



NY State BitLicense Proposal Validates Salpas Inc. Trust Market and Secure Trust Pool
Business Model

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The New York Department of Financial Services (NYDFS) has just released its long-anticipated list of proposed rules and regulations that will be required for use of Bitcoin and Virtual Currencies. The BitLicense, as it is called, can be found here: <http://www.dfs.ny.gov/about/press2014/pr1407171-vc.pdf>.

The document states that , "*No Person shall, without a license obtained from the superintendent as provided in this Part, engage in any Virtual Currency Business Activity.*" Virtual Currency Business Activity is defined in the document as follow:

Virtual Currency Business Activity means the conduct of any one of the following types of activities involving New York or a New York Resident:

- (1) receiving Virtual Currency for transmission or transmitting the same;*
- (2) securing, storing, holding, or maintaining custody or control of Virtual Currency on behalf of others;*
- (3) buying and selling Virtual Currency as a customer business;*
- (4) performing retail conversion services, including the conversion or exchange of Fiat Currency or other value into Virtual Currency, the conversion or exchange of Virtual Currency into Fiat Currency or other value, or the conversion or exchange of one form of Virtual Currency into another form of Virtual Currency; or*
- (5) controlling, administering, or issuing a Virtual Currency.*

Statutory Authority: Financial Services Law, sections 102, 201, 301, and 302

Every requirement above is contingent upon interaction in some way with Virtual Currency. The document defines Virtual Currency as follows:



*(m) Virtual Currency means any type of **digital unit** that is used as a **medium of exchange** or a form of **digitally stored value** or that is **incorporated into payment system technology**. Virtual Currency shall be broadly construed to include digital units of exchange that (i) have a centralized repository or administrator; (ii) are decentralized and have no centralized repository or administrator; or (iii) may be created or obtained by computing or manufacturing effort. Virtual Currency shall not be construed to include digital units that are used solely within online gaming platforms with no market or application outside of those gaming platforms, nor shall Virtual Currency be construed to include digital units that are used exclusively as part of a customer affinity or rewards program, and can be applied solely as payment for purchases with the issuer and/or other designated merchants, but cannot be converted into, or redeemed for, Fiat Currency;*

From this statement it is clear the Salpas Trust Market, on both the demand side and the supply side, does not fall under this definition of Virtual Currency:

1. **Digital Unit** - In computing a unit of information is used to measure the capacities of data systems as a standard unit of measure, such as a byte, or in the case of Bitcoin a Satoshi. Non-monetary data stored in our blockchains are each unique data sets, such as property deeds, and therefore cannot be considered standard units.
2. **Digital Unit used as a medium of exchange** - Non-monetary data in Salpas blockchains are not functional as a medium of exchange.
3. **Digital Unit used as a form of digitally stored value** - It could be argued the non-monetary data stored in Salpas blockchains are digitally stored value. But this is no different than non-monetary data of value stored in a Drop Box account. The key point in both cases is the non-monetary data being stored is not a digital unit.
4. **Digital Unit that is incorporated into payment system technology** - The Salpas Trust Market does not function as a payment system.

Furthermore, it is likely safe to assume "unit" means "unit of account" or "unit of information" and "stored value" means "stored monetary value". Clearly, non-monetary data cannot possibly be construed to fall under these rules. If it did, then ALL software would fall under these rules. All software deals in non-monetary data, and all such data presumably has some value. In essence, the Salpas Trust Market is a decentralized database system provider. So, it does not fall under these rules any more than, say Oracle or IBM would.

The Salpas team foresaw the coming of tough regulations for the monetary use of Bitcoin technology and the Crypto Ledger. We have specifically designed our Trust Market for non-monetary data, in such a way that it does not fall under regulations for monetary use of the Crypto Ledger. The Bitcoin blockchain any Bitcoin 2.0 Metacoin



protocols built on top of it and any other blockchains designed to tokenize non-monetary digital assets do, and will be required to apply for a BitLicense as it is currently worded. This puts Salpas at a significant strategic advantage over all of the competition. We are confident the Salpas Trust Market is the future standard for mainstream global adoption of Crypto Ledger technology for non-monetary applications.

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