

1 STATE OF OKLAHOMA

2 1st Session of the 57th Legislature (2019)

3 HOUSE BILL 1954

By: Lepak

4
5 AS INTRODUCED

6 An Act relating to virtual currency; creating the
7 Uniform Regulation of Virtual-Currency Businesses
8 Act; providing short title; defining terms; providing
9 scope of application; providing for supplementary
10 law; providing for licensure; providing conditions
11 and procedures for licensing; providing for licensing
12 fees; providing for license reciprocity; requiring
13 deposit of security, with exceptions and
14 alternatives; limiting recovery against the security;
15 requiring evidence of net worth; providing for
16 issuance of license upon compliance with statutory
17 requirement and payment of certain costs and license
18 fee; providing for appeal of denial of license;
19 providing procedure for renewal of license; providing
20 for renewal fee; providing requirements for renewal;
21 providing for registration in lieu of license in
22 certain circumstances; authorizing the Banking
23 Department to adopt certain rules; authorizing the
24 Banking Department to conduct examinations; requiring
licensee or registrant to maintain certain records;
authorizing the Banking Department to inspect
records; providing for the confidentiality of certain
information; requiring the filing of interim reports
to the Banking Department; providing required
contents of interim reports; providing procedure and
requirements for change in control; defining term;
providing procedure and requirements for merger or
consolidation; providing enforcement measures;
defining term; granting the Banking Department
authority to use enforcement measures; specifying
conditions; requiring compliance with the
Administrative Procedures Act; requiring notice and
opportunity for a hearing; authorizing assessment of
civil penalties; providing effective period of
revocation, suspension or cease and desist orders;
authorizing the Banking Department to enter into

1 consent orders; providing for right of action by the
2 Banking Department; precluding private right of
3 action, with exception; requiring certain
4 disclosures; requiring licensee or registrant to
5 maintain certain amount of virtual currency;
6 providing for property interests of persons entitled
7 to virtual currency; providing policies and
8 procedures; requiring maintenance of certain policies
9 and procedures; requiring that policies be maintained
10 in a record; providing other requirements for
11 policies and procedures; providing specific
12 requirements for policy for detecting fraud;
13 providing for filing of certain report if required by
14 the Banking Department; providing specific
15 requirements for protection policy; authorizing
16 licensee or registrant to take certain actions;
17 providing immunity from liability; providing for
18 disclosure of policies and procedures; requiring
19 establishment and maintenance in a record of
20 compliance policy or procedure; providing required
21 scope of compliance policy or procedure; authorizing
22 licensee or registrant to take certain actions;
23 providing for uniformity of application and
24 construction; providing relationship to federal
Electronic Signatures in Global and National
Commerce; providing savings and transitional
provisions; creating the Uniform Supplemental
Commercial Law for the Uniform Regulation of Virtual-
Currency Businesses Act; defining terms; providing
scope of application; providing for integration with
Article 8 of the Uniform Commercial Code; requiring
certain agreement; specifying contents of agreement;
providing for relationship between licensee or
registrant and user if there is no agreement;
prohibiting varying agreement; requiring maintenance
of office within the state that complies with certain
requirement; providing effect of failure to comply
with the Uniform Supplemental Commercial Law for the
Uniform Regulation of Virtual-Currency Businesses
Act; providing that the Uniform Supplemental
Commercial Law for the Uniform Regulation of Virtual-
Currency Businesses Act does not affect the
characterization of virtual currency as a financial
asset under other statute or rule; providing for
supplementary law; providing for uniformity of
application and construction; providing for
relationship to the Electronic Signatures in Global

1 and National Commerce Act; providing for
2 codification; and providing an effective date.

3
4 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

5 ARTICLE I.

6 GENERAL PROVISIONS

7 SECTION 1. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 4001-1 of Title 6, unless there
9 is created a duplication in numbering, reads as follows:

10 SHORT TITLE. Sections 1 through 34 of this act shall be known
11 and may be cited as the "Uniform Regulation of Virtual-Currency
12 Businesses Act".

13 SECTION 2. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 4001-2 of Title 6, unless there
15 is created a duplication in numbering, reads as follows:

16 DEFINITIONS. As used in the Uniform Regulation of Virtual-
17 Currency Businesses Act:

18 1. "Applicant" means a person that applies for a license under
19 this act;

20 2. "Bank" means a federally chartered or state-chartered
21 depository institution or holder of a charter granted by the Office
22 of the Comptroller of the Currency to a person engaged in the
23 business of banking other than deposit-taking. The term does not
24 include:

- 1 a. an industrial loan company, state-chartered trust
2 company, or a limited-purpose trust company unless the
3 Banking Department has authorized the company to
4 engage in virtual-currency business activity, or
5 b. a trust company or limited-purpose trust company
6 chartered by a state with which this state does not
7 have a reciprocity agreement governing trust-company
8 activities;

9 3. "Control" means:

- 10 a. when used in reference to a transaction or
11 relationship involving virtual currency, power to
12 execute unilaterally or prevent indefinitely a
13 virtual-currency transaction, and
14 b. when used in reference to a person, the direct or
15 indirect power to direct the management, operations,
16 or policies of the person through legal or beneficial
17 ownership of voting power in the person or under a
18 contract, arrangement, or understanding;

19 4. "Department" means the Banking Department;

20 5. "Exchange", used as a verb, means to assume control of
21 virtual currency from or on behalf of a resident, at least
22 momentarily, to sell, trade, or convert:

- 23 a. virtual currency for legal tender, bank credit, or one
24 or more forms of virtual currency, or

1 b. legal tender or bank credit for one or more forms of
2 virtual currency;

3 6. "Executive officer" means an individual who is a director,
4 officer, manager, managing member, partner, or trustee of a person
5 that is not an individual;

6 7. "Insolvent" means:

7 a. having generally ceased to pay debts in the ordinary
8 course of business other than as a result of a bona
9 fide dispute,

10 b. being unable to pay debts as they become due, or

11 c. being insolvent within the meaning of federal
12 bankruptcy law;

13 8. "Legal tender" means a medium of exchange or unit of value,
14 including the coin or paper money of the United States, issued by
15 the United States or by another government;

16 9. "Licensee" means a person licensed under this act;

17 10. "Person" means an individual, partnership, estate, business
18 or nonprofit entity or other legal entity. The term does not
19 include a public trust, government or governmental subdivision,
20 agency, or instrumentality;

21 11. "Reciprocity agreement" means an arrangement between the
22 Department and the appropriate licensing agency of another state
23 which permits a licensee operating under a license granted by the
24

1 other state to engage in virtual-currency business activity with or
2 on behalf of a resident;

3 12. "Record" means information that is inscribed on a tangible
4 medium or that is stored in an electronic or other medium and is
5 retrievable in perceivable form;

6 13. "Registrant" means a person that has registered with this
7 state under Section 11 of this act to conduct virtual-currency
8 business activity;

9 14. "Registration" means the ability under Section 11 of this
10 act to conduct virtual-currency business activity;

11 15. "Registry" means the Nationwide Multistate Licensing System
12 and Registry;

13 16. "Resident":

14 a. means a person that

15 (1) is domiciled in this state,

16 (2) is physically located in this state for more than
17 one hundred eighty-three (183) days of the
18 previous three hundred sixty-five (365) days, or

19 (3) has a place of business in this state; and

20 b. includes a legal representative of a person that
21 satisfies subparagraph a of this paragraph;

22 17. "Responsible individual" means an individual who has
23 managerial authority with respect to a licensee's or registrant's
24 virtual-currency business activity with or on behalf of a resident;

1 18. "Sign" means, with present intent to authenticate or adopt
2 a record:

- 3 a. to execute or adopt a tangible symbol, or
- 4 b. to attach to or logically associate with the record an
5 electronic symbol, sound, or process;

6 19. "State" means a state of the United States, the District of
7 Columbia, Puerto Rico, the United States Virgin Islands, or any
8 territory or insular possession subject to the jurisdiction of the
9 United States;

10 20. "Store", except in the phrase "store of value", means to
11 maintain control of virtual currency on behalf of a resident by a
12 person other than the resident. "Storage" and "storing" have
13 corresponding meanings;

14 21. "Transfer" means to assume control of virtual currency from
15 or on behalf of a resident and to:

- 16 a. credit the virtual currency to the account of another
17 person,
- 18 b. move the virtual currency from one account of a
19 resident to another account of the same resident, or
- 20 c. relinquish control of virtual currency to another
21 person;

22 22. "U.S. Dollar equivalent of virtual currency" means the
23 equivalent value of a particular virtual currency in United States
24

1 dollars shown on a virtual-currency exchange based in the United
2 States for a particular date or period specified in this act;

3 23. "Virtual currency":

4 a. means a digital representation of value that:

5 (1) is used as a medium of exchange, unit of account,
6 or store of value, and

7 (2) is not legal tender, whether or not denominated
8 in legal tender, and

9 b. does not include:

10 (1) a transaction in which a merchant grants, as part
11 of an affinity or rewards program, value that
12 cannot be taken from or exchanged with the
13 merchant for legal tender, bank credit, or
14 virtual currency, or

15 (2) a digital representation of value issued by or on
16 behalf of a publisher and used solely within an
17 online game, game platform, or family of games
18 sold by the same publisher or offered on the same
19 game platform;

20 24. "Virtual-currency administration" means issuing virtual
21 currency with the authority to redeem the currency for legal tender,
22 bank credit, or other virtual currency;

23 25. "Virtual-currency business activity" means:
24

- 1 a. exchanging, transferring, or storing virtual currency
2 or engaging in virtual-currency administration,
3 whether directly or through an agreement with a
4 virtual-currency control-services vendor,
- 5 b. holding electronic precious metals or electronic
6 certificates representing interests in precious metals
7 on behalf of another person or issuing shares or
8 electronic certificates representing interests in
9 precious metals, or
- 10 c. exchanging one or more digital representations of
11 value used within one or more online games, game
12 platforms, or family of games for:
- 13 (1) virtual currency offered by or on behalf of the
14 same publisher from which the original digital
15 representation of value was received, or
- 16 (2) legal tender or bank credit outside the online
17 game, game platform, or family of games offered
18 by or on behalf of the same publisher from which
19 the original digital representation of value was
20 received; and

21 26. "Virtual-currency control-services vendor" means a person
22 that has control of virtual currency solely under an agreement with
23 a person that, on behalf of another person, assumes control of
24 virtual currency.

