

NEBRASKA ADMINISTRATIVE CODE

Title 47 – DEPARTMENT OF BANKING AND FINANCE

Chapter 2 – SURETY BONDS AND PLEDGE OF ASSETS; INSURANCE

001 AUTHORITY.

001.01 This Rule has been promulgated pursuant to authority delegated to the Director of the Department of Banking and Finance (“Department”) in Neb. Rev. Stat. § 8-3031 of the Nebraska Financial Innovation Act (“Act”).

001.02 Any terms used within this Rule shall have a definition consistent with the definitions contained within Neb. Rev. Stat. § 8-3003 and Neb. Rev. Stat. § 8-101.03. In the event of any inconsistency between definitions in these Sections, the Act shall control.

001.03 The Department has determined that this Rule is in the public interest.

001.04 The Director may, on a case-by-case basis, and with prior written notice to the affected person, require adherence to additional standards or policies, as deemed necessary in the public interest.

002 SURETY BOND OR PLEDGED ASSETS TO COVER POTENTIAL LIQUIDATION OR RECEIVERSHIP.

002.01 To cover or defray the potential costs of a liquidation or receivership of a digital asset depository, all digital asset depositories shall maintain a surety bond and/or pledge of assets in the amount of one million dollars (\$1,000,000.00).

002.01A If a digital asset depository chooses to meet this requirement with a pledge of assets, such assets must be highly liquid assets secured by the United States or an agency of the United States.

002.01A1 Liquid assets are properly held United States currency, and highly liquid obligations of the U.S. Treasury or other U.S. federal agency.

002.01A2 Liquid assets may include other investments determined by the Director to be the equivalent of highly liquid obligations of the U.S. Treasury or other U.S. federal agency and determined permissible under safe and sound banking practices.

002.01B Any pledge of assets designated to cover or defray the potential costs of a liquidation or receivership shall not also be utilized in the calculation of the minimum reserves required under Neb. Rev. Stat. § 8-3009, or in the calculation of the minimum capital amount required under Neb. Rev. Stat. § 8-3013.

002.02 The Director shall have the discretion to increase or decrease the required monetary value of any surety bond or pledged assets, as may be required to ensure the digital asset depository's continued safety and soundness. In making the determination to require an increase or allow a decrease under this Section, the Director may consider the depository's call reports, examinations, investigations, or any other indicia of financial condition that may provide information as to the depository's ongoing safety and soundness.

003 INSURANCE TO COVER OPERATIONAL RISKS.

003.01 To cover the operational risks of the digital asset depository, a digital asset depository shall maintain appropriate insurance or bond coverage, which shall include coverage for directors' and officers' liability, errors and omissions liability, and information technology infrastructure and activities liability, in the amount of ten million dollars (\$10,000,000.00).

003.02 The Director shall have the discretion to increase or decrease the required amount of insurance or bonds, as may be required to ensure the digital asset depository's continued safety and soundness. In making the determination to require an increase or allow a decrease under this Section, the Director may consider the depository's call reports, examinations, investigations, or any other indicia of financial condition that may provide information as to the depository's ongoing safety and soundness.