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SENATE BILL NO. 557

Offered January 14, 2026

Prefiled January 14, 2026

A BILL to amend the Code of Virginia by adding in Chapter 18 of Title 2.2 an article numbered 6, consisting of sections numbered 2.2-1844 through 2.2-1848, relating to Commonwealth Strategic Cryptocurrency Reserve Fund established; report.

 Patron—Reeves

 Referred to Committee on General Laws and Technology

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 18 of Title 2.2 an article numbered 6, consisting of sections numbered 2.2-1844 through 2.2-1848, as follows:

Article 6.

Commonwealth Strategic Cryptocurrency Reserve Fund.

§ 2.2-1844. Definitions.

As used in this article, unless the context requires a different meaning:

"Airdrop" means a gratuitous distribution of cryptocurrency to persons that hold cryptocurrency, generally made in a broad, equitable, and nondiscretionary manner.

"Bitcoin" means a type of decentralized cryptocurrency created by a peer-to-peer network that operates independently of any central authority or bank.

"Cold storage" means a method of storing private keys required to engage in transactions involving cryptocurrency that has a nexus to a secure physical location, is protected from unauthorized access, and is isolated from any internet network connections.

"Cryptocurrency" means a type of virtual currency that utilizes cryptography to secure transactions that are digitally recorded on a distributed ledger, such as a blockchain.

"Fork" means a change to the consensus mechanism of a distributed ledger that creates a separate ledger, and that may result in a new cryptocurrency that shares a common transaction history with the previous cryptocurrency up to the point of the change.

"Qualified custodian" means a state-chartered or federally chartered financial institution or other entity regulated by the Commonwealth that has custody of a virtual currency.

"Qualified liquidity provider" means an entity that (i) is licensed or regulated under applicable federal or state law, (ii) maintains audited financial statements prepared by a regulated auditor, (iii) has at least five years of experience trading in the digital assets industry, and (iv) maintains an office and has a registered principal in the Commonwealth.

"Reserve Fund" means the Commonwealth Strategic Cryptocurrency Reserve Fund established pursuant to § 2.2-1845.

"Virtual currency" means an electronic representation of value intended to be used as a medium of exchange, unit of account, or store of value. "Virtual currency" does not exist in a physical form; it is intangible and exists only on the blockchain or distributed ledger associated with a particular virtual currency.

§ 2.2-1845. Commonwealth Strategic Cryptocurrency Reserve Fund established; administration.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Commonwealth Strategic Cryptocurrency Reserve Fund (the Reserve Fund). The Reserve Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose, all bitcoin and other cryptocurrency purchased using money in or received by the Reserve Fund, including any cryptocurrency derived from the fork of a distributed ledger or distributed pursuant to an airdrop to the Commonwealth's cryptocurrency addresses, and any gifts, donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the Reserve Fund. Interest earned on moneys in the Reserve Fund shall remain in the Reserve Fund and be credited to it. Any moneys remaining in the Reserve Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Reserve Fund. Moneys in the Reserve Fund shall be used solely for the purposes of (i) investing in bitcoin or other cryptocurrency, notwithstanding the provisions of Chapter 45 (§ 2.2-4500 et seq.), and (ii) administering and managing the Reserve Fund. Expenditures and disbursements from the Reserve Fund shall be made by the State Treasurer.

B. In his administration and management of the Reserve Fund, the State Treasurer shall have the full power to invest, reinvest, and manage the assets of the Reserve Fund with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar

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with such matters would use in the conduct of an enterprise of a like character and with like aims. The State Treasurer shall also diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, taking into consideration the investment of all assets of the Reserve Fund rather than a single investment. Bitcoin or other cryptocurrency purchased using money in the Reserve Fund must have an average market capitalization of at least \$500 billion over the most recent 24-month period. If the State Treasurer determines it is in the best interest of the Reserve Fund, the State Treasurer may use derivatives.

§ 2.2-1846. Third-party contracts and permissible transactions; audits.

A. The State Treasurer may contract with one or more third-party entities for the administration or management of the Reserve Fund, including contracting with (i) a qualified custodian that employs secure custodial technologies, including cold storage, and (ii) a qualified liquidity provider to facilitate the purchase and management of assets in the Reserve Fund.

B. The State Treasurer may contract with a certified public accountant to perform an independent audit of the Reserve Fund.

§ 2.2-1847. Commonwealth Strategic Cryptocurrency Reserve Fund Advisory Committee.

A. The Commonwealth Strategic Cryptocurrency Reserve Fund Advisory Committee (the Committee) is established as an advisory committee in the executive branch of state government. The Committee shall have a total membership of five members. Members shall be appointed as follows:

1. One member of the Virginia Treasury Board, appointed by the State Treasurer; and
 2. Three members with expertise in cryptocurrency investments, appointed by the State Treasurer.
- The State Treasurer shall serve ex officio.

B. The Committee shall advise the State Treasurer regarding the administration and management of the Reserve Fund, including (i) recommendations for valuing assets in the Reserve Fund and (ii) the establishment of prudent investment policies relating to the investment objectives of and asset allocation in the Reserve Fund.

C. No member of the Committee shall receive compensation or reimbursement for expenses incurred in the performance of official duties as a member of the Committee. Members of the Committee appointed by the State Treasurer serve at the will of the State Treasurer.

§ 2.2-1848. Biennial report.

The State Treasurer shall publish on his website and submit to the General Assembly a report no later than December 31 of each even-numbered year. Such report shall include (i) the amount of the bitcoin and other cryptocurrency held in the Reserve Fund on the last day of the preceding state fiscal biennium; (ii) an estimate of the monetary value of the bitcoin and other cryptocurrency held in the Reserve Fund on the last day of the preceding fiscal biennium; (iii) the changes, if any, in the amount and estimated monetary value of the bitcoin and other cryptocurrency in the Reserve Fund during the period such bitcoin and cryptocurrency was held in the Reserve Fund, disaggregated by cryptocurrency type; and (iv) a description of the actions taken by the State Treasurer to administer and manage the Reserve Fund during the preceding fiscal biennium.