

BILL ANALYSIS

Senate Research Center
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H.B. 4233
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The digital asset industry, encompassing cryptocurrencies and related services, has experienced significant growth in recent years. However, this expansion has outpaced the development of comprehensive regulatory frameworks, leading to concerns over consumer protection, financial stability, and the potential for illicit activities. H.B. 4233 aims to fill this regulatory gap by mandating that digital asset service providers adhere to standardized reporting practices, thereby promoting accountability and safeguarding the interests of consumers and investors.

As digital assets become more mainstream, clients and constituents have raised issues regarding the security and reliability of digital asset platforms, prompting the need for legislative action to ensure consumer protection. Additionally, stakeholders within the financial and accounting professions have highlighted the necessity for clear regulations to foster innovation while ensuring market integrity and responsible client services.

H.B. 4233 streamlines the regulation of digital asset service providers by:

Modifying Customer Reporting: Eliminates auditor access to pseudonymized customer data, instead requiring providers to deliver regular, detailed reports directly to customers about their assets and liabilities.

Adjusting Licensing Statutes: Updates the references for obtaining and maintaining a money transmission license by shifting from Chapter 151, Subchapter D, to Chapter 152, Subchapter C, of the Texas Finance Code.

Repealing Redundant Provisions: Removes ambiguous and redundant reporting requirements, consolidating oversight under the updated money transmission licensing framework.

H.B. 4233 amends current law relating to reporting and auditing requirements for digital asset service providers.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 160.004(c), Finance Code, as follows:

(c) Deletes existing text requiring a digital asset service provider to create a plan to allow an auditor to access and view at any time a pseudonymized version of the information made available to each digital asset customer under Subdivision (1) (relating to requiring a digital asset service provider to create a plan to allow each digital asset customer to view at least quarterly an accounting of certain customer information). Makes nonsubstantive changes.

SECTION 2. Amends Section 160.005(a), Finance Code, as follows:

(a) Requires a digital asset service provider, in addition to any other requirements under Subchapter C (Money Services), Chapter 152 (Regulation of Money Services Businesses), rather than under Subchapter D (Money Transmission License), Chapter 151 (Regulation of Money Services Businesses), to comply with the requirements of this chapter to obtain and maintain any money transmission license under Subchapter C, Chapter 152, rather than under Subchapter D, Chapter 151. Deletes existing text requiring a digital asset service provider applying for a new money transmission licensed under Subchapter D, Chapter 151, to submit to the Texas Department of Banking (TDB) the report required by Section 160.004(d) (relating to requiring a digital asset service provider to file a report with TDB).

SECTION 3. Repealers: Sections 160.004(d) (relating to requiring a digital asset service provider to file a report with TDB) and (e) (relating to requiring an auditor to fulfill certain requirements as a certified public accountant), Finance Code.

Repealer: Section 160.004(f) (relating to authorizing a digital asset service provider to meet certain requirements by filing TDB a copy of certain audits of the digital asset service provider), Finance Code.

SECTION 4. Effective date: September 1, 2025.