1 SECTION 3. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4001-3 of Title 6, unless there
3 is created a duplication in numbering, reads as follows:

4 SCOPE. A. Except as otherwise provided in subsection B or C
5 of this section, the Uniform Regulation of Virtual-Currency
6 Businesses Act governs the virtual-currency business activity of a
7 person, wherever located, that engages in or holds itself out as
8 engaging in the activity with or on behalf of a resident.

9 B. This act does not apply to the exchange, transfer, or
10 storage of virtual currency or to virtual-currency administration to
11 the extent the Electronic Fund Transfer Act of 1978, 15 U.S.C.,
12 Sections 1693 through 1693r, as amended, the Securities Exchange Act
13 of 1934, 15 U.S.C., Sections 78a through 78oo, as amended, the
14 Commodities Exchange Act of 1936, 7 U.S.C., Sections 1 through 27f,
15 as amended, or the Oklahoma Uniform Securities Act of 2004, govern
16 the activity. This act does not apply to activity by:

17 1. The United States, a state, political subdivision of a
18 state, agency or instrumentality of federal, state, or local
19 government, or a foreign government or a subdivision, department,
20 agency or instrumentality of a foreign government;

21 2. A bank;

22 3. A person engaged in money transmission that:

23 a. holds a license under Section 1513 of Title 6 of the
24 Oklahoma Statutes,

1 b. is authorized by the Banking Department to engage in
2 virtual-currency business activity, and

3 c. complies with Articles 2, 3, 5, and 6 of this act;

4 4. A person whose participation in a payment system is limited
5 to providing processing, clearing, or performing settlement services
6 solely for transactions between or among persons that are exempt
7 from the licensing or registration requirements of this act;

8 5. A person engaged in the business of dealing in foreign
9 exchange to the extent the person's activity meets the definition in
10 31 C.F.R., Section 1010.605(f) (1) (iv), as amended;

11 6. A person that:

12 a. contributes only connectivity software or computing
13 power to a decentralized virtual currency, or to a
14 protocol governing transfer of the digital
15 representation of value,

16 b. provides only data storage or security services for a
17 business engaged in virtual-currency business activity
18 and does not otherwise engage in virtual-currency
19 business activity on behalf of another person, or

20 c. provides only to a person otherwise exempt from this
21 act virtual currency as one or more enterprise
22 solutions used solely among each other and has no
23 agreement or relationship with a resident that is an
24 end-user of virtual currency;

1 7. A person using virtual currency, including creating,
2 investing, buying or selling, or obtaining virtual currency as
3 payment for the purchase or sale of goods or services, solely:

- 4 a. on its own behalf,
- 5 b. for personal, family, or household purposes, or
- 6 c. for academic purposes;

7 8. A person whose virtual-currency business activity with or on
8 behalf of residents is reasonably expected to be valued, in the
9 aggregate, on an annual basis at Five Thousand Dollars (\$5,000.00)
10 or less, measured by the U.S. Dollar equivalent of virtual currency;

11 9. An attorney to the extent of providing escrow services to a
12 resident;

13 10. A title insurance company to the extent of providing escrow
14 services to a resident;

15 11. A securities intermediary, as defined in Section 8-102 of
16 Title 12A of the Oklahoma Statutes, or a commodity intermediary, as
17 defined in Section 1-9-102 of Title 12A of the Oklahoma Statutes,
18 that:

- 19 a. does not engage in the ordinary course of business in
20 virtual-currency business activity with or on behalf
21 of a resident in addition to maintaining securities
22 accounts or commodities accounts and is regulated as a
23 securities intermediary or commodity intermediary

1 under federal law, law of this state other than this
2 act, or law of another state, and

- 3 b. affords a resident protections comparable to those set
4 forth in the Uniform Supplemental Commercial Law for
5 the Uniform Regulation of Virtual-Currency Businesses
6 Act;

7 12. A secured creditor under Article 9 of the Uniform
8 Commercial Code or creditor with a judicial lien or lien arising by
9 operation of law on collateral that is virtual currency, if the
10 virtual-currency business activity of the creditor is limited to
11 enforcement of the security interest in compliance with the Uniform
12 Commercial Code - Secured Transactions or lien in compliance with
13 the law applicable to the lien;

14 13. A virtual-currency control-services vendor; or

15 14. A person that:

16 a. does not receive compensation from a resident for:

17 (1) providing virtual-currency products or services,

18 or

19 (2) conducting virtual-currency business activity, or

20 b. is engaged in testing products or services with the
21 person's own funds.

22 C. The Department may determine that a person or class of
23 persons, given facts particular to the person or class, should be
24

1 exempt from this act, whether the person or class is covered by
2 requirements imposed under federal law on a money-service business.

3 SECTION 4. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 4001-4 of Title 6, unless there
5 is created a duplication in numbering, reads as follows:

6 SUPPLEMENTARY LAW. Unless displaced by the particular
7 provisions of the Uniform Regulation of Virtual-Currency Businesses
8 Act, the principles of law and equity supplement its provisions.

9 ARTICLE II.

10 LICENSURE

11 SECTION 5. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 4002-1 of Title 6, unless there
13 is created a duplication in numbering, reads as follows:

14 CONDITIONS PRECEDENT TO ENGAGING IN VIRTUAL-CURRENCY BUSINESS
15 ACTIVITY. A person may not engage in virtual-currency business
16 activity, or hold itself out as being able to engage in virtual-
17 currency business activity, with or on behalf of a resident unless
18 the person is:

19 1. Licensed in this state by the Department under Section 6 of
20 this act;

21 2. Licensed in another state to conduct virtual-currency
22 business activity by a state with which this state has a reciprocity
23 agreement and has qualified under Section 7 of this act;

24

1 3. Registered with the Department and operating in compliance
2 with Section 11 of this act; or

3 4. Exempt from licensure or registration under the Uniform
4 Regulation of Virtual-Currency Businesses Act by subsection B or C
5 of Section 3 of this act.

6 SECTION 6. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 4002-2 of Title 6, unless there
8 is created a duplication in numbering, reads as follows:

9 LICENSE BY APPLICATION. A. Except as otherwise provided in
10 Section 7 of this act, an application for a license under the
11 Uniform Regulation of Virtual-Currency Businesses Act:

12 1. Must be made in a form and medium prescribed by the Banking
13 Department or the Nationwide Multistate Licensing System and
14 Registry;

15 2. Except as otherwise provided in subsection B of this
16 section, must provide the following information relevant to the
17 applicant's proposed virtual-currency business activity:

18 a. the legal name of the applicant, each current or
19 proposed business United States Postal Service address
20 of the applicant, and any fictitious or trade name the
21 applicant uses or plans to use in conducting its
22 virtual-currency business activity with or on behalf
23 of a resident,

24

1 b. the legal name, any former or fictitious name, and the
2 residential and business United States Postal Service
3 address of each executive officer and responsible
4 individual of the applicant, and each person that has
5 control of the applicant,

6 c. a description of the current and former business of
7 the applicant for the five (5) years before the
8 application is submitted or if the business has
9 operated for less than five (5) years, for the time
10 the business has operated, including its products and
11 services, associated website addresses and social
12 media pages, principal place of business, projected
13 user base, and specific marketing targets,

14 d. the name, United States Postal Service address, and
15 telephone number of a person that manages each server
16 the applicant expects to use in conducting its
17 virtual-currency business activity with or on behalf
18 of a resident and a copy of any agreement with that
19 person,

20 e. a list of:

- 21 (1) each money-service or money-transmitter license
22 the applicant holds in another state,
23 (2) the date the license expires, and
24

1 (3) any license revocation, license suspension, or
2 other disciplinary action taken against the
3 licensee in another state and any license
4 applications rejected by another state,

5 f. a list of any criminal conviction, deferred
6 prosecution agreement, and pending criminal proceeding
7 in any jurisdiction against:

8 (1) the applicant,

9 (2) each executive officer of the applicant,

10 (3) each responsible individual of the applicant,

11 (4) each person that has control over the applicant,

12 and

13 (5) each person over which the applicant has control,

14 g. a list of any litigation, arbitration, or
15 administrative proceeding in any jurisdiction in which
16 the applicant, or an executive officer or a
17 responsible individual of the applicant has been a
18 party for the five (5) years before the application is
19 submitted, determined to be material in accordance
20 with generally accepted accounting principles and, to
21 the extent the applicant would be required to disclose
22 the litigation, arbitration, or administrative
23 proceeding in the applicant's audited financial
24

1 statements, reports to equity owners, and similar
2 statements or reports,

3 h. a list of any bankruptcy or receivership proceeding in
4 any jurisdiction for the ten (10) years before the
5 application is submitted in which any of the following
6 was a debtor:

7 (1) the applicant,

8 (2) each executive officer of the applicant,

9 (3) each responsible individual of the applicant,

10 (4) each person that has control over the applicant,

11 and

12 (5) each person over which the applicant has control,

13 i. the name and United States Postal Service address of
14 each bank in which the applicant plans to deposit
15 funds obtained by its virtual-currency business
16 activity,

17 j. the source of funds and credit to be used by the
18 applicant to conduct virtual-currency business
19 activity with or on behalf of a resident and
20 documentation demonstrating that the applicant has the
21 net worth and reserves required by Section 8 of this
22 act,

- 1 k. the United States Postal Service address and
2 electronic mail address to which communications from
3 the Department may be sent,
- 4 l. the name, United States Postal Service address, and
5 electronic mail address of the registered agent of the
6 applicant in this state,
- 7 m. a copy of the certificate, or a detailed summary
8 acceptable to the Department, of coverage for each
9 liability, casualty, business-interruption or cyber-
10 security insurance policy maintained by the applicant
11 for itself, an executive officer, a responsible
12 individual, or the applicant's users,
- 13 n. if applicable, the date on which and the state where
14 the applicant is formed and a copy of a current
15 certificate of good standing issued by that state,
- 16 o. if a person has control of the applicant and the
17 person's equity interests are publicly traded in the
18 United States, a copy of the audited financial
19 statement of the person for the most recent fiscal
20 year or most recent report of the person filed under
21 Section 13 of the Securities Exchange Act of 1934, 15
22 U.S.C., Section 78m, as amended,
- 23 p. if a person has control of the applicant and the
24 person's equity interests are publicly traded outside

1 the United States, a copy of the audited financial
2 statement of the person for the most recent fiscal
3 year of the person or a copy of the most recent
4 documentation similar to that required in subparagraph
5 o of this paragraph filed with the foreign regulator
6 in the domicile of the person,

7 q. if the applicant is a partnership or a member-managed
8 limited-liability company, the names and United States
9 Postal Service addresses of general partners or
10 members,

11 r. if the applicant is required to register with the
12 Financial Crimes Enforcement Network of the United
13 States Department of the Treasury as a money-service
14 business, evidence of the registration,

15 s. a set of fingerprints for each executive officer and
16 responsible individual of the applicant,

17 t. if available, for each executive officer and
18 responsible individual of the applicant, for the five
19 (5) years before the application is submitted:

20 (1) employment history, and

21 (2) history of any investigation of the individual or
22 legal proceeding to which the individual was a
23 party,
24

1 u. the plans through which the applicant will meet its
2 obligations under Article 6 of this act, and

3 v. other information the Department reasonably requires
4 by rule; and

5 3. Must be accompanied by a nonrefundable fee in the amount
6 specified by the Department by rule.

