

## Carroll, Grimaldi Analyze Proposed Regulations to California's Digital Financial Assets Law in *Law360*

Press Release

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Stinson LLP attorneys [Audrey Carroll](#) and [Matthew Grimaldi](#) authored a *Law360* article, "Calif. Digital Assets Proposal Provides Only Partial Clarity" where they analyze the California Department of Financial Protection and Innovation's (DFPI) recently issued proposed regulations intended to implement certain provisions of the state's Digital Financial Assets Law (DFAL).

The DFPI's proposed regulations provide some clarity around the intersection of California's Money Transmission Law and the DFAL. Notably, they confirm that industry participants transmitting fiat currency incidental to their digital asset activity are not required to obtain a separate money transmission license, as they would in other states such as New York and Louisiana.

Carroll and Grimaldi acknowledge that while the proposed regulations offer some clarification, they caution that additional questions will arise as the final regulations and the DFAL are implemented. Specifically, the rules do not fully address the extent of licensee compliance obligations or delineate which functions may be outsourced with DFPI approval.

"So, while the proposed regulations clarify some industry uncertainty regarding the intersection of the state's Money Transmission Law and the DFAL, additional questions will surely arise, especially for entities with complex product and service offerings, novel technologies, or sophisticated cash flows," they write.

As the DFPI moves toward finalizing the regulations, Carroll and Grimaldi advise industry participants to closely monitor any revisions made in response to public comments on the proposed regulations.

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Carroll guides clients through complex matters in the areas of financial services, payments systems and virtual currency. She assists financial institutions and FinTech companies, including money transmitters, prepaid card issuers and online marketplace providers, in addressing regulatory and contractual matters.

Grimaldi assists clients on a plethora of banking and financial services needs while minimizing legal risk. His experience is focused on the FinTech and Payments industry and includes helping to educate and advise clients to ensure they are compliant with both state and federal laws and regulations.

Sign in to *Law360* to read [the full article](#).

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