

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB3279 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By striking the Title, the Enacting Clause, the entire bill, and by
inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Amendment submitted by: Justin Humphrey _____

Adopted: _____

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

PROPOSED COMMITTEE
SUBSTITUTE
FOR
HOUSE BILL NO. 3279

By: Humphrey

PROPOSED COMMITTEE SUBSTITUTE

An Act relating to technology; creating the Oklahoma Distributed Ledger Technology Assets Offering Act; providing legislative findings; requiring act be used to regulate medical marijuana; defining terms; authorizing state to develop and use distributed ledger technologies; requiring certain software; requiring certain security and legal requirements; permitting use of certain smartphone applications; authorizing additional uses; requiring certain software features; limiting use of convertible virtual currency; prescribing value of convertible virtual currency; providing requirements for digital contracts; requiring a digital identity and account; prohibiting use of convertible virtual currency as an investment; requiring use of decision tree; requiring separate digital contract to charge a fee; prescribing procedure for payment; requiring ecosystem operator to collect fees and taxes; requiring ecosystem operator to perform certain accounting; prescribing method of compensation; requiring ecosystem operator to provide certain information; requiring the Oklahoma Tax Commission and Office of Management and Enterprise Services to make certain determinations; authorizing the Tax Commission, Office of Management and Enterprise Services, Secretary of State, and State Treasurer to promulgate rules; allowing payment of taxes from certain sources; permitting Tax Commission to appoint agents for certain purposes; creating requirements for distributed ledger technology asset offering agents; creating requirements for distributed ledger technology asset offering ecosystem operators; authorizing the Tax Commission and Office of

1 Management and Enterprise Services to promulgate
2 rules to validate transactions; allowing certain
3 contracts; allowing use of memorandums of
4 understanding; allowing certain working groups;
5 prohibiting certification as a class action;
6 requiring certain security in action under this act;
7 providing for severability; providing for
8 noncodification; providing for codification; and
9 providing an effective date.

10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

11 SECTION 1. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 12001 of Title 74, unless there
13 is created a duplication in numbering, reads as follows:

14 This act shall be known and may be cited as the "Oklahoma
15 Distributed Ledger Technology Assets Offering Act".

16 SECTION 2. NEW LAW A new section of law not to be
17 codified in the Oklahoma Statutes reads as follows:

18 The Legislature makes the following findings concerning the
19 necessity for the Oklahoma Distributed Ledger Technology Assets
20 Offering Act:

21 1. For the immutable recording of identity, contracts, and
22 payments, as well as protocols that govern the production,
23 distribution, and consumption of goods and services in a digital
24 economy, distributed ledger technology assets offering ecosystems
afford the most efficient, effective, and transparent method of
achieving such, necessitating a proactive strategy to create,
maintain, and advance the regulation of Internet activities;

1 2. Especially configured and government-regulated distributed
2 ledger technologies have emerged as critical solutions to many
3 Internet crimes, cyberwarfare, tax revenue collection, product
4 diversion, state and non-state acts of terrorism, money laundering,
5 foreign interference with information technologies, and corruption
6 problems; and in view of such, the State of Oklahoma has the
7 potential to foster an Internet of regulation and to create new
8 forms of decentralized platforms and distributed applications that
9 have advantages over the current centralized Internet platforms and
10 applications;

11 3. The State of Oklahoma has the power and opportunity to
12 realize its potential to become a global leader and a center for
13 companies and entrepreneurs that seek to utilize distributed ledger
14 technology systems and distributed-ledger-technology-based business
15 models, social media, and governmental systems, all of which will
16 drive innovation within the state and give the State of Oklahoma an
17 economic opportunity and global advantage to develop local
18 economies, create new jobs, and export locally developed
19 technologies;

20 4. Oklahoma's many sovereign entities and governmental units
21 are not optimally integrated or united in law enforcement, Internet
22 regulation, or first-responder efforts. Distributed ledger
23 technology assets offerings, digital contracts, and immutable
24 identities can enable precise financial auditing and the coordinated

1 tracking and tracing of the activities of criminal elements, cyber
2 incursions, and organized crime, making it more difficult for these
3 criminal and terrorist elements to be able to hide their activities.
4 These same capabilities will augment, facilitate, and integrate the
5 protection of public safety and can immediately help first
6 responders to identify and meet the needs of the citizenry,
7 especially in victim identification, triage, treatment, search-and-
8 rescue functions during natural and man-made disaster events, such
9 as pandemics, tornadoes, and floods, and also will assist in
10 detecting and preventing foreign military cyber and signals
11 intelligence operations;

12 5. The unalterable recordings of revenue collection and product
13 tracking, by any state, county, or local governmental unit or agency
14 of the State of Oklahoma, should occur through an ecosystem operator
15 that has had prior successful participation in state and federal no-
16 action processes pertaining to securities registration, exemption,
17 regulation, and compliance requirements for persons or entities
18 using distributed ledger technology assets offerings. In addition,
19 an ecosystem operator should have a demonstrated capacity to assist
20 in the incubation of distributed ledger utilities; and

