REGULAR CALENDAR

March 8, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Majority of the Committee on Commerce and Consumer Affairs to which was referred HB 1503-FN,

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws. Having considered the same, report the same with the following amendment, and the recommendation that the bill OUGHT TO PASS WITH AMENDMENT.

Rep. Keith Ammon

FOR THE MAJORITY OF THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

MAJORITY
COMMITTEE REPORT

Committee:	**Commerce and Consumer Affairs**
Bill Number:	**HB 1503-FN**
Title:	**exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.**
Date:	**March 8, 2022**
Consent Calendar:	**REGULAR**
Recommendation:	**OUGHT TO PASS WITH AMENDMENT 2022-0828h**

STATEMENT OF INTENT

The first part of the bill, as amended (sections 1-4), exempts the developer, seller, or facilitator of the exchange of an open blockchain token from certain state securities laws. This part is modeled on legislation that became law in Wyoming in 2018. The bill exempts digital tokens with a "consumptive" purpose, meaning the token is used to access a service or other online content: Like putting a coin in a vending machine, an example would be users paying electronic tokens on a video platform to watch content. This exemption will allow for innovation using blockchain technology without issuers having to fear running afoul of state securities laws. The issuer would need to file a notice of intent with the Secretary of State, and the issuer could not represent to buyers that the tokens are financial investments. Representatives of the state Securities Division helped make improvements to the language. The second part of the bill (section 5 onward) adopts the most current draft of Section 12 of the Uniform Commercial Code (UCC). Section 12 of the UCC accommodates emerging technologies in the field of "controllable electronic records" (CERs). Examples of CERs are: 1) so-called virtual currencies like Bitcoin, Ethereum, and stable coins such as USD Coin; 2) non-fungible tokens (NFTs) which can represent virtual or physical objects like specific works of art; and 3) electronic promissory notes, similar to electronic signatures. Adopting these changes to the UCC will facilitate modern commercial transactions involving these technologies and avoid lack of clarity under current UCC law already in state statutes. UCC Section 12 has been in development for two years by the Universal Law Commission. The language is intentionally technology-neutral and can accommodate not only existing CER technologies but also CER technologies of the future. New Hampshire is in a unique position to become the first state to adopt Section 12 of the UCC, signaling to the rest of the country that we are forward-looking and open for business in a growing, trillion-dollar industry.

Vote 14-4.

Rep. Keith Ammon
FOR THE MAJORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Commerce and Consumer Affairs

HB 1503-FN, exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws. **MAJORITY: OUGHT TO PASS WITH AMENDMENT. MINORITY: REFER FOR INTERIM STUDY.**

Rep. Keith Ammon for the **Majority** of Commerce and Consumer Affairs. The first part of the bill, as amended (sections 1-4), exempts the developer, seller, or facilitator of the exchange of an open blockchain token from certain state securities laws. This part is modeled on legislation that became law in Wyoming in 2018. The bill exempts digital tokens with a "consumptive" purpose, meaning the token is used to access a service or other online content: Like putting a coin in a vending machine, an example would be users paying electronic tokens on a video platform to watch content. This exemption will allow for innovation using blockchain technology without issuers having to fear running afoul of state securities laws. The issuer would need to file a notice of intent with the Secretary of State, and the issuer could not represent to buyers that the tokens are financial investments. Representatives of the state Securities Division helped make improvements to the language. The second part of the bill (section 5 onward) adopts the most current draft of Section 12 of the Uniform Commercial Code (UCC). Section 12 of the UCC accommodates emerging technologies in the field of "controllable electronic records" (CERs). Examples of CERs are: 1) so-called virtual currencies like Bitcoin, Ethereum, and stable coins such as USD Coin; 2) non-fungible tokens (NFTs) which can represent virtual or physical objects like specific works of art; and 3) electronic promissory notes, similar to electronic signatures. Adopting these changes to the UCC will facilitate modern commercial transactions involving these technologies and avoid lack of clarity under current UCC law already in state statutes. UCC Section 12 has been in development for two years by the Universal Law Commission. The language is intentionally technology-neutral and can accommodate not only existing CER technologies but also CER technologies of the future. New Hampshire is in a unique position to become the first state to adopt Section 12 of the UCC, signaling to the rest of the country that we are forward-looking and open for business in a growing, trillion-dollar industry.
Vote 14-4.

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

March 8, 2022

HOUSE OF REPRESENTATIVES

REPORT OF COMMITTEE

The Minority of the Committee on Commerce and Consumer Affairs to which was referred HB 1503-FN,

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws. Having considered the same, and being unable to agree with the Majority, report with the recommendation that the bill be REFERRED FOR INTERIM STUDY.

Rep. Joyce Weston

FOR THE MINORITY OF THE COMMITTEE

Original: House Clerk
Cc: Committee Bill File

MINORITY
COMMITTEE REPORT

Committee:	**Commerce and Consumer Affairs**
Bill Number:	**HB 1503-FN**
Title:	**exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.**
Date:	**March 8, 2022**
Consent Calendar:	**REGULAR**
Recommendation:	**REFER FOR INTERIM STUDY**

STATEMENT OF INTENT

The amendment to this bill is an improvement to the original bill, but it does not negate the larger picture. The State of New Hampshire, though this legislation, will set up the structure necessary to make cryptocurrency a workable second currency in our state. This is a speculative industry built on market manipulation that has been banned entirely in China, with India and Pakistan soon to do the same. The majority of the committee wants New Hampshire to be the "first in the nation" to approve the new Uniform Commercial Code (UCC) Article 12, which has not even yet been finalized, but the minority feels this sends the message that we are open to the latest fraudster pump-and-dump and rug-pull schemes conducted through Tether. Banks and financial firms want to pass the UCC article only to profit from the industry, while adding a layer of protection for themselves. While recognizing that all the states, being pressured by lobbyists, will probably adopt the UCC articles at some time in the future, the minority does not believe that this industry should be encouraged in New Hampshire, in the nation, or anywhere in the world economy. A skunk in a box is still a skunk.

