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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 883 Session of  
2025

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INTRODUCED BY WAXMAN, PIELLI, MALAGARI, GIRAL, SANCHEZ, NEILSON,  
HANBIDGE, OTTEN AND FRIEL, MARCH 11, 2025

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REFERRED TO COMMITTEE ON COMMERCE, MARCH 11, 2025

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AN ACT

1 Providing for collateral requirements for virtual currency  
2 lenders and for segregation of funds; and imposing penalties.

3 The General Assembly of the Commonwealth of Pennsylvania  
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Digital Asset  
7 Regulation Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall  
10 have the meanings given to them in this section unless the  
11 context clearly indicates otherwise:

12 "Cash equivalent." Securities, including treasury bills,  
13 commercial paper, marketable securities, money market funds,  
14 short-term government bonds, a certificate of deposit or a  
15 banker's acceptance.

16 "Client." A third party, other than the virtual currency  
17 lender or a virtual currency, that uses a virtual currency  
18 lender for the lending of virtual currency.

1 "Collateral." Money or an item of value pledged as security  
2 for repayment in the event of a default.

3 "Department." The Department of Banking and Securities of  
4 the Commonwealth.

5 "Digital asset." A representation of economic, proprietary  
6 or access rights that is stored in a machine-readable format and  
7 has a transaction history that is recorded in a distributed,  
8 digital ledger or digital data structure in which consensus is  
9 achieved through a mathematically verifiable process. The term  
10 includes digital consumer assets and virtual currency.

11 "Digital consumer asset." A digital asset that is primarily  
12 for consumptive, personal or household purposes, including  
13 access to goods, services or content. The term includes any  
14 other digital asset that is not virtual currency.

15 "Lending." Engaging in the business of receiving monetary  
16 value for transmission to a location inside or outside of the  
17 United States by any means, including wire, facsimile or  
18 electronic transfer.

19 "Money." As defined in section 1 of the act of September 2,  
20 1965 (P.L.490, No.249), referred to as the Money Transmission  
21 Business Licensing Law.

22 "Virtual currency." A digital asset that is used as a medium  
23 of exchange, unit of account or store of value and is not  
24 recognized as legal tender by the Federal Government.

25 "Virtual currency lender." A person that is regularly  
26 engaged in the lending of virtual currency or digital assets  
27 used for financial purposes.

28 Section 3. Applicability.

29 This act shall apply to any virtual currency lender,  
30 institution or any other person that lends virtual currency to a

1 third party in this Commonwealth.

2 Section 4. Notice of intent to conduct business.

3 No later than 90 days before conducting business in this  
4 Commonwealth, a virtual currency lender shall send a letter to  
5 the department notifying the department that the virtual  
6 currency lender intends to conduct virtual currency lending in  
7 this Commonwealth. The virtual currency lender shall include all  
8 of the following information in the letter:

9 (1) The virtual currency lender's name.

10 (2) Parent companies and subsidiaries of the virtual  
11 currency lender.

12 (3) A statement explaining the virtual currency lender's  
13 intention on lending virtual currency in this Commonwealth  
14 and include any Internet websites or branding that the  
15 virtual currency lender wishes to offer.

16 (4) A statement that the virtual currency lender is in  
17 compliance with applicable Federal and State laws.

18 (5) Any other information deemed relevant and as  
19 specified by the department.

20 Section 5. Collateral requirements for virtual currency  
21 lenders.

22 (a) Collateral required.--A virtual currency lender shall  
23 require collateral, in connection with the services provided as  
24 a virtual currency lender, to be held in a trust for all digital  
25 consumer assets.

26 (b) Collateral amount.--A virtual currency lender shall  
27 secure a minimum of 100% of the value of the virtual currency  
28 exchanged in money or cash equivalents to serve as collateral  
29 under subsection (a). The money or cash equivalent may be  
30 increased or decreased depending on the market price of the

1 virtual currency.

2 (c) Use of collateral.--In the event of a default or other  
3 circumstance that results in a client losing access to any  
4 account with the virtual currency lender, the client's virtual  
5 currency or the client's money, through fraud or other  
6 malfeasance or through a technical failure, a virtual currency  
7 lender shall use collateral to reimburse a client.

8 (d) Agreement required.--A virtual currency lender shall  
9 require an agreement to be signed by both a client and the  
10 virtual currency lender regarding the collateral required under  
11 this section.

12 (e) Penalties.--

13 (1) Failure by a virtual currency lender to establish  
14 policies in accordance with the requirements under this  
15 section shall constitute a violation of this section, and the  
16 virtual currency lender shall be subject to the following  
17 fines imposed by the department:

18 (i) \$5,000 for the first violation.

19 (ii) \$10,000 for a second violation.

20 (iii) \$20,000 for a third and each subsequent  
21 violation.

22 (2) After a third violation of this section, the  
23 department may conduct a review of the virtual currency  
24 lender and may prohibit the virtual currency lender from  
25 operating within this Commonwealth.

26 Section 6. Segregation of funds.

27 (a) Segregation required.--A virtual currency lender shall,  
28 in connection with the services provided as a virtual currency  
29 lender, manage a consumer's money and digital consumer assets  
30 separately from the virtual currency lender's own money and

1 digital assets in accordance with the regulations promulgated  
2 under section 7.

3 (b) Penalties.--

4 (1) Failure by a virtual currency lender to establish  
5 policies in accordance with the requirements under this  
6 section shall constitute a violation of this section, and the  
7 virtual currency lender shall be subject to the following  
8 fines imposed by the department:

9 (i) \$5,000 for the first violation.

10 (ii) \$10,000 for a second violation.

11 (iii) \$20,000 for a third and each subsequent  
12 violation.

13 (2) After a third violation of this section, the  
14 department may conduct a review of the virtual currency  
15 lender and may prohibit the virtual currency lender from  
16 operating within this Commonwealth.

17 Section 7. Regulations.

18 The department shall promulgate regulations necessary to  
19 implement and enforce this act.

20 Section 8. Effective date.

21 This act shall take effect in 60 days.