7 B. For good cause, the Department may waive a requirement of
8 subsection A of this section or permit the applicant to submit other
9 information instead of the required information.

10 C. An application for a license under this section is not
11 complete until the Department receives all information required by
12 this act and completes its investigation under subsection D of this
13 section.

14 D. On receipt of a completed application:

15 1. The Department shall investigate:

- 16 a. the financial condition and responsibility of the
17 applicant,
18 b. the relevant financial and business experience,
19 character, and general fitness of the applicant, and
20 c. the competence, experience, character, and general
21 fitness of each executive officer, each responsible
22 individual, and any person that has control of the
23 applicant; and
24

1 2. The Department may conduct an investigation of the business
2 premises of an applicant.

3 E. Not later than thirty (30) days after an application is
4 complete, the Department shall send the applicant notice of its
5 decision to approve, conditionally approve, or deny the application.
6 If the Department does not send the applicant notice of its decision
7 within thirty-one (31) days of completion of the application, the
8 application is deemed denied. If the Department does not receive
9 notice from the applicant that the applicant accepts conditions
10 specified by the Department within thirty-one (31) days following
11 the Department's notice of the conditions, the application is deemed
12 denied.

13 F. A license takes effect on the later of:

- 14 1. The date on which the Department issues the license; or
- 15 2. The date the licensee provides the security required by
- 16 Section 8 of this act.

17 G. An applicant shall pay the reasonable costs of the
18 Department's investigation under this section.

19 SECTION 7. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 4002-3 of Title 6, unless there
21 is created a duplication in numbering, reads as follows:

22 LICENSE BY RECIPROcity. A. A person licensed by another state
23 to engage in virtual-currency business activity in that state may
24

1 engage in virtual-currency business activity with or on behalf of a
2 resident to the same extent as a licensee if:

3 1. The Banking Department determines that the state in which
4 the person is licensed has in force laws regulating virtual-currency
5 business activity which are substantially similar to, or more
6 protective of rights of users than, the Uniform Regulation of
7 Virtual-Currency Businesses Act;

8 2. At least thirty (30) days before the person commences
9 virtual-currency business activity with or on behalf of a resident,
10 the person submits to the Department:

11 a. notice containing:

12 (1) a statement that the person will rely on
13 reciprocal licensing,

14 (2) a copy of the license to conduct virtual-currency
15 business activity issued by the other state, and

16 (3) a certification of license history from the
17 agency responsible for issuing the license to
18 conduct virtual-currency business activity in the
19 other state,

20 b. a nonrefundable reciprocal license fee in the amount
21 specified by the Department by rule,

22 c. documentation demonstrating that the applicant
23 complies with the security and net worth reserve
24 requirements of Section 8 of this act, and

1 d. a certification signed by an executive officer of the
2 applicant affirming that the applicant will conduct
3 its virtual-currency business activity with or on
4 behalf of a resident in compliance with this act;

5 3. Subject to subsection B of this section, the Department does
6 not deny the application within fifteen (15) days after receipt of
7 the items submitted under paragraph 2 of this subsection; and

8 4. Subject to subsection B of this section, the applicant does
9 not commence virtual-currency business activity with or on behalf of
10 a resident until at least thirty-one (31) days after complying with
11 paragraph 2 of this subsection.

12 B. For good cause, the Department may modify a period in this
13 section.

14 SECTION 8. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 4002-4 of Title 6, unless there
16 is created a duplication in numbering, reads as follows:

17 SECURITY, NET WORTH, AND RESERVES. A. Before a license is
18 issued under the Uniform Regulation of Virtual-Currency Businesses
19 Act:

20 1. An applicant must deposit with the Banking Department funds
21 or investment property, a letter of credit, a surety bond, or other
22 security satisfactory to the Department that:

1 a. secures the applicant's faithful performance of its
2 duties under the Uniform Regulation of Virtual-
3 Currency Businesses Act, and

4 b. is in an amount the Department specifies based on the
5 nature and extent of risks in the applicant's virtual-
6 currency business model;

7 2. The Department may not require a surety bond as security
8 under this act unless a surety bond is generally available in the
9 state at a commercially reasonable cost;

10 3. Security deposited under this section must be payable to
11 this state for the benefit of a claim against the licensee on
12 account of the licensee's virtual-currency business activity with or
13 on behalf of a resident;

14 4. Security deposited under this section must cover claims for
15 the period the Department specifies by rule and for an additional
16 period the Department specifies after the licensee ceases to engage
17 in virtual-currency business activity with or on behalf of a
18 resident;

19 5. For good cause, the Department may require the licensee to
20 increase the amount of security deposited under this section, and
21 the licensee shall deposit the additional security not later than
22 fifteen (15) days after the licensee receives notice in a record of
23 the required increase;

1 6. For good cause, the Department may permit a licensee to
2 substitute or deposit an alternate form of security satisfactory to
3 the Department if the licensee at all times complies with this
4 section;

5 7. A claimant does not have a direct right to recover against
6 security deposited under this section; and

7 8. Only the Department may recover against the security, and
8 the Department may retain the recovery for no longer than five (5)
9 years and may process claims and distribute recoveries to claimants
10 in accordance with rules adopted by the Department under Section
11 1515 of Title 6 of the Oklahoma Statutes.

12 B. In addition to the security required under subsection A of
13 this section, a licensee and a registrant, at the time of the
14 application for a license under the Uniform Regulation of Virtual-
15 Currency Businesses Act or filing of registration, shall submit to
16 the Department evidence of and maintain:

17 1. A minimum net worth of Twenty-five Thousand Dollars
18 (\$25,000.00); and

19 2. Sufficient unencumbered reserves for winding down the
20 licensee's or registrant's operations as agreed to by the Department
21 considering the nature and size of expected virtual-currency
22 business activity with or on behalf of residents.

23 C. A licensee or registrant may include in its calculation of
24 net worth virtual currency, measured by the average value of the

1 virtual currency in U.S. Dollar equivalent over the prior six
2 months, other than the virtual currency over which it has control
3 for a resident entitled to the protections under the Uniform
4 Supplemental Commercial Law for the Uniform Regulation of Virtual-
5 Currency Businesses Act.

6 D. For good cause, the Department may require a licensee or
7 registrant to increase the net worth or reserves required under this
8 section. The licensee or registrant shall submit to the Department
9 evidence that it has the additional net worth or reserves not later
10 than fifteen (15) days after the licensee or registrant receives
11 notice in a record of the required increase.

12 SECTION 9. NEW LAW A new section of law to be codified
13 in the Oklahoma Statutes as Section 4002-5 of Title 6, unless there
14 is created a duplication in numbering, reads as follows:

15 ISSUANCE OF LICENSE; APPEAL. A. Absent good cause, the Banking
16 Department shall issue a license to an applicant if the applicant
17 complies with this Article and pays the costs of the investigation
18 under subsection G of Section 6 of this act and the initial licensee
19 fee under paragraph 3 of subsection A of Section 6 of this act in an
20 amount required by law or specified by the Department by rule.

21 B. An applicant may appeal a denial of its application under
22 Section 6 or 7 of this act, under the Administrative Procedures Act
23 not later than thirty (30) days after:

24 1. The Department notifies the applicant of the denial; or

1 2. The application is deemed denied.

2 SECTION 10. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 4002-6 of Title 6, unless there
4 is created a duplication in numbering, reads as follows:

5 RENEWAL OF LICENSE. A. Subject to subsection G of this
6 section, not later than fifteen (15) days before the anniversary
7 date of issuance of its license under the Uniform Regulation of
8 Virtual-Currency Businesses Act, a licensee may apply for renewal of
9 the license by:

10 1. Paying a renewal fee in an amount specified by the Banking
11 Department by rule; and

12 2. Submitting to the Department a renewal report under
13 subsection B of this section.

14 B. A renewal report required by paragraph 2 of subsection A of
15 this section must be submitted in a form and medium prescribed by
16 the Department. The report must contain:

17 1. An audited financial statement, if available; otherwise, a
18 reviewed annual financial statement for each fiscal year ending
19 prior to the anniversary date for renewal of the license;

20 2. If a person other than an individual has control of the
21 licensee, a copy of the person's most recent audited consolidated
22 annual financial statement, if available; otherwise, a reviewed
23 annual financial statement for each fiscal year ending prior to the
24 anniversary date for renewal of the license;

1 3. A description of any:

2 a. material change in the financial condition of the
3 licensee,

4 b. material litigation involving the licensee or an
5 executive officer, or responsible individual of the
6 licensee,

7 c. license suspension or revocation proceeding commenced,
8 or other action taken, involving a license to conduct
9 virtual-currency business activity issued by another
10 state on which reciprocal licensing is based,

11 d. federal or state investigation involving the licensee,
12 and

13 e. data security breach involving the licensee;

14 4. Information or records required by Section 18 of this act
15 the licensee has not reported to the Department;

16 5. The number of virtual-currency business activity
17 transactions with or on behalf of residents for the period since,
18 subject to subsection G of this section, the later of the date the
19 license was issued or the date the last renewal report was
20 submitted;

21 6. The:

22 a. amount of U.S. Dollar equivalent of virtual currency
23 in the control of the licensee at, subject to
24 subsection G of this section, the end of the last

1 month that ends not later than thirty (30) days before
2 the date of the renewal report, and

3 b. total number of residents for whom the licensee had
4 control of U.S. Dollar equivalent of virtual currency
5 on that date;

6 7. Evidence that the licensee continues to satisfy the Uniform
7 Supplemental Commercial Law for the Uniform Regulation of Virtual-
8 Currency Businesses Act;

9 8. Evidence that the licensee continues to satisfy Section 8 of
10 this act;

11 9. A list of each location where the licensee operates its
12 virtual-currency business activity; and

13 10. The name, United States Postal Service address, and
14 telephone number of each person that manages a server used by the
15 licensee in conducting its virtual-currency business activity with
16 or on behalf of a resident.

