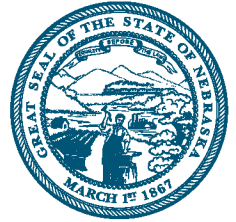


NOTICE OF RULEMAKING HEARING NEBRASKA DEPARTMENT OF BANKING AND FINANCE

Notice is hereby given that the Nebraska Department of Banking and Finance will hold a rulemaking hearing on December 7, 2022, commencing at 9:30 a.m. CST, at the First Nebraska Administrative Building, 1526 K Street, Lower Level-Development Center, Lincoln, Nebraska 68508.

The purpose of the hearing is to take testimony and evidence concerning the following adoption of Rules and Regulations of the Department:

1. 47 NAC 1 – Adopts requirements for applicants of digital asset depository charters. Upon determination an application is substantially complete, the Director shall provide notice and schedule a public hearing in accordance with the Nebraska Financial Innovation Act and Administrative Procedure Act. Requires prior approval before a digital asset depository may conduct business in foreign markets or expand activities beyond what is disclosed in initial application. Provides guidance on filing fees, computation of time, and additional review of applications.
2. 47 NAC 2 – Sets surety bond and insurance requirements of digital asset depositories in case of potential liquidation, conservatorship, or receivership and to protect applicants by ensuring sufficient coverage to protect safety and soundness of business operations against insurable risk.
3. 47 NAC 3 – Harmonizes capital requirements for digital asset depository departments and digital asset depository institutions. Identifies examples of operating expenses to meet the three-year operating expense requirements provided for in the Nebraska Financial Innovation Act.
4. 47 NAC 4 – Allows state banks to amend existing financial institution charter with application to the Department of Banking and Finance to operate a digital asset depository department. Mandates separation of operations between digital asset depository department and other bank operations. A bank's capital structure will be evaluated using a risk-based analysis of the proposed digital asset depository department. Separation of FDIC-insured activities and non-insured digital asset activities and products to prevent customer confusion.



5. 47 NAC 5 – Provides standards and penalties for required reporting to the Department of Banking and Finance. Provides for digital signatures under Nebraska law. Defines a call report. Requires digital asset depositories to comply with federal reporting and notice requirements. Provides for computation of time to fulfill report timing requirements.
6. 47 NAC 6 – Sets requirements for digital asset depositories to have a documented system for addressing customer complaints. Provides for administrative proceedings in the case of failure to acknowledge and respond to complaints.
7. 47 NAC 7 – Provides that digital asset depositories must provide notice that digital asset products are not FDIC-insured and that it can provide notice that traditional banking products are FDIC-insured.
8. 47 NAC 8 – Establishes that digital asset depositories must have a written response program with detailed methods for handling data breaches or other cybersecurity events. Requires immediate notification to the Department of Banking and Finance of such incident at the time of awareness of occurrence and reviews of the Financial Data Protection and Consumer Notification of Data Security Breach Act of 2006 to determine further necessary notifications. Requires reporting to the Department of Banking and Finance where incident occurrence is reported federally.

The rulemaking hearing is being conducted under and by virtue of the provisions of Section 84-907, R.R.S 1943, as amended, which provides that COPIES OF THE PROPOSED RULES ARE AVAILABLE FOR PUBLIC EXAMINATION at the Office of the Department of Banking and Finance, 1526 K Street, Suite 300, Lincoln, Nebraska 68508, and at the Office of the Secretary of State, 1445 K Street, Suite 2300, Lincoln, Nebraska 68508. In addition, the proposed rules are available on the Department of Banking and Finance's website at <https://ndbf.nebraska.gov>, and the Secretary of State's website www.sos.ne.gov.

A copy of the Fiscal Impact Statement is available at the Office of the Department of Banking and Finance and on the Department's website.

All interested persons are invited to attend and testify at the hearing. Seating is limited. Anyone interested in viewing the hearing via a Webex online teleconference link must contact the Department at dob.digitalassets@nebraska.gov by 4:00 p.m. CST, November 30, 2022 and provide your name and email address. Teleconference seats are limited.



Interested persons may submit written comments to the Department of Banking and Finance prior to the hearing. Submitted comments will be made part of the hearing record at the time of the hearing. Comments can only be made in person at the hearing room, or through previously written testimony. Comments will not be taken through the Webex teleconference. Written testimony should be sent to the Nebraska Department of Banking and Finance, Attn: Tag Herbek, 1526 K St., Suite 300, Lincoln, NE 68508, or emailed to dob.digitalassets@nebraska.gov.

If auxiliary aids or reasonable accommodations are needed for attendance at this hearing, please call the Nebraska Department of Banking and Finance at (402) 471-2171, or, for persons with hearing impairments, please call the Nebraska Relay System at (800) 833-7352 TDD. This contact should be made at least seven (7) days prior to the hearing.

Dated at Lincoln, Nebraska, this 28th day of October, 2022.

Kelly Lammers, Director
Nebraska Department of Banking and Finance