Rep. Joyce Weston
FOR THE MINORITY

Original: House Clerk
Cc: Committee Bill File

REGULAR CALENDAR

Commerce and Consumer Affairs

HB 1503-FN, exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws. **REFER FOR INTERIM STUDY.**

Rep. Joyce Weston for the **Minority** of Commerce and Consumer Affairs. The amendment to this bill is an improvement to the original bill, but it does not negate the larger picture. The State of New Hampshire, though this legislation, will set up the structure necessary to make cryptocurrency a workable second currency in our state. This is a speculative industry built on market manipulation that has been banned entirely in China, with India and Pakistan soon to do the same. The majority of the committee wants New Hampshire to be the "first in the nation" to approve the new Uniform Commercial Code (UCC) Article 12, which has not even yet been finalized, but the minority feels this sends the message that we are open to the latest fraudster pump-and-dump and rug-pull schemes conducted through Tether. Banks and financial firms want to pass the UCC article only to profit from the industry, while adding a layer of protection for themselves. While recognizing that all the states, being pressured by lobbyists, will probably adopt the UCC articles at some time in the future, the minority does not believe that this industry should be encouraged in New Hampshire, in the nation, or anywhere in the world economy. A skunk in a box is still a skunk.

Original: House Clerk
Cc: Committee Bill File

Rep. Hunt, Ches. 11
February 23, 2022
2022-0828h
08/05

Amendment to HB 1503-FN

Amend the title of the bill by replacing it with the following:

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws and adopting the Uniform Commercial Code relative to controllable electronic records.

Amend the bill by replacing all after the enacting clause with the following:

1 New Paragraph; Uniform Securities Act; Definitions; Open Blockchain Token. Amend RSA 421-B:1-102 by inserting after paragraph (35) the following new paragraph:

(35-a) "Open blockchain token" means a digital unit which is:

(A) Created:

(i) In response to the verification or collection of a specified number of transactions relating to a digital ledger or database;

(ii) By deploying computer code to a blockchain network that allows for the creation of digital tokens or other units; or

(iii) Using any combination of the methods specified in subparagraphs (i) and (ii) of this paragraph;

(B) Recorded in a digital ledger or database which is chronological, consensus-based, decentralized and mathematically verified in nature, especially relating to the supply of units and their distribution; and

(C) Capable of being traded or transferred between persons without an intermediary or custodian of value.

2 New Paragraph; Uniform Securities Act; Exempt Transaction; Open Blockchain Token. Amend RSA 421-B:2-202 by inserting after paragraph (24) the following new paragraph:

(25) A purchase or sale of an open blockchain token if all of the following are met:

(A) The issuer or seller of the token, or the registered agent of the developer or seller, files a notice of intent with the secretary of state, as specified in subsection (D) of this section;

(B) The purpose of the token is for a consumptive purpose, which shall only be exchangeable for, or provided for the receipt of, goods, services or content, including rights of access to goods, services or content; and

(C) The issuer or seller of the token did not sell the token to the initial buyer as a financial investment. For purposes of this subsection, a developer seller of the token will be deemed not to have sold the token to the initial buyer as a financial investment if:

(i) The issuer or seller did not market the token as a financial investment; and

(ii) At least one of the following is true:

(a) The issuer or seller of the token reasonably believed that it sold the token to the initial buyer for a consumptive purpose;

(b) The token has a consumptive purpose that is available at the time of sale and can be used at or near the time of sale for use for a consumptive purpose;

(c) If the token does not have a consumptive purpose available at the time of sale, the initial buyer of the token is prevented from reselling the token until the token is available for use for a consumptive purpose; or

(d) The issuer or seller takes other reasonable precautions to prevent buyers from purchasing the token as a financial investment.

(D) The issuer, seller or person who facilitates the exchange of an open blockchain token, or the registered agent of the applicable person, files a notice of intent with the secretary of state prior to offering or selling the tokens in this state. The notice of intent shall contain the name of the person acting as an issuer, seller or facilitator, the contact information of the person or the registered agent of the person, and a statement that any marketing or advertising materials, including web sites offering or selling open blockchain tokens, will contain a disclosure that the tokens are not registered as securities pursuant to a transaction exemption under RSA 421-B, the New Hampshire Uniform Securities Act. The notice shall also specify whether the person will be acting as an issuer, seller or facilitator. A form shall be made available by the office of the secretary of state on its Internet website for this purpose. The secretary of state shall charge a fee of $100 per filing.

3 New Subparagraph; Uniform Securities Act; Broker-Dealer Registration Requirements and Exemption. Amend RSA 421-B:4-401(b) by inserting after subparagraph (2) the following new subparagraph:

(3)(A) Except as otherwise provided by RSA 421-B:5-511, a person who exclusively facilitates the exchange of an open blockchain token if all of the following are met:

(i) The person, or the registered agent of the person, files a notice of intent with the secretary of state, as specified in RSA 421-B:2-202(26)(d);

(ii) The person has a reasonable and good faith belief that a token subject to exchange conforms to the requirements of paragraphs RSA 421-B:2-202(25)(a)-(c); and

(iii) The person takes reasonably prompt action to terminate the exchange of a token that does not conform to the requirements of this subsection.

4 New Section; Uniform Securities Act; Liability of Issuers, Seller, and Others Who Facilitate Exchange of Open Blockchain Tokens. Amend RSA 421-B by inserting after section 5-510 the following new section:

421-B:5-511 Liability of Issuers, Sellers, and Others Who Facilitate Exchange of Open Blockchain Tokens. Notwithstanding any other provision of law, an issuer, seller, or a person who facilitates the exchange of an open blockchain token is subject to the provisions of RSA 421-B:5-501 through RSA 421-B:5-503 and RSA 421-B:5-505 through RSA 421-B:5-510 only to the extent necessary to carry out those sections. The secretary of state shall have the authority provided under RSA 421-B:6-601 through RSA 421-B:6-613 to determine compliance with the provisions of this section, including whether a person qualifies for the exemptions set forth in this section. The evidentiary burdens specified in RSA 421-B:5-503 shall apply in any proceeding initiated by the secretary of state pursuant to this subsection.

