

SENATE FILE NO. SF0038

Decentralized autonomous organizations.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

1 AN ACT relating to corporations; providing for the
2 formation and management of decentralized autonomous
3 organizations; providing definitions; and providing for an
4 effective date.

5

6 *Be It Enacted by the Legislature of the State of Wyoming:*

7

8 **Section 1.** W.S. 17-31-101 through 17-31-115 are
9 created to read:

10

11

CHAPTER 31

12

DECENTRALIZED AUTONOMOUS ORGANIZATION SUPPLEMENT

13

14

ARTICLE 1

15

PROVISIONS

1

2 **17-31-101. Short title.**

3

4 This chapter shall be known and may be cited as the
5 "Wyoming Decentralized Autonomous Organization Supplement."

6

7 **17-31-102. Definitions.**

8

9 (a) As used in this chapter:

10

11 (i) "Blockchain" means as defined in W.S.
12 34-29-106(g)(i);

13

14 (ii) "Decentralized autonomous organization"
15 means a limited liability company organized under this
16 chapter;

17

18 (iii) "Digital asset" means as defined in W.S.
19 34-29-101(a)(i);

20

21 (iv) "Limited liability autonomous organization"
22 or "LAO" means a decentralized autonomous organization;

23

1 (v) "Majority of the members," means the
2 approval of more than fifty percent (50%) of participating
3 membership interests in a vote for which a quorum of
4 members is participating. A person dissociated as a member
5 as set forth in W.S. 17-29-602 shall not be included for
6 the purposes of calculating the majority of the members;

7

8 (vi) "Membership interest" means a member's
9 ownership share in a member managed decentralized
10 autonomous organization, which may be defined in the
11 entity's articles of organization, smart contract or
12 operating agreement. A membership interest may also be
13 characterized as either a digital security or a digital
14 consumer asset as defined in W.S. 34-29-101, if designated
15 as such in the organization's articles of organization or
16 operating agreement;

17

18 (vii) "Open blockchain" means a blockchain as
19 defined in W.S. 34-29-106(g)(i) that is publicly accessible
20 and its ledger of transactions is transparent;

21

1 (viii) "Quorum" means a minimum requirement on
2 the sum of membership interests participating in a vote for
3 that vote to be valid;

4
5 (ix) "Smart contract" means an automated
6 transaction, as defined in W.S. 40-21-102(a)(ii), or any
7 substantially similar analogue, which is comprised of code,
8 script or programming language that executes the terms of
9 an agreement and which may include taking custody of and
10 transferring an asset, administrating membership interest
11 votes with respect to a decentralized autonomous
12 organization or issuing executable instructions for these
13 actions, based on the occurrence or nonoccurrence of
14 specified conditions.

15
16 **17-31-103. Application of Wyoming Limited Liability**
17 **Company Act.**

18
19 (a) The Wyoming Limited Liability Company Act applies
20 to decentralized autonomous organizations to the extent not
21 inconsistent with the provisions of this chapter and the
22 powers provided to the secretary of state by W.S.
23 17-29-1102 shall apply to this chapter.

1

2 (b) This chapter does not repeal or modify any
3 statute or rule of law that applies to a limited liability
4 company that is organized under the Wyoming Limited
5 Liability Company Act that does not elect to become a
6 decentralized autonomous organization.

7

8 **17-31-104. Definition and election of decentralized**
9 **autonomous organization status.**

10

11 (a) A decentralized autonomous organization is a
12 limited liability company whose articles of organization
13 contain a statement that the company is a decentralized
14 autonomous organization as described in subsection (c) of
15 this section.

16

17 (b) A limited liability company formed under the
18 Wyoming Limited Liability Company Act, W.S. 17-29-101
19 through 17-29-1102, may convert to a decentralized
20 autonomous organization by amending its articles of
21 organization to include the statement required by
22 subsections (a) and (c) of this section and W.S. 17-31-106.