17 C. If a licensee does not timely comply with subsection A of
18 this section, the Department may use enforcement measures provided
19 under Article 4 of this act. Notice or hearing is not required for
20 a suspension or revocation of a license under the Uniform Regulation
21 of Virtual-Currency Businesses Act for failure to pay a renewal fee
22 or file a renewal report.

23 D. If the Department suspends or revokes a license under this
24 act for noncompliance with subsection A of this section, the

1 Department may end the suspension or rescind the revocation and
2 notify the licensee of the action if, subject to subsection G of
3 this section, not later than twenty (20) days after the license was
4 suspended or revoked, the licensee:

- 5 1. Files a renewal report and pays a renewal fee; and
- 6 2. Pays any penalty assessed under Section 24 of this act.

7 E. The Department shall give prompt notice to a licensee of the
8 lifting of a suspension or rescission of a revocation after the
9 licensee complies with subsection D of this section.

10 F. Suspension or revocation of a license under this section
11 does not invalidate a transfer or exchange of virtual currency for
12 or on behalf of a resident made during the suspension or revocation
13 and does not insulate the licensee from liability under this act.

14 G. For good cause, the Department may extend a period under
15 this section.

16 H. The Department shall review the renewal of a license issued
17 under Section 7 of this act to ensure that the state that issued the
18 original license has not suspended, revoked, or limited the license.

19 I. A licensee that does not comply with this section shall
20 cease operations with or on behalf of a resident on or before the
21 anniversary date of issuance of its license under the Uniform
22 Regulation of Virtual-Currency Businesses Act.

23 J. A licensee shall pay the reasonable and necessary costs of
24 the Department's investigation under this section.

1 SECTION 11. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4002-7 of Title 6, unless there
3 is created a duplication in numbering, reads as follows:

4 REGISTRATION IN LIEU OF LICENSE. A. A person whose volume of
5 virtual-currency business activity in U.S. Dollar equivalent of
6 virtual currency will not exceed Thirty-five Thousand Dollars
7 (\$35,000.00) annually may engage in virtual-currency business
8 activity with or on behalf of a resident under a registration
9 without first obtaining a license under the Uniform Regulation of
10 Virtual-Currency Businesses Act if the person:

11 1. Files with the Banking Department a notice in the form and
12 medium prescribed by the Department of its intention to engage in
13 virtual-currency business activity with or on behalf of a resident;

14 2. Provides the information for an investigation under Section
15 6 of this act;

16 3. States the anticipated virtual-currency business activity
17 for its next fiscal quarter;

18 4. Pays the Department a registration fee in the amount
19 specified by the Department by rule;

20 5. If required to register with the Financial Crimes
21 Enforcement Network of the United States Department of the Treasury
22 as a money-service business, provides the Department evidence of the
23 registration;

24

1 6. Provides evidence that the person has policies and
2 procedures to comply with the Bank Secrecy Act, 31 U.S.C., Section
3 5311 et seq., as amended, and other applicable laws;

4 7. Describes the source of funds and credit to be used by the
5 person to conduct virtual-currency business activity with or on
6 behalf of a resident and provides evidence of and agrees to maintain
7 the minimum net worth and reserves required by Section 8 of this act
8 and sufficient unencumbered reserves for winding down operations;

9 8. Provides the Department with evidence that the person has in
10 place policies and procedures to comply with Articles 3, 5, and 6 of
11 this act and other provisions of the Uniform Regulation of Virtual-
12 Currency Businesses Act designated by the Department; and

13 9. Provides the Department with a copy of its most recent
14 financial statement, whether reviewed or audited.

15 B. Before the virtual-currency business activity of a
16 registrant with or on behalf of residents exceeds Thirty-five
17 Thousand Dollars (\$35,000.00) annually in U.S. Dollar equivalent of
18 virtual currency, the registrant shall file an application for a
19 license under the Uniform Regulation of Virtual-Currency Businesses
20 Act and may continue to operate after the activity exceeds Thirty-
21 five Thousand Dollars (\$35,000.00) annually while its application
22 for license is pending.

23 C. For good cause, the Department may suspend or revoke a
24 registration without a prior hearing or opportunity to be heard.

1 D. A registrant shall cease all virtual-currency business
2 activity with or on behalf of residents:

3 1. If the Department denies the registrant's application for a
4 license under the Uniform Regulation of Virtual-Currency Businesses
5 Act, one (1) day after the registrant receives notice in a record
6 that the Department has denied the application;

7 2. If the Department suspends or revokes the registration, one
8 (1) day after the Department sends notice of the suspension or
9 revocation to the registrant in a record by a means reasonably
10 selected for the notice to be received by the recipient in one (1)
11 day, to the address provided for receiving communications from the
12 Department;

13 3. If the virtual-currency business activity of the registrant
14 with or on behalf of residents exceeds Thirty-five Thousand Dollars
15 (\$35,000.00) annually in U.S. Dollar equivalent of virtual currency
16 and the registrant has not filed an application for a license under
17 this act; or

18 4. On the second anniversary date of the registration.

19 SECTION 12. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 4002-8 of Title 6, unless there
21 is created a duplication in numbering, reads as follows:

22 LICENSE OR REGISTRATION NOT ASSIGNABLE OR TRANSFERABLE. A
23 license or registration under the Uniform Regulation of Virtual-
24 Currency Businesses Act is not transferable or assignable.

1 SECTION 13. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4002-9 of Title 6, unless there
3 is created a duplication in numbering, reads as follows:

4 RULES AND GUIDANCE. The Banking Department may adopt rules to
5 implement the Uniform Regulation of Virtual-Currency Businesses Act
6 and issue guidance as appropriate.

7 ARTICLE III.

8 EXAMINATION; EXAMINATION FEES; DISCLOSURE OF
9 INFORMATION OBTAINED DURING EXAMINATION

10 SECTION 14. NEW LAW A new section of law to be codified
11 in the Oklahoma Statutes as Section 4003-1 of Title 6, unless there
12 is created a duplication in numbering, reads as follows:

13 AUTHORITY TO CONDUCT EXAMINATION. A. The Banking Department
14 may conduct an annual examination of a licensee or registrant. For
15 good cause, the Department may conduct an additional examination.
16 The Department may examine a licensee or registrant without prior
17 notice to the licensee or registrant.

18 B. A licensee or registrant shall pay the reasonable and
19 necessary costs of an examination under this section.

20 C. Information obtained during an examination under this
21 Article may be disclosed only as provided in Section 17 of this act.

22 SECTION 15. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 4003-2 of Title 6, unless there
24 is created a duplication in numbering, reads as follows:

1 RECORDS. A. A licensee or registrant shall maintain for all
2 virtual-currency business activity with or on behalf of a resident
3 five (5) years after the date of the activity a record of:

4 1. Each transaction of the licensee or registrant with or on
5 behalf of the resident or for the licensee's or registrant's account
6 in this state, including:

- 7 a. the identity of the resident,
- 8 b. the form of the transaction,
- 9 c. the amount, date, and payment instructions given by
10 the resident, and
- 11 d. the account number, name, and United States Postal
12 Service address of the resident, and, to the extent
13 feasible, other parties to the transaction;

14 2. The aggregate number of transactions and aggregate value of
15 transactions by the licensee or registrant with or on behalf of the
16 resident and for the licensee's or registrant's account in this
17 state, expressed in U.S. Dollar equivalent of virtual currency for
18 the previous twelve (12) calendar months;

19 3. Each transaction in which the licensee or registrant
20 exchanges one form of virtual currency for legal tender or another
21 form of virtual currency with or on behalf of the resident;

22 4. A general ledger posted at least monthly that lists all
23 assets, liabilities, capital, income, and expenses of the licensee
24 or registrant;

1 5. Each business-call report the licensee or registrant is
2 required to create or provide to the Banking Department or registry;

3 6. Bank statements and bank reconciliation records for the
4 licensee or registrant and the name, account number, and United
5 States Postal Service address of each bank the licensee or
6 registrant uses in the conduct of its virtual-currency business
7 activity with or on behalf of the resident;

8 7. A report of any dispute with the resident; and

9 8. A report of any virtual-currency business activity
10 transaction with or on behalf of a resident which the licensee or
11 registrant was unable to complete.

12 B. A licensee or registrant shall maintain records required by
13 subsection A of this section in a form that enables the Department
14 to determine whether the licensee or registrant is in compliance
15 with the Uniform Regulation of Virtual-Currency Businesses Act, any
16 court order, and law of this state other than the Uniform Regulation
17 of Virtual-Currency Businesses Act.

18 C. If a licensee or registrant maintains records outside this
19 state that pertain to transactions with or on behalf of a resident,
20 the licensee or registrant shall make the records available to the
21 Department not later than three (3) days after request, or, on a
22 determination of good cause by the Department, at a later time.

23 D. All records maintained by a licensee or registrant are
24 subject to inspection by the Department.

1 SECTION 16. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 4003-3 of Title 6, unless there
3 is created a duplication in numbering, reads as follows:

4 RULES; COOPERATION; AND DATA-SHARING AUTHORITY. A. Subject to
5 Section 17 of this act and law of this state other than the Uniform
6 Regulation of Virtual-Currency Businesses Act concerning privacy,
7 consumer financial privacy, data protection, privilege, and
8 confidentiality, the Department may cooperate, coordinate, jointly
9 examine, consult, and share records and other information with the
10 appropriate regulatory agency of another state, a self-regulatory
11 organization, federal or state regulator of banking or nondepository
12 providers, or a regulator of a jurisdiction outside the United
13 States, concerning the affairs and conduct of a licensee or
14 registrant in this state.