5 Statement of Intent.

I. The Joint Committee on the Uniform Commercial Code and Emerging Technologies of the Uniform Law Commission has developed draft Uniform Commercial Code provisions governing certain digital assets, specifically those that fall within the definition of "controllable electronic records." The current draft has been extensively vetted by those who understand and participate in digital transactions.

II. Adoption of the Uniform Law Commission's draft by the New Hampshire general court will create a considerable advantage for New Hampshire to lead in emerging industries utilizing blockchain, digital ledger technology, virtual currencies, and other digital assets and would provide a sensible framework and legal certainty for transactions of controllable electronic records. In subsequent sessions, if necessary, the New Hampshire general court will review and adopt conforming amendments to the provisions of the Uniform Commercial Code on controllable electronic records to remain consistent with the language and intent of the final proposal of the Joint Committee on the Uniform Commercial Code and Emerging Technologies of the Uniform Law Commission.

6 New Subdivision; Uniform Commercial Code; Article 12; Controllable Electronic Records. Amend RSA 382-A by inserting after section 9-809 the following new subdivision:

ARTICLE 12

CONTROLLABLE ELECTRONIC RECORDS

382-A:12-101 Short Title. This article may be cited as Uniform Commercial Code-Controllable Electronic Records.

382-A:12-102 Definitions.

(a) In this article:

(1) "Controllable electronic record" means an electronic record that can be subjected to control under RSA 382-A:12-105. Except as otherwise provided or the context otherwise requires,

the term includes a controllable account or a controllable payment intangible evidenced by a controllable electronic record. The term does not include deposit accounts, electronic chattel paper, electronic documents of title, intangible money, investment property, or "transferable records", as defined in the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. Section 7021(a)(1) or as defined in RSA 294-E:16, I.

(2) "Electronic record" means a record stored in an electronic medium.

(b) The definitions of "account debtor," "authenticate," "controllable account," "controllable payment intangible," "deposit account," "electronic chattel paper," "intangible money," "investment property," and "proceeds" in Article 9 apply to this article.

(c) "Value" has the meaning provided in RSA 382-A:3-303(a).

382-A:12-103 Scope.

(a) This article applies to controllable electronic records, controllable accounts, and controllable payment intangibles.

(b) If there is conflict between this article and Article 9, Article 9 governs.

(c) A transaction subject to this article is subject to any applicable rule of law that establishes a different rule for consumers and: (i) any other statute or regulation that regulates the rates, charges, agreements, and practices for loans, credit sales, or other extensions of credit and (ii) any consumer-protection statute or regulation.

382-A:12-104 Rights in Controllable Electronic Records.

(a) In this section, "qualifying purchaser" means a purchaser of a controllable electronic record or an interest in the controllable electronic record that obtains control of the controllable electronic record for value, in good faith, and without notice of a claim of a property right in the controllable electronic record.

(b) Except as provided in this section, law other than this article determines whether a person acquires a right in a controllable electronic record and the right, if any, the person acquires.

(c) A purchaser of a controllable electronic record acquires all rights in the controllable electronic record that the transferor had or had power to transfer.

(d) A purchaser of a limited interest in a controllable electronic record acquires rights only to the extent of the interest purchased.

(e) A qualifying purchaser acquires its rights in the controllable electronic record free of a claim of a property right in the controllable electronic record.

(f) Except as provided in subsection (e) or law other than this article, a qualifying purchaser takes a right to payment, right to performance, or interest in property evidenced by the controllable electronic record subject to a claim of a property right in the right to payment, right to performance, or other interest in property.

(g) An action based on a claim of a property right in a controllable electronic record, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a qualifying purchaser of any controllable electronic record.

(h) Filing of a financing statement under Article 9 is not notice of a claim of a property right in a controllable electronic record.

382-A:12-105 Control of Controllable Electronic Record.

(a) A person has control of a controllable electronic record if:

(1) the controllable electronic record, a record attached to or logically associated with the controllable electronic record, or the system in which the controllable electronic record is recorded, if any, gives the person:

(A) the power to avail itself of substantially all the benefit from the controllable electronic record; and

(B) subject to subsection (b), the exclusive power to:

(i) prevent others from availing themselves of substantially all the benefit from the controllable electronic record; and

(ii) transfer control of the controllable electronic record to another person or cause another person to obtain control of a controllable electronic record that is derived from the controllable electronic record; and

(2) the controllable electronic record, a record attached to or logically associated with the controllable electronic record, or the system in which the controllable electronic record is recorded, if any, enables the person to readily identify itself in any way as having the powers specified in paragraph (1), including by name, identifying number, cryptographic key, office, or account number.

(b) A power specified in subsection (a)(1) is exclusive, even if:

(1) the controllable electronic record or the system in which the controllable electronic record is recorded, if any, limits the use to which the controllable electronic record may be put or has a protocol that is programmed to result in a transfer of control; or

(2) the person has agreed to share the power with another person.

382-A:12-106 Discharge of Account Debtor on Controllable Account or Controllable Payment Intangible.

(a) Except as provided in this section, an account debtor on a controllable account or controllable payment intangible may discharge its obligation:

(1) by paying the person having control of the controllable electronic record that evidences the controllable account or controllable payment intangible; or

(2) by paying a person that formerly had control of the controllable electronic record.

(b) Subject to subsections (d) and (h), an account debtor may not discharge its obligation by paying a person that formerly had control of the controllable electronic record if the account debtor receives a notification that:

(1) is authenticated by a person that formerly had control or the person to which control was transferred;

(2) reasonably identifies the controllable account or controllable payment intangible;

(3) notifies the account debtor that control of the controllable electronic record that evidences the controllable account or controllable payment intangible was transferred;

(4) identifies the transferee, in any reasonable way, including by name, identifying number, cryptographic key, office, or account number; and

(5) provides a commercially reasonable method by which the account debtor is to pay the transferee.

(c) After receipt of a notification that complies with subsection (b), the account debtor may discharge its obligation only by paying in accordance with the notification and may not discharge the obligation by paying a person that formerly had control.

