licensing System¹
28 made in the form and medium to be prescribed by the department by
29 regulation ², utilizing the Nationwide Multistate Licensing System ².
30 The department shall require each application to be accompanied by a
31 nonrefundable fee.

32 b. An applicant shall provide the following information relevant
33 to the applicant's proposed digital asset business activity:

34 (1) the legal name of the applicant, each current or proposed
35 business address of the applicant, and any fictitious or trade name the
36 applicant uses or plans to use in conducting its digital asset business
37 activity with or on behalf of a resident;

38 (2) the legal name, any former or fictitious name, and the
39 residential and business address of each executive officer and
40 responsible individual of the applicant, and each controlling person of
41 the applicant;

42 (3) a concise description of the current and former business of the
43 applicant for the five years before the application is submitted or if the
44 business has operated for less than five years, for the time the business
45 has operated, including its products and services ²and the digital asset
46 business services that the applicant seeks to provide in this State²;

1 (4) the name, address, and telephone number of a person who
2 manages each server the applicant expects to use in conducting its
3 digital asset business activity with or on behalf of a resident;

4 (5) a list of ²all other states in which the applicant is licensed to
5 engage in the digital asset business and² any license revocation,
6 license suspension, or other disciplinary action taken against the
7 licensee in another state and any license applications rejected by
8 another state;

9 (6) a list of any criminal conviction, deferred prosecution
10 agreement, and pending criminal proceeding in any jurisdiction against
11 the applicant, any executive officer, responsible individual, and
12 controlling person of the applicant, and each person over which the
13 applicant has control;

14 (7) a list of any litigation, arbitration, or administrative proceeding
15 in any jurisdiction in which the applicant, or an executive officer,
16 responsible individual, or controlling person of the applicant has been
17 a party to for the five years before the application is submitted,
18 determined to be material in accordance with generally accepted
19 accounting principles and, to the extent the applicant would be
20 required to disclose the litigation, arbitration, or administrative
21 proceeding in the applicant's audited financial statements, reports to
22 equity owners, and similar statements or reports;

23 (8) a list of any bankruptcy or receivership proceeding in any
24 jurisdiction for the 10 years prior to the application's submission in
25 which the applicant, any executive officer, responsible individual, or
26 controlling person of the applicant, or person over which the applicant
27 has control, was a debtor;

28 (9) the United ¹**[State]** States¹ Postal Service address and
29 electronic mail address to which communications from the department
30 may be sent;

31 (10) the name, United ¹**[State]** States¹ Postal Service address, and
32 electronic mail address of the registered agent of the applicant in this
33 State, if applicable;

34 (11) a copy of any certificate of coverage for each liability,
35 casualty, business-interruption, or cyber-security insurance policy
36 maintained by the applicant for itself or the applicant's users;

37 (12) ²a description of the structure or organization of the
38 applicant, including any parent or subsidiary of the applicant, and
39 whether any parent or subsidiary is publicly traded;

40 (13)² if applicable, the date on which and the state in which the
41 applicant is formed, and a copy of a current certificate of good
42 standing issued by that state;

43 ²**[(13)]** (14)² policies and procedures to be adopted by the
44 applicant to meet any obligations required by anti-money laundering
45 and anti-terror financing laws;

1 ²~~[(14)]~~ (15) a copy of the applicant's audited financial statements
2 for the most recent fiscal year and, if available, for the two-year period
3 next preceding the submission of the application;

4 (16) a copy of the applicant's unconsolidated financial statements
5 for the current fiscal year, whether audited or not, and if available, for
6 the two-year period next preceding the submission of the application;

7 (17)² if a corporation has control of the applicant and the
8 corporation's equity interests are publicly traded in the United States, a
9 copy of the audited financial statement of the corporation for the most
10 recent fiscal year or most recent report of the corporation filed under
11 section 13 of the "Securities Exchange Act of 1934," 15 U.S.C. s.78m;

12 ²~~[(15)]~~ (18)² if a corporation has control of the applicant and the
13 corporation's equity interests are publicly traded outside the United
14 States, a copy of the audited financial statement of the corporation for
15 the most recent documentation similar to that required in paragraph
16 ²~~[(14)]~~ (17)² of this subsection, filed with the foreign regulator in the
17 domicile of the corporation; ²~~and~~

18 (16)~~]~~ (19)² if available, for each executive officer, responsible
19 individual, or controlling person of the applicant, for the three years
20 before the application is submitted, the employment history, and the
21 history of any ²~~[investigation of]~~ enforcement action against² the
22 individual or legal proceeding to which the individual was a party ²;

23 (20) a sample form of receipt for transactions that involve money
24 received for the digital asset business;

25 (21) disclosure of who maintains control, ownership or access to
26 any private key related to a digital assets consumer's account and
27 information where the private key is held and the manner in which the
28 private key is held; and

29 (22) a list of all agents authorized to represent or conduct business
30 on behalf of the digital asset business² .