15 B. The Banking Department shall:

16 1. Establish or participate in, with another state that enacts
17 a law substantially similar to the Uniform Regulation of Virtual-
18 Currency Businesses Act, a central depository for filings required
19 by law of this state other than the Uniform Regulation of Virtual-
20 Currency Businesses Act;

21 2. Cooperate in developing and implementing uniform forms for
22 applications and renewal reports and the conduct of joint
23 administrative proceedings and civil actions;

24

1 3. Formulate joint rules, forms, statements of policy, and
2 guidance and interpretative opinions and releases; and

3 4. Develop common systems and procedures.

4 C. The Department may not establish or participate in a central
5 commercial depository that contains nonpublic personally
6 identifiable information which does not comply with Section
7 502(e) (5) or (8) of the Gramm-Leach-Bliley Act, 15 U.S.C., Section
8 6802(e) (5) or (8), as amended, or with the Federal Right to
9 Financial Privacy Act, 18 U.S.C., Section 3401 et seq., as amended.

10 D. In deciding whether and how to cooperate, coordinate,
11 jointly examine, consult, or share records and other information
12 under subsection A of this section, the Department shall consider:

13 1. Maximizing effectiveness and uniformity of regulation,
14 examination, implementation, and enforcement for the benefit of
15 residents and licensees and registrants; and

16 2. Minimizing burdens on licensees and registrants without
17 adversely affecting protection for residents.

18 SECTION 17. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 4003-4 of Title 6, unless there
20 is created a duplication in numbering, reads as follows:

21 CONFIDENTIALITY. A. Except as otherwise provided in subsection
22 B or C of this section, information not contained in a report
23 otherwise available to the public or reports obtained by the Banking
24 Department from an applicant, licensee, or registrant, information

1 contained in or related to an examination, investigation, or
2 operating or condition report prepared by, on behalf of, or for the
3 use of the Department, and other financial and operating
4 information, is not subject to disclosure under the Oklahoma Open
5 Records Act. If the Department determines the information or
6 records are confidential under the open records law of a reciprocal-
7 licensing state, the information or records may not be disclosed.

8 B. A trade secret of an applicant, a licensee, or a registrant
9 is confidential and is not subject to disclosure under the Oklahoma
10 Open Records Act. If the Department determines a trade secret is
11 confidential under the open records law of a reciprocal-licensing
12 state, the trade secret may not be disclosed.

13 C. Subsection A of this section does not prohibit disclosure
14 of:

- 15 1. General information about a licensee's or registrant's
16 virtual-currency business activity with or on behalf of a resident;
- 17 2. A list of persons licensed or registered under the Uniform
18 Regulation of Virtual-Currency Businesses Act; or
- 19 3. Aggregated financial data concerning licensees or
20 registrants in this state.

21 SECTION 18. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 4003-5 of Title 6, unless there
23 is created a duplication in numbering, reads as follows:

24

1 INTERIM REPORT. A. Each licensee and registrant shall file
2 with the Banking Department a report of:

3 1. A material change in information in the application for a
4 license under this act or a registration or the most recent renewal
5 report of the licensee under the Uniform Regulation of Virtual-
6 Currency Businesses Act or for the registrant;

7 2. A material change in the licensee's or registrant's business
8 for the conduct of its virtual-currency business activity with or on
9 behalf of a resident; and

10 3. A change of an executive officer, responsible individual, or
11 person in control of the licensee or registrant.

12 B. Absent good cause, a report required by subsection A of this
13 section must be filed not later than fifteen (15) days after the
14 change.

15 SECTION 19. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 4003-6 of Title 6, unless there
17 is created a duplication in numbering, reads as follows:

18 CHANGE IN CONTROL OF LICENSEE OR REGISTRANT. A. In this
19 section, "proposed person to be in control" means the person that
20 would control a licensee or registrant after a proposed transaction
21 that would result in a change in control of the licensee or
22 registrant.

23 B. The following rules apply in determining whether a person
24 has control over a licensee or registrant:

1 1. There is a rebuttable presumption of control if the person's
2 voting power in the licensee or registrant constitutes or will
3 constitute at least twenty-five percent (25%) of the total voting
4 power of the licensee or registrant;

5 2. There is a rebuttable presumption of control if:

6 a. the person's voting power in another person
7 constitutes or will constitute at least ten percent
8 (10%) of the total voting power of the other person,
9 and

10 b. the other person's voting power in the licensee or
11 registrant constitutes at least twenty-five percent
12 (25%) of the total voting power of the licensee or
13 registrant; and

14 3. There is no presumption of control solely because an
15 individual is an executive officer of the licensee or registrant.

16 C. At least thirty (30) days before a proposed change in
17 control of a licensee or registrant, the proposed person to be in
18 control shall submit to the Banking Department in a record:

19 1. An application in a form and medium prescribed by the
20 Department;

21 2. The information and records that Section 6 of this act would
22 require if the proposed person to be in control already had control
23 of the licensee;

1 3. A license application under Section 6 of this act by the
2 proposed person to be in control;

3 4. In the case of a registrant, the information that Section 11
4 of this act would require if the proposed person to be in control
5 already had control of the registrant; and

6 5. In the case of a registration, a registration under Section
7 11 of this act by the proposed person to be in control.

8 D. The Department, in accordance with Section 6 of this act,
9 shall approve, approve with conditions, or deny an application for a
10 change in control of a licensee or registrant. The Department, in a
11 record, shall send notice of its decision to the licensee or
12 registrant and the person that would be in control if the Department
13 had approved the change in control. If the Department denies the
14 application, the licensee or registrant shall abandon the proposed
15 change in control or cease virtual-currency business activity with
16 or on behalf of residents.

17 E. If the Department applies a condition to approval of a
18 change in control of a licensee or registrant and the Department
19 does not receive notice of the applicant's acceptance of the
20 condition specified by the Department within thirty-one (31) days
21 after the Department sends notice of the condition, the application
22 is deemed denied. If the application is deemed denied, the licensee
23 or registrant shall abandon the proposed change in control or cease
24 virtual-currency business activity with or on behalf of residents.

1 F. Submission in good faith of records required by subsection C
2 of this section relieves the proposed person to be in control from
3 any obligation imposed by this section other than subsections D, E,
4 and H of this section until the Department has acted on the
5 application.

6 G. The Department may revoke or modify a determination under
7 subsection D of this section, after notice and opportunity to be
8 heard, if, in its judgment, revocation or modification is consistent
9 with the Uniform Regulation of Virtual-Currency Businesses Act.

10 H. If a change in control of a licensee or registrant requires
11 approval of an agency of this state or another state with which this
12 state has a reciprocity agreement and the action of the other agency
13 conflicts with that of the Department, the Department shall confer
14 with the other agency. If the proposed change in control cannot be
15 completed because the conflict cannot be resolved, the licensee or
16 registrant shall abandon the change in control or cease virtual-
17 currency business activity with or on behalf of residents.

18 SECTION 20. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 4003-7 of Title 6, unless there
20 is created a duplication in numbering, reads as follows:

21 MERGER OR CONSOLIDATION BY LICENSEE OR REGISTRANT. A. At least
22 thirty (30) days before a proposed merger or consolidation of a
23 licensee or registrant with another person, the licensee or
24 registrant shall submit to the Banking Department in a record:

1 1. An application in a form and medium prescribed by the
2 Department;

3 2. The plan of merger or consolidation in accordance with
4 subsection E of this section;

5 3. In the case of a licensee, the information required by
6 Section 6 of this act concerning the person that would be the
7 surviving entity in the proposed merger or consolidation; and

8 4. In the case of a registrant, the information required by
9 Section 11 of this act concerning the person that would be the
10 surviving entity in the proposed merger or consolidation.

11 B. If a proposed merger or consolidation would change the
12 control of a licensee or registrant, the licensee or registrant
13 shall comply with Section 19 of this act and with this section.

14 C. The Department, in accordance with Section 6 of this act,
15 shall approve, conditionally approve, or deny an application for
16 approval of a merger or consolidation of a licensee or registrant.
17 The Department, in a record, shall send notice of its decision to
18 the licensee or registrant and the person that would be the
19 surviving entity. If the Department denies the application, the
20 licensee or registrant shall abandon the merger or consolidation or
21 cease virtual-currency business activity with or on behalf of
22 residents.

23 D. The Department may revoke or modify a determination under
24 subsection C of this section, after notice and opportunity to be

1 heard, if, in its judgment, revocation or modification is consistent
2 with the Uniform Regulation of Virtual-Currency Businesses Act.

3 E. A plan of merger or consolidation of a licensee or a
4 registrant with another person must:

5 1. Describe the effect of the proposed transaction on the
6 licensee's or registrant's conduct of virtual-currency business
7 activity with or on behalf of residents;

8 2. Identify each person to be merged or consolidated and the
9 person that would be the surviving entity; and

10 3. Describe the terms and conditions of the merger or
11 consolidation and the mode of carrying it into effect.

12 F. If a merger or consolidation of a licensee or registrant and
13 another person requires approval of an agency of this state or
14 another state with which this state has a reciprocity agreement and
15 the action of the other agency conflicts with that of the
16 Department, the Department shall confer with the other agency. If
17 the proposed merger or consolidation cannot be completed because the
18 conflict cannot be resolved, the licensee or registrant shall
19 abandon the merger or consolidation or cease virtual-currency
20 business activity with or on behalf of residents.

21 G. The Department may condition approval of an application
22 under subsection A of this section. If the Department does not
23 receive notice from the parties that the parties accept the
24 Department's condition not later than thirty-one (31) days after the

1 Department sends notice in a record of the condition, the
2 application is deemed denied. If the application is deemed denied,
3 the licensee or registrant shall abandon the merger or consolidation
4 or cease virtual-currency business activity with or on behalf of
5 residents.

6 H. If a licensee or registrant acquires substantially all the
7 assets of a person, whether or not the person's license was approved
8 by or registration was filed with the Department, the transaction is
9 subject to this section.

