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**SUMMARY of
PROCEEDINGS**



**SELECT COMMITTEE ON BLOCKCHAIN, FINANCIAL TECHNOLOGY AND
DIGITAL INNOVATION TECHNOLOGY**

COMMITTEE MEETING INFORMATION

May 27-28, 2021 | 8:00 AM
Teton County School District #1, Board Room
1235 Gregory Lane
Jackson, Wyoming

COMMITTEE MEMBERS PRESENT

Senator Chris Rothfuss, Co-Chairman
Representative Jared Olsen, Co-Chairman
Senator Dan Furphy
Senator R. J. Kost
Senator Tara Nethercott
Representative Clark Stith
Representative Cyrus Western
Representative Mike Yin
Matthew D. Kaufman
Joel Revill
Catlin Long

LEGISLATIVE SERVICE OFFICE STAFF

David Hopkinson, Staff Attorney
Elliott Browning, Staff Attorney
Clarissa Nord, Associate Research Analyst

OTHERS PRESENT AT MEETING

Please refer to ([Appendix 1-02](#)) to review the Committee Sign-in Sheet for a list of other individuals who attended the meeting.

The Committee Meeting Summary of Proceedings (meeting minutes) is prepared by the Legislative Service Office (LSO) and is the official record of the proceedings of a legislative committee meeting. This document does not represent a transcript of the meeting; it is a digest of the meeting and provides a record of official actions taken by the Committee. All meeting materials and handouts provided to the Committee by the Legislative Service Office, public officials, lobbyists, and the public are on file at the Legislative Service Office and are part of the official record of the meeting. An index of these materials is provided at the end of this document and these materials are on file at the Legislative Service Office. For more information or to review meeting materials, please contact the Legislative Service Office at (307) 777-7881 or by e-mail at lso@wyoleg.gov. The Summary of Proceedings for each legislative committee meeting can be found on the Wyoming Legislature's website at www.wyoleg.gov.

EXECUTIVE SUMMARY

The Select Committee on Blockchain, Financial Technology, and Digital Innovation Technology met for two days in Jackson to begin its interim work. The Committee discussed the insurance sandbox and decentralized autonomous organizations (DAOs) bill drafts and received updates from the Wyoming Division of Banking and the University of Wyoming. The Committee heard from members of the DAOs and digital identity (DI) working groups. The Committee also considered other states' blockchain legislation and studied non-fungible tokens (NFTs).

CALL TO ORDER (THURSDAY, MAY 27, 2021)

Co-Chairman Olsen called the meeting to order at 8:03 a.m. The following sections summarize the Committee proceedings by topic. Please refer to **(Appendix 1-01)** to review the Committee Meeting Agenda. Video of the meeting is available on the Wyoming Legislature's YouTube page – Select Committee on Blockchain, Financial Technology & Digital Innovation Technology, May 27, 2021 **(AM)**, **(PM)**, May 28, 2021 – **(AM)**, **(PM)**.

INSURANCE SANDBOX

Jeff Rude, Insurance Commissioner, Wyoming Insurance Department (the Department), provided an overview of efforts involving Linda Johnson, Deputy Commissioner of the Department, Raymond Brooks, Azure Reinsurance Holdings Ltd., and Steven Lupien, Director, Blockchain Center of Excellence, University of Wyoming, in determining the potential implications of extending the financial technology sandbox legislation to the insurance industry. Commissioner Rude also highlighted the need to consider accreditation standards for insurance companies.

Mr. Brooks provided testimony regarding the reinsurance industry and how legislative updates could help diversify Wyoming's economy. Mr. Brooks discussed plans to generate policy options for the Committee's consideration at future meetings **(Appendix 2-02)**. Mr. Brooks also reviewed the regulatory framework for attracting reinsurance companies to Wyoming and how new initiatives could protect consumers while advancing Wyoming's economy.

Ron Gullberg, Strategic Partnerships Director, Wyoming Business Council, briefly noted the Business Council's Economic Development Strategic Plan **(Appendix 2-03)** and how the insurance sandbox and the reinsurance industry could complement their strategy.