21 6. The anticipated benefits of the development and use by the
22 State of Oklahoma and its political subdivisions or agencies thereof
23 of an integrated logistics, information, custodial, and payment
24

1 tracking ecosystem, which uses hack-resistant distributed ledger
2 technologies and a convertible virtual currency include:

- 3 a. keeping customers' and any government citizens' or
4 licensees' data secure and confidential, but available
5 to ecosystem participants, stakeholders, regulators,
6 and law enforcement communities on a transparent and
7 need-to-know basis, as allowed or required by relevant
8 laws or agreements between cooperating customers,
9 persons, or parties,
- 10 b. automating notifications of a child attempting to
11 purchase contraband,
- 12 c. minimizing black market activities by:
 - 13 (1) integrating smart packaging, facilitated by Radio
14 Frequency Identification (RFID), Near-Field
15 Communication (NFC), or other uniquely
16 identifiable technology, to be placed on all
17 products with payments and tracking throughout
18 the supply chain using digital assets and
19 distributed ledger technologies,
 - 20 (2) making cashless purchasing easier with biometric
21 identification and database matching and
22 providing for the availability of easy digital
23 asset payment systems,

- (3) holding down compliance costs and allowing legal transactions at a lower price point, and
- (4) increasing logistical velocity and improving quality and quantity in supply chains by reducing delivery time, increasing specific product availability, and facilitating predictive, just-in-time production, processing, and merchandising,

d. enhancing the stability of any legal market by:

- (1) using the cashless, electronic fund transfer of digital assets for all transactions between all parties within the specified community, including employees, to maximize micropayment capabilities and to create a maximally productive and legally adherent business community,
- (2) reporting shrinkage and lost product in the supply chain at any point and identifying culprits,
- (3) complying with the Anti-Money Laundering and Know Your Customer provisions of the federal Bank Secrecy Act, and the Suspicious Activity Reports of the United States Treasury Financial Crimes Enforcement Network,

- (4) increasing data collection for business owners and policymakers at a lower cost, thus reducing administrative compliance overhead, and
 - (5) automating periodic data reporting volume and tracking data from point-of-sale systems, thereby providing policymakers and regulators with real-time data that predicts black market emergence,
- e. generating statistical data for decision-making by:
- (1) allowing designated agency or authorized political subdivision personnel to create surveys and order data sets,
 - (2) allowing digital asset micropayments to obtain survey reporting participation, thereby reinforcing research efficacy,
 - (3) establishing and collecting Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliant, self-reported, voluntary patient reviews, and correlating and tracking specific products for their physiological and psychological efficacy, thus enabling patients, health care providers, labs, processors, and producers to better calibrate and correlate their related choices, and

- 1 (4) giving policymakers empirically based and broad
2 statistical samples based on surveys,
- 3 f. optimizing the remittance, accounting, and reporting
4 of tax revenue by:
- 5 (1) tabulating financials for businesses and
6 regulators and making data available to business
7 owners and government agencies in real time and
8 on a need-to-know basis, while using data privacy
9 best practices,
- 10 (2) allowing regulators to calculate business or
11 activity density, estimate illegal activity, and
12 model taxation rates to compete with and minimize
13 black market activities,
- 14 (3) monitoring consumer price sensitivity to allow
15 for appropriate modification of taxation policy,
16 and
- 17 (4) keeping retail prices below the threshold
18 consistent with best practices for preventing
19 illegal activities,
- 20 g. allowing local and tribal governments to train first
21 responders and search-and-rescue dogs as critical
22 adjuncts to a distributed ledger technology assets
23 offering used in a payment and tracking ecosystem for
24 detecting and preventing criminal activity, tax

- 1 evasion, and other unlawful behaviors, and also used
2 in response to natural and man-made disasters,
3 h. enabling vocational technical training in distributed
4 ledger technologies for incarcerated persons in the
5 custody of the Department of Corrections, and
6 i. facilitating public and private education on the
7 usefulness of distributed ledger technologies and the
8 law through Oklahoma Bar Foundation programs.

9 SECTION 3. NEW LAW A new section of law not to be
10 codified in the Oklahoma Statutes reads as follows:

11 This act shall first be implemented for the lawful regulation of
12 the medical marijuana industry so long as the commodity is lawfully
13 permitted for use in the State of Oklahoma.

