

Page 1-line 1 After "assets;" insert "modifying the means to perfect a security interest in virtual currency and digital securities; modifying provisions relating to security agreements involving virtual currency and digital securities; providing definitions; specifying factors relating to location of digital assets used as collateral;".

Page 1-line 12 Delete "34-29-103(b)," and insert "34-29-103(a), (b), (d), (e)(i) and by creating a new paragraph (iv), (f) and by creating a new subsection (g),".

Page 2-lines 1 through 9 Delete entirely and insert:

"34-29-103. Perfection of security interests in digital assets; control; possession; security agreements; location.

(a) Notwithstanding the financing statement requirement specified by W.S. 34.1-9-310(a) as otherwise applied to general intangibles or any other provision of law, perfection of a security interest in ~~a digital asset~~ virtual currency or digital securities may be achieved through possession or control, as ~~defined in paragraph (e)(i) of this section~~ applicable to the asset, consistent with W.S. 34-29-102(a). A security interest held by a secured party having possession or control, as applicable, of ~~a digital asset~~ virtual currency or digital securities has priority over a security interest held by a secured party that does not have possession or control, as applicable of ~~the asset~~ virtual currency or digital securities. Other provisions of law relating to priority of security interests, including priority of control over delivery, shall remain applicable.

(b) Before a secured party may take possession or control ~~of a digital asset~~ under this section, the secured party shall enter into a ~~control~~ security agreement with the debtor. ~~A control~~ The security agreement may ~~also~~ set forth the terms under which a secured party may pledge its security interest ~~in the digital asset~~ as collateral for another transaction. Consistent with W.S. 34.1-9-201(a), the security agreement shall be effective according to its terms between parties, against purchasers of collateral and against creditors.

1 (d) Notwithstanding any other provision of law, including
2 article 9 of the Uniform Commercial Code, title 34.1, Wyoming
3 statutes, a transferee takes a digital asset free of any security
4 interest two (2) years after the transferee takes the asset for
5 value and does not have actual notice of an adverse claim. This
6 subsection only applies to a security interest perfected by a
7 ~~method other than control~~ filing.

8
9 (e) As used in this section:

10
11 (i) ~~Consistent with subsection (f) of this section,~~
12 ~~"control" is equivalent to the term "possession"~~ "Control," when
13 used in article 9, title 34.1, Wyoming statutes ~~and means~~ and this
14 section, includes the following:

15
16 (A) A secured party, or an agent, custodian,
17 fiduciary or trustee of the party, has ~~the exclusive legal~~
18 ~~authority to conduct a transaction relating to a digital asset,~~
19 complied with W.S. 34.1-8-106, including by means of a private key
20 or the use of a multi-signature arrangement ~~authorized by~~
21 exclusive to the secured party or any substantially similar
22 analogue;

23
24 (B) Use of a smart contract created by a secured
25 party ~~which has the exclusive legal authority to conduct a~~
26 ~~transaction relating to a digital asset~~ to comply with W.S. 34.1-8-
27 106. As used in this subparagraph, "smart contract" means an
28 automated transaction, as defined in W.S. 40-21-102(a)(ii), or any
29 substantially similar analogue, which is comprised of code, script
30 or programming language that executes the terms of an agreement,
31 and which may include taking custody of and transferring an asset,
32 or issuing executable instructions for these actions, based on the
33 occurrence or nonoccurrence of specified conditions.

34
35 (iv) "Possession," when used in article 9, title 34.1,
36 Wyoming statutes and this section, includes use of a private key,
37 a multi-signature arrangement exclusive to the secured party or a
38 smart contract, as defined in this subsection, or any substantially
39 similar analogue. "Possession" shall also include delivery of
40 certificated digital securities, consistent with W.S. 34.1-8-
41 301(a).

42
43 (f) Perfection by ~~control~~ possession creates a possessory
44 security interest ~~and does not require physical possession under~~
45 W.S. 34.1-9-301(a)(ii) in virtual currency or certificated digital
46 securities, based on the possessory nature of a private key or any

1 substantially similar analogue, which may be tangible or
2 electronic.

3
4 (g) For purposes of article 9, title 34.1 and this section,
5 if collateral is required to be "located in a jurisdiction," a
6 digital asset is located in Wyoming if the asset is possessed,
7 controlled or otherwise held by a Wyoming bank, trust company or
8 other custodian, the debtor or secured party is physically located
9 in Wyoming or the debtor or secured party is incorporated or
10 organized in Wyoming, based on the following factors:

11
12 (i) Whether a security agreement typically present in
13 a possessory security interest exists, consistent with W.S. 34.1-
14 9-201(a), including an agreement describing the possessory nature
15 of a private key or any substantially similar analogue;

16
17 (ii) The choice of law in a security agreement,
18 evidencing the intent and understanding of the parties relating to
19 all potential aspects of a transaction, including waivers of
20 litigation in jurisdictions other than Wyoming, access to the
21 Wyoming chancery court and judicial economy; and

22
23 (iii) The relative clarity of the laws of other
24 jurisdictions relating to a digital asset, consequences relating
25 to unknown liens in those jurisdictions and the ability of a court
26 to exercise jurisdiction over a particular digital asset."

27 GREER, CHAIRMAN