

FLOOR 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

Adopted: _____

Amendment submitted by: Justin Humphrey

Reading Clerk

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

FLOOR SUBSTITUTE
FOR

HOUSE BILL NO. 3279

By: Humphrey and Pae of the
House

and

Jett of the Senate

FLOOR SUBSTITUTE

An Act relating to technology; creating the Oklahoma Distributed Ledger Technology Assets Offering Act; providing legislative findings; permitting 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 and smart contracts; requiring a digital identity and wallet; 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

1 certain sources; permitting Tax Commission to appoint
2 agents for certain purposes; creating requirements
3 for distributed ledger technology asset offering
4 agents; creating requirements for distributed ledger
5 technology asset offering ecosystem operators;
6 authorizing the Tax Commission and Office of
7 Management and Enterprise Services to promulgate
8 rules to validate transactions; allowing certain
9 contracts; allowing use of memorandums of
10 understanding; allowing certain working groups;
11 prohibiting certification as a class action;
12 requiring certain security in action under this act;
13 providing for severability; providing for
14 noncodification; providing for codification; and
15 providing an effective date.

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

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

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

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

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

1. For the immutable recording of identity, contracts, and
payments, as well as protocols that govern the production,
distribution, and consumption of goods and services in a digital

1 economy, distributed ledger technology assets offering ecosystems
2 afford the most efficient, effective, and transparent method of
3 achieving such, necessitating a proactive strategy to create,
4 maintain, and advance the regulation of Internet activities;

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

17 3. The State of Oklahoma has the power and opportunity to
18 establish its own regulatory framework and to realize its potential
19 to become a global leader and a center for companies and
20 entrepreneurs that seek to utilize distributed ledger technology
21 ecosystems to power blockchain- or distributed-ledger-technology-
22 based business models, social media, and governmental systems, all
23 of which will drive innovation within the state and give the State
24 of Oklahoma an economic opportunity and global advantage to develop

1 a regulated and operated network for local economies, to create new
2 jobs, and export locally developed technologies;

3 4. Oklahoma's many sovereign entities and governmental units
4 are not optimally integrated or united in law enforcement, Internet
5 regulation, or first-responder efforts. Regulated distributed
6 ledger technology assets offerings, digital contracts, and immutable
7 identities can enable precise financial auditing and the coordinated
8 tracking and tracing of the activities of criminal elements, cyber
9 incursions, and organized crime, making it more difficult for these
10 criminal and terrorist elements to be able to hide their activities.
11 These same capabilities will augment, facilitate, and integrate the
12 protection of public safety and can immediately help first
13 responders to identify and meet the needs of the citizenry,
14 especially in victim identification, triage, treatment, search-and-
15 rescue functions during natural and man-made disaster events, such
16 as pandemics, tornadoes, and floods, and also will assist in
17 detecting and preventing foreign military cyber and signals
18 intelligence operations;

19 5. The unalterable recordings of revenue collection and product
20 tracking, by any state, county, or local governmental unit or agency
21 of the State of Oklahoma, should occur through an ecosystem operator
22 that has had prior successful participation in state and federal no-
23 action processes pertaining to securities registration, exemption,
24 regulation, and compliance requirements for persons or entities

1 using distributed ledger technology assets offerings. In addition,
2 an ecosystem operator should have a demonstrated capacity to assist
3 in the incubation of distributed ledger technology utilities, and
4 may be available to assist in incubating use cases and collaborate
5 with other ecosystem operators cooperatively to thwart the creation
6 or formation of monopolies and to promote a thriving, free market
7 approach; and

8 6. The anticipated benefits of the development and use by the
9 State of Oklahoma and its political subdivisions or agencies thereof
10 of an integrated logistics, information, custodial, and payment
11 tracking ecosystem, which uses hack-resistant distributed ledger
12 technologies and a convertible virtual currency include:

