

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Decentralized autonomous organizations.

Sponsored by: Select Committee on Blockchain, Financial
Technology and Digital Innovation Technology

A BILL

for

1 AN ACT relating to ; and providing for an effective date.

2

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

4

5 *****
6 *****

7 **STAFF COMMENT**

8 This bill draft is based on language recently provided by
9 Aaron Wright as part of the decentralized autonomous
10 organization's working group. LSO has not yet reviewed the
11 language, nor made any contribution to this draft other
12 than minor formatting. It is provided in this form solely
13 for the Committee's review and significant changes may be
14 required in the regular course of LSO review should the
15 Committee elect to proceed with this draft.

16 *****
17 *****

18

19 **Section 1.**

1

2 **17-XX-101. Short title.**

3

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

6

7 **17-XX-102. Definitions.**

8

9 (a) As used in this supplement:

10

11 (i) "Blockchain" means a digital ledger or
12 database, as defined in W.S. 34-29-106, which is
13 chronological, consensus-based, decentralized and
14 mathematically verified in nature.

15

16 (ii) "Decentralized Autonomous Organization"
17 means a limited liability company organized under this
18 Supplement.

19

20 (iii) "Majority vote," unless the underlying
21 smart contracts or operating agreement provide otherwise,
22 means more than fifty percent (50%) of its membership

1 interests as defined in the underlying smart contract or
2 operating agreement.

3

4 (iv) "Smart contract" means an automated
5 transaction, as defined in W.S. 40-21-102(a)(ii), or any
6 substantially similar analogue, which is comprised of code,
7 script or programming language that executes the terms of
8 an agreement, and which may include taking custody of and
9 transferring an asset, or issuing executable instructions
10 for these actions, based on the occurrence or nonoccurrence
11 of specified conditions.

12

13 **17-XX-103. Application of Wyoming Limited Liability**
14 **Company Act.**

15

16 (a) The Wyoming Limited Liability Company Act applies
17 to Decentralized Autonomous Organizations to the extent not
18 inconsistent with the provisions of this chapter and the
19 powers provided the secretary of state by W.S. 17-29-1102
20 shall apply to this supplement.

21

22 (b) This chapter does not repeal or modify any statute
23 or rule of law that is or would apply to a limited

1 liability company that is organized under the Wyoming
2 Limited Liability Company Act that does not elect to become
3 a decentralized autonomous organization.

4

5 **17-XX-104. Definition and election of Decentralized**
6 **Autonomous Organization status.**

7

8 (a) A Decentralized Autonomous Organization is a
9 limited liability company whose articles of organization
10 contain a statement that the company is a decentralized
11 autonomous organization.

12

13 (b) A limited liability company formed under W.S. 17-
14 29-101 through 17-29-1102 may convert to a decentralized
15 autonomous organization by amending its articles of
16 organization to include the statement required by
17 subsection (a) of this section and W.S. § 17-XX-105.

18

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

23

1 NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS

2

3 The rights of members in a decentralized autonomous
4 organization may differ materially from the rights of
5 members in other limited liability companies. The
6 decentralized autonomous organization Supplement,
7 underlying smart contracts, articles of organization, and
8 operating agreement, if applicable, of a decentralized
9 autonomous organization may define, reduce, or eliminate
10 fiduciary duties and may restrict transfer ownership
11 interests, withdrawal or resignation from the decentralized
12 autonomous organization, return of capital contributions,
13 and dissolution of the decentralized autonomous
14 organization.

15

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

20

21 (e) A statement in the articles of organization may
22 define the decentralized autonomous organization as either
23 a member-managed Decentralized Autonomous Organization or

1 an algorithmically-managed Decentralized Autonomous
2 Organization. If the type of decentralized autonomous
3 organization is not otherwise provided for, the limited
4 liability company will be presumed to be a member-managed
5 Decentralized Autonomous Organization.

6

7 **17-XX-105. Formation.**

8

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

16

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

20

21 **17-XX-106. Articles of organization.**

22

1 (a) The articles of organization of a decentralized
2 autonomous organization shall include a statement that the
3 company is a decentralized autonomous organization and
4 shall set forth the matters required by Wyo. Stat. § 17-29-
5 201.