31 c. ²At the time of application and within 45 days after the end of
32 each calendar quarter, each digital asset business shall file with the
33 department in writing a list of all agents that have been added or
34 terminated by the licensee, if any. The list shall include the name and
35 business address of each location.

36 d. The department may conduct a criminal history records check of
37 the applicant, any controlling persons, executive officers, and
38 responsible individuals of the applicant and require the applicant to
39 submit the fingerprints of those persons as part of the application. The
40 department is authorized to exchange fingerprint data with and receive
41 criminal history record information from the State Bureau of
42 Identification in the Division of State Police and the Federal Bureau of
43 Investigation consistent with applicable State and federal laws, rules
44 and regulations, for the purposes of facilitating determinations
45 concerning licensure eligibility for the applicant, any controlling
46 persons, executive officers, and responsible individuals of the
47 applicant. The applicant shall bear the cost for the criminal history

1 record background check, including all costs of administering and
2 processing the check. The Division of State Police shall promptly
3 notify the department in the event any person who was the subject of a
4 criminal history record background check pursuant to this section, is
5 arrested for a crime or offense in this State after the date the
6 background check was performed, whether the person is a prospective
7 new licensee, or subsequently, a current license holder.

8 e.² ¹For good cause, the department may waive any information
9 required pursuant to subsection b. of this section, and may permit an
10 applicant to submit other information instead of the required
11 information.】 No license shall be issued by the department to an
12 individual who has, within the five years preceding the submission of
13 an application for a license, been convicted of embezzlement, forgery,
14 fraud, or theft.¹

15
16 ²【5. A person licensed by another state to engage in digital asset
17 business activity in that state may engage in digital asset business
18 activity with or on behalf of a resident to the same extent as a
19 licensee if:

20 (1) the department determines that the state in which the person
21 is licensed has in force laws regulating digital asset business
22 activity that are substantially similar to, or more protective of users
23 than, this act; and

24 (2) the person submits to the department ¹through the
25 Nationwide Multistate Licensing System¹:

26 (a) a notice containing a statement that the person will rely on
27 reciprocal licensing; a copy of the license to conduct digital asset
28 business activity issued by the other state;

29 (b) a nonrefundable reciprocal license fee, to be determined by
30 the department by regulation;

31 (c) a certification of license history from the agency
32 responsible for issuing the license to conduct digital asset business
33 activity in the other state; and

34 (d) a certification signed by the executive officer of the
35 applicant affirming that the applicant shall conduct its digital asset
36 business activity with or on behalf of a resident in compliance with
37 this act.】²

38
39 ²【6.】^{5.2} a. The department shall grant or deny any digital
40 asset business license application ²【or license reciprocity
41 application】² within ²【30】 120² days of ²【its receipt】 completed
42 application².

43 b. The department may refuse an application for a digital asset
44 business license or license reciprocity application if:

45 (1) the application is incomplete in a material respect;

(2) the application includes false, misleading, or inaccurate information; ²**[or]**²

(3) any applicant ²**[or principal]** , controlling person, key individual, or responsible individual² of an applicant has engaged in dishonest or unethical practices in a digital asset business or in the securities commodities, banking, insurance, or investment advisory business²; or

(4) Any material aspect of the license application as represented by the application requirements contained in section 4 of this act².

c. A license issued pursuant to this act shall not be transferrable or assignable.

