HOUSE BILL NO. HB0070

Open blockchain tokens-exemptions.

Sponsored by: Representative(s) Lindholm, Brown, Clem, Harshman, Larsen, Miller and Olsen and Senator(s) Agar, Case, Driskill, Nethercott and Rothfuss

A BILL

for

1 AN ACT relating to securities; providing that a person who

2 develops, sells or facilitates the exchange of an open

3 blockchain token is not subject to specified securities and

4 money transmission laws; making conforming amendments; and

5 providing for an effective date.

6

7 *Be It Enacted by the Legislature of the State of Wyoming:*

8

9   **Section 1.** W.S. 17-4-206 is created to read:

10

11   **17-4-206. Open blockchain token exemption.**

12

13   (a) Except as otherwise provided by subsection (c) of

14 this section, a developer or seller of an open blockchain

1 token shall not be deemed the issuer of a security and

2 shall not be subject to the provisions of W.S. 17-4-301

3 through 17-4-412 and 17-4-504 if all of the following are

4 met:

5

6   (i) The token has not been marketed by the

7 developer or seller as an investment;

8

9   (ii) The token is exchangeable or provided for

10 the purposes of receiving goods or services; and

11

12   (iii) The developer or seller of the token has

13 not entered into a repurchase agreement of any kind or

14 entered into any agreement, arrangement or scheme with the

15 principal intent and effect of manipulating or attempting

16 to manipulate the price of the token on a secondary market.

17

18   (b) Except as otherwise provided by subsection (c) of

19 this section, a person who facilitates the exchange of an

20 open blockchain token shall not be deemed a broker-dealer

21 or a person who otherwise deals in securities under this

22 chapter and shall not be subject to the provisions of W.S.

1 17-4-301 through 17-4-412 and 17-4-504 if all of the

2 following are met:

3

4   (i) The person has a reasonable and good faith

5 belief that a token subject to exchange conforms to the

6 requirements of paragraphs (a)(i), (ii) and (iii) of this

7 section; and

8

9   (ii) The person takes reasonably prompt action

10 to terminate the exchange of a token that does not conform

11 to the requirements of this subsection.

12

13   (c) Notwithstanding any other provision of law, a

14 developer, seller or a person who facilitates the exchange

15 of an open blockchain token is subject to the provisions of

16 W.S. 17-4-501 through 17-4-503 and 17-4-505 through

17 17-4-510 only to the extent necessary to carry out those

18 sections.

19

20   (d) As used in this section, "open blockchain token"

21 means a digital unit which is:

22

23   (i) Created:

1

2   (A) In response to the verification or

3   collection of a specified number of transactions relating

4   to a digital ledger or database;

5

6   (B) Based on random selection or the

7   possession or age of existing units; or

8

9   (C) Using any combination of the methods

10 specified in subparagraphs (A) and (B) of this paragraph.

11

12   (ii) Recorded in a digital ledger or database

13 which is chronological, consensus-based, decentralized and

14 mathematically verified in nature, especially relating to

15 the supply of units and their distribution; and

16

17   (iii) Capable of being traded or transferred

18 between persons without an intermediary or custodian of

19 value.

20

21   **Section 2.** W.S. 17-4-102(a)(iv)(D), (E), by creating

22 a new subparagraph (F), (xvii)(intro), (xxviii)(D), (E) and

23 by creating a new subparagraph (F) and 40-22-104(a)(iv),

1 (v) and by creating a new paragraph (vi) are amended to

2 read:

3

4   **17-4-102. Definitions.**

5

6   (a) In this act, unless the context otherwise

7 requires:

8

9   (iv) "Broker-dealer" means a person engaged in

10 the business of effecting transactions in securities for

11 the account of others or for the person's own account. The

12 term does not include:

13

14   (D) An international banking institution;

15 ~~or~~

16

17   (E) A person excluded by rule adopted or

18 order issued under this act~~;~~. or

19

20   (F) A person who facilitates the exchange

21 of an open blockchain token, as defined in W.S. 17-4-206(d)

22 and subject to W.S. 17-4-206(c).

23

1   (xvii) "Issuer" means a person that issues or

2 proposes to issue a security, subject to W.S. 17-4-206(a)

3 and (c) and the following:

4

5   (xxviii) "Security" means a note; stock;

6 treasury stock; security future; bond; debenture; evidence

7 of indebtedness; certificate of interest or participation

8 in a profit-sharing agreement; collateral trust

9 certificate; preorganization certificate or subscription;

10 transferable share; investment contract; voting trust

11 certificate; certificate of deposit for a security; put,

12 call, straddle, option, or privilege on a security,

13 certificate of deposit, or group or index of securities,

14 including an interest therein or based on the value

15 thereof; put, call, straddle, option, or privilege entered

16 into on a national securities exchange relating to foreign

17 currency; or, in general, an interest or instrument

18 commonly known as a "security"; or a certificate of

19 interest or participation in, temporary or interim

20 certificate for, receipt for, guarantee of, or warrant or

21 right to subscribe to or purchase, any of the foregoing.

22 The term:

23

1   (D) Includes as an "investment contract" an

2 investment in a common enterprise with the expectation of

3 profits to be derived primarily from the efforts of a

4 person other than the investor and a "common enterprise"

5 means an enterprise in which the fortunes of the investor

6 are interwoven with those of either the person offering the

7 investment, a third party, or other investors; and

8

9   (E) Includes as an "investment contract,"

10 among other contracts, an interest in a limited partnership

11 and a limited liability company and an investment in a

12 viatical settlement or similar agreement;. and

13

14   (F) Does not include an open blockchain

15 token, as defined in W.S. 17-4-206(d), except as required

16 by that section.

17

18   **40-22-104. Exemptions.**

19

20   (a) This act shall not apply to:

21

22   (iv) Banks, bank holding companies, credit

23 unions, building and loan associations, savings and loan

1   associations, savings banks or mutual banks organized under

2   the laws of any state or the United States provided that

3   they do not issue or sell payment instruments through

4   authorized delegates or subdelegates who are not banks,

5   bank holding companies, credit unions, building and loan

6   associations, savings and loan associations, savings banks

7   or mutual banks; and

8

9   (v) Electronic transfer of government benefits

10   for any federal, state or county governmental agency as

11   defined in Federal Reserve Board Regulation E by a

12   contractor for and on behalf of the United States or any

13   department, agency or instrumentality thereof, or any state

14   or any political subdivisions thereof;. or

15

16   (vi) A person who develops, sells or facilitates

17   the exchange of an open blockchain token, as defined in

18   W.S. 17-4-206(d).

19

1   **Section 3.** This act is effective immediately upon

2 completion of all acts necessary for a bill to become law

3 as provided by Article 4, Section 8 of the Wyoming

4 Constitution.

5

6   (END)