Representative Trevor Lee proposes the following substitute bill:

1 **BLOCKCHAIN PROVIDER REGISTRATION**

2 2023 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Trevor Lee**

5 Senate Sponsor: _____

6

7 **LONG TITLE**

8 **General Description:**

9 This bill creates the Noncustodial Blockchain Registry.

10 **Highlighted Provisions:**

11 This bill:

12 ‣ defines terms;

13 ‣ creates the Noncustodial Blockchain Registry (registry) within the Utah Office of

14 Regulatory Relief (office);

15 ‣ describes registry application, renewal, and removal requirements;

16 ‣ requires the office to issue a certificate of registration after placing an applicant on

17 the registry;

18 ‣ provides administrative rulemaking authority; and

19 ‣ makes technical and conforming changes.

20 **Money Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 None

24 **Utah Code Sections Affected:**

25 ENACTS:

26   **63N-16-401**, Utah Code Annotated 1953
27   **63N-16-402**, Utah Code Annotated 1953
28   **63N-16-403**, Utah Code Annotated 1953
29 ══
30 *Be it enacted by the Legislature of the state of Utah:*
31   Section 1. Section **63N-16-401** is enacted to read:
32   **Part 4. Noncustodial Blockchain Registry**
33   **63N-16-401. Definitions.**
34   (1) "Blockchain company" means an entity that uses blockchain technology to facilitate
35 financial transactions between users.
36   (2) "Noncustodial blockchain company" means a blockchain company that does not
37 have possession or control of a user's private key.
38   (3) "Private key" means the same as that term is defined in Section 13-62-101.
39   (4) "Registry" means the Noncustodial Blockchain Registry described in Section
40 63N-16-402.
41   (5) "User" means a person who engages in a financial transaction through a blockchain
42 company.
43   Section 2. Section **63N-16-402** is enacted to read:
44   **63N-16-402. Noncustodial Blockchain Registry -- Contents -- Rulemaking.**
45   (1) The regulatory relief office shall maintain a Noncustodial Blockchain Registry that
46 lists noncustodial blockchain companies conducting business in the state.
47   (2) For each registered noncustodial blockchain company, the regulatory relief office
48 shall include on the registry:
49   (a) the name of the noncustodial blockchain company; and
50   (b) the noncustodial blockchain company's authorized agents in the state, if any.
51   (3) The regulatory relief office may make rules in accordance with Title 63G, Chapter
52 3, Utah Administrative Rulemaking Act, to administer the registry.
53   Section 3. Section **63N-16-403** is enacted to read:
54   **63N-16-403. Registry application -- Certificate -- Renewal -- Removal -- Notice.**
55   (1) (a) Subject to Subsection (1)(b), an applicant for placement on the registry shall
56 provide to the regulatory relief office:

57   (i) an application in a form prescribed by the regulatory relief office; and

58   (ii) a fee established by the regulatory relief office in accordance with Section

59   63J-1-504.

60   (b) The application shall include:

61   (i) a place for the name of the applicant, including any trade name used by the

62   applicant in the conduct of the applicant's business;

63   (ii) a place for a description of the activities conducted by the applicant in the state;

64   (iii) a place for the applicant to list the applicant's:

65   (A) authorized agents in the state, if any; and

66   (B) website URL;

67   (iv) a description of general noncustodial blockchain company activities;

68   (v) a place for the applicant to acknowledge that the applicant is a noncustodial

69   blockchain company; and

70   (vi) a statement notifying the applicant that the applicant may be removed from the

71   registry if the applicant:

72   (A) ceases to operate as a noncustodial blockchain company; or

73   (B) engages in unlawful activity.

74   (2) (a) Upon receipt of the application and fee described in Subsection (1), the

75   regulatory relief office shall:

76   (i) place the applicant on the registry; and

77   (ii) issue a certificate of registration to the applicant.

78   (b) A noncustodial blockchain company's registration expires one year after the day on

79   which the noncustodial blockchain company is placed on the registry.

80   (c) A noncustodial blockchain company may renew the noncustodial blockchain

81   company's registration by providing to the regulatory relief office:

82   (i) a renewal application in a form prescribed by the regulatory relief office; and

83   (ii) a renewal fee established by the regulatory relief office in accordance with Section

84   63J-1-504.

85   (3) A registered noncustodial blockchain company:

86   (a) shall immediately provide written notice to the regulatory relief office upon ceasing

87   to operate as a noncustodial blockchain company; and

88   (b) may request removal from the registry in writing.

89   (4) The regulatory relief office shall remove a registered noncustodial blockchain

90 company from the registry if:

91   (a) the noncustodial blockchain company's registration expires without renewal;

92   (b) the noncustodial blockchain company provides the notice or request described in

93 Subsection (3); or

94   (c) the regulatory relief office knows or has reason to know the noncustodial

95 blockchain company is engaging in unlawful activity.