

**DRAFT ONLY
NOT APPROVED FOR
INTRODUCTION**

HOUSE BILL NO.

Decentralized autonomous organizations-amendments.

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

A BILL

for

1 AN ACT relating to corporations; amending statutory
2 provisions regulating decentralized autonomous
3 organizations; amending definitions; making technical
4 corrections; amending the obligations of members and
5 dissociated members; amending factors for dissolution of a
6 decentralized autonomous organization; repealing
7 definitions and provisions related to decentralized
8 autonomous organizations; and providing for an effective
9 date.

10

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

12

1 (v) "Majority of the members~~7~~" means ~~the~~
2 ~~approval of~~ more than fifty percent (50%) of ~~participating~~
3 ~~the~~ membership interests eligible to participate in a vote
4 ~~for which a quorum of members is participating or any~~
5 membership interests required pursuant to the decentralized
6 autonomous organization's articles of organization or
7 operating agreement. A person dissociated as a member as
8 set forth in W.S. 17-29-602 shall not be included for the
9 purposes of calculating the majority of the members;

10

11 (vi) "Membership interest" means a member's
12 ownership ~~share~~ right in a ~~member managed~~ decentralized
13 autonomous organization, which may be ~~defined in the~~
14 ~~entity's~~ determined by the organization's articles of
15 organization, ~~smart contract~~ or operating agreement or
16 ascertainable from a blockchain on which the organization
17 relies to determine a member's ownership right. A
18 membership interest may also be characterized as either a
19 digital security or a digital consumer asset as defined in
20 W.S. 34-29-101, if designated as such in the organization's
21 articles of organization or operating agreement;

22

1 (ix) "Smart contract" means an automated
2 transaction, as defined in W.S. 40-21-102(a)(ii), or any
3 substantially similar analogue, ~~which is comprised of or~~
4 code, script or programming language relying on a
5 blockchain ~~that executes the terms of an agreement and~~
6 which may include taking custody of and transferring an
7 asset, administrating membership interest votes with
8 respect to a decentralized autonomous organization or
9 issuing executable instructions for these actions, based on
10 the occurrence or nonoccurrence of specified conditions.

11

12 **17-31-103. Application of Wyoming Limited Liability**
13 **Company Act.**

14

15 (a) The Wyoming Limited Liability Company Act applies
16 to decentralized autonomous organizations to the extent not
17 inconsistent with the provisions of this chapter, and the
18 powers provided to the secretary of state by W.S.
19 17-29-1102 shall apply to this chapter.

20

21 (c) Nothing in this chapter shall be construed to
22 prohibit a company that would otherwise qualify to form

1 under this chapter from forming under the Wyoming Limited
2 Liability Company Act.

3

4 **17-31-104. Definition and election of decentralized**
5 **autonomous organization status.**

6

7 © A statement in the articles of organization ~~may~~
8 ~~define~~shall establish how the decentralized autonomous
9 organization shall be ~~as either a member managed~~
10 ~~decentralized autonomous organization or an algorithmically~~
11 ~~managed decentralized autonomous organization. If the type~~
12 ~~of decentralized autonomous organization is not otherwise~~
13 ~~provided for, the limited liability company will be~~
14 ~~presumed to be a member managed decentralized autonomous~~
15 ~~organization.~~Managed by the members, including to what
16 extent the management will be conducted algorithmically.

17

18 **17-31-105. Formation.**

19

20 © If the articles of organization filed pursuant to
21 subsection (a) of this section does not include a publicly
22 available identifier as required by W.S. 17-31-106(b), the
23 person filing shall have thirty (30) days to provide the

1 publicly available identifier to the secretary of state.
2 If the publicly available identifier is not provided within
3 thirty (30) days, the secretary of state shall reject the
4 filing and the decentralized autonomous organization shall
5 be deemed to have not been formed.

6

7 **17-31-106. Articles of organization.**

8

9 © Except as otherwise provided in this chapter, the
10 articles of organization and the smart contracts for a
11 decentralized autonomous organization shall govern all of
12 the following:

13

14 (x) Procedures for ~~amending,~~ updating, ~~modifying~~
15 or otherwise revising the organization's ~~editing or~~
16 ~~changing applicable~~ smart contracts;

17

18 (xi) Dispute resolution;

19

20 ~~(xi)~~ (xii) All other aspects of the
21 decentralized autonomous organization.

22

23 **17-31-108. Operating agreement.**

1

2 To the extent the articles of organization or smart
3 contract do not otherwise provide for a matter described in
4 W.S. 17-31-106, the obligations, rights and duties of the
5 members and operation of a decentralized autonomous
6 organization may be supplemented by an operating agreement.
7 An operating agreement may be a smart contract.