(d) Subject to subsection (h), notification is ineffective under subsection (b):

(1) unless, before the notification is sent, the account debtor and the person that at that time had control of the controllable electronic record that evidences the controllable account or controllable payment intangible agree in an authenticated record to a commercially reasonable method by which a person can furnish reasonable proof that control has been transferred;

(2) to the extent that an agreement between the account debtor and the seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this article; or

(3) at the option of the account debtor, if the notification notifies the account debtor to divide a payment, make less than the full amount of any required payment, or pay any portions of a payment by more than one method or to more than one person.

(e) Subject to subsection (h), if requested by the account debtor, the person giving the notification shall seasonably furnish reasonable proof, using the agreed method, that control of the controllable electronic record has been transferred. Unless the person complies with the request, the account debtor may discharge its obligation by paying a person that formerly had control, even if the account debtor has received a notification under subsection (b).

(f) A person furnishes reasonable proof that control has been transferred if the person demonstrates, using the agreed method, that the transferee has the power to avail itself of substantially all the benefit from the controllable electronic record, prevent others from availing themselves of substantially all the benefit from the controllable electronic record, and transfer these powers to another person.

(g) Subject to subsection (h), an account debtor may not waive or vary its option under subsection (d)(3).

(h) This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

382-A:12-107 Governing Law.

(a) Except as provided in subsection (b) and (d), the local law of a controllable electronic record's jurisdiction governs the matters covered by this article.

(b) The local law of a controllable electronic record's jurisdiction governs the matters covered by RSA 382-A:12-106 unless an agreement effective under RSA 382-A:1-301(a) determines that the local law of another jurisdiction governs such matters.

(c) The following rules determine a controllable electronic record's jurisdiction for purposes of this section:

(1) If the controllable electronic record, or a record attached to or logically associated with the controllable electronic record which is readily available for review, expressly provides that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this article or the UCC, that jurisdiction is the controllable electronic record's jurisdiction.

(2) If paragraph (1) does not apply and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that a particular jurisdiction is the controllable electronic record's jurisdiction for purposes of this article or the UCC, that jurisdiction is the controllable electronic record's jurisdiction.

(3) If none of the preceding paragraphs applies and the controllable electronic record, or a record attached to or logically associated with the controllable electronic record which is readily available for review, expressly provides that the controllable electronic record is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

(4) If none of the preceding paragraphs applies and the rules of the system in which the controllable electronic record is recorded are readily available for review and expressly provide that the controllable electronic record or the system is governed by the law of a particular jurisdiction, that jurisdiction is the controllable electronic record's jurisdiction.

(5) If none of the preceding paragraphs applies, the controllable electronic record's jurisdiction is the jurisdiction in which the transferor is located.

(d) If paragraph (5) of subsection (c) applies and the location of the transferor cannot be readily determined, the transferor is deemed to be located in New Hampshire.

(e) Subsection (c) applies even if a transaction does not bear any relation to the controllable electronic record's jurisdiction determined under paragraphs (c)(1)-(4).

(f) Except as provided in subsection (d), the location of the transferor for purposes of paragraph (c)(5) is determined under RSA 382-A:9-307.

(g) The rights acquired by a purchaser or a qualifying purchaser under RSA 382-A:12-104 are governed by the law applicable under this section as determined at the time of that person's purchase.

7 Secured Transactions; Definitions; Account. Amend RSA 382-A:9-102(a)(2) to read as follows:

(2) "Account", except as used in "account for", means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a State, governmental unit of a State, or person licensed or authorized to operate the game by a State or governmental unit of a State. The term includes ***controllable accounts and*** health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

8 New Subparagraph; Secured Transactions; Definitions; Controllable Account; Controllable Payment Intangible. Amend RSA 382-A:9-102(a) by inserting after subparagraph (27) the following new subparagraphs:

(27A) "Controllable account" means an account evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under RSA 382-A:12-105 of the controllable electronic record.

(27B) "Controllable payment intangible" means a payment intangible evidenced by a controllable electronic record that provides that the account debtor undertakes to pay the person that has control under RSA 382-A:12-105 of the controllable electronic record.

9 Secured Transactions; Definitions; Payment Intangible. Amend RSA 382-A:9-102(a)(61) to read as follows:

(61) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation. ***This term includes controllable payment intangibles.***

10 Secured Transactions; Control; Other Articles. Amend RSA 382-A:9-102(b) to read as follows:

(b) "Control" as provided in Section 7-106 and the following definitions in other articles apply to this article:

"Applicant" Section 5-102.

"Beneficiary" Section 5-102.

"Broker" Section 8-102.

"Certificated security" Section 8-102.

"Check" Section 3-104.

"Clearing corporation" Section 8-102.

"Contract for sale" Section 2-106.

"Controllable electronic record" Section 12-102.

"Customer" Section 4-104.

"Entitlement holder" Section 8-102.

"Financial asset" Section 8-102.

"Holder in due course" Section 3-302.

"Issuer" (with respect to a letter of credit or letter-of-credit right) Section 5-102.

"Issuer" (with respect to a security) Section 8-201.

"Issuer" (with respect to documents of title) Section 7-102.

"Lease" Section 2A-103.

"Lease agreement" Section 2A-103.

"Lease contract" Section 2A-103.

"Leasehold interest" Section 2A-103.

"Lessee" Section 2A-103.

"Lessee in ordinary course of business" Section 2A-103.

"Lessor" Section 2A-103.

"Lessor's residual interest" Section 2A-103.

"Letter of credit" Section 5-102.

"Merchant" Section 2-104.

"Negotiable instrument" Section 3-104.

"Nominated person" Section 5-102.

"Note" Section 3-104.

"Proceeds of a letter of credit" Section 5-114.

"Prove" Section 3-103.

"Qualifying purchaser" Section 12-104.

"Sale" Section 2-106.

"Securities account" Section 8-501.

"Securities intermediary" Section 8-102.

"Security" Section 8-102.

"Security certificate" Section 8-102.

"Security entitlement" Section 8-102.

"Uncertificated security" Section 8-102.

11 New Section; Secured Transactions; Control of Controllable Electronic Record. Amend RSA 382-A by inserting after section 9-107 the following new section:

382-A:9-107A Control of Controllable Electronic Record, Controllable Account, or Controllable Payment Intangible.

(a) A secured party has control of a controllable electronic record as provided in RSA 382-A:12-105.