Introduction of bill draft - Informal Draft B v0.04

David Hopkinson, Staff Attorney, Legislative Service Office (LSO), reviewed Informal Draft B v0.04-Insurance sandbox **(Appendix 2-01)**, which establishes procedures by which insurance companies may request waivers of certain insurance regulations. Mr. Hopkinson also noted the bill was drafted to be intentionally broad so the Committee could refine which sectors of the insurance industry would be covered under the bill.

Public Comment

The following individual provided public comment:

Katharine Wilkinson, American Property Casualty Insurance Association

Committee Action

The Committee requested LSO work with the Department and industry to draft a reinsurance bill designed to make any needed regulatory changes to attract the reinsurance industry to Wyoming.

REVIEW OF OTHER STATES' BLOCKCHAIN LEGISLATION

Elliott Browning, Staff Attorney, LSO, presented recent developments in blockchain legislation throughout the United States (**Appendix 4-01**). Mr. Browning highlighted various pieces of legislation that other state legislatures have introduced or passed during their 2021 legislative session. The blockchain legislation included cryptocurrency mining, financial technology sandboxes, and other states' utilization of blockchain technology to verify voting records.

Public Comment

No one from the public commented on this topic.

WYOMING DIVISION OF BANKING UPDATES

Nick Rotchadl, General Counsel, Wyoming Division of Banking (the Division), provided a variety of updates on the Division's efforts in overseeing and examining Special Purpose Depository Institutions (SPDIs) and highlighted the current state of banking and digital assets nationally. Mr. Rotchadl explained the developing relationship between SPDI charters and the Uniform Law Commission's work and other entities such as the Office of the Comptroller of the Currency. Mr. Rotchadl also presented updates on the progress of federal regulations pertaining to the Committee's previous work regarding Wyoming's digital assets legislation.

Public Comment

No one from the public commented on this topic.

NON-FUNGIBLE TOKENS***Topic summary***

Clarissa Nord, Associate Research Analyst, LSO, provided background information on non-fungible tokens (NFTs) and reviewed LSO Research Memorandum 21RM009-Non-fungible Tokens (**Appendix 8-01**). Mr. Browning and Committee Member Matthew Kaufman also discussed the relationship between intellectual property law and NFTs and how the Committee might address the statute of frauds.

Real Estate Tokenization and Other NFT Topics

Rich Kopcho, Executive Producer, WyoHackathon, provided the Committee with additional information about the relationship between NFTs and intellectual property law and presented the concept of interoperability and how developers can now easily move NFTs and other digital assets from one open platform to another.

David Pope, CPA, CGMA addressed some of the Committee's questions regarding real estate tokenization (**Appendix 8-02, Appendix 8-03, Appendix 8-04**). Mr. Pope mentioned the benefits of representing physical property through NFTs to make real estate transactions more liquid and divisible. Mr. Pope also emphasized that legislative updates can bring real estate transactions to the point where it is easier to transfer property.

Public Comment

The following individual provided public comment:

Brenden Maher, MIT Media Lab Alumnus, Computer Scientist

MEETING RECESS

The Committee recessed at 5:00 p.m.

CALL TO ORDER (FRIDAY, MAY 28, 2021)

Co-Chairman Rothfuss called the meeting to order at 8:02 a.m.

UNIVERSITY OF WYOMING BLOCKCHAIN UPDATES

Steven Lupien, Director, Blockchain Center of Excellence, University of Wyoming, informed the Committee of the University's efforts to establish a blockchain minor through the Colleges of Business and Engineering. Director Lupien discussed the University's intern program and how the business community has recruited several students to participate in internships this summer. Director Lupien also provided an overview of several projects the Blockchain Center of Excellence is working on including the tokenization of sage grouse credits and "SheepChain", an agriculture-based blockchain project.

James Caldwell, Professor, Computer Science, University of Wyoming, noted several projects within the University and expressed his excitement about the University's receipt of additional funds from the Legislature and Input Output HK (IOHK). Professor Caldwell discussed the University's staking node project and the current yield the project is receiving. The Committee discussed the possibility of the staking node digital asset class in encouraging more renewable energy and how the State might take advantage of its energy resources for cryptocurrency mining.