8

9 **17-31-109. Management.**

10

11 Management of a decentralized autonomous organization shall
12 be vested in its members, ~~if member managed,~~ or ~~the smart~~
13 ~~contract,~~ the members and any applicable smart contracts.
14 All smart contracts utilized by a decentralized autonomous
15 organization shall be capable of being updated, modified or
16 otherwise upgraded ~~if algorithmically managed, unless~~
17 ~~otherwise provided in the articles of organization or~~
18 ~~operating agreement.~~

19

20 **17-31-111. Membership interests for decentralized**
21 **autonomous organizations; voting.**

22

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

4
5 (i) Membership interests in a ~~member-managed~~
6 decentralized autonomous organization shall be calculated
7 by dividing a member's contribution of digital assets to
8 the organization ~~divided~~ by the total amount of digital
9 assets contributed to the organization at the time of a
10 vote; or

11
12 (ii) If all members ~~do not contribute~~ have not
13 contributed digital assets to an organization as a
14 prerequisite to becoming a member, each member shall
15 possess one (1) membership interest and be entitled to one
16 (1) vote;

17
18 **17-31-112. Right of members and dissociated members**
19 **to information.**

20
21 To the extent the information is available on an open
22 blockchain, members and dissociated members shall have no
23 right under W.S. 17-29-410 to separately inspect or copy

1 records of a decentralized autonomous organization and the
2 organization shall have no obligation to furnish any
3 information to members or dissociated members concerning
4 the organization's activities, financial condition or other
5 circumstances ~~to the extent the information is available on~~
6 ~~an open blockchain.~~

7

8 **17-31-113. Withdrawal of members.**

9

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

14

15 **17-31-114. Dissolution.**

16

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

20

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

23

1 (v) By order of ~~the secretary of state~~ a court
2 of competent jurisdiction if the decentralized autonomous
3 organization is deemed to no longer perform a lawful
4 purpose- or is no longer under the control of at least one
5 (1) natural person;
6

7 (vi) Where all members of the decentralized
8 autonomous organization have withdrawn in accordance with
9 W.S. 17-31-113.

10
11 (c) Any interested party may petition the secretary
12 of state alleging the existence of any of the factors
13 requiring dissolution in subsection (a) of this section.
14 The secretary of state shall investigate and respond to the
15 petition within ninety (90) days of receipt and upon
16 finding the existence of one or more factors requiring
17 dissolution under subsection (a) of this section shall
18 dissolve the decentralized autonomous organization.
19

20 *****
21 *****
22 STAFF COMMENT
23 The new subsection (c) was drafted to create an additional
24 process for dissolution in the event the regular processes
25 were not effective (ie as a potential trigger in the event
26 no natural human remained in control of the DAO). In future

1 discussions it was suggested that the secretary of state
2 may not be the best place to initiate this action and a
3 change was previously made by the committee to paragraph
4 (a)(v) above allowing for dissolution by court order.
5 Should the Committee determine the court is a better place
6 for subsection (c) above the language could be altered as
7 follows:

8
9 Amend paragraph (a)(v) as follows:

10
11 (v) ~~By order of the secretary of state if~~ The
12 decentralized autonomous organization ~~is deemed to~~ no
13 longer ~~perform~~ performs a lawful purpose or is no longer
14 under the control of at least one (1) natural person.

15
16
17 Amend the new subsection (c) to read:

18
19 (c) Any interested party may petition a court of
20 competent jurisdiction for dissolution of a decentralized
21 autonomous organization upon the occurrence of any of the
22 events specified in subsection (a) of this section and upon
23 finding the occurrence of one (1) or more of the events
24 specified in subsection (a) of this section the court shall
25 enter an order dissolving the decentralized autonomous
26 organization.

27 *****
28 *****
29

30 **Section 2.** W.S. 17-31-102(a)(iv), 17-31-102(a)(viii),
31 17-31-105(d) and 17-31-111(a)(iii) are repealed.

32
33 *****
34 *****

35 **STAFF COMMENT**
36 **The repealed sections are listed below for reference.**

37
38 **17-31-102. Definitions.**

39
40 (a) As used in this chapter:

41

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

3
4 (viii) "Quorum" means a minimum requirement on
5 the sum of membership interests participating in a vote for
6 that vote to be valid;

7
8 **17-31-105. Formation.**

9
10 (d) An algorithmically managed decentralized
11 autonomous organization may only form under this chapter if
12 the underlying smart contracts are able to be updated,
13 modified or otherwise upgraded.

14
15 **17-31-111. Membership interests for member managed**
16 **decentralized autonomous organizations; voting.**

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

21
22 (iii) A quorum shall require not less than a
23 majority of membership interests entitled to vote.

24 *****
25 *****
26

27
28 **Section 3.** This act is effective immediately upon
29 completion of all acts necessary for a bill to become law
30 as provided by Article 4, Section 8 of the Wyoming
31 Constitution.

32
33 (END)