(b) A secured party has control of a controllable account or controllable payment intangible if the secured party has control of the controllable electronic record that evidences the controllable account or controllable payment intangible.

12 Secured Transactions; Attachment and Enforceability of Security Interest. Amend the introductory paragraph of RSA 382-A:9-203(b) to read as follows:

(b) Enforceability. Except as otherwise provided in subsections (c) through [~~(i)~~] ***(j)***, a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

13 Secured Transactions; Attachment and Enforceability. Amend RSA 382-A:9-203(b)(3)(D) to read as follows:

(D) the collateral is deposit accounts, electronic chattel paper, ***electronic documents,*** investment property, ***or*** letter-of-credit rights, [~~or electronic documents,~~] and the secured party has control under Section 7-106, 9-104, 9-105, 9-106, [~~or~~] 9-107***, or 9-107A*** pursuant to the debtor's security agreement.

14 New Subparagraph; Secured Transactions; Controllable Accounts. Amend RSA 382-A:9-203 by inserting after subparagraph (i) the following new subparagraph:

(j) Controllable account or controllable payment intangible. The attachment of a security interest in a controllable electronic record that evidences a controllable account or controllable payment intangible is also attachment of a security interest in the controllable account or controllable payment intangible.

15 Secured Transactions; Rights and Duties of Secured Party Having Possession or Control of Collateral. Amend the introductory paragraph of RSA 382-A:9-207(c) to read as follows:

(c) Duties and rights when secured party in possession or control. Except as otherwise provided in subsection (d), a secured party having possession of collateral or control of collateral under Section 7-106, 9-104, 9-105, 9-106, [~~or~~] 9-107***, or 9-107A***:

16 Secured Transactions; Additional Duties of Secured Part Having Control of Collateral. Amend RSA 382-A:9-208(b)(5)-(6) to read as follows:

(5) a secured party having control of a letter-of-credit right under Section 9-107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; [~~and~~]

(6) a secured party having control of an electronic document shall:

(A) give control of the electronic document to the debtor or its designated custodian;

(B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic document is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party[~~.~~]***; and***

(7) a secured party having control of a controllable electronic record shall transfer control of the controllable electronic record to the debtor or to a person designated by the debtor.

17 Secured Transactions; Law Governing Perfection and Priority of Security Interests. Amend the introductory paragraph of RSA RSA 382-A:9-301 to read as follows:

Except as otherwise provided in Sections 9-303 through[~~—9-306~~] ***9-306A***, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

18 New Section; Law Governing Perfection and Priority of Security Interests in Controllable Electronic Records. Amend RSA 382-A by inserting after section 9-306 the following new section:

382-A:9-306A Law Governing Perfection and Priority of Security Interests in Controllable Electronic Records.

(a) Governing law; general rules. Except as provided in subsection (b), perfection, the effect of perfection or nonperfection, and the priority of a security interest in a controllable electronic record is governed by:

(1) the local law of the controllable electronic record's jurisdiction as specified in RSA 382-A:12-107(c)(1) through (4); or

(2) if non of those paragraphs applies, the local law of the jurisdiction in which the debtor is located.

(b) Governing law; perfection by filing. The local law of the jurisdiction in which the debtor is located governs perfection of a security interest in a controllable electronic record intangibles by filing.

(c) Location of the debtor. If the location of the debtor cannot readily be determined, the debtor is deemed to be in this state.

19 New Paragraph; Secured Transactions; When Security Interest or Agricultural Lien is Perfected. Amend RSA 382-A:9-308 by inserting after paragraph (g) the following new paragraph:

(h) Controllable account or controllable payment intangible. Perfection of a security interest in a controllable electronic record that evidences a controllable account or controllable payment intangible also perfects a security interest in the controllable account or controllable payment intangible.

20 Filing to Perfect Security Interest or Agricultural Lien. Amend RSA 382-A:9-310(b)(8) to read as follows:

(8) in ***controllable electronic records,*** deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights which is perfected by control under Section 9-314;

21 Perfection of Security Interests in Chattel Paper. Amend the section heading of RSA 382-A:312 through 9-312(a) to read as follows:

382-A:9-312 Perfection of Security Interests in ***Controllable Electronic Records,*** Chattel Paper, Deposit Accounts, Documents, Goods Covered by Documents, Instruments, Investment Property, Letter-of-Credit Rights, and Money; Perfection by Permissive Filing; Temporary Perfection Without Filing or Transfer of Possession.

(a) Perfection by filing permitted. A security interest in chattel paper, ***controllable electronic records,*** negotiable documents, instruments, or investment property may be perfected by filing.

22 Secured Transactions; Perfection by Control. Amend RSA 382-A:9-314(a)-(b) to read as follows:

(a) Perfection by control. A security interest in investment property, deposit accounts, letter-of-credit rights, ***controllable electronic records,*** electronic chattel paper, or electronic documents may be perfected by control of the collateral under Section 7-106, 9-104, 9-105, 9-106, [~~or~~] 9-107***, or 9-107A.***

(b) Specified collateral: time of perfection by control; continuation of perfection. A security interest in ***controllable electronic records,*** deposit accounts, electronic chattel paper, letter-of-credit rights, or electronic documents is perfected by control under Section 7-106, 9-104, 9-105, [~~or~~] 9-107***, or 9-107A*** when the secured party obtains control and remains perfected by control only while the secured party retains control.

23 Secured Transactions; Effect of Change in Governing Law. Amend the introductory paragraph of RSA 382-A:9-316(a) to read as follows:

(a) General rule: effect on perfection of change in governing law. A security interest perfected pursuant to the law of the jurisdiction designated in Section 9-301(1), [~~or~~] 9-305(c), ***or 9-306A(a)(2) or (b)*** remains perfected until the earliest of:

24 New paragraphs; Secured Transactions; Change in Jurisdiction. Amend RSA 382-A:9-316 by inserting after paragraph (f) the following new paragraphs:

(fA) Chane in jurisdiction of controllable accounts, controllable electronic records, or controllable payment intangibles. A security interest that is perfected pursuant to the law designated in Section 9-306A(a)(1) remains perfected until the expiration of four months after a change of the applicable law to another jurisdiction.