14 SECTION 4. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 12002 of Title 74, unless there
16 is created a duplication in numbering, reads as follows:

17 As used in this act:

18 1. "Application programming interface" means a connection
19 between computers or between computer programs using a type of
20 software interface offering a service to other pieces of software;

21 2. "Consumptive purpose" means a purpose to provide or receive
22 goods, services, or content, including access to goods, services, or
23 content;

1 3. "Convertible virtual currency" means a substitute or avatar
2 for real and legally recognized currency, even though it does not
3 have the status of legal tender. Convertible virtual currency
4 includes convertible digital currency, digital assets, or
5 distributed ledger technology assets, a convertible virtual
6 currency;

7 4. "Customer" means any person, corporation, or entity who may
8 qualify for the required Anti-Money Laundering and Know Your
9 Customer provisions of the Bank Secrecy Act, 31 U.S.C., Section 5311
10 et seq., and thereby obtains confirmation of their identity;

11 5. "Decision tree" means a decision support tool that uses a
12 tree-like model of decisions and possible consequences, including
13 chance event outcomes, to record agreements between parties;

14 6. "Digital contract" means a coded contract that functions as
15 an immutable digital agreement which is entered into between
16 customers, in order to specify the terms and conditions of payment,
17 custody, performance, timing, delivery, tax remittance, regulatory
18 compliance, escrow, contingencies, choice of law, forum, or other
19 terms. Digital contract does not mean an asset or convertible
20 virtual currency;

21 7. "Digital identity" means immutable information about an
22 entity or individual used by computer systems to record and
23 represent an external or internal agent, which may be a person,
24 organization, application, or device, and any permissive access

1 relative to such is protected with biometric identification.

2 Digital identity is functional software programmed uniquely for the
3 individual customer and cannot be resold, duplicated, or
4 counterfeited;

5 8. "Digital asset processor" means a method for recording and
6 converting virtual currency as a digital asset to and from United
7 States dollars, where both the processor and currencies use
8 distributed ledger technologies and contracts programmed with
9 computer code that will enable self-executing escrow accounts, also
10 referred to as an electronic fund transfer system interchange;

11 9. "Distributed ledger technology" means a type of database
12 spread across multiple sites, regions, or participants, known as
13 validators, that does not require a sequence of blocks;

14 10. "Distributed ledger technology asset" means a digital unit
15 with specified characteristics, secured through a decentralized
16 ledger or database, exchangeable for goods or services, and capable
17 of being traded or transferred between persons with the use of a
18 distributed ledger technology asset offering agent and fiduciary or
19 the custodial intermediary. A distributed ledger technology asset
20 is a digital unit that is:

21 a. created in response to the verification or collection
22 of a specified number of transactions relating to a
23 digital ledger or database by deploying computer code
24 to an ecosystem or distributed ledger technology

1 network that allows for the creation of distributed
2 ledger technology assets, or
3 b. recorded in a digital ledger or database that is
4 chronological, decentralized, and mathematically
5 verified in nature, especially relating to the supply
6 of units and their distribution;

7 11. "Digital ledger technology asset offering card" means any
8 instrument or device, whether known as a credit card, identification
9 card, credit plate, gift card, prepaid card, charge plate, debit
10 card, or by any other name, issued with or without fee by an
11 ecosystem operator for the use of the cardholder in obtaining goods,
12 services, or anything of value on credit or debit;

13 12. "Distributed ledger technology asset offering agent" means
14 a person who is appointed by a distributed ledger technology asset
15 offering ecosystem operator and who is a licensed attorney with at
16 least fifteen (15) years of law practice, in good standing with the
17 Oklahoma Bar Association, and is appointed as counsel by the
18 submission of entry of appearance documentation to the Oklahoma
19 Department of Securities, the Office of Management and Enterprise
20 Services, and the Oklahoma Tax Commission;

21 13. "Electronic funds transfer" means any transfer of funds,
22 other than a transaction originated by check, draft, or similar
23 paper instrument, which is initiated through an electronic terminal,
24 telephonic instrument, computer, or magnetic tape, so as to order,

1 instruct, or authorize a financial institution to debit or credit an
2 account. Such term includes, but is not limited to, point-of-sale
3 transfers, automated teller machine transactions, automated
4 clearinghouses, direct deposits or withdrawals of funds, and
5 transfers initiated by telephone;

6 14. "Electronic funds transfer system interchange" means a
7 distributed ledger technology asset offering, an interchange
8 platform, or digital asset processor, which operates with a protocol
9 that allows customers to acquire and transfer any fiat currencies,
10 lawful cryptocurrencies, digital assets, convertible virtual
11 currency, or distributed ledger technology assets from one form of
12 value to the other by using a convertible virtual currency to
13 acquire and to transfer;

14 15. "Ecosystem" means a:

- 15 a. complex network of an interconnected technology system
16 or systems, and
- 17 b. system or digital ledger of transactions maintained by
18 a network of computers in a way that makes it
19 difficult to hack or alter, and every time a new
20 transaction occurs on the ecosystem, a record of that
21 transaction is added to every participant's ledger;

22 16. "Distributed ledger technology asset offering ecosystem
23 operator" or "ecosystem operator" means a person or entity which
24 employs at least one licensed Oklahoma fiduciary as its principal