²**[7.] 6.**² a. A licensee may apply for an annual renewal of a license by:

(1) paying a renewal fee in an amount determined by the department pursuant to regulation;

(2) submitting to the department ¹through the Nationwide Multistate Licensing System¹ the renewal report required pursuant to subsection b. of this section.

b. A license renewal report required pursuant to this section shall be submitted in a form and medium prescribed by the department by regulation. The report shall contain an update of all information required at initial licensing and a description of any:

(1) material change in the financial condition of the licensee;

(2) material litigation involving the licensee or an executive officer, responsible individual, or controlling person of the licensee;

(3) license suspension or revocation proceeding commenced, or other action taken, involving a license to conduct digital asset business activity issued by another state on which reciprocal licensing is based;

(4) federal or state ²**[investigation]** action² involving the licensee;

(5) material change in the business of the licensee; and

(6) changes to the executive officers of the licensee.

c. ²**[The department shall send the licensee a notice that an annual renewal is soon to be due. The notice shall be sent by regular mail and electronic mail between 30 and 60 days before the annual renewal is due. If a renewal is not filed within 15 days of the date that the annual renewal is due, the department shall send a second notice by regular mail and electronic mail notifying that licensee that its license shall be suspended if a renewal is not filed by the 30th day after the annual renewal is due.**

d.]² If a license is suspended for failure to file an annual renewal, the license shall be reinstated if the licensee files a renewal report and pays a fee, in an amount determined by the ²**[commissioner]** department² pursuant to regulation.

- 1 ²[8.] 7.² a. ²[The department may audit any digital asset
2 business licensee.
- 3 b.]² The department may suspend or revoke a digital asset
4 business license upon finding that:
- 5 (1) the department has been provided with false, misleading, or
6 inaccurate information by or on behalf of the licensee;
- 7 (2) the clients of a licensee have been provided with false,
8 misleading, or inaccurate information by or on behalf of the
9 licensee;
- 10 (3) any ²[principal] controlling person, responsible individual,
11 key individual,² or agent of a licensee has engaged in dishonest or
12 unethical practice in a digital asset business or in the securities,
13 commodities, banking, insurance, or investment advisory business;
- 14 (4) the licensee fails to provide documents requested by the
15 department; ²[or]²
- 16 (5) the licensee fails to renew its license²; or
- 17 (6) the licensee fails safety and soundness as prescribed by the
18 department² .
- 19 c. The department may provide a warning notice to a licensee
20 if the department suspects that a condition permitting suspension or
21 revocation has occurred.
- 22 d. Any warning notice, suspension, or revocation issued by the
23 department shall state the reasons for which it is given.
- 24 e. The department may issue general guidance to industry
25 participants on how to best protect the interests of clients.
- 26 ²f. (1) Whenever it appears to the department that any person
27 has violated, is violating or is about to violate any of the provisions
28 of this act, or any regulation adopted pursuant to this act, or any
29 licensee or any owner, director, officer, member, partner,
30 shareholder, trustee, employee or agent of a licensee has committed
31 any fraud, engaged in dishonest activities or made any
32 misrepresentation, the department may bring a civil suit in a court
33 of competent jurisdiction to enjoin the violation or potential
34 violation, seek civil penalties pursuant to paragraph (2) of this
35 subsection, or both.
- 36 (2) Any person who violates any provision of this act shall be
37 liable, in a civil action brought by the department in a court of
38 competent jurisdiction, for a penalty of not more than \$10,000 for
39 the first violation, and \$20,000 for the second and each subsequent
40 offense. The penalty shall be paid to the department to be used in
41 accordance with this act and shall be collected pursuant to the
42 “Penalty Enforcement Law of 1999,” P.L.1999, c.274 (C.2A:58-10
43 et seq.). The court shall also award court costs and reasonable
44 attorneys' fees to the department.
- 45 g. Each licensee shall maintain and enforce confidential,
46 written compliance policies, including policies with respect to anti-
47 fraud, anti-money laundering, cyber security, privacy and

1 information security, which shall be reviewed and approved by the
2 licensee's board of directors or an equivalent governing body.²

3
4 ²~~9.1~~ 8.² Any denial, suspension, or revocation of a license, or
5 warning notice issued by the department shall prominently indicate
6 that a right of appeal is available. A licensee or prospective
7 licensee which is aggrieved by a decision of the department may
8 appeal the decision by filing a request for a hearing before the
9 Office of Administrative Law.

10
11 ²~~10.1~~ 9.² a. (1) A licensee shall provide to the department in a
12 reasonable amount of time any document relating to the operations
13 of the licensee upon receiving a written request from the
14 department.

15 (2) Any notice requiring the production of documents pursuant
16 to this section shall include the reasons for which it is given.

