

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:

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

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 **51**, 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

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

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 EXCHANGEABLE WITHIN SIXTY CALENDAR DAYS AFTER ITS SALE AND, AT
28 THE TIME OF SALE, IS EXCHANGEABLE FOR, OR PROVIDED FOR THE RECEIPT
29 OF, GOODS, SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO
30 GOODS, SERVICES, OR CONTENT."

31 Renumber succeeding sections accordingly.

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