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BILL SUMMARY

S.F. No. 3794 – Certain Virtual-Currency Custody Services

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SF 3794 allows banks and credit unions in Minnesota to provide virtual-currency custody services.

Section 1 [48.741; Virtual-Currency Custody Services]

Subdivision 1 defines several terms.

Subdivision 2 authorizes banks to provide virtual-currency custody services in a fiduciary or nonfiduciary capacity.

Subdivision 3 requires banks that provide virtual-currency custody services to act in a safe and sound manner. Banks must have written policies regarding risk management, internal controls, cybersecurity, business continuity, and compliance.

Subdivision 4 requires banks to provide the commissioner with 60 days' written notice before providing virtual-currency custody services.

Subdivision 5 allows a bank to provide virtual-currency custody services in a ficuiary or custodial capacity for the limited purpose of safekeeping or administration of the virtual currency, to the same extent tha bank does so for other assets.

The commissioner may limit or condition a bank's authority under subdivision 5 if the commissioner determines the activity is conducted in an unsafe or unsound manner.

Subdivision 6 requires banks to structure virtual-currency custody services to ensure the currency and controls are operated legally and segregated from the bank's assets.

Subdivision 7 allows banks to engage a qualified third-party service provider to facilitate virtual currency custody services if the bank retains oversight responsibility and ensures compliance with section 48.741.

Subdivision 8 states a bank's virtual currency custody services are subject to examination as part of the regular supervisory process.

Subdivision 9 clarifies that section 48.741 does not authorize a bank to engage in activities otherwise prohibited by law or alter the legal characterization of virtual currency.

Section 2 [52.25; Virtual-Currency Custody Services] contains the same provisions as section 1 but applies them to credit unions.

EFFECTIVE DATE. Sections 1 and 2 are effective August 1, 2026, and applies to virtual currency custody services on or after that date.

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