10 I. Submission in good faith of the records required by
11 subsection E of this section relieves the proposed surviving entity
12 from any obligation imposed by this section, other than subsections
13 C, F, and G of this section, until the Department has acted on the
14 application.

15 ARTICLE IV.

16 ENFORCEMENT

17 SECTION 21. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 4004-1 of Title 6, unless there
19 is created a duplication in numbering, reads as follows:

20 ENFORCEMENT MEASURE. In this Article, "enforcement measure"
21 means an action to:

22 1. Suspend or revoke a license or a registration under the
23 Uniform Regulation of Virtual-Currency Businesses Act;

24

1 2. Order a person to cease and desist from doing virtual-
2 currency business activity with or on behalf of a resident;

3 3. Request the court to appoint a receiver for the assets of a
4 person doing virtual-currency business activity with or on behalf of
5 a resident;

6 4. Request the court to issue temporary, preliminary, or
7 permanent injunctive relief against a person doing virtual-currency
8 business activity with or on behalf of a resident;

9 5. Assess a penalty under Section 24 of this act;

10 6. Recover on the security under Section 8 of this act and
11 initiate a plan to distribute the proceeds for the benefit of a
12 resident injured by a violation of the Uniform Regulation of
13 Virtual-Currency Businesses Act or law of this state other than the
14 Uniform Regulation of Virtual-Currency Businesses Act which applies
15 to virtual-currency business activity with or on behalf of a
16 resident; or

17 7. Impose necessary or appropriate conditions on the conduct of
18 virtual-currency business activity with or on behalf of a resident.

19 SECTION 22. NEW LAW A new section of law to be codified
20 in the Oklahoma Statutes as Section 4004-2 of Title 6, unless there
21 is created a duplication in numbering, reads as follows:

22 DEPARTMENT AUTHORITY TO USE ENFORCEMENT MEASURES. A. The
23 Banking Department may take an enforcement measure against a
24 licensee, registrant, or person that is neither a licensee nor

1 registrant but is engaging in virtual-currency business activity
2 with or on behalf of a resident if:

3 1. The licensee, registrant, or person materially violates the
4 Uniform Regulation of Virtual-Currency Businesses Act, a rule
5 adopted or order issued under the Uniform Regulation of Virtual-
6 Currency Businesses Act, or law of this state other than the Uniform
7 Regulation of Virtual-Currency Businesses Act which applies to
8 virtual-currency business activity of the violator with or on behalf
9 of a resident;

10 2. The licensee, registrant, or person does not cooperate
11 substantially with an examination or investigation by the
12 Department, fails to pay a fee, or fails to submit a report or
13 documentation;

14 3. The licensee, registrant, or person, in the conduct of its
15 virtual-currency business activity with or on behalf of a resident,
16 engages in:

- 17 a. an unsafe or unsound act or practice,
- 18 b. an unfair or deceptive act or practice,
- 19 c. fraud or intentional misrepresentation,
- 20 d. another dishonest act, or
- 21 e. misappropriation of legal tender, virtual currency, or
22 other value held by a fiduciary;

23 4. An agency of the United States or another state takes an
24 action against the licensee, registrant, or person which would

1 constitute an enforcement measure if the Department had taken the
2 action;

3 5. The licensee, registrant, or person is convicted of a crime
4 related to its virtual-currency business activity with or on behalf
5 of a resident or involving fraud or felonious activity that, as
6 determined by the Department, makes the licensee, registrant, or
7 person unsuitable to engage in virtual-currency business activity;

8 6. The licensee, registrant, or person:

9 a. becomes insolvent,

10 b. makes a general assignment for the benefit of its
11 creditors,

12 c. becomes the debtor, alleged debtor, respondent, or
13 person in a similar capacity in a case or other
14 proceeding under any bankruptcy, reorganization,
15 arrangement, readjustment, insolvency, receivership,
16 dissolution, liquidation, or similar law, and does not
17 obtain from the court, within a reasonable time,
18 confirmation of a plan or dismissal of the case or
19 proceeding, or

20 d. applies for or permits the appointment of a receiver,
21 trustee, or other agent of a court for itself or for a
22 substantial part of its assets; or

23 7. The licensee, registrant, or person makes a material
24 misrepresentation to the Department.

1 B. On application and for good cause, the Department may:

2 1. Extend the due date for filing a document or report under
3 paragraph 2 of subsection A of this section; or

4 2. Waive to the extent warranted by circumstances, such as a
5 bona fide error notwithstanding reasonable procedures designed to
6 prevent error, an enforcement measure under subsection A of this
7 section,
8 if the Department determines that the waiver will not adversely
9 affect the likelihood of compliance with this act.

10 C. In an enforcement action related to operating without a
11 license under this act or registration in this state, it is a
12 defense to the action that the person has in effect a customer-
13 identification program reasonably designed to identify whether a
14 customer is a resident, which failed to identify the particular
15 customer as a resident.

16 D. A proceeding under this act is subject to the Administrative
17 Procedures Act.

18 SECTION 23. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 4004-3 of Title 6, unless there
20 is created a duplication in numbering, reads as follows:

21 NOTICE AND OPPORTUNITY FOR HEARING. A. Except as otherwise
22 provided in subsection B of this section, the Banking Department may
23 take an enforcement measure only after notice and opportunity for a
24 hearing appropriate in the circumstances.

1 B. The Department may take an enforcement measure other than
2 the imposition of a civil penalty under Section 24 of this act:

3 1. Without notice if the circumstances require action before
4 notice can be given;

5 2. After notice and without a prior hearing if the
6 circumstances require action before a hearing can be held; or

7 3. After notice and without a hearing if the person conducting
8 virtual-currency business activity with or on behalf of a resident
9 does not timely request a hearing.

10 C. If the Department takes action under paragraph 1 or 2 of
11 subsection B of this section, the person subject to the enforcement
12 measure has the right to an expedited post-action hearing by the
13 Department unless the person has waived the hearing.

14 SECTION 24. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 4004-4 of Title 6, unless there
16 is created a duplication in numbering, reads as follows:

17 CIVIL PENALTY. A. If a person other than a licensee or
18 registrant engages in virtual-currency business activity with or on
19 behalf of a resident in violation of the Uniform Regulation of
20 Virtual-Currency Businesses Act, the Banking Department may assess a
21 civil penalty against the person in an amount not to exceed Fifty
22 Thousand Dollars (\$50,000.00) for each day of violation.

23 B. If a licensee or registrant materially violates a provision
24 of the Uniform Regulation of Virtual-Currency Businesses Act, the

1 Department may assess a civil penalty in an amount not to exceed Ten
2 Thousand Dollars (\$10,000.00) for each day of violation.

3 C. A civil penalty under this section continues to accrue until
4 the earlier of:

5 1. The date the violation ceases; or

6 2. A date specified by the Department.

7 SECTION 25. NEW LAW A new section of law to be codified
8 in the Oklahoma Statutes as Section 4004-5 of Title 6, unless there
9 is created a duplication in numbering, reads as follows:

10 EFFECTIVE PERIOD OF REVOCATION, SUSPENSION, OR CEASE AND DESIST
11 ORDER. A. Revocation of a license under the Uniform Regulation of
12 Virtual-Currency Businesses Act is effective against a licensee one
13 (1) day after the Banking Department sends notice in a record of the
14 revocation to the licensee, by a means reasonably selected for the
15 notice to be received by the recipient in one (1) day, to the
16 address provided for receiving communications from the Department.

17 B. Suspension of a license under the Uniform Regulation of
18 Virtual-Currency Businesses Act, suspension of a registration, or an
19 order to cease and desist is effective against a licensee,
20 registrant, or other person one (1) day after the Department sends
21 notice in a record of the suspension or order to the licensee,
22 registrant, or other person, by a means reasonably selected for the
23 notice to be received by the recipient in one (1) day, to the
24 address provided for receiving communications from the Department

1 or, if no address is provided, to the recipient's last known
2 address. A suspension or order to cease and desist remains in
3 effect until the earliest of:

4 1. Entry of an order by the Department under the Administrative
5 Procedures Act setting aside or limiting the suspension or order;

6 2. Entry of a court order setting aside or limiting the
7 suspension or order to cease and desist; or

8 3. A date specified by the Department.

9 C. If, without reason to know of the Department's notice sent
10 under subsection A or B of this section, a licensee, registrant, or
11 other person does not comply in accordance with the notice until the
12 notice is actually received at the address provided, the Department
13 may consider the delay in compliance in imposing a sanction for the
14 failure.

15 SECTION 26. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 4004-6 of Title 6, unless there
17 is created a duplication in numbering, reads as follows:

18 CONSENT ORDER. The Banking Department may enter into a consent
19 order with a person regarding an enforcement measure. The order may
20 provide that it does not constitute an admission of fact by a party.

21 SECTION 27. NEW LAW A new section of law to be codified
22 in the Oklahoma Statutes as Section 4004-7 of Title 6, unless there
23 is created a duplication in numbering, reads as follows:

24

1 SCOPE OF RIGHT OF ACTION. A. Except as otherwise provided in
2 this section, a person does not have a right of action for violation
3 of the Uniform Regulation of Virtual-Currency Businesses Act.

4 B. The Banking Department may bring an action for restitution
5 on behalf of a resident if the Department proves economic injury due
6 to a violation of the Uniform Regulation of Virtual-Currency
7 Businesses Act.

8 C. This section does not preclude an action by a resident to
9 enforce rights under the Uniform Supplemental Commercial Law for the
10 Uniform Regulation of Virtual-Currency Businesses Act or law of this
11 state other than the Uniform Regulation of Virtual-Currency
12 Businesses Act.

13 ARTICLE V.

14 DISCLOSURES AND OTHER PROTECTIONS FOR RESIDENTS

15 SECTION 28. NEW LAW A new section of law to be codified
16 in the Oklahoma Statutes as Section 4005-1 of Title 6, unless there
17 is created a duplication in numbering, reads as follows:

18 REQUIRED DISCLOSURES. A. A licensee or registrant shall
19 provide to a resident who uses the licensee's or registrant's
20 products or service the disclosures required by subsection B of this
21 section and any additional disclosure the Banking Department by rule
22 determines reasonably necessary for the protection of residents.
23 The Department shall determine by rule the time and form required
24 for disclosure. A disclosure required by this section must be made

1 separately from any other information provided by the licensee or
2 registrant and in a clear and conspicuous manner in a record the
3 resident may keep. A licensee or registrant may propose for the
4 Department's approval alternate disclosures as more appropriate for
5 its virtual-currency business activity with or on behalf of
6 residents.

