

**BILL SUMMARY**  
1<sup>st</sup> Session of the 59<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2776</b>
<b>Version:</b>	<b>Introduced</b>
<b>Request Number:</b>	<b>6221</b>
<b>Author:</b>	<b>Speaker McCall</b>
<b>Date:</b>	<b>2/14/2023</b>
<b>Impact:</b>	<b>\$0</b>

**Research Analysis**

HB 2776, as introduced, amends the Uniform Commercial Code (UCC) to establish rules and procedures for transactions involving digital assets referred to as controllable electronic records, which may include cryptocurrency and non-fungible tokens (NFTs).

A person in control of a controllable electronic record may utilize all the benefits of the property as well as prevent other parties from utilizing it. This person must be positively identifiable by name, identifying number, cryptographic key, office, or account number.

The measure allows lenders with control of digital assets to perfect a prioritized security interest over the interests of any other lenders. Additional rules also provide protections for parties who unknowingly exchange digital assets subject to competing property claims. Should violations of UCC regulations occur, parties involved may choose the governing law jurisdiction that is most applicable to their transaction for commercial law purposes.

The measure also clarifies that governmentally created forms of money may be tangible or electronic, but pre-existing virtual currencies such as Bitcoin are not considered money under this policy.

Additionally, there are new guidelines on hybrid transactions involving both goods and services. UCC rules will apply to hybrid transactions if the sale and lease of goods is the predominant purpose of the transaction rather than the sale of services or provision of property. If the sale of services or provision of property does predominate, UCC rules will only apply to the portion of the transaction pertaining to the sale or lease of goods.

Lastly, the measure modifies terminology to account for electronic signatures and documents.

Prepared By: Autumn Mathews

**Fiscal Analysis**

HB 2776 in its current form is not anticipated to have a direct impact on the state budget or appropriations.

Prepared By: John McPhetridge, House Fiscal Staff

**Other Considerations**

None.

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