- 13 a. keeping customers' and any government citizens' or
14 licensees' data secure and confidential, under the
15 auspices of Oklahoma licensed fiduciaries, but
16 available to ecosystem participants, stakeholders,
17 regulators, and law enforcement communities on a
18 transparent and need-to-know basis, as allowed or
19 required by relevant laws or agreements between
20 cooperating customers, persons, or parties,
- 21 b. automating notifications of a child attempting to
22 purchase contraband,
- 23 c. minimizing black market activities by:

- (1) integrating smart packaging, facilitated by Radio Frequency Identification (RFID), Near-Field Communication (NFC), or other uniquely identifiable technology, to be placed on all products with payments and tracking throughout the supply chain using digital assets and distributed ledger technologies,
- (2) making cashless purchasing easier with biometric identification and database matching and providing for the availability of easy digital asset payment systems, which can also accommodate cash payments as required in specific circumstances where parties do not have access to banking services,
- (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 transactions between parties within the specified community, including employees, to maximize micropayment capabilities and to create a maximally productive and legally adherent business community wherever lawfully possible,
 - (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 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
 - (4) giving policymakers empirically based and broad statistical samples based on surveys,
- f. optimizing the remittance, accounting, and reporting of tax revenue by:
- (1) tabulating financials for businesses and regulators and making data available to business owners and government agencies in an expedient manner and on a need-to-know basis, while using data privacy best practices,

- (2) allowing regulators to calculate business or activity density, estimate illegal activity, and model taxation rates to compete with and minimize black market activities,
- (3) monitoring consumer price sensitivity to allow for appropriate modification of taxation policy, and
- (4) keeping retail prices below the threshold consistent with best practices for preventing illegal activities,

- g. allowing local and tribal governments to train first responders and search-and-rescue dogs as critical adjuncts to a distributed ledger technology assets offering used in a payment and tracking ecosystem for detecting and preventing criminal activity, tax evasion, and other unlawful behaviors, and also used in response to natural and man-made disasters,
- h. enabling vocational technical training in distributed ledger technologies for incarcerated persons in the custody of the Department of Corrections, and
- i. facilitating public and private education on the usefulness of distributed ledger technologies and the law through Oklahoma Bar Foundation programs.

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

3 This act may first be implemented for the lawful regulation of
4 the medical marijuana industry so long as the commodity is lawfully
5 permitted for use in the State of Oklahoma.

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

9 As used in this act:

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

13 2. "Blockchain" means a system or digital ledger of
14 transactions maintained by a network of computers in a way that
15 makes it difficult to hack or alter, and every time a new
16 transaction occurs on the blockchain, a record of that transaction
17 is added to every participant's ledger. "Blockchain" may also be
18 interpreted as "ecosystem" interchangeably;

19 3. "Consumptive purpose" means a purpose to provide or receive
20 goods, services, or content, including access to goods, services, or
21 content;

22 4. "Convertible virtual currency" means a substitute or avatar
23 for real and legally recognized currency, even though it does not
24 have the status of legal tender. Convertible virtual currency

1 includes convertible digital currency, digital assets, or
2 distributed ledger technology assets, a convertible virtual
3 currency;

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

8 6. "Decision tree" means a decision support tool that uses a
9 tree-like model of decisions and possible consequences, including
10 chance event outcomes, to record agreements between parties;

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

18 8. "Digital identity" means immutable information about an
19 entity or individual used by computer systems to record and
20 represent an external or internal agent, which may be a person,
21 organization, application, or device, and any permissive access
22 relative to such is protected with biometric identification.
23 Digital identity is functional software programmed uniquely for the
24

1 individual customer and cannot be resold, duplicated, or
2 counterfeited;

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

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

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

19 a. created in response to the verification or collection
20 of a specified number of transactions relating to a
21 digital ledger or database by deploying computer code
22 to a blockchain or distributed ledger technology
23 network that allows for the creation of distributed
24 ledger technology assets, or

b. recorded in a digital ledger or database that is
chronological, consensus-based, decentralized, and
mathematically verified in nature, especially relating
to the supply of units and their distribution;

