

**Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**REVISED**

*This Version Includes All Amendments Adopted  
on Second Reading in the Second House*

LLS NO. 18-1241.01 Yelana Love x2295

**HOUSE BILL 18-1426**

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**HOUSE SPONSORSHIP**

**Pabon and Melton,**

**SENATE SPONSORSHIP**

**Neville T. and Tate,**

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**House Committees**

State, Veterans, & Military Affairs

**Senate Committees**

Finance

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**A BILL FOR AN ACT**

101 **CONCERNING THE EXEMPTION OF VIRTUAL CURRENCY FROM**  
102 **REGULATION UNDER THE "MONEY TRANSMITTERS ACT".**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill exempts the transmission of virtual currency from regulation under the Colorado "Money Transmitters Act".

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1 *Be it enacted by the General Assembly of the State of Colorado:*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.*

SENATE  
Amended 2nd Reading  
May 8, 2018

HOUSE  
3rd Reading Unamended  
May 3, 2018

HOUSE  
Amended 2nd Reading  
May 2, 2018

1           **SECTION 1. Legislative declaration.** The general assembly  
2 declares that virtual currency is a new and emerging technology with  
3 global implications. As a result, it is of great importance to the state of  
4 Colorado for such technology to be fully examined and defined prior to  
5 further regulation or exemption from regulation by the state.

6           **SECTION 2.** In Colorado Revised Statutes, 11-51-201, **amend**  
7 the introductory portion and (17); and **add** (11.8) as follows:

8           **11-51-201. Definitions.** As used in this article **51**, unless the  
9 context otherwise requires:

10           (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT  
11 IS:

12           (a) **CREATED:**

13           (I) **IN RESPONSE TO THE VERIFICATION OR COLLECTION OF A**  
14 **SPECIFIED NUMBER OF TRANSACTIONS RELATING TO A DIGITAL LEDGER OR**  
15 **DATABASE;**

16           (II) **BY DEPLOYING COMPUTER CODE TO A BLOCKCHAIN NETWORK**  
17 **OR DISTRIBUTED DIGITAL LEDGER THAT ALLOWS FOR THE CREATION OF**  
18 **DIGITAL TOKENS OR OTHER UNITS; OR**

19           (III) **USING ANY COMBINATION OF THE METHODS SPECIFIED IN**  
20 **SUBSECTIONS (11.8)(a)(I) AND (11.8)(a)(II) OF THIS SECTION;**

21           (b) **RECORDED IN A DIGITAL LEDGER OR DATABASE THAT IS**  
22 **CONSENSUS-BASED, DECENTRALIZED, AND MATHEMATICALLY VERIFIED IN**  
23 **NATURE, ESPECIALLY RELATING TO THE SUPPLY OF DIGITAL UNITS AND**  
24 **THEIR DISTRIBUTION; AND**

25           (c) **CAPABLE OF BEING TRADED OR TRANSFERRED BETWEEN**  
26 **PERSONS WITHOUT AN INTERMEDIARY OR CUSTODIAN OF VALUE.**

27           (17) (a) "Security" means any note; stock; treasury stock; bond;

1 debenture; evidence of indebtedness; certificate of interest or  
2 participation in any profit-sharing agreement; collateral-trust certificate;  
3 preorganization certificate of subscription; transferable share; investment  
4 contract; viatical settlement investment; voting-trust certificate; certificate  
5 of deposit for a security; certificate of interest or participation in an oil,  
6 gas, or mining title or lease or in payments out of production under such  
7 a title or lease; or, in general, any interest or instrument commonly known  
8 as a "security" or any certificate of interest or participation in, temporary  
9 or interim certificate for, guarantee of, or warrant or right to subscribe to  
10 or purchase any of the foregoing.

11 (b) "Security" does not include:

12 (I) Any insurance or endowment policy or annuity contract under  
13 which an insurance company promises to pay a sum of money either in a  
14 lump sum or periodically for life or some other specified period; OR

15 (II) AN OPEN BLOCKCHAIN TOKEN THAT:

16 (A) HAS NOT BEEN MARKETED BY THE DEVELOPER OR SELLER AS  
17 AN INVESTMENT;

18 (B) IS EXCHANGEABLE FOR GOODS OR SERVICES; AND

19 (C) HAS NOT BEEN ENTERED INTO A REPURCHASE AGREEMENT, OR  
20 AN AGREEMENT TO LOCATE A BUYER, BY THE DEVELOPER OR SELLER OF  
21 THE TOKEN.

22 (c) For purposes of this article AS USED IN SUBSECTION (17)(a) OF  
23 THIS SECTION, an "investment contract":

24 (I) Need not involve more than one investor nor be limited to  
25 those circumstances wherein there are multiple investors who are joint  
26 participants in the same enterprise;

27 (II) INCLUDES AN INVESTMENT IN A COMMON ENTERPRISE WITH

1 THE EXPECTATION OF PROFITS TO BE DERIVED PRIMARILY FROM THE  
2 EFFORTS OF A PERSON OTHER THAN THE INVESTOR. "COMMON  
3 ENTERPRISE" MEANS AN ENTERPRISE IN WHICH THE FORTUNES OF THE  
4 INVESTOR ARE INTERWOVEN WITH THOSE OF EITHER THE PERSON OFFERING  
5 THE INVESTMENT, A THIRD PARTY, OR OTHER INVESTORS.

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7 **SECTION 3. Act subject to petition - effective date.** This act  
8 takes effect at 12:01 a.m. on the day following the expiration of the  
9 ninety-day period after final adjournment of the general assembly (August  
10 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a  
11 referendum petition is filed pursuant to section 1 (3) of article V of the  
12 state constitution against this act or an item, section, or part of this act  
13 within such period, then the act, item, section, or part will not take effect  
14 unless approved by the people at the general election to be held in  
15 November 2018 and, in such case, will take effect on the date of the  
16 official declaration of the vote thereon by the governor.