6

7 (b) The articles of organization shall include a
8 publicly available identifier of any smart contract
9 directly used to manage, facilitate, or operate the
10 decentralized autonomous organization.

11

12 (c) Except as otherwise provided in this supplement,
13 the articles of organization and smart contracts shall
14 govern all of the following:

15

16 (i) Relations among the members as members and
17 between the members and the decentralized autonomous
18 organization;

19

20 (ii) The rights and duties under this chapter of
21 a person in the capacity as a member;

22

1 (iii) The activities of the decentralized
2 autonomous organization and the conduct of those
3 activities;

4

5 (iv) The means and conditions for amending the
6 operating agreement;

7

8 (v) Rights and voting rights of members;

9

10 (vi) Transferability of membership interests;

11

12 (vii) Withdrawal of membership;

13

14 (vii) Distributions to members prior to
15 dissolution;

16

17 (viii) Amendment of the articles of organization;

18

19 (ix) All other aspects of the decentralized
20 autonomous organizations.

21

22 **17-XX-107. Amendment or Restatement of Articles of**
23 **Organization.**

1

2 Articles of organization shall be amended when:

3

4 (i) There is a change in the name of the limited
5 liability company;

6

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

9

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

12

13 **17-XX-108. Operating Agreement.**

14

15 To the extent the articles of organization or smart
16 contract does not otherwise provide for a matter described
17 in Wyo. Stat. § 17-XX-106, the operation of a DAO may be
18 supplemented by an operating agreement.

19

20 **17-XX-109. Management.**

21

22 Management of a decentralized autonomous organization shall
23 be vested in its members, if a member-managed, or the smart

1 contract, if algorithmically managed, unless otherwise
2 provided in the articles of organization or operating
3 agreement.

4

5 **17-XX-110. Standards of conduct for members and**
6 **managers.**

7

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

14

15 **17-XX-111. Right of members, managers and dissociated**
16 **members to information.**

17

18 Members shall have no right under Wyo. Stat. § 17-29-410 to
19 inspect or copy records of the decentralized autonomous
20 organization and the organization shall have no obligation
21 to furnish any information concerning the organization's
22 activities, financial condition, or other circumstances if
23 that information is available on an open blockchain.

1

2 **17-XX-112. Withdrawal of members.**

3

4 (a) A member may only withdraw from a decentralized
5 autonomous organization upon the terms and in accordance
6 with the terms set forth in the articles of organizations,
7 the smart contracts, and, if applicable, the operating
8 agreement. If no terms and conditions for withdrawal are
9 set forth for a member-managed decentralized autonomous
10 organization, a member may withdraw only with the consent
11 of a majority vote of members.

12

13 (b) A member of a decentralized autonomous
14 organization may not have the company dissolved for a
15 failure to return his or its contribution to capital.

16

17 **17-XX-113. Dissolution.**

18

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

22

1 (i) When the period fixed for the duration of the
2 company expires;

3
4 (ii) By the majority vote of all members; or

5
6 (iii) At the time or upon the occurrence of
7 events specified in the underlying smart contracts, or
8 failing that, as specified in the articles of incorporation
9 or operating agreement.

10
11 (b) As soon as possible following the occurrence of
12 any of the events specified in subsection (a) of this
13 section causing the dissolution of a decentralized
14 autonomous organization, the company shall execute a
15 statement of intent to dissolve in the form prescribed by
16 the secretary of state.

17
18 **17-XX-114. Miscellaneous.**

19
20 The articles or organization and the operating agreement of
21 a decentralized autonomous organization are effective as
22 statements of authority. Where the underlying articles of
23 organization and operating agreement are in conflict, the

1 articles of organization will preempt any conflicting
2 provisions. Where the underlying articles of organization
3 and smart contract are in conflict, the smart contract will
4 preempt any conflicting provisions of the articles of
5 organization.

6

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

8

9

(END)