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

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

14. "Electronic funds transfer" means any transfer of funds,
other than a transaction originated by check, draft, or similar
paper instrument, which is initiated through an electronic terminal,
telephonic instrument, computer, or magnetic tape, so as to order,
instruct, or authorize a financial institution to debit or credit an
account. Such term includes, but is not limited to, point-of-sale

1 transfers, automated teller machine transactions, automated
2 clearinghouses, direct deposits or withdrawals of funds, and
3 transfers initiated by telephone;

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

12 16. "Ecosystem" means a complex network of an interconnected
13 technology system or systems;

14 17. "Distributed ledger technology asset offering ecosystem
15 operator" or "ecosystem operator" means a person or entity
16 contracted with the State of Oklahoma or its instrumentalities,
17 agencies, or political subdivisions, which employs at least one
18 licensed Oklahoma fiduciary as its principal agent and which has
19 general supervisory control over the subject ecosystem and provides
20 to its customers smart contracts for electronic funds transfers, tax
21 remittances, contract forms, escrow, custody, and goods and services
22 tracking that become obligations for customers to pay the ecosystem
23 operator by agreement and in accordance with the terms of a
24 designated and immutable smart contract;

1 18. "Fintech" means a combination of finance and technology and
2 is a technology that seeks to improve, support, and automate
3 payment, banking, and other financial services;

4 19. "Hack" means to use a computer to gain unauthorized access
5 to data in a system;

6 20. "Micropayment" means small transactions or payments usually
7 of less than One Dollar (\$1.00) and, in some cases, only a fraction
8 of a cent that are mainly made online and which are a way to
9 leverage the Internet to facilitate the immediate distribution of
10 digital rights, royalties, in-game purchases, online tipping, and to
11 coordinate devices connected via the Internet;

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

16 22. "Smart contract" means a self-executing digital contract,
17 which can be an escrow agreement, with the terms of the agreement
18 between buyer and seller directly written into lines of code wherein
19 the code and the agreement contained therein exist across a
20 distributed, decentralized, blockchain network. Smart contracts are
21 not digital assets but are software packages and use distributed
22 ledger technologies with unalterable accounting and immutable
23 identification and escrow functions; and
24

1 23. "Travel Rule" means the rule promulgated under the Bank
2 Secrecy Act, 31 C.F.R., Section 1010.410(f), which requires
3 financial institutions to pass certain information on to the next
4 financial institution in certain funds transmittals involving more
5 than one financial institution.

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

9 A. Utilizing the assistance of any distributed ledger
10 technology company that contracts with the state, the State of
11 Oklahoma shall develop and employ an integrated logistics,
12 information, and payment tracking ecosystem as a publicly owned,
13 operated, and regulated payment tracking utility network, which uses
14 hack-resistant, distributed ledger technologies in support of state
15 agencies and tribal, county, and local governmental units:

16 1. To facilitate information and revenue recording, collection,
17 and sharing; and

18 2. To prevent cybercrimes, black market activities, money
19 laundering, and tax evasion.

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

22 1. Digital representations of dollars such as convertible
23 virtual currency;

1 2. Digital representations of identities such as blockchain and
2 biometrics; or

3 3. Digital representations of contracts such as digital and
4 smart contracts.

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

12 1. Prior to the acceptance by a state, county, or local
13 governmental unit or agency of a vendor's bid or offer to contract,
14 the prospective ecosystem or distributed ledger technology asset
15 offering ecosystem operator shall show proof of having successfully
16 participated in a state or federal convertible virtual currency and
17 payment gateway demonstration and no-action processes; and

18 2. Demonstrate the proper procedural protocol publicly or
19 privately in a test of the distributed ledger technology to the
20 satisfaction of the state or federal securities regulators'
21 compliance review processes.

22 D. Preferences should be given to ecosystem operator applicants
23 which have capabilities of a distributed ledger technology ecosystem
24 incubator or which have obtained United States Treasury, United

1 States Department of Agriculture, and government charters, or
2 certification as community development entities or credit programs
3 which have maintained such status for at least ten (10) years and
4 which are headed by licensed Oklahoma fiduciaries.

