

BLOCKCHAIN TECHNOLOGY ACT

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel Hemmert

House Sponsor: Michael K. McKell

LONG TITLE

General Description:

This bill enacts provisions related to blockchain technology.

Highlighted Provisions:

This bill:

- ▶ defines and clarifies terms related to blockchain technology;
- ▶ exempts a person who facilitates the creation, exchange, or sale of certain blockchain technology-related products from Title 7, Chapter 25, Money Transmitter Act; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

7-25-102, as enacted by Laws of Utah 2015, Chapter 284

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **7-25-102** is amended to read:

7-25-102. Definitions.

As used in this chapter:

- (1) "Applicant" means a person filing an application for a license under this chapter.

30 (2) "Authorized agent" means a person designated by the licensee under this chapter to
31 sell or issue payment instruments or engage in the business of transmitting money on behalf of
32 a licensee.

33 (3) "Blockchain" or "blockchain technology" means an electronic method of storing
34 data that is:

35 (a) maintained by consensus of multiple unaffiliated parties;

36 (b) distributed across multiple locations; and

37 (c) mathematically verified.

38 (4) "Blockchain token" means an electronic record that is:

39 (a) recorded on a blockchain; and

40 (b) capable of being traded between persons without an intermediary.

41 [~~3~~] (5) "Executive officer" means the licensee's president, chair of the executive
42 committee, executive vice president, treasurer, chief financial officer, or any other person who
43 performs similar functions.

44 [~~4~~] (6) "Key shareholder" means a person, or group of persons acting in concert, who
45 is the owner of 20% or more of a class of an applicant's stock.

46 [~~5~~] (7) "Licensee" means a person licensed under this chapter.

47 [~~6~~] (8) "Material litigation" means litigation that, according to generally accepted
48 accounting principles, is considered significant to a person's financial health and would be
49 required to be referenced in an annual audited financial statement, report to shareholders, or
50 similar document.

51 [~~7~~] (9) (a) "Money transmission" means the sale or issuance of a payment instrument
52 or engaging in the business of receiving money for transmission or transmitting money within
53 the United States or to locations abroad by any and all means, including payment instrument,
54 wire, facsimile, or electronic transfer.

55 (b) "Money transmission" does not include a blockchain token.

56 [~~8~~] (10) "Nationwide database" means the Nationwide Mortgage Licensing System
57 and Registry, authorized under 12 U.S.C. Sec. 5101 for federal licensing of mortgage loan

58 originators.

59 ~~[(9)]~~ (11) "Outstanding payment instrument" means a payment instrument issued by
60 the licensee that has been sold in the United States directly by the licensee or a payment
61 instrument issued by the licensee that has been sold and reported to the licensee as having been
62 sold by an authorized agent of the licensee in the United States, and that has not yet been paid
63 by or for the licensee.

64 ~~[(10)]~~ (12) (a) "Payment instrument" means a check, draft, money order, travelers
65 check, or other instrument or written order for the transmission or payment of money, sold or
66 issued to one or more persons, whether or not the instrument is negotiable.

67 (b) "Payment instrument" does not include a credit card voucher, letter of credit, or
68 instrument that is redeemable by the issuer in goods or services.

69 ~~[(11)]~~ (13) "Remit" means either to make direct payment of the money to the licensee
70 or its representatives authorized to receive the money, or to deposit the money in a depository
71 institution in an account in the name of the licensee.