Ruben Gamboa, Department Head/Professor, Computer Science, University of Wyoming, discussed recent developments in the University's Computer Science Department and how the University can engage in providing additional education regarding blockchain and software engineering.

Public Comment

The following individual provided public comment:

Christopher Allen, Blockchain Commons

DECENTRALIZED AUTONOMOUS ORGANIZATIONS***Introduction of bill draft - Informal Draft A v0.03***

Matthew Kaufman, Partner and Attorney, Hathaway & Kunz, LLP, and Aaron Wright, Associate Clinical Professor of Law, Cardozo Law, provided brief opening remarks pertaining to Informal Draft A v0.03-Decentralized autonomous organizations-amendments (**Appendix 13-01**) and presented some policy options for the Committee to consider.

Mr. Hopkinson provided additional information and reviewed Informal Draft A v0.03-Decentralized autonomous organizations-amendments. Mr. Hopkinson noted several changes within the bill as compared to the legislation passed during the 2021 General Session, such as the removal of the concept of a quorum and also highlighted changes to the majority of the members for a DAO.

Public Comment

The following individuals provided public comment:

Dazza Greenwood, Founder, CIVICS.com
 Christopher Allen, Blockchain Commons
 Henning Diedrich, Developer, Lexon Technology
 Brenden Maher, MIT Media Lab Alumnus, Computer Scientist
 Eric Hess, Founder, Hess Legal Counsel LLC
 Diana Myers, Tax Associate, Holland & Hart LLP

Committee Action

The Committee requested LSO provide an updated bill draft incorporating a process to petition the Secretary of State for dissolution and work with Mr. Kaufman and others on additional changes for the Committee to consider at its next meeting.

DIGITAL IDENTITY

Co-Chairman Rothfuss briefly highlighted the Committee's past work related to digital identity and mentioned several legislative developments including California's Consumer Privacy Act and the European Union's General Data Protection Regulation. The Committee generally discussed how they could add to the framework that was already established through the passage of SEA No. 0024-Digital identity during the 2021 general session.

Background Summary

Mr. Hopkinson, provided a brief overview of Illinois HB2880 (**Appendix 15-01**), which amends the Illinois Personal Information Protection Act and provides that individuals and entities have intellectual property rights in their digital identity assets. The Committee discussed how the Illinois bill draft might be applicable to Wyoming law and whether there were any relevant concepts the Committee should incorporate into the existing digital identity legislation.

Public Comment

The following individuals provided public comment:

Brittany Kaiser, Founder, Own Your Data Foundation
 Christopher Allen, Blockchain Commons
 Dazza Greenwood, Founder, CIVICS.com
 Brenden Maher, MIT Media Lab Alumnus, Computer Scientist
 Rich Kopcho, Executive Producer, WyoHackathon

MEETING ADJOURNMENT

There being no further business, Co-Chairman Rothfuss adjourned the meeting at 3:22 p.m.

Respectfully submitted,

Representative Jared Olsen, Co-Chairman

Committee Meeting Materials Index

Index Number	Agenda Item	Document Description	Document Provider
1-01		Agenda	LSO
1-02		Sign-In Sheet	Legislative Service Office
2-01	Insurance Sandbox	Insurance Sandbox Informal Draft B v0.04	LSO
2-02	Insurance Sandbox	Insurance Sandbox - Project Gannett Process Presentation	Azure Reinsurance Holdings Ltd.
2-03	Insurance Sandbox	Wyoming Economic Development Strategic Plan	Wyoming Business Council
4-01	Review of Other States' Blockchain Legislation	Blockchain State Survey	LSO
8-01	Non-fungible Tokens	Non-fungible Tokens Memo	LSO
8-02	Non-fungible Tokens	2019 Legislative Task Force Letter	David A. Pope, CPA CGMA
8-03	Non-fungible Tokens	2020 Select Committee Letter	David A. Pope, CPA CGMA
8-04	Non-fungible Tokens	2021 Select Committee Letter	David A. Pope, CPA CGMA
13-01	Decentralized Autonomous Organizations	Decentralized Autonomous Organizations Informal Draft A v0.03	LSO
15-01	Digital Identity	Illinois HB2880	LSO