5 E. Every fintech vendor or data company employing blockchain or
6 distributed ledger technologies on behalf of the state, or its
7 political subdivisions or agencies, and operating within the state
8 shall adhere to the securities and finance laws of the state and the
9 United States.

10 F. A convertible virtual currency or digital asset designed and
11 used by the state and any of its agencies or political subdivisions
12 shall be prepaid and stable and shall be designed for correlated
13 payment and the tracking of goods, services, and custodians.

14 G. Distributed ledger technology asset offering ecosystem
15 operators or blockchain specialized vendors may use smartphone
16 applications for the purchase and redemption of the convertible
17 virtual currencies for onboarding customers who need payment and
18 tracking services pursuant to any state-authorized program.

19 H. Every distributed ledger technology asset offering ecosystem
20 shall be designed as a publicly owned, operated, and regulated
21 entity and as the property of the State of Oklahoma and to become
22 autonomous and disintermediated by using programmable smart
23 contracts managed by algorithms and encoded with relevant state,
24 county, local, tribal, or federal laws and regulations for taxation,

1 accounting, escrows, remittances, custody tracking, and other
2 applications.

3 I. The initial use case shall be a distributed ledger
4 technology asset offering ecosystem which shall provide an
5 integrated logistics, payment, and tax recording and remittance
6 system for the use of government taxing and regulatory authorities
7 that will also provide for customer payment and custody transfers
8 using escrow and smart contracts for services and goods at the
9 retail and wholesale levels among producers, merchants, and
10 customers.

11 J. Every distributed ledger technology or fintech vendor shall
12 tailor its technology to comply with and conform to the state's
13 anti-monopoly and records laws and to include regulations for
14 dispute resolution, evidentiary proceedings, money services
15 businesses, tax revenue remittance, tax reporting, securities, and
16 escrow.

17 K. For logistical tracking and recording, the ecosystem shall
18 use correlated payment-custodian-product registries, technologies,
19 or other vendors with lawfully permissive technology for the state
20 and the ecosystem to achieve its ends, such as matching Radio
21 Frequency Identification, quick response code, or other bar-code-
22 enabled identification.

23 L. 1. Pursuant to the ecosystem's requirements, agencies,
24 customers, or users of the software shall:

1 a. create an unalterable recorded digital identity or
2 digital account, or technology such as a lawful
3 digital wallet, and

4 b. open a digital or smart contract account which shall
5 enable the customer or user to interact within the
6 ecosystem; and

7 2. Customers may purchase software-based contracts as digital
8 contracts for customer-to-customer, customer-to-business, business-
9 to-business, government-to-customer, business-to-government, or
10 government-to-government.

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

14 A. For convertible virtual currency designed for the state and
15 its political subdivisions, an entity operating an ecosystem, and
16 any entity affiliated with an ecosystem operator, shall not use any
17 proceeds from the convertible virtual currency sales, purchases,
18 transfers, or conversions to develop the ecosystem, applications, or
19 platforms referenced by this act, which shall be fully developed and
20 operational at the time of any convertible virtual currency transfer
21 or conversion.

22 B. The convertible virtual currency designed for the state and
23 its political subdivisions shall be exclusively marketed to
24 customers and immediately usable for its intended function or

1 functions at the time it is purchased, sold, transferred, or
2 converted and not with any potential for the increase in the market
3 value of the convertible virtual currency.

4 C. An ecosystem operator shall restrict sales, purchases,
5 transfers, and conversions of the convertible virtual currency to
6 ecosystem digital wallets only.

7 D. Any customer who holds convertible virtual currency designed
8 for the state and its political subdivisions may only transfer or
9 convert the convertible virtual currency at the face value of One
10 United States Dollar (\$1.00) per convertible virtual currency to
11 another ecosystem-approved wallet.

12 E. An ecosystem operator shall sell, purchase, transfer, and
13 convert the convertible virtual currency designed for the state or
14 its political subdivisions at a price of One United States Dollar
15 (\$1.00) per convertible virtual currency throughout the life of the
16 program, and each convertible virtual currency shall represent an
17 ecosystem obligation to convert or transfer the convertible virtual
18 currency at a value of One United States Dollar (\$1.00) per
19 convertible virtual currency.

