



January 11th, 2024

Department of Financial Protection and Innovation
Attn: Legal Division
2101 Arena Boulevard
Sacramento, CA 95834

Re: Comments to the Department of Financial Protection and Innovation -DFPI- Proposed Application -Related Rulemaking Under the Digital Financial Assets Law -DFAL-.

In the following paragraphs we present our views and recommendations regarding the Application-Related Rulemaking under the DFAL.

1. As a general suggestion, taking into account that the regulation in several provisions grants special entities the right to have conditional licenses, we recommend for this right to be extended to other entities such as *Wyoming Trust Charter* Applicants, as they've already passed a rigorous examination to obtain their license.
2. As mentioned above the regulation establishes that some Applicants that have a NY BitLicenses can have immediately a conditional license in a time no later than the 1st of January of 2023, we suggest to extend such date to the 1st January 2025.
3. Regarding question 2.b., that states "Are there factors the DFPI should consider in determining these reasonable costs and fees? For example, should the DFPI charge every applicant the same application fee, or charge different fees depending on the type or complexity of the application? Where applicable, please provide information about the methodology and impact of costs and fees in other state or federal regulatory environments", we suggest that the DFPI should take into consideration whether or not the applicant has already be granted other Digital Financial Licenses, such as the BitLicense or even having a *Trust Entity* incorporated in other states and the activities that the applicant is planning to engage as well as the complexity of each one of them for determining the fee to be paid, as an Applicant that only offers custody services should not have to bear the same fee cost that an Applicant who is engaging in more activities or of a Participant that by having other licenses or structures can provide a better stability.

4. Regarding questions 3, 4 and 5, we suggest that the DFPI takes into account an Applicant that is incorporated as a *Trust Charter* in other States as a positive impact on the amount that the fee and surety bond is going to be charged.
5. Regarding question 5, that states “Should surety bond or trust account amounts vary by the type of activity requiring licensure?” as explained above a Participant that already has other licenses or that is incorporated as a *Trust* in other jurisdictions has already met great criteria to be granted such licenses even if it is not a California Trust or a National Association Authorized Trust, for which the amount to be paid in a Surety Bond to ensure its stability and capacity to pay users and clients should be less, as it has already demonstrated it previously.
6. Regarding question 8, that states “Should capital minimums vary by the type of activity requiring licensure?” as well as in the previous paragraph we consider that there should be a difference between capital requirements depending on the activity to be engaged and the type of entity that is applying for the DFAL License (i.e. a *Trust* from another State).
7. Regarding question 11.c., it states “Should the DFPI consider whether the stablecoin is listed on the “Greenlist” maintained by the New York State Department of Financial Services? Please explain why or why not”, we considered that the NYDFS Greenlist is an excellent guide to be consider by the DFPI as in order to be able to be included in such list the Stablecoin must comply with great requirements, which have been recently modify and adjusted in order to reflect better and greater controls, and that can helps the DFPI streamline the process to allow stablecoins in its territory.

Thank you for your thoughtful consideration in crafting this comprehensive legislation and providing participants the opportunity to provide comments, thus allowing California to be legislatively progressive while still fostering an innovative environment.

Sincerely

John Mannino
sFOX Chief Compliance Officer