1 agent and which has general supervisory control over the subject
2 ecosystem and provides to its customers digital contracts for
3 electronic funds transfers, tax remittances, contract forms, escrow,
4 custody, and goods and services tracking that become obligations for
5 customers to pay the ecosystem operator in accordance with the terms
6 of a designated and immutable digital contract;

7 17. "Fintech" means a combination of finance and technology and
8 is a technology that seeks to improve, support, and automate
9 payment, banking, and other financial services;

10 18. "Hack" means to use a computer to gain unauthorized access
11 to data in a system;

12 19. "Micropayment" means small transactions or payments usually
13 of less than One Dollar (\$1.00) and, in some cases, only a fraction
14 of a cent that are mainly made online and which are a way to
15 leverage the Internet to facilitate the immediate distribution of
16 digital rights, royalties, in-game purchases, online tipping, and to
17 coordinate devices connected via the Internet;

18 20. "Onboarding" means identifying and adding customers to an
19 ecosystem by first qualifying them with Anti-Money Laundering and
20 Know Your Customer provisions of the Bank Secrecy Act, 31 U.S.C.,
21 Section 5311 et seq.;

22 21. "Smart contract" means a self-executing digital contract,
23 which can be an escrow agreement, with the terms of the agreement
24 between buyer and seller directly written into lines of code wherein

1 the code and the agreement contained therein exist across a
2 distributed, decentralized, blockchain network. Smart contracts are
3 not digital assets but are software packages and use distributed
4 ledger technologies with unalterable accounting and immutable
5 identification and escrow functions; and

6 22. "Travel Rule" means the rule promulgated under the Bank
7 Secrecy Act, 31 C.F.R., Section 1010.410(f), which requires
8 financial institutions to pass certain information on to the next
9 financial institution in certain funds transmittals involving more
10 than one financial institution.

11 SECTION 5. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 12003 of Title 74, unless there
13 is created a duplication in numbering, reads as follows:

14 A. Utilizing the assistance of any distributed ledger
15 technology company that contracts with the state, the State of
16 Oklahoma shall develop and employ an integrated logistics,
17 information, and payment tracking ecosystem which uses hack-
18 resistant, distributed ledger technologies in support of state
19 agencies and tribal, county, and local governmental units:

20 1. To facilitate information and revenue recording, collection,
21 and sharing; and

22 2. To prevent cybercrimes, black market activities, money
23 laundering, and tax evasion.
24

1 B. Every distributed ledger technology ecosystem described in
2 this section shall use types of software that are:

3 1. Digital representations of dollars such as convertible
4 virtual currency;

5 2. Digital representations of identities such as ecosystems and
6 biometrics; or

7 3. Digital representations of contracts such as digital
8 contracts.

9 C. To contract with the state or any of its political
10 subdivisions, a distributed ledger technology asset offering
11 ecosystem which is equipped to license, maintain, and offer for sale
12 software and to perform electronic funds transfers and logistical
13 tracking services using digital assets or convertible virtual
14 currencies as the medium of value transfer shall fulfill the
15 following minimum threshold securities regulatory requirements:

16 1. Prior to the acceptance by a state, county, or local
17 governmental unit or agency of a vendor's bid or offer to contract,
18 the prospective ecosystem or distributed ledger technology asset
19 offering ecosystem operator shall show proof of having successfully
20 participated in a state or federal convertible virtual currency and
21 payment gateway demonstration and no-action processes. Such proof
22 shall be satisfactory to the securities regulators of both the state
23 and federal governments; and
24

1 2. Demonstrate the proper procedural protocol publicly or
2 privately in a test of the distributed ledger technology to the
3 satisfaction of the state or federal securities regulators'
4 compliance review processes.

5 D. Preferences should be given to ecosystem operator applicants
6 which have obtained United States Treasury, United States Department
7 of Agriculture, and government charters, or certification as
8 community development entities or credit programs which have
9 maintained such status for at least ten (10) years and which are
10 headed by licensed Oklahoma fiduciaries.

11 E. The ecosystem operator or the fintech vendor may be a sole
12 source provider to be compensated based upon a fixed fee, as allowed
13 by Section 264 of Title 68 of the Oklahoma Statutes and Section
14 85.44D.1 of Title 74 of the Oklahoma Statutes, and shall be exempt
15 from the provisions of Section 85.7 of Title 74 of the Oklahoma
16 Statutes for the purpose of implementing this act.

17 F. Every fintech vendor or data company employing ecosystem or
18 distributed ledger technologies on behalf of the state, or its
19 political subdivisions or agencies, and operating within the state
20 shall adhere to the securities and finance laws of the state and the
21 United States.

22 G. A convertible virtual currency or digital asset designed and
23 used by the state and any of its agencies or political subdivisions
24

1 shall be prepaid and stable and shall be designed for correlated
2 payment and the tracking of goods, services, and custodians.