17 b. A licensee shall give written notice to the department within
18 five days if there are any changes in the identities of the licensee's
19 executive officers, responsible individuals, or controlling persons.

20 c. A ¹~~license~~ licensee¹ shall maintain a record of all client
21 transactions for a period of not less than ¹~~one year~~ six years¹
22 from the date the transaction occurred.

23
24 ²~~11.1~~ 10.² a. The terms and conditions of a digital asset
25 business involving a consumer's account shall be disclosed ²as part
26 of establishing a relationship with a customer and prior to entering
27 into an initial transaction with the customer² at the time the
28 consumer contracts for a digital asset business service. A
29 disclosure shall be full and complete, contain no material
30 misrepresentations, be in readily understandable language and may
31 include, as appropriate and to the extent applicable:

32 (1) a schedule of fees and charges the licensee may assess, the
33 manner by which fees and charges will be calculated if they are not
34 set in advance and disclosed, and the timing of the fees and charges;

35 (2) whether a consumer's account is protected by the Federal
36 Deposit Insurance Corporation;

37 (3) whether there is support for forked networks of each digital
38 asset;

39 (4) that investment in digital assets is volatile and subject to
40 market loss;

41 (5) that investment in digital assets may result in total loss of
42 value;

43 (6) that legal, legislative and regulatory changes may impair the
44 value of digital assets;

45 (7) that consumers should perform research before investing in
46 digital assets;

47 (8) that transfers of digital assets are irrevocable, if applicable;

- 1 (9) how liability for an unauthorized, mistaken or accidental
2 transfer shall be apportioned;
- 3 (10) that digital assets are not legal tender in any jurisdiction;
- 4 (11) that digital assets may be subject to cyber theft or theft and
5 become unrecoverable;
- 6 ²[(12) who maintains control, ownership and/or access to any
7 private key related to a digital assets consumer's account;
- 8 (13)] (12)² that losing private key information may result in
9 permanent total loss of access to digital assets;
- 10 ²[(14)] (13)² under what circumstances the digital asset business
11 will in the ordinary course of business disclose information
12 concerning the consumer's account to third parties; and
- 13 ²[(15)] (14)² any other material investment risks.
- 14 b. All disclosures required by this act shall be displayed and
15 individually agreed to by a consumer before any digital asset
16 transaction at an electronic kiosk. Any fee to be charged shall be
17 displayed and individually agreed to by a consumer before any
18 digital asset transaction or digital asset balance inquiry at an
19 electronic kiosk.
- 20 c. A licensee ²[or registrant]² that has custody of digital assets
21 for one or more persons shall maintain in its custody an amount of
22 each type of digital assets sufficient to satisfy the aggregate
23 entitlements of the persons to the type of digital asset.
- 24 d. ²Each licensee shall establish and maintain written policies
25 and procedures to fairly and timely resolve customer complaints.
- 26 e. Each licensee shall provide, in a clear and conspicuous
27 manner, on its website or websites, and in all physical locations the
28 following disclosures:
- 29 (1) the licensee's mailing address, e-mail address, and telephone
30 number for the receipt of complaints;
- 31 (2) a statement that the complainant may also bring a complaint
32 to the attention of the department; and
- 33 (3) the department's mailing address, website, and telephone
34 number.
- 35 f. ² The department may audit a licensee's compliance with this
36 section.
- 37
- 38 ²11. Authority of department.
- 39 a. The department shall have the authority to conduct
40 investigations and examinations as follows:
- 41 (1) for purposes of initial licensing, license renewal, license
42 suspension, license conditioning, license revocation or termination,
43 or general or specific inquiry or investigation to determine
44 compliance with this act, the department may access, receive and
45 use any books, accounts, records, files, documents, information or
46 evidence including, but not limited to:
- 47 (a) criminal, civil and administrative history information;

1 (b) financial statements and any other records of financial
2 condition of the licensee, any control person of the licensee, and
3 any business entity exerting control over the licensee;

4 (c) personal history and experience information, including
5 independent credit reports obtained from a consumer reporting
6 agency described in section 603(p) of the “Fair Credit Reporting
7 Act” (15 U.S.C. s.1681a(p)); and

8 (d) any other documents, information or evidence the
9 department deems relevant to the inquiry or investigation regardless
10 of the location, possession, control or custody of the documents,
11 information or evidence; and

12 (2) for the purposes of investigating violations or complaints
13 arising under this act, or for the purposes of examination, the
14 department may review, investigate, or examine any digital asset
15 business licensee or person subject to this act as often as necessary
16 in order to carry out the purposes of this act. The commissioner may
17 direct, subpoena, or order the attendance of and examine under oath
18 all persons whose testimony may be required about digital assets,
19 digital consumer assets, virtual currency or the business or subject
20 matter of any examination or investigation, and may direct,
21 subpoena or order the person to produce books, accounts, records,
22 files and any other documents the department deems relevant to the
23 inquiry.

