

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

April 12, 2018
Date

Committee on Business Affairs and Labor.

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

HB18-1220 be amended as follows, and as so amended, be referred to the Committee on Finance with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

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

5 **11-51-201. Definitions.** As used in this article **51**, unless the
6 context otherwise requires:

7 (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT
8 IS:

9 (a) CREATED:

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

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

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

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

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

24 (17) (a) "Security" means any note; stock; treasury stock; bond;

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

11 (b) "Security" does not include any insurance or endowment
12 policy or annuity contract under which an insurance company promises
13 to pay a sum of money either in a lump sum or periodically for life or
14 some other specified period.

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

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

20 (II) INCLUDES AN INVESTMENT IN A COMMON ENTERPRISE WITH
21 THE EXPECTATION OF PROFITS TO BE DERIVED PRIMARILY FROM THE
22 EFFORTS OF A PERSON OTHER THAN THE INVESTOR. "COMMON
23 ENTERPRISE" MEANS AN ENTERPRISE IN WHICH THE FORTUNES OF THE
24 INVESTOR ARE INTERWOVEN WITH THOSE OF EITHER THE PERSON OFFERING
25 THE INVESTMENT, A THIRD PARTY, OR OTHER INVESTORS.

26 (III) DOES NOT INCLUDE AN OPEN BLOCKCHAIN TOKEN THAT IS
27 DEVELOPED OR SOLD FOR A CONSUMPTIVE PURPOSE WHERE THE BUYER AT
28 OR NEAR THE TIME OF SALE HAS NO EXPECTATION OF PROFIT.
29 "CONSUMPTIVE PURPOSE" MEANS THAT AN OPEN BLOCKCHAIN TOKEN IS
30 EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT OF, GOODS,
31 SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO GOODS,
32 SERVICES, OR CONTENT.

33 **SECTION 2. Act subject to petition - effective date.** This act
34 takes effect at 12:01 a.m. on the day following the expiration of the
35 ninety-day period after final adjournment of the general assembly (August
36 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
37 referendum petition is filed pursuant to section 1 (3) of article V of the
38 state constitution against this act or an item, section, or part of this act
39 within such period, then the act, item, section, or part will not take effect
40 unless approved by the people at the general election to be held in

- 1 November 2018 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor."

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