(fB) Subsection (fA) security interest perfected or unperfected under law of new jurisdiction. If a security interest described in subsection (fA) becomes perfected under the law of the other jurisdiction before the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

25 New Section; Priority of Security Interests in Controllable Electronic Record. Amend RSA 382-A by inserting after section 9-326 the following new section:

382-A:9-326A Priority of Security Interests in Controllable Electronic Record. A security interest in a controllable electronic record held by a secured party having control of the controllable electronic record has priority over a conflicting security interest held by a secured party that does not have control.

26 Secured Transactions; Priority of Rights of Purchasers. Amend RSA 382-A:9-331 to read as follows:

382-A:9-331 Priority of Rights of Purchasers of Instruments, Documents, and Securities Under Other Articles; Priority of Interests in Financial Assets and Security Entitlements Under Article 8 ***and Controllable Electronic Records Under Article 12.***

(a) Rights under Articles 3, 7, [~~and~~] 8, ***and 12*** not limited. This article does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, [~~or~~] a protected purchaser of a security ***or a qualifying purchaser as defined in section 12-104 of a controllable electronic record.*** These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Articles 3, 7, [~~and~~] 8, ***and 12.***

(b) Protection under Article 8 ***and 12.*** This article does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Article 8 ***or 12.***

(c) Filing not notice. Filing under this article does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in subsections (a) and (b).

27 Secured Transactions; Discharge of Account Debtor. Amend RSA 382-A:9-406 to read as follows:

382-A:9-406 Discharge of Account Debtor; Notification of Assignment; Identification and Proof of Assignment; Restrictions on Assignment of Accounts, Chattel Paper, Payment Intangibles, and Promissory Notes Ineffective.

(a) Discharge of account debtor; effect of notification. Subject to subsections (b) through [~~(i)~~] ***(k)***, an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(b) When notification ineffective. Subject to subsection (h) ***and (k)***, notification is ineffective under subsection (a):

(1) if it does not reasonably identify the rights assigned;

(2) to the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this article; or

(3) at the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if:

(A) only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee;

(B) a portion has been assigned to another assignee; or

(C) the account debtor knows that the assignment to that assignee is limited.

(c) Proof of assignment. Subject to subsection (h) ***and (k)***, if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under subsection (a).

(d) Term restricting assignment generally ineffective. Except as otherwise provided in subsection (e) and Sections 2A-303 and 9-407, and subject to subsection (h), a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

(1) prohibits, restricts, or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account, chattel paper, payment intangible, or promissory note; or

(2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account, chattel paper, payment intangible, or promissory note.

(e) Inapplicability of subsection (d) to certain sales. Subsection (d) does not apply to the sale of a payment intangible or promissory note, other than a sale ***of a controllable payment intangible and a sale*** pursuant to a disposition under Section 9-610 or an acceptance of collateral under Section 9-620.

(f) Legal restrictions on assignment generally ineffective. Except as otherwise provided in Sections 2A-303 and 9-407 and subject to subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

(1) prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account or chattel paper; or

(2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.

(g) Subsection (b)(3) not waivable. Subject to subsection (h), an account debtor may not waive or vary its option under subsection (b)(3).

(h) Rule for individual under other law. This section is subject to law other than this article which establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(i) Inapplicability. This section does not apply to:

(1) an assignment of a health-care-insurance receivable; or

(2) an assignment or transfer of or creation of a security interest in:

(A) a claim or right to receive compensation for injuries or sickness as described in 26 U.S.C. Â section 104(a)(1) or (2), as amended from time to time; or

(B) a claim or right to receive benefits under a special needs trust as described in 42 U.S.C. Â section 1396p(d)(4), as amended from time to time.

(j) Section prevails over inconsistent law. Except as otherwise provided in subsection (i), this section prevails over any inconsistent provision of an existing or future statute, rule, or regulation of this State unless the provision is contained in a statute of this State, refers expressly to this section, and states that the provision prevails over this section.

(k) Inapplicability of certain subsections. Subsections (a) through (c) and (g) do not apply to a controllable account or controllable payment intangible.

28 Secured Transactions; Restrictions on Assignment of Promissory Notes. Amend RSA 382-A:9-408(b) to read as follows:

(b) Applicability of subsection (a) to sales of certain rights to payment. Subsection (a) applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note, other than a sale ***of a controllable payment intangible and a sale*** pursuant to a disposition under Section 9-610 or an acceptance of collateral under Section 9-620.

29 Secured Transactions; Rights After Default. Amend RSA 382-A:9-601(b) to read as follows:

(b) Rights and duties of secured party in possession or control. A secured party in possession of collateral or control of collateral under Section 7-106, 9-104, 9-105, 9-106, [~~or~~] 9-107, ***or 9-107A*** has the rights and duties provided in Section 9-207.

30 Secured Transactions; Unknown Debtor or Secondary Obligor. Amend RSA 382-A:9-605 to read as follows:

382-A:9-605 Unknown Debtor or Secondary Obligor.

(a) Subject to subsection (b), A secured party does not owe a duty based on its status as secured party:

(1) to a person that is a debtor or obligor, unless the secured party knows:

(A) that the person is a debtor or obligor;

(B) the identity of the person; and

(C) how to communicate with the person; or

(2) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) that the person is a debtor; and

(B) the identity of the person.

(b) Subsection (a) does not apply to a secured party that, at the time the secured party's security interest attaches to a controllable electronic record has notice that the nature of the collateral or the system in which the collateral is recorded, if any, would prevent the secured party from acquiring the knowledge specified in that subsection.

31 Secured Transactions; Nonliability and Limitation on Liability of a Secured Party. Amend RSA 382-A:9-628 to read as follows:

382-A:9-628 Nonliability and Limitation on Liability of Secured Party; Liability of Secondary Obligor.

(a) Limitation of liability of secured party for noncompliance with article. Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

(1) the secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this article; and

(2) the secured party's failure to comply with this article does not affect the liability of the person for a deficiency.

(b) Limitation of liability based on status as secured party. ***Subject to section (f),*** a secured party is not liable because of its status as secured party:

(1) to a person that is a debtor or obligor, unless the secured party knows:

(A) that the person is a debtor or obligor;

(B) the identity of the person; and

(C) how to communicate with the person; or

(2) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

(A) that the person is a debtor; and

(B) the identity of the person.

