

Effective 1/1/2024

Part 1 General Provisions

48-5-101 Definitions.

As used in this chapter:

- (1) "Administrator" means a person that is appointed in a manner specified in the by-laws to make decisions for specific, predefined operations of the decentralized autonomous organization.
- (2) "Asset" means an item of value, whether on-chain or off-chain.
- (3) "By-laws" means the procedural rules and regulations that govern a decentralized autonomous organization and the interaction of the decentralized autonomous organization's members and participants.
- (4) "Cryptographic proof" means a mathematical proof that verifies that a message has not been tampered with or altered in any way and can be verified by a person that has access to the original message and the proof.
- (5) "Decentralized" means that decision-making is distributed among multiple persons.
- (6) "Decentralized autonomous organization" means an organization:
 - (a) created by one or more smart contracts;
 - (b) that implements rules enabling individuals to coordinate for decentralized governance of an organization; and
 - (c) that is an entity formed under this chapter.
- (7)
 - (a) "Developer" means a person involved in the development or maintenance of a decentralized autonomous organization.
 - (b) "Developer" includes a person that provides:
 - (i) software code; or
 - (ii) design, business, legal, or ancillary support.
- (8)
 - (a) "Dispute resolution mechanism" means an on-chain alternative dispute resolution system that enables persons to resolve disputes arising out of a decentralized autonomous organization.
 - (b) "Dispute resolution mechanism" includes:
 - (i) arbitration;
 - (ii) expert determination; or
 - (iii) an on-chain alternative court system.
- (9) "Division" means the Division of Corporations and Commercial Code.
- (10) "Failure event" means an error in the decentralized autonomous organization's software code or an exploit that:
 - (a) renders the decentralized autonomous organization inoperative; or
 - (b) fundamentally changes the expected operation of the decentralized autonomous organization.
- (11) "Graphical user interface" means a publicly accessible interface through which a person interacts with computer software through visual indicator representations.
- (12) "Hard fork" means a blockchain software upgrade that is not compatible with previous versions of the blockchain software and requires all users to upgrade to the latest version of the blockchain software.
- (13) "Legal representative" means an individual appointed in the manner specified in the by-laws of a decentralized autonomous organization to perform procedural functions off-chain on behalf of a decentralized autonomous organization.

- (14) "Majority chain" means the version of the blockchain accepted by more than half of the blockchain's validators following a hard fork.
- (15) "Meeting" means a synchronous or asynchronous event for the purpose of discussing and acting upon decentralized autonomous organization related matters by members or participants.
- (16)
 - (a) "Member" means a person who has governance rights in a decentralized autonomous organization.
 - (b) "Member" does not include an individual that has involuntarily received a token with governance rights, unless that person has chosen to participate in governance by undertaking a governance behavior, on-chain or off-chain, for the decentralized autonomous organization.
- (17) "Minority chain" means the version of the chain that is not the majority chain following a hard fork.
- (18) "Off-chain" means any action that is not on-chain.
- (19) "On-chain" means any action that is recorded and verified on a blockchain.
- (20) "On-chain contribution" refers to any token segregated and locked in one of the decentralized autonomous organization's smart contracts for the purpose of member buy-in to the decentralized autonomous organization and the provision of withdrawable capital.
- (21) "Organizer" means a person that submits the certificate of filing as required in Section 48-5-201.
- (22) "Participant" means a person that:
 - (a) is not a member of a decentralized autonomous organization; and
 - (b) holds or interacts with a token of a decentralized autonomous organization.
- (23) "Permissionless blockchain" means a publicly distributed ledger that allows a person to transact and produce blocks in accordance with the blockchain protocol, in which the validity of the block is independent of the identity of the user.
- (24) "Public address" means a unique, durable identifier that an individual can transact with on a permissionless blockchain.
- (25) "Public forum" means a freely accessible online environment that is commonly used for the exercise of speech and public debate.
- (26) "Public signal" means a declaration authorized by the decentralized autonomous organization in a public forum.
- (27) "Quality assurance" means a security review of the software code of the decentralized autonomous organization in accordance with industry standards.
- (28) "Redeem" means to exchange a token for the value that the token represents.
- (29) "Smart contract" means software code that:
 - (a) is deployed on a permissionless blockchain;
 - (b) consists of a set of predefined instructions executed in a distributed manner by the nodes of an underlying blockchain network; and
 - (c) produces a change on the blockchain network.
- (30) "Token" means a record on a permissionless blockchain that represents an asset, participation right, or other entitlement.
- (31) "Transaction" means a new entry in a permissionless blockchain, including the recording of a change in ownership of an asset or participation in a decentralized autonomous organization.

Enacted by Chapter 85, 2023 General Session

48-5-102 Governing document hierarchy -- Governing law.

A decentralized autonomous organization shall be governed by the following, listed in order of primacy:

- (1) this act;
- (2) the by-laws of the decentralized autonomous organization;
- (3) if this act and a decentralized autonomous organization's by-laws are silent, the provisions of Chapter 3a, Utah Revised Uniform Limited Liability Company Act; and
- (4) principles of law and equity.

Enacted by Chapter 85, 2023 General Session

48-5-103 Powers of the division.

- (1)
 - (a) The division may make, amend, or rescind a rule, form, or order when necessary to carry out this chapter.
 - (b) The division shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- (2) The division may by rule:
 - (a) provide the form and content of a registration requirement required under this chapter;
 - (b) provide the method of determining whether formation requirements described in Section 48-5-201 have been met and when to file a certificate of organization; and
 - (c) identify industry standards for determining whether the decentralized autonomous organization has undergone security review for quality assurance.

Amended by Chapter 161, 2024 General Session

48-5-104 Legal personality.

A decentralized autonomous organization that meets the requirements of this act:

- (1) shall be deemed a legal entity separate and distinct from the decentralized autonomous organization's members;
- (2) has the capacity to sue and be sued in the decentralized autonomous organization's own name and the power to do all things necessary or convenient to carry on the decentralized autonomous organization's activities and affairs;
- (3) shall meet the decentralized autonomous organization's liabilities through the decentralized autonomous organization's assets;
- (4) may have any lawful purpose; and
- (5) has perpetual duration.

Enacted by Chapter 85, 2023 General Session

48-5-105 Permitted names.

- (1)
 - (a) The name of a limited liability decentralized autonomous organization shall contain the words limited liability decentralized autonomous organization or limited decentralized autonomous organization or the abbreviation L.L.D., LLD, L.D., or LD.
 - (b) Limited may be abbreviated as Ltd., and decentralized autonomous organization may be abbreviated as DAO.
- (2) Except as authorized by Subsection (3), the name of a decentralized autonomous organization shall be distinguishable as defined in Subsection (4) upon the records of the division from:

- (a) the actual name, reserved name, or fictitious or assumed name of any entity registered with the division; or
 - (b) any tradename, trademark, or service mark registered with the division.
- (3)
- (a) A decentralized autonomous organization may apply to the division for approval to reserve a name that is not distinguishable upon the division's records from one or more of the names described in Subsection (2).
 - (b) The division shall approve the name for which the decentralized autonomous organization applies under Subsection (3)(a) if:
 - (i) the other person with a name that is not distinguishable from the name under which the applicant desires to file:
 - (A) consents to the filing in writing; and
 - (B) files a form approved by the division to change the person's name to a name that is distinguishable from the name of the applicant; or
 - (ii) the applicant delivers to the division a certified copy of the final judgment of a court of competent jurisdiction establishing the applicant's right to use the name in this state.
- (4) A name is distinguishable from other names, trademarks, and service marks registered with the division if the name contains one or more different words, letters, or numerals from other names upon the division's records.
- (5) The following differences are not distinguishing:
- (a) the term:
 - (i) decentralized autonomous organization;
 - (ii) DAO;
 - (iii) limited liability decentralized autonomous organization;
 - (iv) L.L.D. or L.L.DAO; or
 - (v) L.D. or L.DAO;
 - (b) an abbreviation of a word listed in Subsection (5)(a);
 - (c) the presence or absence of the words or symbols of the words "the," "and," "a," or "plus";
 - (d) differences in punctuation and special characters;
 - (e) differences in capitalization; or
 - (f) differences in singular and plural forms of words.
- (6) The division may not approve for filing a name that implies that a decentralized autonomous organization is an agency of this state or any of the state's political subdivisions, if the decentralized autonomous organization is not actually such a legally established agency or subdivision.
- (7) The authorization to reserve or register a decentralized autonomous organization name as granted by the division does not:
- (a) abrogate or limit the law governing unfair competition or unfair trade practices;
 - (b) derogate from the common law, the principles of equity, or the statutes of this state or of the United States with respect to the right to acquire and protect names and trademarks; or
 - (c) create an exclusive right in geographic or generic terms contained within a name.
- (8) The name of a decentralized autonomous organization may not contain:
- (a) the term:
 - (i) association;
 - (ii) corporation;
 - (iii) incorporated;
 - (iv) partnership;
 - (v) limited liability company;

- (vi) limited partnership; or
 - (vii) L.P.;
 - (b) any word or abbreviation that is of like import to the terms listed in Subsection (8)(a);
 - (c) without the written consent of the United States Olympic Committee, the words:
 - (i) Olympic;
 - (ii) Olympiad; or
 - (iii) Citius Altius Fortius; or
 - (d) the number sequence 911.
- (9) A person, other than a decentralized autonomous organization formed under this chapter or another decentralized autonomous organization that is authorized to transact business in this state, may not use in the person's name in this state the term:
- (a) limited liability decentralized autonomous organization;
 - (b) limited decentralized autonomous organization;
 - (c) L.L.DAO or L.L.D; or
 - (d) L.DAO or L.D.

Amended by Chapter 161, 2024 General Session

48-5-106 Registered agent.

Each decentralized autonomous organization shall designate a registered agent in this state in accordance with Subsection 16-17-203(1) and maintain a registered agent in the state.

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48-5-107 Fees.

Unless otherwise provided by statute, the division shall charge and collect a fee for services established by the division in accordance with Section 63J-1-504 including fees:

- (1) for issuing a certified copy of any document, instrument, or paper relating to a decentralized autonomous organization; and
- (2) for affixing the seal to a certified copy described in Subsection (1).

Enacted by Chapter 85, 2023 General Session

48-5-108 Certificates issued by the division.

- (1) Any person may apply to the division for:
 - (a) a certificate of existence for a decentralized autonomous organization; or
 - (b) a certificate that sets forth any facts of record in the division.
- (2) A certificate of existence or certificate of authorization sets forth:
 - (a) the decentralized autonomous organization's name;
 - (b) that the decentralized autonomous organization is recognized under the law of this state;
 - (c) the date of the decentralized autonomous organization's formation;
 - (d) that articles of dissolution have not been filed by the division; and
 - (e) other facts of record in the division that may be requested by the applicant.
- (3) Subject to any qualification stated in the certificate, a certificate issued by the division may be relied upon as conclusive evidence of the facts set forth in the certificate.

Enacted by Chapter 85, 2023 General Session

48-5-109 Electronic documents.

- (1) Subject to Section 48-5-107, the division shall by rule permit a writing required or permitted to be filed with the division under this chapter:
 - (a) to be delivered, mailed, or filed:
 - (i) in an electronic medium; or
 - (ii) by electronic transmission; or
 - (b) to be signed by photographic, electronic, or other means prescribed by rule, except that a writing signed in an electronic medium shall be signed by electronic signature in accordance with Title 46, Chapter 4, Uniform Electronic Transactions Act.
- (2) The division may by rule provide for any writing required or permitted to be prepared, delivered, or mailed by the division under this chapter to be prepared, delivered, or mailed:
 - (a) in an electronic medium; or
 - (b) by electronic transmission.

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