24 b. A digital asset business licensee or any person subject to this
25 act shall make or compile reports or prepare other information as
26 directed by the department in order to carry out the purposes of this
27 section including accounting compilations, information lists and
28 data concerning digital asset, digital consumer asset, or virtual
29 currency transactions in a format prescribed by the commissioner or
30 any other information the department deems necessary to carry out
31 the purposes of this act.

32 c. In making an examination or investigation authorized by this
33 section, the department may control access to any documents and
34 records of the digital asset business or person under examination or
35 investigation. The commissioner may take possession of the
36 documents and records or place a person in exclusive charge of the
37 documents and records in the place where they are usually kept.
38 During the period of control, no person shall remove or attempt to
39 remove any of the documents and records except pursuant to a court
40 order or with the consent of the department. Unless the
41 commissioner has reasonable grounds to believe the documents or
42 records of the digital asset business or person have been, or are at
43 risk of being, altered or destroyed for purposes of concealing a
44 violation of this act, the digital asset business or owner of the
45 documents and records shall have access to the documents or
46 records as necessary to conduct its ordinary business affairs.

1 d. For purposes of conducting the authority of the department,
2 addition of required resources as follows: 4 examiners, 2 licensing
3 investigators and 2 enforcement investigators.²

4
5 ²12. a. Notwithstanding any other provision of law, all
6 information or reports obtained by the department from an
7 applicant, licensee or agent, whether obtained through reports,
8 applications, examinations, audits, investigations, or otherwise,
9 including, but not limited to: (1) all information contained in or
10 related to examination, investigation, operating, or condition reports
11 prepared by, or on behalf of, or for the use of the department; or (2)
12 financial statements, balance sheets, or authorized delegate
13 information, are confidential and may not be disclosed or
14 distributed outside the department by the department or any officer
15 or employee of the department. The department, however, may
16 provide for the release of information to representatives of state or
17 federal agencies and foreign countries having regulatory or
18 supervisory authority over the activities of the licensee or similar
19 licensees if those representatives, upon request of the
20 commissioner, disclose similar information respecting those
21 licensees under their regulation or supervision, or to those
22 representatives who state in writing under oath that they shall
23 maintain the confidentiality of that information.

24 b. The department may:

25 (1) disclose the fact of filing of applications with the department
26 pursuant to this act, give notice of a hearing, if any, regarding those
27 applications, and announce an action thereon;

28 (2) disclose final decisions in connection with proceedings for
29 the suspension or revocation of licenses issued pursuant to this act;

30 (3) prepare and circulate reports reflecting the assets and
31 liabilities of digital asset businesses in general, including other
32 information considered pertinent to the purpose of each report for
33 general statistical information; and

34 (4) prepare and circulate reports as provided by law.

35 c. Every official report of the department is prima facie
36 evidence of the facts therein stated in any action or proceeding
37 wherein the department is a party.

38 d. Nothing in this section shall be construed to prevent the
39 disclosure of information that is admissible in evidence in any civil
40 or criminal proceeding brought by or at the request of the
41 department or this State to enforce or prosecute violations of this
42 act or the rules, regulations or orders issued or promulgated
43 pursuant to this act.²

44
45 ²13. Section 2 of P.L.2005, c.199 (C.17:1C-34) is amended to
46 read as follows:

47 2. For the purposes of this act:

1 "Assessment" means the assessment imposed pursuant to section
2 3 of this act for the special functions of the division as provided in
3 that section.

4 "Commissioner" means the Commissioner of Banking and
5 Insurance.

6 "Department" means the Department of Banking and Insurance.

7 "Depository institution" means any entity holding a state charter
8 for a bank, savings bank, savings and loan association or credit
9 union, irrespective of whether the entity accepts deposits.

