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A BILL TO BE ENTITLED

AN ACT

relating to disclosures and other requirements concerning virtual currency kiosk transactions; authorizing a fee.

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

SECTION 1. Subtitle E, Title 3, Finance Code, is amended by adding Chapter 161 to read as follows:

CHAPTER 161. VIRTUAL CURRENCY KIOSKS

Sec. 161.001. DEFINITIONS. In this chapter:

(1) "Digital asset service provider" has the meaning assigned by Section 160.001.

(2) "Transaction hash" means a unique identifier consisting of a string of characters that act as a record of a transaction and provide proof that the transaction was verified and added to the blockchain.

(3) "Virtual currency" has the meaning assigned by Section 12.001, Business & Commerce Code.

(4) "Virtual currency kiosk" means an electronic terminal operated by a virtual currency kiosk operator to enable the operator to facilitate the exchange of virtual currency for money, bank credit, or other virtual currency, including by:

(A) connecting directly to a separate virtual currency exchanger that performs the actual virtual currency transmission; or

(B) drawing on the virtual currency in the

possession of the electronic terminal's operator.

(5) "Virtual currency kiosk operator" means a person, including a digital asset service provider, that operates a virtual currency kiosk.

(6) "Virtual currency kiosk transaction" means a transaction conducted or performed, wholly or partly, by electronic means on a virtual currency kiosk, including a transaction made at a virtual currency kiosk to purchase virtual currency with fiat currency or to sell virtual currency for fiat currency.

Sec. 161.002. APPLICABILITY. This chapter applies only to a virtual currency kiosk operator that operates a virtual currency kiosk in this state.

Sec. 161.003. DISCLOSURES ON MATERIAL RISK. (a) Before entering into an initial virtual currency kiosk transaction for, on behalf of, or with a customer, a virtual currency kiosk operator shall disclose in a clear, conspicuous, and easily readable manner all material risks generally associated with virtual currency, including that:

(1) virtual currency is not legal tender and is not backed or insured by the government;

(2) accounts and value balances of virtual currency are not subject to Federal Deposit Insurance Corporation, National Credit Union Administration, or Securities Investor Protection Corporation protections;

(3) some virtual currency kiosk transactions are deemed to be made when recorded on a public ledger that may not be the date or time when the person initiates the transaction;

(4) virtual currency's value may be derived from the continued willingness of market participants to exchange fiat currency for virtual currency, which may result in the permanent and total loss of a particular virtual currency's value if the market for that virtual currency disappears;

(5) a person who accepts a virtual currency as payment is not required to accept the currency as payment and may decline to accept the currency in a future transaction;

(6) the volatility and unpredictability of the price of virtual currency relative to fiat currency may result in a significant loss in value over a short period;

(7) the nature of virtual currency means that any technological difficulties experienced by a virtual currency kiosk operator may prevent access to or use of the operator's customer's virtual currency; and

(8) any bond maintained by the virtual currency kiosk operator for the benefit of the customers may not cover all losses incurred by customers.

(b) In addition to the disclosures required under Subsection (a), a virtual currency kiosk operator shall provide a written disclosure that:

(1) is prominently displayed and in bold type;

(2) must be acknowledged by the customer;

(3) is provided separately from the disclosures required under Subsection (a); and

(4) states:

"WARNING: LOSSES DUE TO FRAUDULENT OR ACCIDENTAL

TRANSACTIONS ARE NOT RECOVERABLE AND TRANSACTIONS IN VIRTUAL CURRENCY ARE IRREVERSIBLE. VIRTUAL CURRENCY TRANSACTIONS MAY BE USED BY SCAMMERS IMPERSONATING LOVED ONES, THREATENING JAIL TIME, OR INSISTING YOU WITHDRAW MONEY FROM YOUR BANK ACCOUNT TO PURCHASE VIRTUAL CURRENCY."

(c) The disclosures required under Subsection (a) must be displayed on the screen of the virtual currency kiosk with the ability for a customer to acknowledge the receipt of the disclosures.

