

**286.13-010 Definitions for subtitle. (Effective April 30, 2027)**

As used in this subtitle, unless the context requires otherwise:

- (1) "Affiliate" means a person that, either directly or indirectly through one (1) or more intermediaries, controls, is controlled by, or is under common control with another person;
- (2) "Agent":
  - (a) Means a person authorized by written agreement and designated by a virtual currency kiosk operator to engage in virtual currency kiosk business in this state on behalf of the operator;
  - (b) Includes, as the context requires, a person that an applicant proposes to engage in virtual currency kiosk business in this state as an agent on behalf of the applicant; and
  - (c) Does not include an employee of a virtual currency kiosk operator or applicant;
- (3) "Control" means one (1) or more of the following:
  - (a) The power to direct the management, operations, or policies of a person, which power may be:
    1. Direct or indirect; and
    2. Obtained:
      - a. Through legal or beneficial ownership of voting power in the person; or
      - b. Under a contract, arrangement, or understanding;
  - (b) The power to vote, directly or indirectly, at least twenty-five percent (25%) of the outstanding voting shares or voting interests of a person or a person in control of the person;
  - (c) The power to elect or appoint a majority of a person's executive officers, managers, directors, trustees, or other persons exercising managerial authority of a person or a person in control of the person;
  - (d) The power to exercise, directly or indirectly, a controlling influence over the management or policies of a person or a person in control of the person; and
  - (e) Any other set of facts or circumstances, as determined by the commissioner through promulgation of an administrative regulation in accordance with KRS Chapter 13A, that constitutes control;
- (4) "Director" means any of the following:
  - (a) A member of a corporation's board of directors;
  - (b) A manager of a limited liability company;
  - (c) A partner of a partnership; or
  - (d) A member of any other entity's governing body;
- (5) "Executive officer" means:
  - (a) A president, chairperson of the executive committee, responsible individual, or chief financial officer; or

- (b) Any other natural person who performs similar functions for an applicant, licensee, or agent;
- (6) "Fiat currency" means a government-issued currency that is:
  - (a) Backed by the government's authority; and
  - (b) Not backed by a physical commodity;
- (7) "Key shareholder" means any person, or group of persons acting in concert, that is the owner of twenty percent (20%) or more of any voting class of the stock of an applicant, licensee, or agent;
- (8) "Legal tender":
  - (a) Means a medium of exchange or unit of value, including the coin or paper money of the United States, that is:
    - 1. Issued by:
      - a. The United States; or
      - b. Another government; or
    - 2. Recognized by the Commonwealth of Kentucky, as permitted under Article 1, Section 10, of the Constitution of the United States; and
  - (b) Does not include any medium of exchange or unit of value authorized, recognized, or adopted by a foreign government if the medium of exchange or unit of value was a virtual currency before the government authorized, recognized, or adopted the medium of exchange or unit of value;
- (9) "License" means a license issued by the commissioner under this subtitle;
- (10) "Licensee" means a person issued a license;
- (11) "Material litigation":
  - (a) Means litigation that according to generally accepted accounting principles:
    - 1. Is significant to the financial health of an applicant, licensee, or agent; and
    - 2. Would be required to be disclosed in the applicant's, licensee's, or agent's annual audited financial statements, report to shareholders, or similar records; and
  - (b) Includes any adjudication against an applicant, licensee, or agent by a federal or state administrative or regulatory agency relating to a violation of the Bank Secrecy Act, 31 U.S.C. secs. 5311 to 5332 and 31 C.F.R. pt. 103, regardless of whether liability or fault has been admitted;
- (12) "Responsible individual":
  - (a) Means a natural person who:
    - 1. Is employed by a virtual currency kiosk operator; and
    - 2. Has principal managerial authority over the virtual currency kiosk operator's virtual currency kiosk business in this state; and
  - (b) Includes, as the context requires, a natural person who:
    - 1. Is employed by an applicant; and
    - 2. The applicant proposes to have principal managerial authority over its

virtual currency kiosk business in this state;

(13) "Virtual currency":

(a) Except as provided in paragraph (b) of this subsection, means a digital representation of value that is:

1. Used as a:

- a. Medium of exchange;
- b. Unit of account; or
- c. Store of value; and

2. Not legal tender, whether or not denominated in legal tender; and

(b) Does not include:

1. A transaction in which a merchant grants, as part of an affinity or rewards program, value that cannot be taken from or exchanged with a merchant for legal tender, bank credit, or virtual currency; or

2. A digital representation of value:

- a. Issued by or on behalf of a publisher; and
- b. Used solely within an online game, game platform, or family of games:
  - i. Sold by the same publisher; or
  - ii. Offered on the same game platform;

(14) (a) "Virtual currency kiosk" means a physical electronic terminal acting as a mechanical agent of a virtual currency kiosk operator to enable the operator to facilitate the exchange of one (1) or more of the following:

1. Fiat currency for virtual currency;
2. Virtual currency for fiat currency; and
3. Virtual currency for other virtual currency.

(b) As used in this subsection, "facilitate" includes:

1. Connecting directly to a separate virtual currency exchanger that performs the exchange; and
2. Drawing upon the virtual currency or fiat currency in the possession or control of the virtual currency kiosk operator to perform the exchange;

(15) "Virtual currency kiosk charges" means all of the following:

- (a) Fees and expenses charged to a virtual currency kiosk user; and
- (b) The difference between the market price of virtual currency and the price of the virtual currency charged to a virtual currency kiosk user;

(16) "Virtual currency kiosk operator" or "operator" means a person, including a licensee, that engages in virtual currency kiosk business in this state;

(17) "Virtual currency kiosk transaction" means any transaction:

- (a) Conducted or performed by electronic means via a virtual currency kiosk located in this state; or
- (b) Made at a virtual currency kiosk located in this state to purchase, sell, transfer,

or otherwise exchange virtual currency; and

- (18) "Virtual currency kiosk user" or "user" means a person, other than a virtual currency kiosk operator, that initiates, authorizes, completes, or engages in a virtual currency kiosk transaction.

**Effective:** April 30, 2027

**History:** Created 2026 Ky. Acts ch. 126, sec. 1, effective April 30, 2027.

**Legislative Research Commission Note** (4/30/2027). 2026 Ky. Acts ch. 126, sec. 35, provides: "On or before January 1, 2027, the commissioner of the Kentucky Department of Financial Institutions shall promulgate any emergency and ordinary administrative regulations required under [KRS 286.13-010 to 286.13-150 and 286.2-015]."