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

23 G. Selling, buying, converting, or transferring convertible
24 virtual currency designed for the state or its political

1 subdivisions for less or more than One United States Dollar (\$1.00)
2 shall be technologically impossible.

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

6 A. Digital contracts or smart contracts used by this state and
7 its political subdivisions shall be programmed for accountancy,
8 identity, regulatory permissibility, and legality, credit
9 verification, product location, work performance, customer status,
10 agreements, and various relationships as conditions precedent to
11 escrowed funds release.

12 B. Smart contracts shall track performance from inception to
13 completion and legally satisfy the release from escrow, which
14 initiates a convertible virtual currency transfer.

15 C. The ecosystem network provided for the benefit of state
16 agencies, political subdivisions, and tribal-level entities on a
17 voluntary basis shall be controlled and regulated by an electronic
18 funds transfer system interchange.

19 D. Anyone who interacts with the ecosystem shall have a digital
20 identity, or like technology, which shall be a precondition to
21 initiating a convertible virtual currency transfer.

22 E. Any transfer of convertible virtual currency shall be in
23 accordance with the Travel Rule as defined in Section 4 of this act.
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1 F. Customers shall agree with a conspicuous electronic
2 signature declaring that they are acquiring the convertible virtual
3 currency for a consumptive purpose and not as an investment, nor
4 with an expectation that the convertible virtual currency shall earn
5 profits based upon the activities and efforts of third parties.

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

10 H. Before any transfer, purchase, sale, or conversion of
11 convertible virtual currency is finalized, the customer shall first
12 enter decision tree terms to show mutuality of consent between
13 customers.

14 I. To form a smart contract or to obtain any services from an
15 ecosystem, customers in a supply chain must agree to terms and fees
16 for using the smart contract software, which may be established by
17 the participating state agency, political subdivision, or tribal
18 entity regulating that ecosystem operator who provides various
19 services in exchange for the customer paying the fees to the
20 ecosystem operator, as set forth in a smart contract agreement for
21 services rendered as determined between the parties or by operation
22 or direction of the participating government agency, tribal entity,
23 or political subdivision.

1 J. Customers may purchase digital contracts and the negotiation
2 of the charged fee in another digital contract, which is the smart
3 contract, escrow, and accounting tool that determines the income
4 going to an ecosystem operator for its services and that defines
5 that particular relationship of an ecosystem operator-to-customer
6 and any controlling law or regulation affecting or specifying
7 contractual relationships.

8 K. The digital contract shall determine how an ecosystem
9 operator compensates the customer and how the customer compensates
10 its ecosystem operator for goods and services. The contents of a
11 digital contract may be determined by reference to existing terms
12 administered by an ecosystem operator as an agent of a participating
13 state agency, tribe, or political subdivision, but any participation
14 by a tribal entity must be voluntary and as part of a memorandum of
15 understanding or other appropriate agreement as provided by this act
16 or by federal, state, or tribal law. A digital contract and payment
17 to the customer by an ecosystem operator may include, but is not
18 limited to, customer efforts as measured by volume of transfers or
19 conversions, payment for the customer filling out a survey, or a
20 referral fee for additional customers brought in by a customer.
21 Services that an ecosystem operator may provide to customers for
22 which the operator is compensated may include such matters as
23 identification, transfers, conversions, agreements, escrow, consent,
24 due diligence, custody, taxation, or other matters.

1 L. Any state-authorized ecosystem operator shall extract fees
2 pursuant to the controlling law, regulation, agency rule, or
3 digital contract account's defined terms, debited from the
4 business's or customer's bank account as payment for the ecosystem
5 operator's services. The defined terms for those services shall be
6 found in the digital contract accounts or the relevant law or
7 regulation affecting the specific agency, political subdivision, or
8 tribal entity.

9 M. An ecosystem operator's debits and credits shall be entered
10 onto the immutable ledger in the form of a customer credit or debit
11 to their digital wallets or corresponding bank accounts using
12 automated clearinghouse services and application program interface.

