

ENROLLED ACT NO. 73, SENATE

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
2021 GENERAL SESSION

AN ACT relating to corporations; providing for the formation and management of decentralized autonomous organizations; providing definitions; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 17-31-101 through 17-31-116 are created to read:

CHAPTER 31
DECENTRALIZED AUTONOMOUS ORGANIZATION SUPPLEMENT

ARTICLE 1
PROVISIONS

17-31-101. Short title.

This chapter shall be known and may be cited as the "Wyoming Decentralized Autonomous Organization Supplement."

17-31-102. Definitions.

(a) As used in this chapter:

(i) "Blockchain" means as defined in W.S. 34-29-106(g)(i);

(ii) "Decentralized autonomous organization" means a limited liability company organized under this chapter;

(iii) "Digital asset" means as defined in W.S. 34-29-101(a)(i);

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(iv) "Limited liability autonomous organization" or "LAO" means a decentralized autonomous organization;

(v) "Majority of the members," means the approval of more than fifty percent (50%) of participating membership interests in a vote for which a quorum of members is participating. A person dissociated as a member as set forth in W.S. 17-29-602 shall not be included for the purposes of calculating the majority of the members;

(vi) "Membership interest" means a member's ownership share in a member managed decentralized autonomous organization, which may be defined in the entity's articles of organization, smart contract or operating agreement. A membership interest may also be characterized as either a digital security or a digital consumer asset as defined in W.S. 34-29-101, if designated as such in the organization's articles of organization or operating agreement;

(vii) "Open blockchain" means a blockchain as defined in W.S. 34-29-106(g)(i) that is publicly accessible and its ledger of transactions is transparent;

(viii) "Quorum" means a minimum requirement on the sum of membership interests participating in a vote for that vote to be valid;

(ix) "Smart contract" means an automated transaction, as defined in W.S. 40-21-102(a)(ii), or any substantially similar analogue, which is comprised of code, script or programming language that executes the terms of an agreement and which may include taking custody of and transferring an asset, administering membership interest votes with respect to a decentralized autonomous

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organization or issuing executable instructions for these actions, based on the occurrence or nonoccurrence of specified conditions.

17-31-103. Application of Wyoming Limited Liability Company Act.

(a) The Wyoming Limited Liability Company Act applies to decentralized autonomous organizations to the extent not inconsistent with the provisions of this chapter and the powers provided to the secretary of state by W.S. 17-29-1102 shall apply to this chapter.

(b) This chapter does not repeal or modify any statute or rule of law that applies to a limited liability company that is organized under the Wyoming Limited Liability Company Act that does not elect to become a decentralized autonomous organization.

17-31-104. Definition and election of decentralized autonomous organization status.

(a) A decentralized autonomous organization is a limited liability company whose articles of organization contain a statement that the company is a decentralized autonomous organization as described in subsection (c) of this section.

(b) A limited liability company formed under the Wyoming Limited Liability Company Act, W.S. 17-29-101 through 17-29-1102, may convert to a decentralized autonomous organization by amending its articles of organization to include the statement required by subsections (a) and (c) of this section and W.S. 17-31-106.

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(c) A statement in substantially the following form shall appear conspicuously in the articles of organization or operating agreement, if applicable, in a decentralized autonomous organization:

NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

The rights of members in a decentralized autonomous organization may differ materially from the rights of members in other limited liability companies. The Wyoming Decentralized Autonomous Organization Supplement, underlying smart contracts, articles of organization and operating agreement, if applicable, of a decentralized autonomous organization may define, reduce or eliminate fiduciary duties and may restrict transfer of ownership interests, withdrawal or resignation from the decentralized autonomous organization, return of capital contributions and dissolution of the decentralized autonomous organization.

(d) The registered name for a decentralized autonomous organization shall include wording or abbreviation to denote its status as a decentralized autonomous organization, specifically "DAO", "LAO", or "DAO LLC."

(e) A statement in the articles of organization may define the decentralized autonomous organization as either a member managed decentralized autonomous organization or an algorithmically managed decentralized autonomous organization. If the type of decentralized autonomous organization is not otherwise provided for, the limited liability company will be presumed to be a member managed decentralized autonomous organization.

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17-31-105. Formation.

(a) Any person may form a decentralized autonomous organization which shall have one (1) or more members by signing and delivering one (1) original and one (1) exact or conformed copy of the articles of organization to the secretary of state for filing. The person forming the decentralized autonomous organization need not be a member of the organization.

(b) Each decentralized autonomous organization shall have and continuously maintain in this state a registered agent as provided in W.S. 17-28-101 through 17-28-111.

(c) A decentralized autonomous organization may form and operate for any lawful purpose, regardless of whether for profit.

(d) An algorithmically managed decentralized autonomous organization may only form under this chapter if the underlying smart contracts are able to be updated, modified or otherwise upgraded.

17-31-106. Articles of organization.