(c) Limitation of liability if reasonable belief that transaction not a consumer-goods transaction or consumer transaction. A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(1) a debtor's representation concerning the purpose for which collateral was to be used, acquired, or held; or

(2) an obligor's representation concerning the purpose for which a secured obligation was incurred.

(d) Limitation of liability for statutory damages. A secured party is not liable to any person under Section 9-625(c)(2) for its failure to comply with Section 9-616.

(e) Limitation of multiple liability for statutory damages. A secured party is not liable under Section 9-625(c)(2) more than once with respect to any one secured obligation.

(f) Section (b) does not apply to a secured party that, at the time the secured party's security interest attaches to a controllable electronic record has notice that the nature of the collateral or the system in which the collateral is recorded, if any, would prevent the secured party from acquiring the knowledge specified in that subsection.

32 General Provisions; Value. Amend the introductory paragraph of RSA 382-A:1-204 to read as follows:

Except as otherwise provided in Articles 3, 4, [~~and~~] 5, ***and 12*** a person gives value for rights if the person acquires them:

33 Uniform Commercial Code; Article 12-Controllable Electronic Records; Department of State and Banking Department; Reporting Requirement. On or before November 1, 2022, the secretary of state, in consultation with the bank commissioner, shall submit a report to the general court

regarding implementation of section 1 of this act and the status of Article 12 as finalized and adopted by the Uniform Law Commission. The report shall include any proposed legislation required to implement UCC article 12 in New Hampshire, including but not limited to changes to other UCC articles required by the addition. The report shall be submitted to the speaker of the house of representatives, the senate president, the chairperson of the house commerce and consumer affairs committee, the chairperson of the senate commerce committee, and the governor.

34 Effective Date.

I. Section 2 of this act shall take effect January 1, 2023.

II. The remainder of this act shall take effect upon its passage.

2022-0828h

AMENDED ANALYSIS

This bill exempts the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

This bill also adopts the Uniform Commercial Code on controllable electronic records.

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

EXECUTIVE SESSION on HB 1503-FN

BILL TITLE: exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

DATE: March 3, 2022

LOB ROOM: 302-304

MOTIONS: OUGHT TO PASS WITH AMENDMENT

Moved by Rep. Ammon	Seconded by Rep. Potucek	AM Vote: 18-0

Amendment # 2022-0828h

Moved by Rep. Ammon	Seconded by Rep. Potucek	Vote: 14-4

CONSENT CALENDAR: NO

Statement of Intent: Refer to Committee Report

Respectfully submitted,

Rep Keith Ammon, Clerk

OFFICE OF THE HOUSE CLERK

1/10/2022 8:55:58 AM
Roll Call Committee Registers Report

2022 SESSION

Commerce and Consumer Affairs

Bill #: HB 503 Motion: OTP/A AM #: — Exec Session Date: 3/3/22

Members	YEAS	Nays	NV
~~Depalma IV, Joseph~~ Terrace Acton	6		
~~Herbert, Christopher J.~~		~~1~~ ~~2~~ ~~3~~ 4	
~~Beaulieu, Jane E.~~ Tanner	11		
Hunt, John B. Chairman	14		
Potucek, John M. Vice Chairman	1		
Osborne, Jason M.	2		
Ammon, Keith M. Clerk	3		
Abramson, Max	4		
Ham, Bonnie D.	5		
Greeson, Jeffrey	7		
Johnson, Dawn M.	8		
Terry, Paul A.	9		
Bartlett, Christy D.	10		
Abel, Richard M.		1	
Van Houten, Constance		2	
Fargo, Kristina M.		3	
Weston, Joyce		4	
Burroughs, Anita D.	12		
McAleer, Chris R.	13		
TOTAL VOTE:	14	4	

OFFICE OF THE HOUSE CLERK

1/10/2022 8:55:58 AM
Roll Call Committee Registers Report

2022 SESSION

Commerce and Consumer Affairs

Bill #: HB503 **Motion:** OTB **AM #:** 8284 **Exec Session Date:** 3/3/22

Members	YEAS	Nays	NV
Hunt, John B. Chairman	18		
Potucek, John M. Vice Chairman	1		
Osborne, Jason M.	2		
Ammon, Keith M. Clerk	3		
Abramson, Max	4		
Ham, Bonnie D.	5		
~~Depalma IV, Joseph~~ Acton	6		
Greeson, Jeffrey	7		
Johnson, Dawn M.	8		
Terry, Paul A.	9		
Bartlett, Christy D.	10		
Abel, Richard M.	11		
~~Herbert, Christopher J.~~			
Van Houten, Constance	12		
Fargo, Kristina M.	13		
Weston, Joyce	14		
~~Beaulieu, Jane E.~~ Tanner	15		
Burroughs, Anita D.	16		
McAleer, Chris R.	17		
TOTAL VOTE:	18	0	

HOUSE COMMITTEE ON ~~EXECUTIVE DEPARTMENTS AND ADMINISTRATION~~ Commerce

SUBCOMMITTEE WORK SESSION on HB 1503-FN

BILL TITLE: exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

DATE:

Subcommittee Members: Reps. McGuire, Rhodes, Sytek, S. Pearson, Yakubovich, T. Lekas, Alliegro, Bailey, Lanzara, Santonastaso, Goley, Schuett, Jeudy, P. Schmidt, Marsh, Fellows, Fontneau, Grote and O'Brien

Comments and Recommendations:

Hunt ~~Bartlett~~ Potucek Terry Greeson Ammon

Bartlett Weston Forgo McAllen

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. Ammon Seconded by Rep. Bartlett AM Vote: 9-0

Adoption of Amendment # 828H

Moved by Rep. ~~Weston~~ Seconded by Rep. ~~Terry~~ Vote: ~~6-3~~ 6-3

_____ Amendment Adopted _____ Amendment Failed

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. _____ Seconded by Rep. _____ AM Vote: _____

