**UNIFORM SUPPLEMENTAL COMMERCIAL LAW**

**FOR THE UNIFORM REGULATION OF VIRTUAL-CURRENCY BUSINESSES ACT**

Drafted by the

NATIONAL CONFERENCE OF COMMISSIONERS

ON UNIFORM STATE LAWS

and by it

APPROVED AND RECOMMENDED FOR ENACTMENT

IN ALL THE STATES

at its

ANNUAL CONFERENCE

MEETING IN ITS ONE-HUNDRED-AND-TWENTY-SEVENTH YEAR

LOUISVILLE, KENTUCKY

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NATIONAL CONFERENCE OF COMMISSIONERS

ON UNIFORM STATE LAWS

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**UNIFORM SUPPLEMENTAL COMMERCIAL LAW FOR THE UNIFORM REGULATION OF VIRTUAL-CURRENCY BUSINESSES ACT**

SECTION 1. SHORT TITLE. This [act] may be cited as the Uniform Supplemental Commercial Law for the Uniform Regulation of Virtual-Currency Businesses Act.

# SECTION 2. DEFINITIONS.

(a) In this [act]:

(1) “Article 8” means Article 8 of the Uniform Commercial Code [, as amended], in substantially the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Laws.

(2) “Control” has the meaning provided in [insert citation to Section 102(3)(A) of the Uniform Regulation of Virtual-Currency Businesses Act].

(3) “Hague Securities Convention” means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, concluded 5 July 2006.

(4) “Uniform Commercial Code jurisdiction” means a state that has enacted Article 8.

(5) “Uniform Regulation of Virtual-Currency Businesses Act” means [insert citation to the Uniform Regulation of Virtual-Currency Businesses Act].

(6) “User” means a person for which a licensee or registrant has control of virtual currency.

(b) Other definitions applying to this [act] and the sections of the Uniform Regulation of Virtual-Currency Businesses Act in which they appear are:

“Licensee”. Section 102(9).

“Person”. Section 102(10).

“Record”. Section 102(12).

“Registrant”. Section 102(13).

“Resident”. Section 102(16).

“Sign”. Section 102(18).

“State”. Section 102(19).

“Virtual currency”. Section 102(23).

(c) Other definitions applying to this [act] and the sections of Article 8 in which they appear are:

“Entitlement holder”. Section 8-102(a)(7).

“Financial asset”. Section 8-102(a)(9).

“Securities intermediary”. Section 8-102(a)(14).

“Security”. Section 8-102(a)(15).

“Securities account”. Section 8-501.

(d) The definition of “agreement” applying to this [act] appears in Section 1-201(b)(3) of Article 1 of the Uniform Commercial Code[, as amended], in substantially the form approved by the American Law Institute and the National Conference of Commissioners on Uniform State Laws.

***Legislative Note:*** *In states in which the constitution, or other law, does not permit the phrase “as amended” when statutes of other jurisdictions are incorporated into state law, the phrase should be deleted in subsection (a)(1).*

SECTION 3. SCOPE.This [act] applies to:

(1) a person or transaction governed by the Uniform Regulation of Virtual-Currency Businesses Act; and

(2) a user that is not a resident if the user or transaction with the user would be governed by the Uniform Regulation of Virtual-Currency Businesses Act if the user were a resident.

# SECTION 4. INCORPORATION OF ARTICLE 8.

(a) The relationship between a licensee or registrant and a user must be evidenced by an agreement in a record signed by the licensee or registrant and by the user. The agreement:

(1) must specify the jurisdiction whose law governs the agreement;

(2) if governed by the law of a jurisdiction that is not a Uniform Commercial Code jurisdiction, must:

(A) specify a Uniform Commercial Code jurisdiction as the securities intermediary’s jurisdiction for the purpose of Article 8; and

(B) state that the law in force in the Uniform Commercial Code jurisdiction under subparagraph (A) applies to all issues specified in Article 2(1) of the Hague Securities Convention;

(3) must state that:

(A) the licensee or registrant is a securities intermediary;

(B) the control of virtual currency by the licensee or registrant for the benefit of the user creates a securities account of which the user is the entitlement holder;

(C) the parties agree that the virtual currency is to be treated as a financial asset credited or held for credit to the securities account of the user; and

(D) the licensee or registrant will not grant a security interest in virtual currency which the licensee or registrant is obligated to maintain under Section 8-504(a) of Article 8;

(4) may not provide a standard for the licensee or registrant to comply with its duties under Part 5 of Article 8 which is less protective of the user than the standard that would apply under Part 5 of Article 8 in the absence of an agreement concerning the standard; and

(5) may not provide that:

(A) the securities intermediary’s jurisdiction for the purpose of Article 8 is a jurisdiction that is not a Uniform Commercial Code jurisdiction; or

(B) the law in force in a jurisdiction that is not a Uniform Commercial Code jurisdiction applies to all issues specified in Article 2(1) of the Hague Securities Convention.

(b) To the extent that there is no agreement that complies with subsection (a), the relationship between a licensee or registrant and a user is determined as if the licensee or registrant and the user have an agreement that complies with subsection (a) and specifies that the law of this state governs the agreement.

(c) The effect of this section may not be varied by agreement.

# SECTION 5. QUALIFYING OFFICE UNDER HAGUE SECURITIES CONVENTION.

(a) A licensee or registrant shall maintain in a state an office that complies with the second sentence of Article 4(1) of the Hague Securities Convention.

(b) The effect of this section may not be varied by agreement.

SECTION 6. EFFECT OF FAILURE TO COMPLY WITH [ACT]. Failure to comply with this [act] is a violation of the Uniform Regulation of Virtual-Currency Businesses Act.

SECTION 7. NO INFERENCE AS TO CHARACTERIZATION UNDER OTHER STATUTE OR RULE.Treatment of virtual currency as a financial asset credited to a securities account under this [act] and Article 8 does not determine the characterization or treatment of the virtual currency under any other statute or rule.

SECTION 8. SUPPLEMENTARY LAW.Unless displaced by the particular provisions of this [act], the principles of law and equity supplement this [act].

SECTION 9. UNIFORMITY OF APPLICATION AND CONSTRUCTION.In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 10. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This [act] modifies, limits, or supersedes the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001, et seq., but does not modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or authorize electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C. Section 7003(b)).

[SECTION 11. SEVERABILITY CLAUSE.If any provision of this [act] or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or application of this [act] which can be given effect without the invalid provision or application, and to this end the provisions of this [act] are severable.]

***Legislative Note:*** *Include this section only if this state lacks a general severability statute or a decision by the highest court of this state stating a general rule of severability.*

# SECTION 12. REPEALS; CONFORMING AMENDMENTS.

(a) ….

(b) …..

***Legislative Note:*** *The Uniform Regulation of Virtual-Currency Businesses Act should be amended to repeal Section 502 of that act and to change references to Section 502 to references to this act. Any provision of this state’s money transmission statute that may apply to virtual currency should be amended or repealed.*

SECTION 13. EFFECTIVE DATE.This [act] takes effect . . . .

***Legislative Note:*** *The effective date of this act should not be before the effective date of the Uniform Regulation of Virtual-Currency Businesses Act.*