LEGAL UPDATES

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Becoming a Leader in Cryptocurrency Banking: Nebraska Adopts Financial Innovation Act

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On May 26, 2021, Nebraska became the second state to pass a bill authorizing digital asset (commonly known as cryptocurrency) depository entities. LB649, also known as the Nebraska Financial Innovation Act, provides guidelines on the charter, operation, supervision and regulation of digital asset depositories. Introduced by Senator Mike Flood, LB649 was enacted with the intent to further develop the state's financial sector, provide opportunities to the residents of Nebraska, and bring high-tech jobs and digital asset operations to Nebraska.

The bill allows new depository development and authorizes current state-chartered banks to operate digital asset divisions. Authorization of cryptocurrency banking in Nebraska gives new and current banks the opportunity to evolve in the banking industry by embracing new technological advances. Additionally, it gives Nebraska banks an industry advantage by allowing cryptocurrency services that are not yet available in any other state, aside from Wyoming. In doing so, the bill provides blockchain innovators and customers with the necessary services and reiterates Nebraska's partnership with the technology and financial industry.

Sections providing guidelines and authorization of digital asset depository entities will become operative on October 1, 2021. Following which, sections amending the Nebraska Uniform Commercial Code will become effective on July 1, 2022. The provisions of the bill provide:

Procedures for incorporation, chartering, operation, regulation, liquidation, conservatorship and voluntary dissolution of digital asset depository institutions.

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Regulation and examination by the Nebraska Department of Banking and Finance.

Requirements for principal operation headquarters and office of chief executive officer to be in Nebraska.

Required notice that deposits and accounts are not insured by the Federal Deposit Insurance Corporation, if applicable.

Authorization for digital asset depository institutions to obtain federal deposit insurance, if available.

Additional information will soon be available regarding the Nebraska Financial Innovation Act and our team will keep you apprised of the new developments.

Contact us

For more information on the Nebraska Financial Innovation Act, please contact Dave Lopez, Casey Kidwell or your Husch Blackwell attorney.

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