7 B. Before establishing a relationship with a resident, a
8 licensee or registrant shall disclose, to the extent applicable to
9 the virtual-currency business activity the licensee or registrant
10 will undertake with the resident:

11 1. A schedule of fees and charges the licensee or registrant
12 may assess, the manner by which fees and charges will be calculated
13 if they are not set in advance and disclosed, and the timing of the
14 fees and charges;

15 2. Whether the product or service provided by the licensee or
16 registrant is covered by:

17 a. a form of insurance or is otherwise guaranteed against
18 loss by an agency of the United States:

19 (1) up to the full U.S. Dollar equivalent of virtual
20 currency placed under the control of or purchased
21 from the licensee or registrant as of the date of
22 the placement or purchase, including the maximum
23 amount provided by insurance under the Federal
24 Deposit Insurance Corporation or otherwise

1 available from the Securities Investor Protection
2 Corporation, or

3 (2) if not provided at the full U.S. Dollar
4 equivalent of virtual currency placed under the
5 control of or purchased from the licensee or
6 registrant, the maximum amount of coverage for
7 each resident expressed in the U.S. Dollar
8 equivalent of the virtual currency, or

9 b. private insurance against theft or loss, including
10 cybertheft or theft by other means;

11 3. The irrevocability of a transfer or exchange and any
12 exception to irrevocability;

13 4. A description of:

- 14 a. liability for an unauthorized, mistaken, or accidental
15 transfer or exchange,
16 b. the resident's responsibility to provide notice to the
17 licensee or registrant of the transfer or exchange,
18 c. the basis for any recovery by the resident from the
19 licensee or registrant,
20 d. general error-resolution rights applicable to the
21 transfer or exchange, and
22 e. the method for the resident to update the resident's
23 contact information with the licensee or registrant;

24

1 5. That the date or time when the transfer or exchange is made
2 and the resident's account is debited may differ from the date or
3 time when the resident initiates the instruction to make the
4 transfer or exchange;

5 6. Whether the resident has a right to stop a preauthorized
6 payment or revoke authorization for a transfer and the procedure to
7 initiate a stop-payment order or revoke authorization for a
8 subsequent transfer;

9 7. The resident's right to receive a receipt, trade ticket, or
10 other evidence of the transfer or exchange;

11 8. The resident's right to at least thirty (30) days' prior
12 notice of a change in the licensee's or registrant's fee schedule,
13 other terms and conditions of operating its virtual-currency
14 business activity with the resident and the policies applicable to
15 the resident's account; and

16 9. That virtual currency is not legal tender.

17 C. Except as otherwise provided in subsection D of this
18 section, at the conclusion of a virtual-currency transaction with or
19 on behalf of a resident, a licensee or registrant shall provide the
20 resident a confirmation in a record which contains:

21 1. The name and contact information of the licensee or
22 registrant, including information the resident may need to ask a
23 question or file a complaint;

24

1 registering, shall create and, during licensure or registration,
2 maintain in a record policies and procedures for:

- 3 1. An information-security and operational-security program;
- 4 2. A business-continuity program;
- 5 3. A disaster-recovery program;
- 6 4. An anti-fraud program;
- 7 5. An anti-money-laundering program;
- 8 6. A program to prevent funding of terrorist activity; and
- 9 7. A program designed to:

10 a. ensure compliance with the Uniform Regulation of
11 Virtual-Currency Businesses Act, law of this state
12 other than the Uniform Regulation of Virtual-Currency
13 Businesses Act, and federal law, which are relevant to
14 the virtual-currency business activity contemplated by
15 the licensee or registrant with or on behalf of
16 residents, and

17 b. assist the licensee or registrant in achieving the
18 purposes of law of this state other than the Uniform
19 Regulation of Virtual-Currency Businesses Act and
20 federal law if violation of that law has a remedy
21 under the Uniform Regulation of Virtual-Currency
22 Businesses Act.

23 B. Each policy required by subsection A of this section must be
24 in a record and designed to be adequate for a licensee's or

1 registrant's contemplated virtual-currency business activity with or
2 on behalf of residents, considering the circumstances of all
3 participants and the safe operation of the activity. Each policy
4 and implementing procedure must be compatible with other policies
5 and the procedures implementing them and not conflict with policies
6 or procedures applicable to the licensee or registrant under law of
7 this state other than the Uniform Regulation of Virtual-Currency
8 Businesses Act. A policy and implementing procedure may be one in
9 existence in the licensee's or registrant's virtual-currency
10 business activity with or on behalf of residents.

11 C. A licensee's or registrant's policy for detecting fraud must
12 include:

13 1. Identification and assessment of the material risks of its
14 virtual-currency business activity related to fraud;

15 2. Protection against any material risk related to fraud
16 identified by the Banking Department or the licensee or registrant;
17 and

18 3. Periodic evaluation and revision of the anti-fraud
19 procedure.

20 D. A licensee's or registrant's policy for preventing money
21 laundering and financing of terrorist activity must include:

22 1. Identification and assessment of the material risks of its
23 virtual-currency business activity related to money laundering and
24 financing of terrorist activity;

1 2. Procedures, in accordance with federal law or guidance
2 published by federal agencies responsible for enforcing federal law,
3 pertaining to money laundering and financing of terrorist activity;
4 and

5 3. Filing reports under the Bank Secrecy Act, 31 U.S.C.,
6 Section 5311 et seq., as amended, or 31 C.F.R., Part X [, as
7 amended], and other federal or state laws pertaining to the
8 prevention or detection of money laundering or financing of
9 terrorist activity.

10 E. A licensee's or registrant's information-security and
11 operational-security policy must include reasonable and appropriate
12 administrative, physical, and technical safeguards to protect the
13 confidentiality, integrity, and availability of any nonpublic
14 personal information or virtual currency it receives, maintains, or
15 transmits.

16 F. A licensee or registrant is not required to file with the
17 Department a copy of a report it makes to a federal authority unless
18 the Department specifically requires filing.

19 G. A licensee's or registrant's protection policy under
20 subsection E of this section for residents must include:

21 1. Any action or system of records required to comply with the
22 Uniform Regulation of Virtual-Currency Businesses Act and law of
23 this state other than the Uniform Regulation of Virtual-Currency
24 Businesses Act applicable to the licensee or registrant with respect

1 to virtual-currency business activity with or on behalf of a
2 resident;

3 2. A procedure for resolving disputes between the licensee or
4 registrant and a resident;

5 3. A procedure for a resident to report an unauthorized,
6 mistaken, or accidental virtual-currency business activity
7 transaction; and

8 4. A procedure for a resident to file a complaint with the
9 licensee or registrant and for the resolution of the complaint in a
10 fair and timely manner with notice to the resident as soon as
11 reasonably practical of the resolution and the reasons for the
12 resolution.

13 H. After the policies and procedures required under this
14 section are created and approved by the Department and the licensee
15 or registrant, the licensee or registrant shall engage a responsible
16 individual with adequate authority and experience to monitor each
17 policy and procedure, publicize it as appropriate, recommend changes
18 as desirable, and enforce it.

19 I. A licensee or registrant may:

20 1. Request advice from the Department as to compliance with
21 this section; and

22 2. With the Department's approval, outsource functions, other
23 than compliance, required under this section.

24

1 J. Failure of a particular policy or procedure adopted under
2 this section to meet its goals in a particular instance is not a
3 ground for liability of the licensee or registrant if the policy or
4 procedure was created, implemented, and monitored properly.
5 Repeated failures of a policy or procedure are evidence that the
6 policy or procedure was not created or implemented properly.

7 K. Policies and procedures adopted under this section must be
8 disclosed separately from other disclosures made available to a
9 resident, in a clear and conspicuous manner and in the medium
10 through which the resident contacted the licensee or registrant.

11 SECTION 31. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 4006-2 of Title 6, unless there
13 is created a duplication in numbering, reads as follows:

14 MANDATED COMPLIANCE POLICY OR PROCEDURE. A. An applicant,
15 before submitting its application, and a registrant, before
16 registering, shall establish and maintain in a record a policy or
17 procedure designed to ensure compliance with:

18 1. The Uniform Regulation of Virtual-Currency Businesses Act;
19 and

20 2. Law of this state other than the Uniform Regulation of
21 Virtual-Currency Businesses Act if:

22 a. other law is relevant to the virtual-currency business
23 activity contemplated by the licensee or registrant or
24

1 the scope of the Uniform Regulation of Virtual-
2 Currency Businesses Act, or

3 b. the Uniform Regulation of Virtual-Currency Businesses
4 Act could assist in the purpose of the other law
5 because violation of the other law has a remedy under
6 the Uniform Regulation of Virtual-Currency Businesses
7 Act.

8 B. A policy or procedure under subsection A of this section:

9 1. Must be compatible, and not conflict, with requirements
10 applicable to a licensee or registrant under law of this state other
11 than the Uniform Regulation of Virtual-Currency Businesses Act and
12 under federal law; and

13 2. May be a policy or procedure in existence for the licensee's
14 or registrant's virtual-currency business activity with or on behalf
15 of a resident.

16 C. After the policies and procedures required under this
17 section are created by the licensee or registrant and approved by
18 the Banking Department, the licensee or registrant shall engage a
19 responsible individual with adequate authority and experience to
20 monitor each policy or procedure, publicize it as appropriate,
21 recommend changes as desirable, and enforce it.

22 D. A licensee or registrant may:

23 1. Request advice from the Department as to compliance with
24 this section; and

1 Global and National Commerce Act, 15 U.S.C., Section 7001 et seq.,
2 but does not modify, limit, or supersede Section 101(c) of that act,
3 15 U.S.C., Section 7001(c), or authorize electronic delivery of any
4 of the notices described in Section 103(b) of that act, 15 U.S.C.,
5 Section 7003(b).

