

STATE OF OKLAHOMA

2nd Session of the 58th Legislature (2022)

HOUSE BILL 3279

By: Humphrey

AS INTRODUCED

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 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 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 Management and Enterprise Services to promulgate rules to validate transactions; allowing certain contracts; allowing use of memorandums of understanding; allowing certain working groups;

1 prohibiting certification as a class action;  
2 requiring certain security in action under this act;  
3 providing for severability; providing for  
noncodification; providing for codification; and  
4 providing an effective date.

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

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

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

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

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

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

23 2. Especially configured and government-regulated blockchain  
24 and distributed ledger technologies have emerged as critical

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

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

18       4. Oklahoma's many sovereign entities and governmental units  
19 are not optimally integrated or united in law enforcement, Internet  
20 regulation, or first-responder efforts. Distributed ledger  
21 technology assets offerings, digital contracts, and immutable  
22 identities can enable precise financial auditing and the coordinated  
23 tracking and tracing of the activities of criminal elements, cyber  
24 incursions, and organized crime, making it more difficult for these

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

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

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

- a. keeping customers' and any government citizens' or licensees' data secure and confidential, but available to ecosystem participants, stakeholders, regulators, and law enforcement communities on a transparent and need-to-know basis, as allowed or required by relevant laws or agreements between cooperating customers, persons, or parties,
- b. automating notifications of a child attempting to purchase contraband,
- 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,
  - (3) holding down compliance costs and allowing legal transactions at a lower price point, and

1 (4) increasing logistical velocity and improving  
2 quality and quantity in supply chains by reducing  
3 delivery time, increasing specific product  
4 availability, and facilitating predictive, just-  
5 in-time production, processing, and  
6 merchandising,

7 d. enhancing the stability of any legal market by:

8 (1) using the cashless, electronic fund transfer of  
9 digital assets for all transactions between all  
10 parties within the specified community, including  
11 employees, to maximize micropayment capabilities  
12 and to create a maximally productive and legally  
13 adherent business community,

14 (2) reporting shrinkage and lost product in the  
15 supply chain at any point and identifying  
16 culprits,

17 (3) complying with the Anti-Money Laundering and Know  
18 Your Customer provisions of the federal Bank  
19 Secrecy Act, and the Suspicious Activity Reports  
20 of the United States Treasury Financial Crimes  
21 Enforcement Network,

22 (4) increasing data collection for business owners  
23 and policymakers at a lower cost, thus reducing  
24 administrative compliance overhead, and

- 1 (5) automating periodic data reporting volume and  
2 tracking data from point-of-sale systems, thereby  
3 providing policymakers and regulators with real-  
4 time data that predicts black market emergence,
- 5 e. generating statistical data for decision-making by:
- 6 (1) allowing designated agency or authorized  
7 political subdivision personnel to create surveys  
8 and order data sets,
- 9 (2) allowing digital asset micropayments to obtain  
10 survey reporting participation, thereby  
11 reinforcing research efficacy,
- 12 (3) establishing and collecting Health Insurance  
13 Portability and Accountability Act of 1996  
14 (HIPAA) compliant, self-reported, voluntary  
15 patient reviews, and correlating and tracking  
16 specific products for their physiological and  
17 psychological efficacy, thus enabling patients,  
18 health care providers, labs, processors, and  
19 producers to better calibrate and correlate their  
20 related choices, and
- 21 (4) giving policymakers empirically based and broad  
22 statistical samples based on surveys,
- 23 f. optimizing the remittance, accounting, and reporting  
24 of tax revenue by:

- (1) tabulating financials for businesses and regulators and making data available to business owners and government agencies in real time 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,



- 1           h.    enabling vocational technical training in distributed  
2                ledger technologies for incarcerated persons in the  
3                custody of the Department of Corrections, and  
4           i.    facilitating public and private education on the  
5                usefulness of distributed ledger technologies and the  
6                law through Oklahoma Bar Foundation programs.

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

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

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

15       As used in this act:

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

19       2.   "Blockchain" means a system or digital ledger of  
20   transactions maintained by a network of computers in a way that  
21   makes it difficult to hack or alter, and every time a new  
22   transaction occurs on the blockchain, a record of that transaction  
23   is added to every participant's ledger;

1        3. "Consumptive purpose" means a purpose to provide or receive  
2 goods, services, or content, including access to goods, services, or  
3 content;

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

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

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

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

1        8. "Digital identity" means immutable information about an  
2 entity or individual used by computer systems to record and  
3 represent an external or internal agent, which may be a person,  
4 organization, application, or device, and any permissive access  
5 relative to such is protected with biometric identification.  
6 Digital identity is functional software programmed uniquely for the  
7 individual customer and cannot be resold, duplicated, or  
8 counterfeited;

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

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

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

1           a.     created in response to the verification or collection  
2                   of a specified number of transactions relating to a  
3                   digital ledger or database by deploying computer code  
4                   to a blockchain or distributed ledger technology  
5                   network that allows for the creation of distributed  
6                   ledger technology assets, or

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

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

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

1        14. "Electronic funds transfer" means any transfer of funds,  
2 other than a transaction originated by check, draft, or similar  
3 paper instrument, which is initiated through an electronic terminal,  
4 telephonic instrument, computer, or magnetic tape, so as to order,  
5 instruct, or authorize a financial institution to debit or credit an  
6 account. Such term includes, but is not limited to, point-of-sale  
7 transfers, automated teller machine transactions, automated  
8 clearinghouses, direct deposits or withdrawals of funds, and  
9 transfers initiated by telephone;