23

1 (c) A statement in substantially the following form
2 shall appear conspicuously in the articles of organization
3 or operating agreement, if applicable, in a decentralized
4 autonomous organization:

5

6 NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

7

8 The rights of members in a decentralized autonomous
9 organization may differ materially from the rights of
10 members in other limited liability companies. The Wyoming
11 Decentralized Autonomous Organization Supplement,
12 underlying smart contracts, articles of organization and
13 operating agreement, if applicable, of a decentralized
14 autonomous organization may define, reduce or eliminate
15 fiduciary duties and may restrict transfer of ownership
16 interests, withdrawal or resignation from the decentralized
17 autonomous organization, return of capital contributions
18 and dissolution of the decentralized autonomous
19 organization.

20

21 (d) The registered name for a decentralized
22 autonomous organization shall include wording or
23 abbreviation to denote its status as a decentralized

1 autonomous organization, specifically "DAO", "LAO", or "DAO
2 LLC."

3

4 (e) A statement in the articles of organization may
5 define the decentralized autonomous organization as either
6 a member managed decentralized autonomous organization or
7 an algorithmically managed decentralized autonomous
8 organization. If the type of decentralized autonomous
9 organization is not otherwise provided for, the limited
10 liability company will be presumed to be a member managed
11 decentralized autonomous organization.

12

13 **17-31-105. Formation.**

14

15 (a) Any person may form a decentralized autonomous
16 organization which shall have one (1) or more members by
17 signing and delivering one (1) original and one (1) exact
18 or conformed copy of the articles of organization to the
19 secretary of state for filing. The person forming the
20 decentralized autonomous organization need not be a member
21 of the organization.

22

1 (b) Each decentralized autonomous organization shall
2 have and continuously maintain in this state a registered
3 agent as provided in W.S. 17-28-101 through 17-28-111.

4

5 (c) A decentralized autonomous organization may form
6 and operate for any lawful purpose, regardless of whether
7 for profit.

8

9 (d) An algorithmically managed decentralized
10 autonomous organization may only form under this chapter if
11 the underlying smart contracts are able to be updated,
12 modified or otherwise upgraded.

13

14 **17-31-106. Articles of organization.**

15

16 (a) The articles of organization of a decentralized
17 autonomous organization shall include a statement that the
18 organization is a decentralized autonomous organization,
19 pursuant to W.S. 17-31-104, and shall set forth the matters
20 required by W.S. 17-29-201.

21

22 (b) In addition to the requirements of subsection (a)
23 of this section the articles of organization shall include

1 a publicly available identifier of any smart contract
2 directly used to manage, facilitate or operate the
3 decentralized autonomous organization.

4

5 (c) Except as otherwise provided in this chapter, the
6 articles of organization and the smart contracts for a
7 decentralized autonomous organization shall govern all of
8 the following:

9

10 (i) Relations among the members and between the
11 members and the decentralized autonomous organization;

12

13 (ii) Rights and duties under this chapter of a
14 person in their capacity as a member;

15

16 (iii) Activities of the decentralized autonomous
17 organization and the conduct of those activities;

18

19 (iv) Means and conditions for amending the
20 operating agreement;

21

22 (v) Rights and voting rights of members;

23

1 (vi) Transferability of membership interests;

2

3 (vii) Withdrawal of membership;

4

5 (viii) Distributions to members prior to
6 dissolution;

7

8 (ix) Amendment of the articles of organization;

9

10 (x) Procedures for amending, updating, editing
11 or changing applicable smart contracts;

12

13 (xi) All other aspects of the decentralized
14 autonomous organization.

15

16 **17-31-107. Amendment or restatement of articles of**
17 **organization.**

18

19 (a) Articles of organization shall be amended when:

20

21 (i) There is a change in the name of the
22 decentralized autonomous organization;

23

1 (ii) There is a false or erroneous statement in
2 the articles of organization; or

3

4 (iii) The decentralized autonomous
5 organization's smart contracts have been updated or
6 changed.

7

8 **17-31-108. Operating agreement.**

9

10 To the extent the articles of organization or smart
11 contract do not otherwise provide for a matter described in
12 W.S. 17-31-106, the operation of a decentralized autonomous
13 organization may be supplemented by an operating agreement.

