

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 18-0864.01 Duane Gall x4335

HOUSE BILL 18-1220

HOUSE SPONSORSHIP

Melton,

SENATE SPONSORSHIP

Tate,

House Committees
Business Affairs and Labor
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT PERSONS WHO DEAL IN**
102 **CRYPTOCURRENCY BE REGULATED UNDER THE LAWS**
103 **REGULATING MONEY TRANSMITTERS.**

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 subjects persons who offer cryptocurrency "wallets", buy or sell cryptocurrencies, or exchange cryptocurrency with fiat currency to regulation under the "Money Transmitters Act". The bill defines cryptocurrency (e.g., bitcoin) and fiat currency.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
April 19, 2018

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

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

4 **11-51-201. Definitions.** As used in this article **5I**, unless the
5 context otherwise requires:

6 (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT
7 IS:

8 (a) CREATED:

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

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

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

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

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

23 (17) (a) "Security" means any note; stock; treasury stock; bond;
24 debenture; evidence of indebtedness; certificate of interest or
25 participation in any profit-sharing agreement; collateral-trust certificate;
26 preorganization certificate of subscription; transferable share; investment

1 contract; viatical settlement investment; voting-trust certificate; certificate
2 of deposit for a security; certificate of interest or participation in an oil,
3 gas, or mining title or lease or in payments out of production under such
4 a title or lease; or, in general, any interest or instrument commonly known
5 as a "security" or any certificate of interest or participation in, temporary
6 or interim certificate for, guarantee of, or warrant or right to subscribe to
7 or purchase any of the foregoing.

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

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

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

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

23 (III) DOES NOT INCLUDE AN OPEN BLOCKCHAIN TOKEN THAT IS
24 DEVELOPED OR SOLD FOR A CONSUMPTIVE PURPOSE WHERE THE BUYER AT
25 OR NEAR THE TIME OF SALE HAS NO EXPECTATION OF PROFIT.
26 "CONSUMPTIVE PURPOSE" MEANS THAT AN OPEN BLOCKCHAIN TOKEN IS
27 EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT OF, GOODS,

1 SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO GOODS,
2 SERVICES, OR CONTENT.

3 **SECTION 2. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly (August
6 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
7 referendum petition is filed pursuant to section 1 (3) of article V of the
8 state constitution against this act or an item, section, or part of this act
9 within such period, then the act, item, section, or part will not take effect
10 unless approved by the people at the general election to be held in
11 November 2018 and, in such case, will take effect on the date of the
12 official declaration of the vote thereon by the governor.