SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee  May 1, 2018

Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

SB18-277 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

Amend printed bill, page 2, before line 1, insert:

"SECTION 1. In Colorado Revised Statutes, 11-51-201, amend the introductory portion and (17); and add (11.8) as follows:

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

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

(a) CREATED:

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

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

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

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

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

(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 \textit{foregoing} items listed in this subsection (17)(a).

(b) "Security" does not include 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.

(c) \textit{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) \textit{Includes an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor. "Common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.}

(III) \textit{Does not include an open blockchain token that is exchangeable within sixty calendar days after its sale and, at the time of sale, is exchangeable for, or provided for the receipt of, goods, services, or content, including rights of access to goods, services, or content.}.

Renumber succeeding sections accordingly.

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