(a) The articles of organization of a decentralized autonomous organization shall include a statement that the organization is a decentralized autonomous organization, pursuant to W.S. 17-31-104, and shall set forth the matters required by W.S. 17-29-201.

(b) In addition to the requirements of subsection (a) of this section the articles of organization shall include a publicly available identifier of any smart contract

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directly used to manage, facilitate or operate the decentralized autonomous organization.

(c) Except as otherwise provided in this chapter, the articles of organization and the smart contracts for a decentralized autonomous organization shall govern all of the following:

(i) Relations among the members and between the members and the decentralized autonomous organization;

(ii) Rights and duties under this chapter of a person in their capacity as a member;

(iii) Activities of the decentralized autonomous organization and the conduct of those activities;

(iv) Means and conditions for amending the operating agreement;

(v) Rights and voting rights of members;

(vi) Transferability of membership interests;

(vii) Withdrawal of membership;

(viii) Distributions to members prior to dissolution;

(ix) Amendment of the articles of organization;

(x) Procedures for amending, updating, editing or changing applicable smart contracts;

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(xi) All other aspects of the decentralized autonomous organization.

17-31-107. Amendment or restatement of articles of organization.

(a) Articles of organization shall be amended when:

(i) There is a change in the name of the decentralized autonomous organization;

(ii) There is a false or erroneous statement in the articles of organization; or

(iii) The decentralized autonomous organization's smart contracts have been updated or changed.

17-31-108. Operating agreement.

To the extent the articles of organization or smart contract do not otherwise provide for a matter described in W.S. 17-31-106, the operation of a decentralized autonomous organization may be supplemented by an operating agreement.

17-31-109. Management.

Management of a decentralized autonomous organization shall be vested in its members, if member managed, or the smart contract, if algorithmically managed, unless otherwise provided in the articles of organization or operating agreement.

17-31-110. Standards of conduct for members.

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Unless otherwise provided for in the articles of organization or operating agreement, no member of a decentralized autonomous organization shall have any fiduciary duty to the organization or any member except that the members shall be subject to the implied contractual covenant of good faith and fair dealing.

17-31-111. Membership interests for member managed decentralized autonomous organizations; voting.

(a) For purposes of W.S. 17-31-113 and 17-31-114 and unless otherwise provided for in the articles of organization, smart contract or operating agreement:

(i) Membership interests in a member managed decentralized autonomous organization shall be calculated by dividing a member's contribution of digital assets to the organization divided by the total amount of digital assets contributed to the organization at the time of a vote;

(ii) If members do not contribute digital assets to an organization as a prerequisite to becoming a member, each member shall possess one (1) membership interest and be entitled to one (1) vote;

(iii) A quorum shall require not less than a majority of membership interests entitled to vote.

17-31-112. Right of members, managers and dissociated members to information.

Members shall have no right under W.S. 17-29-410 to separately inspect or copy records of a decentralized autonomous organization and the organization shall have no

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obligation to furnish any information concerning the organization's activities, financial condition or other circumstances to the extent the information is available on an open blockchain.

17-31-113. Withdrawal of members.

(a) A member may only withdraw from a decentralized autonomous organization in accordance with the terms set forth in the articles of organization, the smart contracts or, if applicable, the operating agreement.

(b) A member of a decentralized autonomous organization may not have the organization dissolved for a failure to return the members' contribution to capital.

(c) Unless the organization's articles of organization, smart contracts or operating agreement provide otherwise, a withdrawn member forfeits all membership interests in the decentralized autonomous organization, including any governance or economic rights.

17-31-114. Dissolution.

(a) A decentralized autonomous organization organized under this chapter shall be dissolved upon the occurrence of any of the following events:

(i) The period fixed for the duration of the organization expires;

(ii) By vote of the majority of members of a member managed decentralized autonomous organization;

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(iii) At the time or upon the occurrence of events specified in the underlying smart contracts or as specified in the articles of organization or operating agreement;

(iv) The decentralized autonomous organization has failed to approve any proposals or take any actions for a period of one (1) year;

(v) By order of the secretary of state if the decentralized autonomous organization is deemed to no longer perform a lawful purpose.

(b) As soon as possible following the occurrence of any of the events specified in subsection (a) of this section causing the dissolution of a decentralized autonomous organization, the organization shall execute a statement of intent to dissolve in the form prescribed by the secretary of state.

17-31-115. Miscellaneous.

The articles of organization and the operating agreement of a decentralized autonomous organization are effective as statements of authority. Where the underlying articles of organization and operating agreement are in conflict, the articles of organization shall preempt any conflicting provisions. Where the underlying articles of organization and smart contract are in conflict, the smart contract shall preempt any conflicting provisions of the articles of organization, except as it relates to W.S. 17-31-104 and 17-31-106(a) and (b).

17-31-116. Foreign decentralized autonomous organization.

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The secretary of state shall not issue a certificate of authority for a foreign decentralized autonomous organization.

Section 2. This act is effective July 1, 2021.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk