

Effective 1/1/2024

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.

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