3 H. Distributed ledger technology asset offering ecosystem
4 operators and ecosystem specialized vendors may use smartphone
5 applications for the purchase and redemption of the convertible
6 virtual currencies for onboarding customers who need payment and
7 tracking services pursuant to any state-authorized program.

8 I. Every distributed ledger technology asset offering ecosystem
9 shall be designed to become autonomous and disintermediated by using
10 programmable contracts managed by algorithms and encoded with
11 relevant state, county, local, tribal, or federal laws and
12 regulations for taxation, accounting, escrows, remittances, custody
13 tracking, and other applications.

14 J. The initial use case shall be a distributed ledger
15 technology asset offering ecosystem which shall provide an
16 integrated logistics, payment, and tax recording and remittance
17 system for the use of government taxing and regulatory authorities
18 that will also provide for customer payment and custody transfers
19 using escrow and digital contracts for services and goods at the
20 retail and wholesale levels among producers, merchants, and
21 customers.

22 K. Every distributed ledger technology or fintech vendor shall
23 tailor its technology to comply with and conform to the state's
24 records laws and regulations for dispute resolution, evidentiary

1 proceedings, money services businesses, tax revenue remittance, tax
2 reporting, securities, and escrow.

3 L. For logistical tracking and recording, the ecosystem shall
4 use correlated payment-custodian-product registries, such as
5 matching Radio Frequency Identification, quick response code, or
6 other bar-code-enabled identification.

7 M. 1. Pursuant to the ecosystem's requirements, agencies,
8 customers, or users of the software shall:

9 a. create an unalterable recorded digital identity or
10 digital account, and

11 b. open a digital contract account which shall enable the
12 customer or user to interact within the ecosystem; and

13 2. Customers may purchase software-based contracts as digital
14 contracts for customer-to-customer, customer-to-business, business-
15 to-business, government-to-customer, business-to-government, or
16 government-to-government.

17 SECTION 6. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 12004 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 A. For convertible virtual currency designed for the state and
21 its political subdivisions, an entity operating an ecosystem, and
22 any entity affiliated with the ecosystem operator, shall not use any
23 proceeds from the convertible virtual currency sales, purchases,
24 transfers, or conversions to develop the ecosystem, applications, or

1 platforms referenced by this act, which shall be fully developed and
2 operational at the time of any convertible virtual currency transfer
3 or conversion.

4 B. The convertible virtual currency designed for the state and
5 its political subdivisions shall be exclusively marketed to
6 customers and immediately usable for its intended function or
7 functions at the time it is purchased, sold, transferred, or
8 converted and not with any potential for the increase in the market
9 value of the convertible virtual currency.

10 C. The ecosystem operator shall restrict sales, purchases,
11 transfers, and conversions of the convertible virtual currency to
12 ecosystem digital accounts or like technologies.

13 D. Any customer who holds convertible virtual currency designed
14 for the state and its political subdivisions may only transfer or
15 convert the convertible virtual currency at the face value of One
16 United States Dollar (\$1.00) per convertible virtual currency to
17 another ecosystem-approved digital accounts.

18 E. The operator of the ecosystem shall sell, purchase,
19 transfer, and convert the convertible virtual currency designed for
20 the state or its political subdivisions at a price of One United
21 States Dollar (\$1.00) per convertible virtual currency throughout
22 the life of the program, and each convertible virtual currency shall
23 represent an ecosystem obligation to convert or transfer the
24

1 convertible virtual currency at a value of One United States Dollar
2 (\$1.00) per convertible virtual currency.

3 F. Convertible virtual currency designed for the state or its
4 political subdivisions shall be fully backed by United States dollar
5 assets deposited in United States financial institutions.

6 G. Selling, buying, converting, or transferring convertible
7 virtual currency designed for the state or its political
8 subdivisions for less or more than One United States Dollar (\$1.00)
9 shall be technologically impossible.

10 SECTION 7. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 12005 of Title 74, unless there
12 is created a duplication in numbering, reads as follows:

13 A. Digital contracts used by this state and its political
14 subdivisions shall be programmed for accountancy, identity,
15 regulatory permissibility, and legality, credit verification,
16 product location, work performance, customer status, agreements, and
17 various relationships as conditions precedent to escrowed funds
18 release.

19 B. Digital contracts shall track performance from inception to
20 completion and legally satisfy the release from escrow, which
21 initiates a convertible virtual currency transfer.

22 C. The ecosystem network provided for the benefit of state
23 agencies, political subdivisions, and tribal-level entities on a
24

1 voluntary basis shall be controlled and regulated by an electronic
2 funds transfer system interchange.

3 D. Anyone who interacts with the ecosystem shall have a digital
4 identity which shall be a precondition to initiating a convertible
5 virtual currency transfer.

6 E. Any transfer of convertible virtual currency shall be in
7 accordance with the Travel Rule as defined in Section 4 of this act.

8 F. Customers shall agree with a conspicuous electronic
9 signature declaring that they are acquiring the convertible virtual
10 currency for a consumptive purpose and not as an investment, nor
11 with an expectation that the convertible virtual currency shall earn
12 profits based upon the activities and efforts of third parties.

