



Bill that allows banks to hold cryptocurrency heads to Youngkin's desk

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Legislation that would allow Virginia's banks to hold cryptocurrency and provide cryptocurrency services has passed both chambers of the General Assembly and will be considered by Gov. Glenn Youngkin.

House Bill 253, sponsored by Del. Christopher Head, R-Roanoke, unanimously passed the Senate and the House. Virginia would join several states that have issued regulations or passed bills to be more open to cryptocurrencies if Youngkin signs the bill.

Cryptocurrencies are digital currencies that provide an alternative to centralized currencies issued by governments, such as the U.S. dollar. People can use cryptocurrencies to purchase goods and services. Although most places of business do not accept such payments, their use has grown in recent years.

"Having that door open for them is a nice step forward," Nicholas Anthony, the manager of the libertarian Cato Institute's Center for Monetary and Financial Alternatives, told The Center Square.

Anthony said the legislation is beneficial for the economy because it allows the commonwealth's traditional banks to get into cryptocurrency as banks in other states are starting to do. Rather than letting them fall behind, he said this legislation helps them keep up.

Allowing banks to provide cryptocurrency services also would give people a more comfortable means to experiment with these currencies in a setting they are already familiar with, Anthony said. He said the banks likely would manage cryptocurrency in a similar way to Coinbase and other third-parties that provide services for cryptocurrencies.

The Assembly-passed legislation uses a broad definition for cryptocurrencies that includes any electronic representation of value intended to be used as a medium of exchange, unit of account or store of value. The legislation only applies to virtual currencies and would not include any alternative currencies that exist in a physical form. The bill also requires that the owner of the currency have the cryptographic keys associated with the currency in a digital wallet so he can access it and use it.

Under this legislation, banks also would be required to have certain protocols in place to effectively manage the associated risks. It also must possess trust powers and have a trust department approved by the State Corporation Commission. Banks would not be required to hold cryptocurrency or provide any cryptocurrency services if they chose not to do so.