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

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

20       17. "Distributed ledger technology asset offering ecosystem  
21 operator" or "ecosystem operator" means a person or entity which  
22 employs at least one licensed Oklahoma fiduciary as its principal  
23 agent and which has general supervisory control over the subject  
24 ecosystem and provides to its customers smart contracts for

1 electronic funds transfers, tax remittances, contract forms, escrow,  
2 custody, and goods and services tracking that become obligations for  
3 customers to pay the ecosystem operator in accordance with the terms  
4 of a designated and immutable smart contract;

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

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

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

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

20 22. "Smart contract" means a self-executing digital contract,  
21 which can be an escrow agreement, with the terms of the agreement  
22 between buyer and seller directly written into lines of code wherein  
23 the code and the agreement contained therein exist across a  
24 distributed, decentralized, blockchain network. Smart contracts are

1 not digital assets but are software packages and use distributed  
2 ledger technologies with unalterable accounting and immutable  
3 identification and escrow functions; and

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

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

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

18 1. To facilitate information and revenue recording, collection,  
19 and sharing; and

20 2. To prevent cybercrimes, black market activities, money  
21 laundering, and tax evasion.

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

24

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

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

5        3. Digital representations of contracts such as digital and  
6 smart contracts.

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

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

22        2. Demonstrate the proper procedural protocol publicly or  
23 privately in a test of the distributed ledger technology to the  
24



1 satisfaction of the state or federal securities regulators'  
2 compliance review processes.

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

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

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

20 G. A convertible virtual currency or digital asset designed and  
21 used by the state and any of its agencies or political subdivisions  
22 shall be prepaid and stable and shall be designed for correlated  
23 payment and the tracking of goods, services, and custodians.

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

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

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

20 K. Every distributed ledger technology or fintech vendor shall  
21 tailor its technology to comply with and conform to the state's  
22 records laws and regulations for dispute resolution, evidentiary  
23 proceedings, money services businesses, tax revenue remittance, tax  
24 reporting, securities, and escrow.

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

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

7 a. create an unalterable recorded digital identity or  
8 digital wallet, and

9 b. open a smart contract account which shall enable the  
10 customer or user to interact within the ecosystem; and

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

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

18 A. For convertible virtual currency designed for the state and  
19 its political subdivisions, an entity operating an ecosystem, and  
20 any entity affiliated with the ecosystem operator, shall not use any  
21 proceeds from the convertible virtual currency sales, purchases,  
22 transfers, or conversions to develop the ecosystem, applications, or  
23 platforms referenced by this act, which shall be fully developed and  
24

1 operational at the time of any convertible virtual currency transfer  
2 or conversion.

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

9 C. The ecosystem operator shall restrict sales, purchases,  
10 transfers, and conversions of the convertible virtual currency to  
11 ecosystem digital wallets only.

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

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

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

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

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

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

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

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

1 D. Anyone who interacts with the ecosystem shall have a digital  
2 identity and wallet which shall be a precondition to initiating a  
3 convertible virtual currency transfer.

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

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

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

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

19 I. To form a smart contract or to obtain any services from the  
20 ecosystem, customers in a supply chain must agree to terms and fees  
21 for using the smart contract software, which may be established by  
22 the participating state agency, political subdivision, or tribal  
23 entity and the ecosystem operator who provides various services in  
24 exchange for the customer paying the fees to the ecosystem operator,

1 as set forth in a smart contract agreement for services rendered as  
2 determined between the parties or by operation of the participating  
3 government agency, tribal entity, or political subdivision.

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

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

1 matters as identification, transfers, conversions, agreements,  
2 escrow, consent, due diligence, custody, taxation, or other matters.

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

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

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



1 transaction, amount and level of services or goods, and the terms of  
2 individual smart contracts.

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

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

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

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

19 A. The Oklahoma Tax Commission shall determine which cards or  
20 smartphone applications shall be accepted. However, the Tax  
21 Commission shall ensure that no loss of state revenue shall occur  
22 using any such card or smartphone application in relation to tax  
23 collection and remittance.

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

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

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

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

22       C. Businesses shall assist in the collection of taxes. The Tax  
23 Commission may mandate how the taxes are paid when using electronic  
24 fund transfer cards or smartphone applications. The duty to pay and

1 collect the tax shall be on the customer, business, or other end  
2 user.

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

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

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

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

19 A. Every distributed ledger technology asset offering ecosystem  
20 operator is required to appoint, and always have in place, a  
21 distributed ledger technology asset offering agent:

22 1. Who shall be a licensed attorney in good standing with the  
23 Oklahoma Bar Association; and  
24

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

4        B. The distributed ledger technology asset offering agent  
5 shall:

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

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

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

21       4. Submit to the United States Securities and Exchange  
22 Commission, Oklahoma Department of Securities, Office of Management  
23 and Enterprise Services, and the Tax Commission all required  
24 information and documentation under this act and any regulations

1 made or rules issued thereunder, including the confirmations in  
2 terms, in a timely manner;

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

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

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

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

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.

22  
23       58-2-10211       AQH       01/17/22  
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