

**Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 18-1241.01 Yelana Love x2295

HOUSE BILL 18-1426

HOUSE SPONSORSHIP

Pabon,

SENATE SPONSORSHIP

Neville, T.,

House Committees

State, Veterans, & Military Affairs

Senate Committees

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:*

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.

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;

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

1 OR NEAR THE TIME OF SALE HAS NO EXPECTATION OF PROFIT.
2 "CONSUMPTIVE PURPOSE" MEANS THAT AN OPEN BLOCKCHAIN TOKEN IS
3 EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT OF, GOODS,
4 SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO GOODS,
5 SERVICES, OR CONTENT.

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