14

15 **17-31-109. Management.**

16

17 Management of a decentralized autonomous organization shall
18 be vested in its members, if member managed, or the smart
19 contract, if algorithmically managed, unless otherwise
20 provided in the articles of organization or operating
21 agreement.

22

23 **17-31-110. Standards of conduct for members.**

1

2 Unless otherwise provided for in the articles of
3 organization or operating agreement, no member of a
4 decentralized autonomous organization shall have any
5 fiduciary duty to the organization or any member except
6 that the members shall be subject to the implied
7 contractual covenant of good faith and fair dealing.

8

9 **17-31-111. Membership interests for member managed**
10 **decentralized autonomous organizations; voting.**

11

12 (a) For purposes of W.S. 17-31-113 and 17-31-114 and
13 unless otherwise provided for in the articles of
14 organization, smart contract or operating agreement:

15

16 (i) Membership interests in a member managed
17 decentralized autonomous organization shall be calculated
18 by dividing a member's contribution of digital assets to
19 the organization divided by the total amount of digital
20 assets contributed to the organization at the time of a
21 vote;

22

1 (ii) If members do not contribute digital assets
2 to an organization as a prerequisite to becoming a member,
3 each member shall possess one (1) membership interest and
4 be entitled to one (1) vote;

5

6 (iii) A quorum shall require not less than a
7 majority of membership interests entitled to vote.

8

9 **17-31-112. Right of members, managers and dissociated**
10 **members to information.**

11

12 Members shall have no right under W.S. 17-29-410 to
13 separately inspect or copy records of a decentralized
14 autonomous organization and the organization shall have no
15 obligation to furnish any information concerning the
16 organization's activities, financial condition or other
17 circumstances to the extent the information is available on
18 an open blockchain.

19

20 **17-31-113. Withdrawal of members.**

21

22 (a) A member may only withdraw from a decentralized
23 autonomous organization in accordance with the terms set

1 forth in the articles of organization, the smart contracts
2 or, if applicable, the operating agreement. If no terms and
3 conditions for withdrawal of a member are set forth for a
4 member managed decentralized autonomous organization, a
5 member may withdraw only via a vote by a majority of the
6 members.

7

8 (b) A member of a decentralized autonomous
9 organization may not have the organization dissolved for a
10 failure to return the members' contribution to capital.

11

12 (c) Unless the organization's articles of
13 organization, smart contracts or operating agreement
14 provide otherwise, a withdrawn member forfeits all
15 membership interests in the decentralized autonomous
16 organization, including any governance or economic rights.

17

18 **17-31-114. Dissolution.**

19

20 (a) A decentralized autonomous organization organized
21 under this chapter shall be dissolved upon the occurrence
22 of any of the following events:

23

1 (i) The period fixed for the duration of the
2 organization expires;

3
4 (ii) By vote of the majority of members of a
5 member managed decentralized autonomous organization;

6
7 (iii) At the time or upon the occurrence of
8 events specified in the underlying smart contracts or as
9 specified in the articles of organization or operating
10 agreement;

11
12 (iv) The decentralized autonomous organization
13 has failed to approve any proposals or take any actions for
14 a period of one (1) year;

15
16 (v) By order of the secretary of state if the
17 decentralized autonomous organization is deemed to no
18 longer perform a lawful purpose.

19
20 (b) As soon as possible following the occurrence of
21 any of the events specified in subsection (a) of this
22 section causing the dissolution of a decentralized
23 autonomous organization, the organization shall execute a

1 statement of intent to dissolve in the form prescribed by
2 the secretary of state.

3

4 **17-31-115. Miscellaneous.**

5

6 The articles of organization and the operating agreement of
7 a decentralized autonomous organization are effective as
8 statements of authority. Where the underlying articles of
9 organization and operating agreement are in conflict, the
10 articles of organization shall preempt any conflicting
11 provisions. Where the underlying articles of organization
12 and smart contract are in conflict, the smart contract
13 shall preempt any conflicting provisions of the articles of
14 organization, except as it relates to W.S. 17-31-104 and
15 17-31-106(a) and (b).

16

17 **Section 2.** This act is effective July 1, 2021.

18

19

(END)