Sec. 161.004. TRANSACTION-RELATED DISCLOSURES. (a) A virtual currency kiosk operator shall disclose all relevant terms generally associated with virtual currency and with the products, services, and activities of the operator, including:

(1) the customer's liability for unauthorized virtual currency transactions;

(2) the customer's right to:

(A) stop payment of a virtual currency transfer and the procedure to stop payment;

(B) receive a receipt, trade ticket, or other evidence of a transaction at the time of the transaction; and

(C) receive prior notice of a change in the operator's rules or policies;

(3) the circumstances under which the operator, without a court or government order, is authorized to disclose a customer's account information to third parties; and

(4) other disclosures customarily provided in connection with the opening of a customer's account.

(b) Before a virtual currency kiosk transaction is entered into for, on behalf of, or with a customer, a virtual currency kiosk operator shall disclose the terms of the transaction in a clear, conspicuous, and easily readable manner, including:

(1) the amount of the transaction denominated in:

(A) United States dollars; and

(B) the applicable virtual currency involved in the transaction;

(2) any transaction fees, expenses, or charges, including applicable exchange rates;

(3) the type and nature of the transaction;

(4) a warning that once a transaction is completed, the transaction may not be reversed;

(5) the daily virtual currency kiosk transaction limit prescribed by Section 161.008;

(6) the difference in the virtual currency's sale price compared to the current market price; and

(7) any other disclosures that are customarily provided in connection with a virtual currency kiosk transaction.

Sec. 161.005. ACKNOWLEDGEMENT OF DISCLOSURES. Before completing a transaction, a virtual currency kiosk operator shall ensure that each customer who engages in a virtual currency kiosk transaction using the operator's kiosk acknowledges receipt of the disclosures required under Sections 161.003 and 161.004 by confirmation of consent.

Sec. 161.006. RECEIPT REQUIRED. After a transaction is completed, the virtual currency kiosk operator shall provide the

customer with a physical receipt, or an electronic receipt sent by e-mail or text message, that contains:

(1) the operator's name and contact information, including a telephone number to answer questions and register complaints;

(2) the type, value, date, and precise time of the transaction, the transaction hash, and each applicable virtual currency address;

(3) the fees charged;

(4) the exchange rate of the virtual currency to United States dollars;

(5) a statement of the operator's liability for nondelivery or delayed delivery;

(6) a statement of the operator's refund policy; and

(7) any additional information the banking commissioner of Texas may require.

Sec. 161.007. REFUND FOR FRAUDULENTLY INDUCED TRANSACTION. (a) Not later than the 14th day after the date that a customer enters into a virtual currency kiosk transaction, if the customer believes the transaction was fraudulently induced, the customer may file a complaint with:

(1) the virtual currency kiosk operator of the kiosk used to complete the transaction; and

(2) an appropriate governmental or law enforcement agency.

(b) A governmental or law enforcement agency that receives a complaint under Subsection (a) shall:

(1) investigate the complaint; and

(2) provide a report to the customer and the virtual currency kiosk operator stating whether or not the virtual currency kiosk transaction was fraudulently induced.

(c) If the report provided under Subsection (b) states that a virtual currency kiosk transaction was fraudulently induced, the operator of the virtual currency kiosk shall issue to the customer a refund for any fees charged by the operator in association with the transaction.

Sec. 161.008. DAILY TRANSACTION LIMIT. A maximum daily transaction limit of $2,000 is established for each customer of a virtual currency kiosk located in this state for whom not more than 72 hours has elapsed from the time the person first signed up as a customer.

Sec. 161.009. ADMINISTRATION OF CHAPTER; FEES. (a) The Texas Department of Banking shall administer and enforce this chapter. The banking commissioner of Texas may charge a virtual currency kiosk operator a reasonable fee to cover the costs of implementing this chapter.

(b) The banking commissioner may investigate a virtual currency kiosk operator to determine compliance with this chapter in the same manner as allowed under Subchapter B, Chapter 152, including examination of the records of the operator.

Sec. 161.010. RULES. The Finance Commission of Texas may adopt rules necessary to administer and enforce this chapter.

SECTION 2. A virtual currency kiosk operator is not required to comply with Chapter 161, Finance Code, as added by this

Act, until September 1, 2028.

SECTION 3. This Act takes effect September 1, 2027.