HOUSE SPONSORSHIP

Pabon and Melton,

SENATE SPONSORSHIP

Neville T.,

A BILL FOR AN ACT

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

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".

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

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;

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

(b) "Security" does not include:

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

(II) AN OPEN BLOCKCHAIN TOKEN THAT:

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

(B) IS EXCHANGEABLE FOR GOODS OR SERVICES; AND

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

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

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

(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.

6

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.