6 SECTION 34. NEW LAW A new section of law to be codified
7 in the Oklahoma Statutes as Section 4007-3 of Title 6, unless there
8 is created a duplication in numbering, reads as follows:

9 SAVING AND TRANSITIONAL PROVISIONS. A. A license issued under
10 Section 1513 of Title 6 of the Oklahoma Statutes which is in effect
11 immediately before November 1, 2019, remains in effect as a license
12 for its duration unless revoked or suspended by the licensing
13 authority that issued it. A person licensed under Section 1513 of
14 Title 6 of the Oklahoma Statutes which does not intend to engage in
15 virtual-currency business activity is not required to inform the
16 Banking Department of its intention.

17 B. If the Department denies, suspends, or revokes a license
18 under the Uniform Regulation of Virtual-Currency Businesses Act or
19 suspends, or revokes a registration to conduct virtual-currency
20 business activity with or on behalf of a resident, the denial,
21 suspension, or revocation may not be used as a ground for suspension
22 or revocation of a license granted under Section 1513 of Title 6 of
23 the Oklahoma Statutes unless the Oklahoma Financial Transaction
24

1 Reporting Act independently provides a basis for action against the
2 licensee or registrant.

3 C. The Uniform Regulation of Virtual-Currency Businesses Act
4 applies to virtual-currency business activity with or on behalf of a
5 resident on or after November 1, 2019.

6 D. A person is deemed to be conducting unlicensed virtual-
7 currency business activity with or on behalf of a resident in
8 violation of the Uniform Regulation of Virtual-Currency Businesses
9 Act if the person engages in virtual-currency business activity on
10 or after November 1, 2019, and the person does not hold a license
11 issued or recognized under the Uniform Regulation of Virtual-
12 Currency Businesses Act, is not exempt from the Uniform Regulation
13 of Virtual-Currency Businesses Act, and has not applied for a
14 license or filed a registration. This subsection includes a person
15 that:

16 1. Has obtained a license under Section 1513 of Title 6 of the
17 Oklahoma Statutes, whether or not that act covers virtual-currency
18 business activity, or holds a charter as a trust company from this
19 state; and

20 2. Does not have permission to engage in virtual-currency
21 business activity with or on behalf of a resident.

22 SECTION 35. NEW LAW A new section of law to be codified
23 in the Oklahoma Statutes as Section 16-101 of Title 12A, unless
24 there is created a duplication in numbering, reads as follows:

1 SHORT TITLE. Sections 35 through 44 of this act shall be known
2 and may be cited as the "Uniform Supplemental Commercial Law for the
3 Uniform Regulation of Virtual-Currency Businesses Act".

4 SECTION 36. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 16-102 of Title 12A, unless
6 there is created a duplication in numbering, reads as follows:

7 DEFINITIONS. A. As used in the Uniform Supplemental Commercial
8 Law for the Uniform Regulation of Virtual-Currency Businesses Act:

9 1. "Article 8" means Article 8 of the Uniform Commercial Code,
10 as amended, in substantially the form approved by the American Law
11 Institute and the National Conference of Commissioners on Uniform
12 State Laws;

13 2. "Control" has the meaning provided in subparagraph a of
14 paragraph 3 of Section 2 of this act;

15 3. "Hague Securities Convention" means the Convention on the
16 Law Applicable to Certain Rights in Respect of Securities Held with
17 an Intermediary, concluded July 5, 2006;

18 4. "Uniform Commercial Code jurisdiction" means a state that
19 has enacted Article 8;

20 5. "Uniform Regulation of Virtual-Currency Businesses Act"
21 means the Uniform Regulation of Virtual-Currency Businesses Act; and

22 6. "User" means a person for which a licensee or registrant has
23 control of virtual currency.

1 B. Other definitions applying to the Uniform Supplemental
2 Commercial Law for the Uniform Regulation of Virtual-Currency
3 Businesses Act and the sections of the Uniform Regulation of
4 Virtual-Currency Businesses Act in which they appear are:

- 5 1. "Licensee". Paragraph 9 of Section 2 of this act;
- 6 2. "Person". Paragraph 10 of Section 2 of this act;
- 7 3. "Record". Paragraph 12 of Section 2 of this act;
- 8 4. "Registrant". Paragraph 13 of Section 2 of this act;
- 9 5. "Resident". Paragraph 16 of Section 2 of this act;
- 10 6. "Sign". Paragraph 18 of Section 2 of this act;
- 11 7. "State". Paragraph 19 of Section 2 of this act; and
- 12 8. "Virtual currency". Paragraph 23 of Section 2 of this act.

13 C. Other definitions applying to the Uniform Supplemental
14 Commercial Law for the Uniform Regulation of Virtual-Currency
15 Businesses Act and the sections of Article 8 in which they appear
16 are:

- 17 1. "Entitlement holder". Section 8-102(a)(7);
- 18 2. "Financial asset". Section 8-102(a)(9);
- 19 3. "Securities intermediary". Section 8-102(a)(14);
- 20 4. "Security". Section 8-102(a)(15); and
- 21 5. "Securities account". Section 8-501;

22 D. The definition of "agreement" applying to the Uniform
23 Supplemental Commercial Law for the Uniform Regulation of Virtual-
24 Currency Businesses Act appears in Section 1-201(b)(3) of Article 1

1 of the Uniform Commercial Code, as amended, in substantially the
2 form approved by the American Law Institute and the National
3 Conference of Commissioners on Uniform State Laws.

4 SECTION 37. NEW LAW A new section of law to be codified
5 in the Oklahoma Statutes as Section 16-103 of Title 12A, unless
6 there is created a duplication in numbering, reads as follows:

7 SCOPE. The Uniform Supplemental Commercial Law for the Uniform
8 Regulation of Virtual-Currency Businesses Act applies to:

9 1. A person or transaction governed by the Uniform Regulation
10 of Virtual-Currency Businesses Act; and

11 2. A user that is not a resident if the user or transaction
12 with the user would be governed by the Uniform Regulation of
13 Virtual-Currency Businesses Act if the user was a resident.

14 SECTION 38. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 16-104 of Title 12A, unless
16 there is created a duplication in numbering, reads as follows:

17 INCORPORATION OF ARTICLE 8. A. The relationship between a
18 licensee or registrant and a user must be evidenced by an agreement
19 in a record signed by the licensee or registrant and by the user.

20 The agreement:

21 1. Must specify the jurisdiction whose law governs the
22 agreement;

23 2. If governed by the law of a jurisdiction that is not a
24 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 of this paragraph 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

1 5 of Article 8 in the absence of an agreement concerning the
2 standard; and

3 5. May not provide that:

4 a. the securities intermediary's jurisdiction for the
5 purpose of Article 8 is a jurisdiction that is not a
6 Uniform Commercial Code jurisdiction, or

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

11 B. To the extent that there is no agreement that complies with
12 subsection A of this section, the relationship between a licensee or
13 registrant and a user is determined as if the licensee or registrant
14 and the user have an agreement that complies with subsection A of
15 this section and specifies that the law of this state governs the
16 agreement.

17 C. The effect of this section may not be varied by agreement.

18 SECTION 39. NEW LAW A new section of law to be codified
19 in the Oklahoma Statutes as Section 16-105 of Title 12A, unless
20 there is created a duplication in numbering, reads as follows:

21 QUALIFYING OFFICE UNDER HAGUE SECURITIES CONVENTION. A. A
22 licensee or registrant shall maintain in a state an office that
23 complies with the second sentence of Article 4(1) of the Hague
24 Securities Convention.

1 B. The effect of this section may not be varied by agreement.

2 SECTION 40. NEW LAW A new section of law to be codified
3 in the Oklahoma Statutes as Section 16-106 of Title 12A, unless
4 there is created a duplication in numbering, reads as follows:

5 EFFECT OF FAILURE TO COMPLY WITH THE UNIFORM SUPPLEMENTAL
6 COMMERCIAL LAW FOR THE UNIFORM REGULATION OF VIRTUAL-CURRENCY
7 BUSINESSES ACT. Failure to comply with the Uniform Supplemental
8 Commercial Law for the Uniform Regulation of Virtual-Currency
9 Businesses Act is a violation of the Uniform Regulation of Virtual-
10 Currency Businesses Act.

11 SECTION 41. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 16-107 of Title 12A, unless
13 there is created a duplication in numbering, reads as follows:

14 NO INFERENCE AS TO CHARACTERIZATION UNDER OTHER STATUTE OR RULE.
15 Treatment of virtual currency as a financial asset credited to a
16 securities account under the Uniform Supplemental Commercial Law for
17 the Uniform Regulation of Virtual-Currency Businesses Act and
18 Article 8 does not determine the characterization or treatment of
19 the virtual currency under any other statute or rule.

20 SECTION 42. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 16-108 of Title 12A, unless
22 there is created a duplication in numbering, reads as follows:

23 SUPPLEMENTARY LAW. Unless displaced by the particular
24 provisions of the Uniform Supplemental Commercial Law for the

1 Uniform Regulation of Virtual-Currency Businesses Act, the
2 principles of law and equity supplement the Uniform Supplemental
3 Commercial Law for the Uniform Regulation of Virtual-Currency
4 Businesses Act.

5 SECTION 43. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 16-109 of Title 12A, unless
7 there is created a duplication in numbering, reads as follows:

8 UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and
9 construing the Uniform Supplemental Commercial Law for the Uniform
10 Regulation of Virtual-Currency Businesses Act, consideration must be
11 given to the need to promote uniformity of the law with respect to
12 its subject matter among states that enact it.

13 SECTION 44. NEW LAW A new section of law to be codified
14 in the Oklahoma Statutes as Section 16-110 of Title 12A, unless
15 there is created a duplication in numbering, reads as follows:

16 RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL
17 COMMERCE ACT. The Uniform Supplemental Commercial Law for the
18 Uniform Regulation of Virtual-Currency Businesses Act modifies,
19 limits, or supersedes the Electronic Signatures in Global and
20 National Commerce Act, 15 U.S.C., Section 7001 et seq., but does not
21 modify, limit, or supersede Section 101(c) of that act, 15 U.S.C.,
22 Section 7001(c), or authorize electronic delivery of any of the
23 notices described in Section 103(b) of that act, 15 U.S.C., Section
24 7003(b).

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SECTION 45. This act shall become effective November 1, 2019.

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