

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Digital representation tokens.

Sponsored by: Representative(s) HDraft

A BILL

for

1 AN ACT relating to digital assets; defining the rights,
2 duties and obligations associated with digital
3 representation tokens; providing exceptions; and providing
4 for an effective date.

5

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

7

8 **Section 1.** W.S. 34-29-101(a) by creating a new
9 paragraph (v) and 34-29-102(a) by creating a new paragraph
10 (iv) are amended to read:

11 *****

12 **STAFF COMMENT**

13 **Unamended portions of the relevant statutes are included in**
14 **this bill draft for the Committee's reference. These**

1 provisions will not be included in the final version of the
2 legislation.

3 *****

4 34-29-101. Definitions.

5
6 (a) As used in this chapter:

7
8 (i) "Digital asset" means a representation of
9 economic, proprietary or access rights that is stored in a
10 computer readable format, and includes digital consumer
11 assets, digital securities and virtual currency;

12
13 (ii) "Digital consumer asset" means a digital
14 asset that is used or bought primarily for consumptive,
15 personal or household purposes and includes:

16
17 (A) An open blockchain token constituting
18 intangible personal property as otherwise provided by law;

19
20 (B) Any other digital asset which does not
21 fall within paragraphs (iii) and (iv) of this subsection.

22
23 (iii) "Digital security" means a digital asset
24 which constitutes a security, as defined in W.S. 17-4-

1 102(a)(xxviii), but shall exclude digital consumer assets
2 and virtual currency;

3
4 (iv) "Virtual currency" means a digital asset
5 that is:

6
7 (A) Used as a medium of exchange, unit of
8 account or store of value; and

9
10 (B) Not recognized as legal tender by the
11 United States government.

12
13 (v) "Digital representation token" means a
14 digital representation by which a person's claim to an
15 interest or right in real or personal property is
16 evidenced. An open blockchain token qualifying as
17 intangible personal property pursuant to W.S. 34-29-106
18 shall not be considered a "digital representation token."

19 *****
20 STAFF COMMENT
21 Paragraph (v), above, was modified at the last Blockchain
22 Task Force meeting to include the last sentence. This
23 modification establishes that open blockchain tokens that
24 constitute intangible personal property shall not be
25 considered representation tokens. This change is necessary
26 to address the conflict between this bill draft and
27 Wyoming's Utility Token Act (W.S. 34-29-106 et seq.). The

1 conflict can be described as follows: The Utility Token
2 Act declares "open blockchain tokens" with a consumptive
3 purpose to be intangible personal property. This bill
4 draft declares that "representation tokens" are not real or
5 personal property separate from the interests they
6 represent. If there are circumstances where an open
7 blockchain token might constitute a representation token,
8 then the language in this bill could conflict with the
9 Utility Token Act because the token couldn't be both
10 intangible personal property and not real or personal
11 property.
12

13 An open blockchain token is defined to be a digital
14 representation of a purchaser's right to receive services,
15 software, content or real or tangible personal property. A
16 digital representation token is broadly defined to include
17 a digital representation by which a person's claim to an
18 interest or right in real or personal property is
19 evidenced. Pursuant to these definitions, an open
20 blockchain token likely could qualify as a representation
21 token.
22

23 The amended language establishes that a token is not a
24 digital representation token where it qualifies as an open
25 blockchain token. Although the proposed statutory language
26 resolves any conflict between this legislation and the
27 Utility Token Act's treatment of open blockchain tokens,
28 the Committee should consider whether other reasons exist
29 to differentiate between open blockchain tokens and other
30 digital representation tokens. As written, only open
31 blockchain tokens will be exempt from this legislation's
32 declaration that representation tokens do not constitute
33 real or personal property separate from the assets they
34 represent.
35

36 *****

37 (b) The terms in paragraphs (a)(ii) through (iv) of
38 this section are mutually exclusive.
39

1 34-29-102. Classification of digital assets as
2 property; applicability to Uniform Commercial Code;
3 treatment of digital representation tokens.

4

5 (a) Digital assets are classified in the following
6 manner:

7

8 (i) Digital consumer assets are intangible
9 personal property and shall be considered general
10 intangibles, as defined in W.S. 34.1-9-102(a)(xlii), only
11 for the purposes of article 9 of the Uniform Commercial
12 Code, title 34.1, Wyoming statutes;

13

14 (ii) Digital securities are intangible personal
15 property and shall be considered securities, as defined in
16 W.S. 34.1-8-102(a)(xv), and investment property, as defined
17 in W.S. 34.1-9-102(a)(xlix), only for the purposes of
18 articles 8 and 9 of the Uniform Commercial Code, title
19 34.1, Wyoming statutes;

20

21 (iii) Virtual currency is intangible personal
22 property and shall be considered money, notwithstanding
23 W.S. 34.1-1-201(b)(xxiv), only for the purposes of article

1 9 of the Uniform Commercial Code, title 34.1, Wyoming
2 statutes.

3
4 (iv) Digital representation tokens shall not
5 constitute real or personal property separate from the
6 rights or interests in real or personal property that they
7 represent, and shall be subject only to the obligations,
8 rights and interests applicable to the rights or interests
9 that they represent.

10
11 **Section 2.** This act is effective July 1, 2020.

12 *****

13 *****
14 **STAFF COMMENT**

15 This bill draft establishes that representation tokens do
16 not constitute separate property and that they are subject
17 to the same obligations and duties as the interest they
18 represent. Because the tokenization of interests in
19 property can raise all the intricacies of the innumerable
20 types of interests and property that can be tokenized, the
21 Committee may want to consider situations where these broad
22 legal declarations may not be appropriate. Some of the
23 situations that may require further consideration were
24 raised by testimony at the Blockchain Task Force meetings
25 and include:

26
27 1) The rules applicable to a token that represents multiple
28 categories of underlying assets or interests, some of which
29 categories are subject to conflicting legal standards (e.g.
30 perfecting a security interest in cash and a parcel of real
31 estate, both of which are represented by a single digital
32 token).

33 2) Tokens that represent fungible goods.

1 3) Tokens that, themselves, hold or generate significant
2 value or utility.

3 4) Tokens, the transfer of which seeks to convey actual
4 title to the underlying assets.

5 5) Tokens that represent or are backed by fiat currency.

6 6) Tokens that represent underlying assets or interests
7 that fluctuate in value or where it may be difficult to
8 confirm the continued existence of the underlying assets or
9 interest.

10 7) Tokens that represent underlying assets or interests
11 that are subject to spoilage or theft.

12 8) Tokens, the location of which may determine the
13 underlying assets' locus for taxation or other purposes.

14 9) Tokens that represent assets or interests regulated or
15 impacted by federal law.

16 *****
17

18 (END)