13 G. Convertible virtual currency functionality shall always be
14 associated with a digital contract, which shall determine the terms
15 of how, when, where, and to whom any convertible virtual currency is
16 transferred or converted by an ecosystem operator.

17 H. Before any transfer, purchase, sale, or conversion of
18 convertible virtual currency is finalized, the customer shall first
19 enter decision tree terms to show mutuality of consent between
20 customers.

21 I. To form a digital contract or to obtain any services from
22 the ecosystem, customers in a supply chain must agree to terms and
23 fees for using the digital contract software, which may be
24 established by the participating state agency, political

1 subdivision, or tribal entity and the ecosystem operator who
2 provides various services in exchange for the customer paying the
3 fees to the ecosystem operator, as set forth in a digital contract
4 agreement for services rendered as determined between the parties or
5 by operation of the participating government agency, tribal entity,
6 or political subdivision.

7 J. Customers may purchase digital contracts and the negotiation
8 of the charged fee in another digital contract, which is the digital
9 contract, escrow, and accounting tool that determines the income
10 going to the ecosystem operator for its services and that defines
11 the ecosystem operator-to-customer and any controlling law or
12 regulation affecting or specifying contractual relationships.

13 K. The digital contract shall determine how the ecosystem
14 operator compensates the customer and how the customer compensates
15 the ecosystem operator for goods and services. The contents of a
16 digital contract may be determined by reference to existing terms
17 administered by the ecosystem operator as an agent of a
18 participating state agency, tribe, or political subdivision, but any
19 participation by a tribal entity must be voluntary and as part of a
20 memorandum of understanding or other appropriate agreement as
21 provided by this act or by federal, state, or tribal law. A digital
22 contract and payment to the customer by the ecosystem operator may
23 include, but is not limited to, customer efforts as measured by
24 volume of transfers or conversions, payment for the customer filling

1 out a survey, or a referral fee for additional customers brought in
2 by a customer. Services the ecosystem operator may provide to
3 customers for which the operator is compensated may include such
4 matters as identification, transfers, conversions, agreements,
5 escrow, consent, due diligence, custody, taxation, or other matters.

6 L. The ecosystem operator shall extract fees pursuant to the
7 controlling law, regulation, agency rule, or digital contract
8 account's defined terms, debited from the business's or customer's
9 bank account as payment for the ecosystem operator's services. The
10 defined terms for those services shall be found in the digital
11 contract accounts or the relevant law or regulation affecting the
12 specific agency, political subdivision, or tribal entity.

13 M. The ecosystem operator's debits and credits shall be entered
14 onto the immutable ledger in the form of a customer credit or debit
15 to their digital account or corresponding bank accounts using
16 automated clearinghouse services and application program interface.

17 N. Compensation shall be paid to or by the ecosystem operator
18 in United States dollars. Any fees the ecosystem operator charges
19 for transfers, conversions, escrows, tax remittances, or other
20 services performed in assisting in the execution of customers'
21 transactions, or digital contracts entered between customers, shall
22 be based upon a negotiated fee schedule, which shall be calculated,
23 accounted for, tracked, and collected from any transaction between
24 the customers, and a deduction shall be debited from the customers'

1 accounts pursuant to an agreement as memorialized in the digital
2 contract account. Such fees charged may differ depending on matters
3 such as the type of transaction, identity of the parties to the
4 transaction, amount and level of services or goods, and the terms of
5 individual smart contracts.

6 O. Tax remittances, withholding, reporting, or payments shall
7 be determined by reference to the digital contract, and the
8 ecosystem operator shall collect the same as an agent on behalf of
9 individuals, businesses, government regulators, and taxing
10 authorities.

11 SECTION 8. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 12006 of Title 74, unless there
13 is created a duplication in numbering, reads as follows:

14 The distributed ledger technology asset offering ecosystem
15 operator shall provide relevant tax revenue and information sharing
16 optimization models, designs, and processes to the Office of
17 Management and Enterprise Services and the Oklahoma Tax Commission,
18 and shall prevent tax evasion and other financial crimes.

19 SECTION 9. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 12007 of Title 74, unless there
21 is created a duplication in numbering, reads as follows:

22 A. The Oklahoma Tax Commission shall determine which cards or
23 smartphone applications shall be accepted. However, the Tax
24 Commission shall ensure that no loss of state revenue shall occur

1 using any such card or smartphone application in relation to tax
2 collection and remittance.

3 B. The Tax Commission and Office of Management and Enterprise
4 Services shall promulgate rules to allow for the orderly
5 implementation of payment by digital assets and distributed ledger
6 technologies using the services of the ecosystem operator.

