



The Bitcoin Foundation, Inc.
One Ferry Building
Suite 255
San Francisco, California 94111
llew@bitcoinfoundation.org

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Liza Karzai
Executive Director
The National Conference of Commissioners on Uniform State Laws
111 N. Wabash Avenue
Suite 1010
Chicago, Illinois 60602
Email: lkarzai@uniformlaws.org
Phone: (312) 450-6604

Dear Ms. Karzai:

The Bitcoin Foundation, Inc. (“the Foundation”) is a non-profit organization founded in September 2012. Comprised of senior leaders in the Bitcoin community, the Foundation coordinates joint efforts of the Bitcoin community, helping to create awareness of the benefits of Bitcoin, its use and its related technology requirements. The Foundation’s audience includes technologists, regulators, and the media, and its reach is global. The Foundation has been at the forefront of campaigning for an unimpeded economic system for the future.

According to the National Conference of Commissioners on Uniform State Laws’ (“ULC”) website, ULC is working on Article 8 Companion Act to the Uniform Regulation of Virtual Currency. The Foundation strongly opposes this companion act and requests that ULC immediately withdraws this material from further consideration and stops this project. ULC has previously issued the Uniform Regulations of Virtual-Currency Business Act, which the Foundation also opposed.

Enough is enough. Lawyers should not be taking a leadership role in a technology they do not understand. Through both the Uniform Regulations of Virtual-Currency Business Act and the Article 8 Companion Act, ULC has created and continues to create significant confusion for current and potential users of the technology, investors, developers, and institutional players who may adopt this technology. This confusion created by ULC is causing significant hesitation amongst various stakeholders in the technology’s adoption. It is clear to us that such confusion and hesitation is having a negative impact of the growth of this industry.

Finally, the confusion ULC is generating in this emerging industry is impeding and interfering with our ability to serve our members, and to pursue our education mission for anyone involved ULC has chosen to continue with these actions despite being warned of those risks in the past. In fact, on July 14, 2017, we wrote to you and described those risks in detail if ULC would continue to push for model acts related to virtual currency. Yet, ULC has chosen to continue to develop and propose model acts in an industry that does not need them yet.

These projects, which are rushed without any substantial input from non-lawyers, also stand in stark contradiction with other technology areas which the ULC has clearly chosen not to be involved in or to take a much slower approach.

For instance, all 50 states have enacted legislation requiring private or government entities to notify individuals of security breaches of information involving personal identifiable information, yet it was not until recently that the ULC started to study “Data Breach Notification.” ULC waited years until it decided that such an area was ready for it to recommend a uniform law. Why is virtual currency being treated differently and not allowed to develop more fully before ULC takes action to recommend a uniform law?

Furthermore, the Uniform Regulations of Virtual-Currency Business Act is turning out to be a failure. Only three states have introduced bills to enact this Act. As of now, it does not appear that these bills will pass in Connecticut or Nebraska and there has been strong opposition during the comment period in Hawaii. As we have already written to you regarding the Uniform Regulations of Virtual-Currency Business Act, ULC acted prematurely by proposing this model Act. This Act was pushed through when states were taking different conflicting positions on the economic nature of virtual currencies and the legal approach to regulate them. The legal issues involved were not sufficiently stable and no consensus exists to promote a uniform law. Since this Act has already proven to be a failure, ULC should not attempt to pass another uniform law on virtual currency and make matters even worse.

Additionally, two financial regulatory authorities, the US Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) are taking diverging views over the economic nature of virtual currency. Furthermore, the CFTC, SEC, and IRS have taken different stances on how they classify virtual currencies. The CFTC has designated bitcoin as a commodity and announced that fraud and manipulation involving bitcoin traded in interstate commerce and the regulation of commodity futures tied directly to bitcoin is under its authority. On the other hand, the SEC has said that virtual currencies are securities and exchange platforms must register with the SEC as national securities exchanges.

While there is no consensus amongst federal agencies, ULC should not move forward with a Uniform Commercial Code Article 8 Companion Act to the Uniform Regulation of Virtual-Currency Business Act. ULC has already created enough problems with the Uniform Regulations of Virtual-Currency Business Act and should not continue to get involved in a developing area of law that is clearly not ready for model state Acts.

For the above-mentioned reasons, the Bitcoin Foundation expressly requests that ULC immediately withdraws this material from further consideration and stops this project.

We look forward to hearing from you on these matters. If you have any questions please let me know.

Yours sincerely,



Llew Claasen
Executive Director
The Bitcoin Foundation

Cc: Jack L. Rive
Executive Director
American Bar Association
321 North Clark Street
Chicago, IL 60654

Board of Directors of the Bitcoin Foundation