
DIVISION OF BANKING

1601 N. Harrison Avenue, Suite 1, Pierre, SD 57501
605-773-3421

MEMORANDUM

NUMBER: 11-002

DATE: May 25, 2019

TO: SOUTH DAKOTA MONEY TRANSMITTERS

FROM: BRET AFDAHL, Director

RE: VIRTUAL CURRENCY TRANSMISSION IN SOUTH DAKOTA

SDCL 51A-17-4 provides the following: “No person, except a person who is exempt pursuant to the provisions of § 51A-17-3, may engage in the business of money transmission in this state without obtaining a license as provided in this chapter and undergoing a criminal background investigation through the division.” SDCL 51A-17-1(13) defines money transmission as the “engagement in the business of the sale or issuance of payment instruments or stored value or of receiving money or monetary value for transmission to a location within or outside the United States by any means, including wire, facsimile, or electronic transfer.” It is the position of the South Dakota Division of Banking that, as it relates to SDCL Chapter 51A-17, virtual currencies, including cryptocurrencies like Bitcoin, are “monetary value.” Accordingly, entities that receive virtual currency, including crypto currencies like Bitcoin, for transmission within or outside the United States by any means, including wire, facsimile, or electronic transfer would likely be required to obtain and maintain licensure pursuant to SDCL Chapter 51A-17 in order to operate in South Dakota.

South Dakota money transmitters that engage in virtual currency transmission are required to complete the following:

1. Update the money transmitter Nationwide Multi-State Licensing Service and Registry (NMLS) profile and list virtual currency transmission as a business activity.
2. Complete the virtual currency sections of the Money Service Business Call Report each quarter.

If you would like additional information, or if you have any questions, please do not hesitate to contact the Division at 605-773-3421.