13 N. Compensation shall be paid to or by an ecosystem operator in
14 United States dollars. Any fees an ecosystem operator charges for
15 transfers, conversions, escrows, tax remittances, or other services
16 performed in assisting in the execution of customers' transactions,
17 or digital contracts entered between customers, shall be based upon
18 a negotiated fee schedule, which shall be calculated, accounted for,
19 tracked, and collected from any transaction between the customers,
20 and a deduction shall be debited from the customers' accounts
21 pursuant to an agreement as memorialized in the smart contract
22 account. Such fees charged may differ depending on matters such as
23 the type of transaction, identity of the parties to the transaction,
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1 amount and level of services or goods, and the terms of individual
2 smart contracts.

3 O. Tax remittances, withholding, reporting, or payments shall
4 be determined by reference to the digital or smart contract, and
5 that particular ecosystem operator in that transaction shall collect
6 the same as an agent on behalf of individuals, businesses,
7 government regulators, and taxing authorities. Nothing in this
8 subsection shall be used to limit the authority or power of agencies
9 to define the contours best applicable to the custody and transfer
10 of monies owed to the state.

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 A 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 an 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. The Tax Commission, or the applicable taxing jurisdiction,
2 may exercise authority to ensure monies correlation as with the
3 purpose of this act.

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

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

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

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

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

1 A. Every distributed ledger technology asset offering ecosystem
2 operator is required to appoint, and always have in place, a
3 distributed ledger technology asset offering agent:

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

6 2. Whose representation is made known to the Oklahoma
7 Department of Securities, the Office of Management and Enterprise
8 Services, and the Oklahoma Tax Commission.

9 B. The distributed ledger technology asset offering agent
10 shall:

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

16 2. Advise and guide his or her ecosystem operator as to its
17 responsibilities and obligations to ensure compliance with the
18 provisions of this act and any rules or regulations issued
19 thereunder;

20 3. Advise and guide his or her ecosystem operator on all
21 matters relating to the admission of the issuer's convertible
22 virtual currencies for transfer on an electronic fund transfer
23 system interchange, and ongoing interchanges and transfers thereon,
24

1 and submit all required documentation and information in relation
2 thereto;

3 4. Submit to the United States Securities and Exchange
4 Commission, Oklahoma Department of Securities, Office of Management
5 and Enterprise Services, Oklahoma Banking Department and the Tax
6 Commission all required information and documentation under this act
7 and any regulations made or rules issued thereunder, including the
8 confirmations in terms, in a timely manner;

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

14 6. Act as liaison between the ecosystem operator and the Office
15 of Management and Enterprise Services and the Tax Commission on all
16 matters in connection with the transfer of his or her ecosystem
17 operator's distributed ledger technology assets on an electronic
18 fund transfer system interchange;

19 7. Notify the Office of Management and Enterprise Services or
20 the Tax Commission in writing without delay of the distributed
21 ledger technology asset offering agent's resignation, his or her
22 intention to surrender his or her appointment, or if his or her
23 appointment is terminated, giving details of any relevant fact or
24

1 circumstances thereto. A copy of such notification shall also be
2 sent to the ecosystem operator;

3 8. Submit to the Office of Management and Enterprise Services
4 and the Tax Commission, on behalf of his or her ecosystem operator,
5 an annual certificate of compliance; and

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

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

12 1. Deal with the Oklahoma Department of Securities, Office of
13 Management and Enterprise Services, and the Tax Commission in an
14 open and cooperative manner;

15 2. Deal promptly with all inquiries raised by any such agency;

16 3. Disclose to the agencies in a timely manner any material
17 information relating to the agent's or his or her ecosystem
18 operator's, of which the agent has knowledge of, noncompliance with
19 any of the provisions of this act or of any regulations made or
20 rules issued thereunder; and

21 4. Provide upon request, and without unreasonable delay, data
22 to the Legislative Office of Fiscal Transparency to ensure that
23 policymakers are operating with transparent datasets.
24

