

Virtual currency has emerged as one of the most transformative financial technologies of our time. With the advent of the first virtual currency, bitcoin, in 2008, it has exploded into a new financial ecosystem composed of nongovernment-based legal tender. As a new technology designed to disrupt traditional financial services and payments systems markets by virtue of a “peer-to-peer” payment system based in a public blockchain ledger of transactions, virtual currency is becoming an ever-increasing part of the financial and economic system. Virtual currencies today have a global market capitalization of more than \$2.5 trillion and are owned by almost 70 million retail investors in the United States alone. Accompanying this growth is a new and growing array of financial activities, products, services, investments, and business ventures, presenting exciting new opportunities for business, investors, and consumers.

These developments, however, have also raised unique, novel, and complex policy issues for federal and state government and regulatory agencies regarding the legal, regulatory, and compliance implications of virtual currency under existing laws. In addition, and perhaps more importantly, significant concerns have been raised regarding the potential role of virtual currency in facilitating illegal and fraudulent activities. Finally, the government is focused on addressing perceived existential threats to the financial system and economy.

Virtual Currency Law is about the emerging legal and regulatory framework governing this new and growing world of virtual currency. This new framework already encompasses a broad range of federal and state laws that continue to develop to address new issues as virtual currency becomes a larger component of the U.S. and global economy. These laws include the securities, commodities, banking, money transmission, anti-money laundering, financial technology, tax, commercial (UCC), data privacy, and cybersecurity laws, as well as presenting new constitutional law issues. This book explores how these myriad existing laws, regulations, and policies—which were generally intended to govern more traditional financial products and services—are now being applied in a new context to virtual currency. As these issues are explored, it is important to consider whether laws, regulations, and policies that did not contemplate virtual currency are suitable to and appropriately being applied to it by government, regulators, and courts. The answer to this question is the subject of some debate and should be taken into account in analyzing the materials contained herein.

The objective of this book is not to provide a comprehensive treatment of all areas of law that may be applied to virtual currency, for to do so would require a multivolume series and even then would be incomplete. Even more challenging is that law and regulation in this area is rapidly evolving, and numerous legislative proposals are emerging for future regulation of virtual currency-related activities. Rather, this book focuses on illuminating major areas of financial service-related laws and regulations that have begun to be applied to virtual currency activities and conveying basic information of use to students, professors, and practitioners, with appropriate references and citations. From this perspective, it should be viewed as providing an overview of a number of major areas of financial services law and regulation as it seeks to explore the cutting-edge issues presented under these laws regarding virtual currency. Where appropriate, the book also seeks to point out unresolved and emerging issues.

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