



JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

IRIS IKEDA
COMMISSIONER

TARA L. MURPHY
DEPUTY COMMISSIONER

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'ŌKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'ŌKELE

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DIVISION OF FINANCIAL INSTITUTIONS
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 221, HONOLULU, HAWAII 96813
P.O. BOX 2054, HONOLULU, HAWAII 96805

Phone: (808) 586-2820
Fax: (808) 586-2818
E-Mail: dfi@dcca.hawaii.gov

Guidance for Digital Currency Companies

Applying for a license in Hawaii?

The Hawaii Division of Financial Institutions (HDFI) is currently only able to license digital currency companies that can qualify for a money transmitters license under Hawaii Revised Statutes, Chapter 489D. HDFI understands that digital currency companies are unable to meet the licensing requirements under the money transmitter law because companies are unable to meet statutory requirements relating to permissible investments in U.S. dollars, trust accounts and bonding,

In 2020 the HDFI partnered with the Hawaii Technology Development Corporation (HTDC) to study digital currency transactions to determine whether, and the extent to which this activity should be regulated. The study has shown HDFI and HTDC that the money transmitter laws are not well suited to oversee digital currency activity.

During the 2022 Legislative Session, the HDFI introduced a bill proposing a new law to license digital currency companies. This bill proposal was created with input from the DCIL participants, the industry, consumers, and other stakeholders.

The legislature did acknowledge that a license is needed for digital currency companies for consumer protection. It also acknowledged that the bill proposed requirements already presently used by the DCIL participants. Unfortunately, the bill did not pass into law.

The 2023 legislature is currently entertaining the 2022 proposal to license digital currency companies. If this bill passes into law, HDFI will begin the licensure process in 2024.

If this occurs, currently licensed money transmitter companies may be required to have two licenses. Companies with digital currency activities will need this new digital currency license to conduct the digital currency activities as well as the existing money transmission license to conduct money transmitter transactions.

In light of the above, Digital Currency Companies who have applied for a money transmitter license in Hawaii should withdraw their applications as they will be unlikely to receive the money transmission license in compliance with HRS Chapter 489D.

The proposed licensing structure in the current legislation will be similar, but there are some differences in the application process from the other non-depository licenses. HDFI will not "transfer" the company's money transmitter application to the new license application. Companies will have to apply for the new license.