

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;

13

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

17

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

21

22 (ix) "Smart contract" means an automated
23 transaction, as defined in W.S. 40-21-102(a)(ii), or any

1 substantially similar analogue, which is comprised of code,
2 script or programming language that executes the terms of
3 an agreement and which may include taking custody of and
4 transferring an asset, administrating membership interest
5 votes with respect to a decentralized autonomous
6 organization or issuing executable instructions for these
7 actions, based on the occurrence or nonoccurrence of
8 specified conditions.

9

10 **17-31-103. Application of Wyoming Limited Liability**
11 **Company Act.**

12

13 (a) The Wyoming Limited Liability Company Act applies
14 to decentralized autonomous organizations to the extent not
15 inconsistent with the provisions of this chapter and the
16 powers provided to the secretary of state by W.S.
17 17-29-1102 shall apply to this chapter.

18

19 (b) This chapter does not repeal or modify any
20 statute or rule of law that applies to a limited liability
21 company that is organized under the Wyoming Limited
22 Liability Company Act that does not elect to become a
23 decentralized autonomous organization.

1

2 **17-31-104. Definition and election of decentralized**
3 **autonomous organization status.**

4

5 (a) A decentralized autonomous organization is a
6 limited liability company whose articles of organization
7 contain a statement that the company is a decentralized
8 autonomous organization as described in subsection (c) of
9 this section.

10

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

17

18 (c) A statement in substantially the following form
19 shall appear conspicuously in the articles of organization
20 or operating agreement, if applicable, in a decentralized
21 autonomous organization:

22

23 NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

1

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

14

15 (d) The registered name for a decentralized
16 autonomous organization shall include wording or
17 abbreviation to denote its status as a decentralized
18 autonomous organization, specifically "DAO", "LAO", or "DAO
19 LLC."

20

21 (e) A statement in the articles of organization may
22 define the decentralized autonomous organization as either
23 a member managed decentralized autonomous organization or

1 an algorithmically managed decentralized autonomous
2 organization. If the type of decentralized autonomous
3 organization is not otherwise provided for, the limited
4 liability company will be presumed to be a member managed
5 decentralized autonomous organization.

6

7 **17-31-105. Formation.**

8

9 (a) Any person may form a decentralized autonomous
10 organization which shall have one (1) or more members by
11 signing and delivering one (1) original and one (1) exact
12 or conformed copy of the articles of organization to the
13 secretary of state for filing. The person forming the
14 decentralized autonomous organization need not be a member
15 of the organization.

16

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

20

21 (c) A decentralized autonomous organization may form
22 and operate for any lawful purpose, regardless of whether
23 for profit.

1

2 (d) An algorithmically managed decentralized
3 autonomous organization may only form under this chapter if
4 the underlying smart contracts are able to be updated,
5 modified or otherwise upgraded.

6

7 **17-31-106. Articles of organization.**

8

9 (a) The articles of organization of a decentralized
10 autonomous organization shall include a statement that the
11 organization is a decentralized autonomous organization,
12 pursuant to W.S. 17-31-104, and shall set forth the matters
13 required by W.S. 17-29-201.

14

15 (b) In addition to the requirements of subsection (a)
16 of this section the articles of organization shall include
17 a publicly available identifier of any smart contract
18 directly used to manage, facilitate or operate the
19 decentralized autonomous organization.

20

21 (c) Except as otherwise provided in this chapter, the
22 articles of organization and smart contracts for every

1 decentralized autonomous organization shall govern all of
2 the following:

3

4 (i) Relations among the members and between the
5 members and the decentralized autonomous organization;

6

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

9

10 (iii) Activities of the decentralized autonomous
11 organization and the conduct of those activities;

12

13 (iv) Means and conditions for amending the
14 operating agreement;

15

16 (v) Rights and voting rights of members;

17

18 (vi) Transferability of membership interests;

19

20 (vii) Withdrawal of membership;

21

22 (viii) Distributions to members prior to
23 dissolution;

1

2 (ix) Amendment of the articles of organization;

3

4 (x) Procedures for amending, updating, editing
5 or changing applicable smart contracts;

6

7 (xi) All other aspects of the decentralized
8 autonomous organization.

9

10 **17-31-107. Amendment or restatement of articles of**
11 **organization.**

12

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

14

15 (i) There is a change in the name of the
16 decentralized autonomous organization;

17

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

20

21 (iii) The decentralized autonomous
22 organization's smart contracts have been updated or
23 changed.

1

2 **17-31-108. Operating agreement.**

3

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

8

9 **17-31-109. Management.**

10

11 Management of a decentralized autonomous organization shall
12 be vested in its members, if member managed, or the smart
13 contract, if algorithmically managed, unless otherwise
14 provided in the articles of organization or operating
15 agreement.

16

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

18

19 Unless otherwise provided for in the articles of
20 organization or operating agreement, no member of a
21 decentralized autonomous organization shall have any
22 fiduciary duty to the organization or any member except

1 that the members shall be subject to the implied
2 contractual covenant of good faith and fair dealing.

3

4 **17-31-111. Membership interests for member managed**
5 **decentralized autonomous organizations; voting.**

6

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

10

11 (i) Membership interests in a member managed
12 decentralized autonomous organization shall be calculated
13 by dividing a member's contribution of digital assets to
14 the organization divided by the total amount of digital
15 assets contributed to the organization at the time of a
16 vote;

17

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

22

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

3

4 **17-31-112. Right of members, managers and dissociated**
5 **members to information.**

6

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

14

15 **17-31-113. Withdrawal of members.**

16

17 (a) A member may only withdraw from a decentralized
18 autonomous organization in accordance with the terms set
19 forth in the articles of organizations, the smart contracts
20 or, if applicable, the operating agreement. If no terms and
21 conditions for withdrawal of a member are set forth for a
22 member managed decentralized autonomous organization, a

1 member may withdraw only via a vote by a majority of the
2 members.

3

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

7

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

13

14 **17-31-114. Dissolution.**

15

16 (a) A decentralized autonomous organization organized
17 under this chapter shall be dissolved upon the occurrence
18 of any of the following events:

19

20 (i) The period fixed for the duration of the
21 organization expires;

22

1 (ii) By vote of the majority of members of a
2 member managed decentralized autonomous organization;

3

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

8

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

12

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

16

17 (b) As soon as possible following the occurrence of
18 any of the events specified in subsection (a) of this
19 section causing the dissolution of a decentralized
20 autonomous organization, the organization shall execute a
21 statement of intent to dissolve in the form prescribed by
22 the secretary of state.

23

1 **17-31-115. Miscellaneous.**

2

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

13

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

15

16

(END)