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Distribution List (\*)

Dear Ms. Hutchinson, dear Ms. Peters, dear Mr. Blue:

My name is Llew Claasen and I am the Executive Director of the Bitcoin Foundation, a non-profit organization founded in September 2012 in Washington, DC. Comprised of senior leaders in the Bitcoin community, the Bitcoin Foundation coordinates 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, the media and its reach is global.

The Bitcoin Foundation has been at the forefront of campaigning for an unimpeded economic system for the future. In November 2013, Patrick Murck, general counsel of the Bitcoin Foundation, testified before a United States Senate committee convened to assess digital currencies. After engaging with federal regulators and lawmakers, a near-unanimous consensus that the federal government needed to be careful to avoid hampering the growth of the world's first completely decentralized payment network resulted.

We understand that the Uniform Law Commission (hereinafter "ULC") may be asked, during its annual meeting currently taking place in San Diego, to approve a proposed uniform statute "Uniform Regulation of Virtual Currency Businesses Act." Through an official correspondence sent to ULC's leadership on July 14, 2017, the Bitcoin Foundation has urged ULC not to adopt this proposed model act, because of its potential drastic repercussions on the adoption of Bitcoin, cryptocurrencies, blockchains and other similar innovative and inclusive financial technologies ("fintech") being deployed by some of the most innovative small businesses in this nascent industry.

As the National Conference of State Legislatures effectively represents ULC's clients, the various state legislatures, the Bitcoin Foundation similarly urges you to reject any



proposal relying on this model act, would ULC decide to submit it to your members for consideration.

I am enclosing the following material for your review:

- The letter sent by the Bitcoin Foundation to ULC last week;
- A letter from one of our members, Theo Chino, sent to ULC's leadership, which explains, through counsel, the significant legal risks associated with this proposed model act.

The proposed model statute is itself modeled after the "Virtual Currency" regulation passed in New York by the New York Department of Financial Services (Part 200 of Chapter 1 of Title 23 of the New York Codes, Rules and Regulations), also known as BitLicense. Since the BitLicense's promulgation, the fintech industry in New York has been driven away due to the slow licensing process, strict requirements and compliance burden. Daniel Roberts, Behind the "Exodus" of Bitcoin Startups from New York, FORTUNE (Aug. 14, 2015), <http://fortune.com/2015/08/14/bitcoin-startups-leave-new-york-bitlicense/>. Securing licenses and an unrealistic compliance burden has proven to be impossible to overcome for small New York businesses in this nascent industry.

Therefore, adopting a model act with the characteristics of the New York regulation is sure to threaten the very existence of small fintech businesses nationwide. Just as the fintech industry was stifled in New York, it is highly likely that this proposed model act will have a similar impact across every state adopting this approach.

Therefore, the Bitcoin Foundation respectfully requests that you reject any proposal relying on this model act, would ULC decide to submit it to your members for consideration.

Should you have any questions, please feel free to get in contact.

Yours sincerely,

Llew Claasen  
Executive Director  
The Bitcoin Foundation



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