1   # DIGITAL ASSET AMENDMENTS

2   2022 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Kirk A. Cullimore**

5   House Sponsor: Jordan D. Teuscher

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7   **LONG TITLE**

8   **General Description:**

9   This bill establishes a framework for the ownership of digital assets.

10   **Highlighted Provisions:**

11   This bill:

12   ‣   defines terms; and

13   ‣   provides a basis for understanding the ownership of digital assets.

14   **Money Appropriated in this Bill:**

15   None

16   **Other Special Clauses:**

17   None

18   **Utah Code Sections Affected:**

19   ENACTS:

20   **13-61-101**, Utah Code Annotated 1953

21   **13-61-102**, Utah Code Annotated 1953

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23   *Be it enacted by the Legislature of the state of Utah:*

24   Section 1. Section **13-61-101** is enacted to read:

25   **CHAPTER 61. DIGITAL ASSET MANAGEMENT ACT**

26   **Part 1. General Provisions**

27   **13-61-101. Definitions.**

28   As used in this chapter:

29   (1) "Agent" means a person who is authorized to act on behalf of an owner with respect

30   to a digital asset.

31   (2) "Control" means:

32   (a) an owner or an agent has the exclusive legal authority to conduct a transaction

33   relating to the digital asset, including by means of a private key or the use of a multi-signature

34   arrangement the owner or agent authorizes; or

35   (b) a secured party has created a smart contract which gives the secured party exclusive

36   legal authority to conduct a transaction relating to a digital security.

37   (3) (a) "Digital asset" means a representation of economic, proprietary, or access rights

38   that is stored in a computer readable format.

39   (b) "Digital asset" includes:

40   (i) a digital user asset; or

41   (ii) a digital security.

42   (4) "Digital security" means a digital asset which constitutes a security, as that term is

43   defined in Section 70A-8-101.

44   (5) (a) "Digital user asset" means a digital asset that is used or bought primarily for

45   consumptive, personal, or household purposes.

46   (b) "Digital user asset" includes an open blockchain token.

47   (c) "Digital user asset" does not include a digital security.

48   (6) "Multi-signature arrangement" means a system of access control relating to a digital

49   asset for the purposes of preventing unauthorized transactions relating to the asset, in which

50   two or more private keys are required to conduct a transaction.

51   (7) "Private key" means a unique element of cryptographic data, which is:

52   (a) held by a person;

53   (b) paired with a unique, publicly available element of cryptographic data; and

54   (c) associated with an algorithm that is necessary to carry out an encryption or

55   decryption required to execute a transaction.

56   (8) "Smart contract" means a transaction which is comprised of code, script, or

57   programming language that executes the terms of an agreement, and which may include taking

58   custody of and transferring a digital asset, or issuing executable instructions for these actions,

59   based on the occurrence or nonoccurrence of specified conditions.

60   Section 2. Section **13-61-102** is enacted to read:

61   **13-61-102. Ownership of digital assets.**

62   (1) Digital securities are intangible personal property and shall be considered securities

63   and investment property for purposes of this chapter, Title 70A, Chapter 8, Uniform

64   Commercial Code - Investment Securities, and Title 70A, Chapter 9a, Uniform Commercial

65   Code - Secured Transactions.

66   (2) An owner of a digital user asset may demonstrate ownership of the digital user asset

67   through control.

68   (3) Nothing in this chapter shall be interpreted to restrict or impair an owner's right to

69   own a digital asset.