

Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 18-1269.01 Yelana Love x2295

**SENATE BILL 18-277**

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**SENATE SPONSORSHIP**

**Neville T., Hill**

**HOUSE SPONSORSHIP**

**Pabon and Van Winkle, Saine**

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**Senate Committees**  
Finance

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE EXEMPTION OF VIRTUAL CURRENCY FROM**  
102 **REGULATION UNDER THE "MONEY TRANSMITTERS ACT".**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

The bill exempts the transmission of virtual currency from regulation under the Colorado "Money Transmitters Act".

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1 *Be it enacted by the General Assembly of the State of Colorado:*

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
Capital letters or bold & italic numbers indicate new material to be added to existing statute.  
Dashes through the words indicate deletions from existing statute.

SENATE  
Amended 2nd Reading  
May 3, 2018

1           **SECTION 1.** In Colorado Revised Statutes, 11-51-201, **amend**  
2 the introductory portion and (17); and **add** (11.8) as follows:

3           **11-51-201. Definitions.** As used in this article **51**, unless the  
4 context otherwise requires:

5           (11.8) "OPEN BLOCKCHAIN TOKEN" MEANS A DIGITAL UNIT THAT  
6 IS:

7           (a) CREATED:

8           (I) IN RESPONSE TO THE VERIFICATION OR COLLECTION OF A  
9 SPECIFIED NUMBER OF TRANSACTIONS RELATING TO A DIGITAL LEDGER OR  
10 DATABASE;

11           (II) BY DEPLOYING COMPUTER CODE TO A BLOCKCHAIN NETWORK  
12 OR DISTRIBUTED DIGITAL LEDGER THAT ALLOWS FOR THE CREATION OF  
13 DIGITAL TOKENS OR OTHER UNITS; OR

14           (III) USING ANY COMBINATION OF THE METHODS SPECIFIED IN  
15 SUBSECTIONS (11.8)(a)(I) AND (11.8)(a)(II) OF THIS SECTION;

16           (b) RECORDED IN A DIGITAL LEDGER OR DATABASE THAT IS  
17 CONSENSUS-BASED, DECENTRALIZED, AND MATHEMATICALLY VERIFIED IN  
18 NATURE, ESPECIALLY RELATING TO THE SUPPLY OF DIGITAL UNITS AND  
19 THEIR DISTRIBUTION; AND

20           (c) CAPABLE OF BEING TRADED OR TRANSFERRED BETWEEN  
21 PERSONS WITHOUT AN INTERMEDIARY OR CUSTODIAN OF VALUE.

22           (17) (a) "Security" means any note; stock; treasury stock; bond;  
23 debenture; evidence of indebtedness; certificate of interest or  
24 participation in any profit-sharing agreement; collateral-trust certificate;  
25 preorganization certificate of subscription; transferable share; investment  
26 contract; viatical settlement investment; voting-trust certificate; certificate  
27 of deposit for a security; certificate of interest or participation in an oil,

1 gas, or mining title or lease or in payments out of production under such  
2 a title or lease; or, in general, any interest or instrument commonly known  
3 as a "security" or any certificate of interest or participation in, temporary  
4 or interim certificate for, guarantee of, or warrant or right to subscribe to  
5 or purchase any of the foregoing ITEMS LISTED IN THIS SUBSECTION  
6 (17)(a).

7 (b) "Security" does not include any insurance or endowment  
8 policy or annuity contract under which an insurance company promises  
9 to pay a sum of money either in a lump sum or periodically for life or  
10 some other specified period.

11 (c) For purposes of this article AS USED IN SUBSECTION (17)(a) OF  
12 THIS SECTION, an "investment contract":

13 (I) Need not involve more than one investor nor be limited to  
14 those circumstances wherein there are multiple investors who are joint  
15 participants in the same enterprise;

16 (II) INCLUDES AN INVESTMENT IN A COMMON ENTERPRISE WITH  
17 THE EXPECTATION OF PROFITS TO BE DERIVED PRIMARILY FROM THE  
18 EFFORTS OF A PERSON OTHER THAN THE INVESTOR. "COMMON  
19 ENTERPRISE" MEANS AN ENTERPRISE IN WHICH THE FORTUNES OF THE  
20 INVESTOR ARE INTERWOVEN WITH THOSE OF EITHER THE PERSON OFFERING  
21 THE INVESTMENT, A THIRD PARTY, OR OTHER INVESTORS.

22 (III) DOES NOT INCLUDE AN OPEN BLOCKCHAIN TOKEN THAT IS  
23 USABLE WITHIN SIXTY CALENDAR DAYS AFTER ITS SALE FOR THE RECEIPT  
24 OF GOODS, SERVICES, OR CONTENT, INCLUDING RIGHTS OF ACCESS TO  
25 GOODS, SERVICES, OR CONTENT.

26 **SECTION 2.** In Colorado Revised Statutes, 11-110-103, **add** (18)  
27 as follows:

1           **11-110-103. Definitions.** As used in this article 110, unless the  
2 context otherwise requires:

3           (18) "VIRTUAL CURRENCY" MEANS ANY TYPE OF DIGITAL  
4 REPRESENTATION OF VALUE THAT:

5           (a) IS USED AS A MEDIUM OF EXCHANGE, UNIT OF ACCOUNT, OR  
6 STORE OF VALUE; AND

7           (b) IS NOT RECOGNIZED AS LEGAL TENDER BY THE UNITED STATES  
8 GOVERNMENT.

9           **SECTION 3.** In Colorado Revised Statutes, **amend** 11-110-106  
10 as follows:

11           **11-110-106. Exemptions.** (1) Nothing in this article 110 ~~shall~~  
12 ~~apply~~ APPLIES to:

13           (a) Departments or agencies of the United States of America, or  
14 to any state or municipal government, or to corporations organized under  
15 the general banking, savings and loan, or credit union laws of this state  
16 or of the United States, or to the receipt of money by an incorporated  
17 telegraph or cable company at any office or agency thereof for immediate  
18 transmission by telegraph or cable;

19           (b) THE TRANSMISSION OF VIRTUAL CURRENCY.

20           **SECTION 4. Act subject to petition - effective date.** This act  
21 takes effect at 12:01 a.m. on the day following the expiration of the  
22 ninety-day period after final adjournment of the general assembly (August  
23 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a  
24 referendum petition is filed pursuant to section 1 (3) of article V of the  
25 state constitution against this act or an item, section, or part of this act  
26 within such period, then the act, item, section, or part will not take effect  
27 unless approved by the people at the general election to be held in

- 1 November 2018 and, in such case, will take effect on the date of the
- 2 official declaration of the vote thereon by the governor.