7 SECTION 10. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 12008 of Title 74, unless there
9 is created a duplication in numbering, reads as follows:

10 A. Taxes may be collected using a digital asset loaded onto a
11 card or smartphone application as a credit or a prepaid store of
12 value as long as no loss of state revenue shall occur by the
13 acceptance of such payment.

14 B. The Oklahoma Tax Commission shall have discretion to
15 determine the nature of the instrument or device used for tax
16 remittance, so long as the Tax Commission ensures that the
17 electronic funds transfer solution does not result in any loss of
18 state revenue because of the use of such a card, device, or
19 application. The Tax Commission shall promulgate rules to allow for
20 the orderly implementation of payment by convertible virtual
21 currency. The digitized credit or distributed ledger technology
22 asset shall then be transmitted via electronic fund transfer system
23 interchange.

1 C. Businesses shall assist in the collection of taxes. The Tax
2 Commission may mandate how the taxes are paid when using electronic
3 fund transfer cards or smartphone applications. The duty to pay and
4 collect the tax shall be on the customer, business, or other end
5 user.

6 SECTION 11. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 12009 of Title 74, unless there
8 is created a duplication in numbering, reads as follows:

9 A. The Oklahoma Tax Commission shall promulgate rules and
10 regulations on how to collect taxes using a convertible virtual
11 currency, by and through the services of distributed ledger
12 technology asset offering ecosystem operators, to provide a
13 functional electronic funds transfer asset offering system
14 interchange platform and network.

15 B. The Tax Commission may appoint a qualified ecosystem
16 operator as its agent to assist in collecting taxes using
17 distributed ledger technologies and for enforcing the tax laws by
18 examination and investigation.

19 SECTION 12. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 12010 of Title 74, unless there
21 is created a duplication in numbering, reads as follows:

22 A. Every distributed ledger technology asset offering ecosystem
23 operator is required to appoint, and always have in place, a
24 distributed ledger technology asset offering agent:

1 1. Who shall be a licensed attorney in good standing with the
2 Oklahoma Bar Association; and

3 2. Whose representation is made known to the Oklahoma
4 Department of Securities, the Office of Management and Enterprise
5 Services, and the Oklahoma Tax Commission.

6 B. The distributed ledger technology asset offering agent
7 shall:

8 1. Ensure the ecosystem operator has satisfied all requirements
9 as prescribed in the provisions of this act and of any rules or
10 regulations issued thereunder, including that such issuer is a fit
11 and proper person to carry out the activity or activities under this
12 act;

13 2. Advise and guide the ecosystem operator as to its
14 responsibilities and obligations to ensure compliance with the
15 provisions of this act and any rules or regulations issued
16 thereunder;

17 3. Advise and guide the ecosystem operator on all matters
18 relating to the admission of the issuer's convertible virtual
19 currencies for transfer on an electronic fund transfer system
20 interchange, and ongoing interchanges and transfers thereon, and
21 submit all required documentation and information in relation
22 thereto;

23 4. Submit to the United States Securities and Exchange
24 Commission, Oklahoma Department of Securities, Office of Management

1 and Enterprise Services, and the Tax Commission all required
2 information and documentation under this act and any regulations
3 made or rules issued thereunder, including the confirmations in
4 terms, in a timely manner;

5 5. Disclose to the Office of Management and Enterprise
6 Services, the Tax Commission, or other cooperating agencies,
7 political subdivisions, or tribal entities without delay any
8 information or explanations that those agencies may reasonably
9 require for the purpose of verifying any information submitted;

10 6. Act as liaison between the ecosystem operator and the Office
11 of Management and Enterprise Services and the Tax Commission on all
12 matters in connection with the transfer of the ecosystem operator's
13 distributed ledger technology assets on an electronic fund transfer
14 system interchange;

15 7. Notify the Office of Management and Enterprise Services or
16 the Tax Commission in writing without delay of the distributed
17 ledger technology asset offering agent's resignation, his or her
18 intention to surrender his or her appointment, or if his or her
19 appointment is terminated, giving details of any relevant fact or
20 circumstances thereto. A copy of such notification shall also be
21 sent to the ecosystem operator;

22 8. Submit to the Office of Management and Enterprise Services
23 and the Tax Commission, on behalf of the ecosystem operator, an
24 annual certificate of compliance; and

1 9. Comply with any other conditions as the Oklahoma Department
2 of Securities, Office of Management and Enterprise Services, and the
3 Tax Commission may require or as may be prescribed.

4 C. In discharging his or her obligations under subsection B of
5 this section, a distributed ledger technology asset offering agent
6 shall:

7 1. Deal with the Oklahoma Department of Securities, Office of
8 Management and Enterprise Services, and the Tax Commission in an
9 open and cooperative manner;

10 2. Deal promptly with all inquiries raised by any such agency;
11 and

12 3. Disclose to the agencies in a timely manner any material
13 information relating to the agent's or the ecosystem operator's, of
14 which the agent has knowledge of, noncompliance with any of the
15 provisions of this act or of any regulations made or rules issued
16 thereunder.

