SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 3794

(SENATE AUTHORS: SEEBERGER, Miller and Rest)

DATE	D-PG	OFFICIAL STATUS
02/23/2026	6370	Introduction and first reading Referred to Commerce and Consumer Protection
02/26/2026	6420	Author added Rest

A bill for an act

relating to financial institutions; allowing certain virtual-currency custody services to be offered and performed; proposing coding for new law in Minnesota Statutes, chapters 48; 52.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[48.741] VIRTUAL-CURRENCY CUSTODY SERVICES.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Control of virtual currency" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A banking institution may provide virtual-currency custody services in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A banking institution that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A banking institution must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the banking institution's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A banking institution may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the banking institution may lawfully hold or safeguard other assets for customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A banking institution must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the banking institution's assets and are not treated as the banking institution's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A banking institution may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody services, provided the banking institution retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A banking institution's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a banking institution to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.

Sec. 2. **[52.25] VIRTUAL-CURRENCY CUSTODY SERVICES.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "Control of virtual currency" or "control" has the meaning given in section 53B.69, subdivision 2.

(c) "Virtual currency" has the meaning given in section 53B.69, subdivision 6.

(d) "Virtual-currency custody services" means safekeeping, controlling, or managing virtual currency, or the cryptographic private keys used to access virtual currency, on behalf of another person.

Subd. 2. **Authority.** A credit union may provide virtual-currency custody services to the credit union's members in a fiduciary or nonfiduciary capacity, subject to this section and applicable state and federal law.

Subd. 3. **Safety and soundness.** A credit union that engages in virtual-currency custody services must conduct the activity in a safe and sound manner and must maintain written policies and procedures governing risk management, internal controls, cybersecurity, business continuity, and compliance.

Subd. 4. **Notice to commissioner.** A credit union must provide written notice to the commissioner at least 60 days before commencing virtual-currency custody services. The notice must describe the nature of the services and the credit union's risk management framework.

Subd. 5. **Fiduciary capacity.** (a) A credit union may provide virtual-currency custody services in a fiduciary or custodial capacity, including as agent, bailee, or trustee for the limited purpose of safekeeping or administration of virtual currency, to the same extent the credit union may lawfully hold or safeguard other assets for members or customers.

(b) The commissioner may limit or condition the authority to provide virtual-currency custody services under paragraph (a) only if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subd. 6. **Segregation of assets.** A credit union must structure virtual-currency custody services to ensure that customer virtual currency and associated control mechanisms are legally and operationally segregated from the credit union's assets and are not treated as the credit union's property, consistent with the segregation of assets held in other custodial or fiduciary capacities and the concept of control of controllable electronic records under sections 336.12-101 to 336.12-107.

Subd. 7. **Third-party service providers.** A credit union may engage one or more qualified third-party service providers or subcustodians to facilitate virtual-currency custody

services, provided the credit union retains oversight responsibility and ensures compliance with this section.

Subd. 8. **Supervision and examination.** A credit union's virtual-currency custody services are subject to examination by the commissioner as part of the regular supervisory process.

Subd. 9. **Construction.** This section does not (1) authorize a credit union to engage in activities otherwise prohibited by law, or (2) alter the legal characterization of virtual currency under state or federal law.

EFFECTIVE DATE. This section is effective August 1, 2026, and applies to virtual-currency custody services commenced on or after that date.