10 "Division" means the Division of Banking in the Department of
11 Banking and Insurance.

12 **["Nationwide Mortgage Licensing System and Registry" means**
13 **the mortgage licensing system developed and maintained by the**
14 **Conference of State Bank Supervisors and the American**
15 **Association of Residential Mortgage Regulators, or their**
16 **successors, and utilized in this State pursuant to the provisions of**
17 **the "New Jersey Residential Mortgage Lending Act," sections 1**
18 **through 39 of P.L.2009, c.53 (C.17:11C-51 et seq.).]**

19 "Nationwide Multistate Licensing System" means the licensing
20 system owned and operated by the State Regulatory Registry, LLC,
21 a wholly-owned subsidiary of the Conference of State Bank
22 Supervisors, which functions as a system of record for non-
23 depository, financial services licensing or registration in
24 participating state agencies, including the District of Columbia and
25 the United States Territories of Puerto Rico, the US Virgin Islands,
26 and Guam, where it is the official system for companies and
27 individuals seeking to apply for, amend, renew, and surrender
28 license authorities.

29 "Other financial entity" means a person who is licensed or
30 registered pursuant to: the "New Jersey Consumer Finance
31 Licensing Act," sections 1 through 49 of P.L.1996, c.157
32 (C.17:11C-1 et seq.); the "New Jersey Residential Mortgage
33 Lending Act," sections 1 through 39 of P.L.2009, c.53 (C.17:11C-
34 51 et seq.), other than a financial entity with respect to the payment
35 of required fees to the Nationwide **[Mortgage] Multistate** Licensing
36 System **[and Registry]** as set forth by that nationwide system and
37 registry; "The Check Cashers Regulatory Act of 1993," P.L.1993,
38 c.383 (C.17:15A-30 et seq.); the "New Jersey Money Transmitters
39 Act," P.L.1998, c.14 (C.17:15C-1 et seq.); the "Insurance Premium
40 Finance Company Act," P.L.1968, c.221 (C.17:16D-1 et seq.); the
41 "Retail Installment Sales Act of 1960," P.L.1960, c.40 (C.17:16C-1
42 et seq.); the "Door-to-Door Retail Installment Sales Act of 1968,"
43 P.L.1968, c.223 (C.17:16C-61.1 et seq.); the "Home Repair
44 Financing Act," P.L.1960, c.41 (C.17:16C-62 et seq.); the "Door-to-
45 Door Home Repair Sales Act of 1968," P.L.1968, c.224 (C.17:16C-
46 95 et seq.); P.L.1979, c.16 (C.17:16G-1 et seq.); the "Foreclosure
47 Rescue Fraud Prevention Act," P.L.2011, c.146 (C.46:10B-53 et

1 al.); the “Mortgage Servicers Licensing Act,” P.L.2019, c.65
 2 (C.17:16F-27 et al.); the provisions of P.L.2019, c.200 (C.17:16ZZ-
 3 1 et al.); or the “pawnbroking law,” R.S.45:22-1 et seq; or the
 4 “Digital Asset and Blockchain Technology Act” P.L. _____, c.
 5 (C. _____) (pending before the Legislature as this bill).

6 "Regulated entity" means a depository institution, other financial
 7 entity or person chartered, licensed or registered by the Division of
 8 Banking or who should be chartered, licensed or registered.²
 9 (cf: P.L.2019, c.200, s.17)

10
 11 ¹**12.** a. Gross income shall not include up to \$1,000 of gains or
 12 income from the sale or exchange of digital assets for other than
 13 legal tender, except that following the first taxable year that this
 14 section is in effect, the \$1,000 limit shall be increased annually
 15 by \$50.

16 b. Gross income shall not include up to \$250 of dividend
 17 distributions in the form of digital assets arising from the ownership
 18 of digital assets, except that following the first taxable year that this
 19 section is in effect, the \$250 limit shall be increased annually by
 20 \$20.

21 c. As used in this section “digital asset” shall mean the same as
 22 that term is defined pursuant to section 1 of P.L. _____, c. (C. _____)
 23 (pending before the Legislature as this bill).¹

24
 25 ²**1****13.** ¹**12.** ¹**14.**² This act shall take effect on the first day of
 26 the ²**fourth** ~~sixth~~² month next following enactment, except the
 27 commissioner may take any anticipatory administrative action in
 28 advance as shall be necessary for the implementation of this act.