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

4 A distributed ledger technology asset offering ecosystem
5 operator shall:

- 6 1. Conduct its business with honesty and integrity;
- 7 2. Communicate with all stakeholders in a fair, clear, and non-
8 misleading manner;
- 9 3. Conduct its business with due skill, care, and diligence;
- 10 4. Identify and manage any conflict of interest that may arise;
- 11 5. Have effective arrangements in place for the protection of
12 stakeholders' and customers' funds;
- 13 6. Have effective administration arrangements;
- 14 7. Maintain all of its systems and security access protocols to
15 appropriate international standards; and
- 16 8. When an ecosystem operator maintains a website and is
17 required to make public disclosures, make public any information or
18 provide notice to the public on its website as required by law.

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

22 A. The Oklahoma Tax Commission, the State Treasurer, the
23 Secretary of State, and the Office of Management and Enterprise
24 Services shall promulgate rules to implement the provisions of this

1 act including, without limitation, the implementation of methods to
2 validate transactions for distributed ledger technologies.

3 B. The Tax Commission and Office of Management and Enterprise
4 Services may contract with third-party vendors and other
5 governmental entities to carry out the respective duties and
6 functions as specified in this act, and may work with the Oklahoma
7 State Banking Department, the State Treasurer, and the Oklahoma
8 Development Finance Authority to develop good practices and
9 standards for banking and finance for distributed ledger technology
10 assets offering businesses.

11 C. The Office of Management and Enterprise Services, Secretary
12 of State, Oklahoma Development Finance Authority, and the Tax
13 Commission may be assisted by ecosystem operators and shall be
14 authorized to enter and negotiate the terms of any memorandums of
15 understanding between themselves and other states, federal, tribal,
16 county, and local governments and agencies thereof in effectuating
17 the terms of this act.

18 D. The Office of Management and Enterprise Services, the Tax
19 Commission, the Secretary of State, the Oklahoma State Banking
20 Department, the Oklahoma State Bureau of Investigation, the Oklahoma
21 Department of Securities, Oklahoma Development Finance Authority,
22 and the State Treasurer may participate in an interagency working
23 group, assisted by ecosystem operators designated by the agencies,
24 for implementing data-driven solutions for sustainable economic

1 development, financial crime, and tax evasion problems by using
2 distributed ledger technologies.

3 E. The Office of Management and Enterprise Services may
4 coordinate with any designated ecosystem operator to determine the
5 funding requirements and information data points state agencies and
6 local governments need in order to optimize their regulatory duties
7 for compliance and enforcement and for using fintech and databases.
8 The Office of Management and Enterprise Services and the Tax
9 Commission shall appoint a steering committee or working group to
10 determine the compliance burdens and optimal revenue sharing
11 formulas between the local and state governmental subunits.
12 Thereafter, there shall be developed a formula for revenue sharing
13 or apportioning regulatory funding based upon the needs and burdens
14 of state agencies and local governments, all to be memorialized by a
15 memorandum of understanding.

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

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

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

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

5 1. The operation of any distributed ledger technology asset
6 offering ecosystem operator;

7 2. The collection of any tax;

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

9 4. Any other state or local governmental function under this
10 act.

11 B. The surety bond or other security required by subsection A
12 of this section must be approved by the Oklahoma Tax Commission and
13 shall be in such form and amount as applicable tax law shall require
14 or, in the absence of a specific requirement, in such amount as the
15 Tax Commission may require, and shall be signed as surety by a
16 surety company authorized to transact business in this state. In
17 lieu of such surety bond, a claimant may file with the court clerk
18 security in the form of a negotiable bond or other obligation of the
19 United States or this state of an actual market value not less than
20 the amount fixed by applicable law or the Tax Commission.

21 C. The surety bond or other security required by this section
22 shall not exceed Twenty-five Million Dollars (\$25,000,000.00).
23
24

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

4 The provisions of this act are severable and if any part of this
5 act be decided by the courts to be unconstitutional or invalid, the
6 same shall not affect the validity of this act as a whole, or any
7 part thereof other than the part so decided to be unconstitutional
8 or invalid.

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

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