
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1402 Session of
2023

INTRODUCED BY WAXMAN, KENYATTA, MADDEN, HILL-EVANS, SANCHEZ,
KHAN, NEILSON, CERRATO, VITALI AND GREEN, JUNE 13, 2023

REFERRED TO COMMITTEE ON COMMERCE, JUNE 13, 2023

AN ACT

1 Amending the act of December 5, 1972 (P.L.1280, No.284),
2 entitled "An act relating to securities; prohibiting
3 fraudulent practices in relation thereto; requiring the
4 registration of broker-dealers, agents, investment advisers,
5 and securities; and making uniform the law with reference
6 thereto," providing for digital assets and blockchain
7 technology business advertisements; and imposing penalties.

8 The General Assembly of the Commonwealth of Pennsylvania
9 hereby enacts as follows:

10 Section 1. The act of December 5, 1972 (P.L.1280, No.284),
11 known as the Pennsylvania Securities Act of 1972, is amended by
12 adding a part to read:

13 PART IV-A

14 DIGITAL ASSETS AND BLOCKCHAIN TECHNOLOGY

15 BUSINESS ADVERTISEMENTS

16 Section 401-A. Definitions.

17 The following words and phrases when used in this part shall
18 have the meanings given to them in this section unless the
19 context clearly indicates otherwise:

20 "Digital asset." A representation of economic, proprietary

1 or access rights that is stored in a machine-readable format,
2 has a transaction history that is recorded in a distributed,
3 digital ledger or digital data structure in which consensus is
4 achieved through a mathematically verifiable process, and
5 includes digital consumer assets and virtual currency.

6 "Digital consumer asset." A digital asset that is used or
7 bought primarily for consumptive, personal or household purposes
8 and includes any other digital asset that does not fall within
9 the meaning of the term "virtual currency."

10 "Transmission." Engaging in the business of receiving
11 monetary value for moving to a location inside or outside of the
12 United States by any means, including wire, facsimile or
13 electronic transfer.

14 "Virtual currency." A digital asset that is used as a medium
15 of exchange, unit of account or store of value and is not
16 recognized as legal tender by the Federal Government.

17 Section 402-A. Advertisement.

18 The department shall promulgate rules and regulations
19 governing the advertisement of the transmission of digital
20 assets, digital consumer assets, virtual currency and blockchain
21 technology. The department must require that all advertisements:

22 (1) Disclose the risks and volatility of digital asset
23 transmission in a clear and conspicuous manner, including
24 that:

25 (i) Virtual currency is not recognized as legal
26 tender by the United States.

27 (ii) The value of virtual currency may be subject to
28 constant and dramatic changes.

29 (iii) Transmissions may be public.

30 (iv) Returns are not guaranteed.

1 (v) Transmissions may come without legal
2 protections.

3 (vi) Transmissions may be subject to tax.

4 (vii) Transmissions may be irreversible.

5 (2) Encourage the advice of a financial professional
6 prior to engaging in digital asset transmission.

7 (3) Clearly and conspicuously include any disclosures
8 required under this section.

9 (4) Be made in a readable Sans Serif font in no less
10 than a 10-point font size for written disclosures required
11 under this section.

12 Section 403-A. Disclosures.

13 (a) Disclosure required.--Thirty days after the department
14 has promulgated rules and regulations under section 402-A, all
15 advertisements for the transmission of digital assets, digital
16 consumer assets, virtual currency and blockchain technology
17 shall convey the disclosures as determined by the department.

18 (b) Penalties.--Failure by a company or advertiser to
19 include advertisement disclosures as required under subsection
20 (a) shall constitute a violation of this part and the company or
21 advertiser shall be subject to the following fines imposed by
22 the department:

23 (1) \$5,000 for the first violation.

24 (2) \$10,000 for a second violation.

25 (3) \$20,000 for a third and each subsequent violation.

26 Section 2. This act shall take effect in 60 days.