

HOUSE RESOLUTION 249

By Powers

A RESOLUTION to request the Tennessee Department of Financial Institutions to conduct a study relative to the application of blockchain and related technology in the financial services sector and to recommend any changes to the laws and rules of this State that impact the application of those technologies in this State.

WHEREAS, blockchain is a ledger by which financial transactions can be recorded, and the ledger can be distributed, published, and stored in multiple locations such that when a transaction occurs, it can be added to each copy of the ledger and ensure an accurate record of the transactions; and

WHEREAS, the digital nature of blockchain, and the specific technologies that enable blockchain, has been suggested as a solution to cybersecurity challenges because asymmetric encryption can be used to enable identities, whether for users or devices, to increase confidence in trusted communications, and hash values can be used to improve confidence in the integrity of data; and

WHEREAS, banks and other financial institutions are already using blockchain to optimize their services, cut back on fraud, and reduce fees for customers, and are employing blockchain in multiple financial services use areas, including, but not limited to, cross-border transactions, trade finance platforms, clearing and settlements, digital identity verification, and credit reporting; and

WHEREAS, an in-depth study of blockchain and related technology needs to occur so that the Tennessee General Assembly can fully understand these technologies in order to reduce any existing statutory or regulatory impediments to their application for the benefit of the citizens of this State; now, therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED ELEVENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, that the Tennessee General Assembly requests the Tennessee Department of Financial Institutions to conduct a study relative to the application of blockchain and related technology in the financial services sector and to recommend any changes to the laws and rules of this State that impact application of those technologies for the purpose of sound regulation of those technologies in this State.

BE IT FURTHER RESOLVED, that the study must include, but is not limited to, the following:

(1) A review of the application of blockchain and related technology to capital markets, such as issuance, sales and trading, clearing and settlement, post-trade services and infrastructure, asset and digital asset servicing, and asset and digital asset custody;

(2) A review of the application of blockchain and related technology to investment management, such as fund launch, cap table management, transfer agency in asset management, and fund administration;

(3) A review of the application of blockchain and related technology to payments and remittances, such as domestic retail payments, domestic wholesale and securities settlement, cross-border payments, and cryptocurrency;

(4) A review of the application of blockchain and related technology to banking and lending, such as credit prediction and credit scoring, loan syndication, underwriting, disbursement, and asset collateralization;

(5) A review of the application of blockchain and related technology to trade finance, such as letters of credit, bills of lading, and financing structures;

(6) An analysis of the benefits and concerns of using blockchain and related technology, including analysis concerning security, speed of transactions, transparency and traceability, and risk and cost management;

(7) A review of existing statutes and rules in this State that impact the application of blockchain and related technology to those services described in subdivisions (1)-(5); and

(8) A list of recommended changes to existing statutes and rules in this State that impact the application of blockchain and related technology to those services described in subdivisions (1)-(5) for the purpose of sound regulation of those technologies in this State.

BE IT FURTHER RESOLVED, that the Tennessee Department of Financial Institutions shall report its findings, in a written report and a live presentation, to the Commerce Committee of the House of Representatives and the Commerce and Labor Committee of the Senate by January 31, 2021.

BE IT FURTHER RESOLVED, that an appropriate copy of this resolution be prepared and transmitted to the Commissioner of Financial Institutions.