17 SECTION 13. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 12011 of Title 74, unless there
19 is created a duplication in numbering, reads as follows:

20 A distributed ledger technology asset offering ecosystem
21 operator shall:

22 1. Conduct its business with honesty and integrity;

23 2. Communicate with all stakeholders in a fair, clear, and non-
24 misleading manner;

1 3. Conduct its business with due skill, care, and diligence;

2 4. Identify and manage any conflict of interest that may arise;

3 5. Have effective arrangements in place for the protection of
4 stakeholders' and customers' funds;

5 6. Have effective administration arrangements;

6 7. Maintain all of its systems and security access protocols to
7 appropriate international standards; and

8 8. When an ecosystem operator maintains a website and is
9 required to make public disclosures, make public any information or
10 provide notice to the public on its website as required by law.

11 SECTION 14. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 12012 of Title 74, unless there
13 is created a duplication in numbering, reads as follows:

14 A. The Oklahoma Tax Commission, the State Treasurer, the
15 Secretary of State, and the Office of Management and Enterprise
16 Services shall promulgate rules to implement the provisions of this
17 act including, without limitation, the implementation of methods to
18 validate transactions for distributed ledger technologies.

19 B. The Tax Commission and Office of Management and Enterprise
20 Services may contract with third-party vendors and other
21 governmental entities to carry out the respective duties and
22 functions as specified in this act, and may work with the Oklahoma
23 State Banking Department, the State Treasurer, and the Oklahoma
24 Finance Authority to develop good practices and standards for

1 banking and finance for distributed ledger technology assets
2 offering businesses.

3 C. The Office of Management and Enterprise Services, Secretary
4 of State, Oklahoma Financial Authority, and the Tax Commission may
5 be assisted by the ecosystem operator and shall be authorized to
6 enter and negotiate the terms of any memorandums of understanding
7 between themselves and other states, federal, tribal, county, and
8 local governments and agencies thereof in effectuating the terms of
9 this act.

10 D. The Office of Management and Enterprise Services, the Tax
11 Commission, the Secretary of State, the Oklahoma State Banking
12 Department, the Oklahoma State Bureau of Investigation, the Oklahoma
13 Department of Securities, Oklahoma Finance Authority, and the State
14 Treasurer may participate in an interagency working group, assisted
15 by the ecosystem operator, for implementing data-driven solutions
16 for sustainable economic development, financial crime, and tax
17 evasion problems by using distributed ledger technologies.

18 E. The Office of Management and Enterprise Services shall
19 coordinate with the ecosystem operator to determine the funding
20 requirements and information data points state agencies and local
21 governments need in order to optimize their regulatory duties for
22 compliance and enforcement and for using fintech and databases. The
23 Office of Management and Enterprise Services and the Tax Commission
24 shall appoint a steering committee or working group to determine the

1 compliance burdens and optimal revenue sharing formulas between the
2 local and state governmental subunits. Thereafter, there shall be
3 developed a formula for revenue sharing or apportioning regulatory
4 funding based upon the needs and burdens of state agencies and local
5 governments, all to be memorialized by a memorandum of
6 understanding.

7 SECTION 15. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 12013 of Title 74, unless there
9 is created a duplication in numbering, reads as follows:

10 No cause of action brought pursuant to this act shall be
11 certified as a class action.

12 SECTION 16. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 12014 of Title 74, unless there
14 is created a duplication in numbering, reads as follows:

15 A. An individual filing any pleading that raises or attempts to
16 raise a claim under this act must file at the same time as filing
17 the pleading a surety bond or other security if the pendency of the
18 case would impede or interfere with:

19 1. The operation of the distributed ledger technology asset
20 offering ecosystem operator;

21 2. The collection of any tax;

22 3. The tracking of products, payments, or custodians; or

23 4. Any other state or local governmental function under this
24 act.

1 B. The surety bond or other security required by subsection A
2 of this section must be approved by the Oklahoma Tax Commission and
3 shall be in such form and amount as applicable tax law shall require
4 or, in the absence of a specific requirement, in such amount as the
5 Tax Commission may require, and shall be signed as surety by a
6 surety company authorized to transact business in this state. In
7 lieu of such surety bond, a claimant may file with the court clerk
8 security in the form of a negotiable bond or other obligation of the
9 United States or this state of an actual market value not less than
10 the amount fixed by applicable law or the Tax Commission.

11 C. The surety bond or other security required by this section
12 shall not exceed Twenty-five Million Dollars (\$25,000,000.00).

13 SECTION 17. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 12015 of Title 74, unless there
15 is created a duplication in numbering, reads as follows:

16 The provisions of this act are severable and if any part of this
17 act be decided by the courts to be unconstitutional or invalid, the
18 same shall not affect the validity of this act as a whole, or any
19 part thereof other than the part so decided to be unconstitutional
20 or invalid.

21 SECTION 18. This act shall become effective November 1, 2022.

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