Adoption of Amendment # _____

Moved by Rep. Ammon Seconded by Rep. Terry Vote: _____

_____ Amendment Adopted _____ Amendment Failed

Respectfully submitted,

Rep. _____
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 1503-FN

BILL TITLE: exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

DATE: March 15, 2022

Subcommittee Members: Reps. Hunt, Potucek, Terry, Greeson, Ammon, Bartlett, Weston, McAleer and Fargo

Comments and Recommendations:

MOTIONS: **OUGHT TO PASS WITH AMENDMENT**

Moved by Rep. Ammon	Seconded by Rep. Bartlett	AM Vote: 9-0
Amendment # 2022-0828h		
Moved by Rep. Ammon	Seconded by Rep. Terry	Vote: 6-3

Respectfully submitted,

Rep. Keith Ammon
Subcommittee Chairman

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 1503-FN

BILL TITLE: exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

DATE: 2/2/22

Subcommittee Members: Reps. Hunt, Osborne, Ham, Johnson, Abel, Weston, Fargo and Herbert

Comments and Recommendations:

review Amend 2022-0297H

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. _____ Seconded by Rep. _____ AM Vote: _____

Adoption of Amendment # _____

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

_____ Amendment Adopted _____ Amendment Failed

MOTIONS: OTP, OTP/A, ITL, Retained (1st Yr), Interim Study (2nd Yr)
(Please circle one)

Moved by Rep. _____ Seconded by Rep. _____ AM Vote: _____

Adoption of Amendment # _____

Moved by Rep. _____ Seconded by Rep. _____ Vote: _____

_____ Amendment Adopted _____ Amendment Failed

Respectfully submitted,

Rep. _____
Subcommittee Chairman/Clerk

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

SUBCOMMITTEE WORK SESSION on HB 1503-FN

BILL TITLE: exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

DATE: February 2, 2022

Subcommittee Members: Reps. Hunt, Osborne, Ham, Johnson, Abel, Weston and Herbert

Comments and Recommendations: Review Amendment #2022-0297h

Respectfully submitted,

Rep. John Hunt
Subcommittee Chairman

HOUSE COMMITTEE ON COMMERCE AND CONSUMER AFFAIRS

PUBLIC HEARING ON HB 1503-FN

BILL TITLE: **exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.**

DATE: **January 12, 2022**

LOB ROOM: **302-304** **Time Public Hearing Called to Order:** **2:30 p.m.**

Time Adjourned: **3:07 p.m.**

Committee Members: Reps. Hunt, Potucek, Ammon, Greeson, Johnson, Terry, Bartlett, Abel, Weston, Beaulieu and McAleer

Bill Sponsors:

Rep. Ammon	**Rep. Alexander Jr.**	**Rep. Osborne**
Rep. Warden	**Rep. Edwards**	**Rep. Berezhny**
Rep. Baxter	**Rep. White**	**Sen. Avard**

TESTIMONY

* Use asterisk if written testimony and/or amendments are submitted.

Rep. Ammon

Thank you, Mr. Chair. I'll keep my comments brief. I do want to say for the record that I engaged the banking association four to, or six to eight weeks ago to ask them for input on these bills. So, I'm grateful to hear that they're, favor of this segment, but it, perhaps we could work together, to find a workable solution instead of just killing, the baby in the, in the crib. So, this bill house, bill 1503, deals with something very specific was that non-PC, I'm sorry. We used to say that back in the day, throwing the baby out with the bath water, it's all about the children. Okay. So, this bill deals with something called a digital token, and it there's definitions in the bill around, you know, what, what that would be. but the idea is a digital token that meets certain properties would be exempted from our state securities laws. and one of those properties would be that the token is consumptive. So, that means you consume it in exchange for a, a service. there's, there's, an example, there's a local example in Manchester, New Hampshire, there's a company, called library. I think one of their representatives, will speak after me, where they did just that they created a token that drives their content system. So, I'll try to explain it briefly. And this is just one example. There are many examples, but this is one local example, headquartered in Manchester. So, we are, we're all familiar with YouTube. You can go on YouTube, and you can watch videos. Okay. So, on either end of that, there's the content creators. They're the people that are making the content. And then there's the content consumers, the people that are consuming the content, what library did their innovation was they created a token where the content consumers can pay the content creators, these tokens to incentivize their creation. and then those tokens are changeable on an open market. So, that that's one example of what a token with a consumptive purpose is. and then there's other, there's other, uses for these kinds of tokens. some of that, some of them are to provide like liquidity and something called a centralized exchange. So, there's a, there's a project called, it's called Thor chain is the name of the project, but it's a decentralized exchange that uses a token to, to balance out the liquidity pool So, that people can transfer, their content. So, here here's the basic idea. These utility tokens can be used by innovators to create something new and to create an incentive system around some new service on the internet. And what this bill would do would say, if you, if you make New Hampshire your home base, that we will, allow you to create these tokens, and you'll be exempted from the, from the securities laws. and I believe consumer protection would still apply, but, that that's the basic gist of this bill. There's, there's more details in it, but, you know, mainly it's the definitions that make it useful. And I'm happy to take any questions.

Rep Weston

Q: Yes. Thank you. representative Aman, I must say of the three bills. This is the one that I had the most trouble understanding <affirmative> and the section in particular, I hope maybe you can clarify for me was on the third page, from line seven to 20, where you're replacing a part of the RSA with a totally new section. And it had to do a lot with, limited partnership in the original RSA. It was that whole section was totally taken out. I don't know why it was removed and then this new copy was added in. Could you just clarify what's going on there?

A: Yeah. I have to admit that this is a product of OLS' handy work, So, they, they did all of the, crosschecking with the, with the RSAs. It basically allows, there's a written agreement required with an investment advisor, that describes these activities.

A: That doesn't really clear it up.

Hunt: We do have someone from the department, securities department who should be able to help you out.

Barry Glennon, Director of NH Securities Regulation and Kevin Moquin, Senior Staff Attorney

Glennon:

Good afternoon, Mr. Chair. My name is Barry Glennon and I'm the director of the Hampshire bureau of securities regulation. With me here today is Kevin Moquin, who is a senior staff attorney, with, the bureau who will, speak to the bill, concerning, the proposed legislation, which essentially is seeking an exempt under the securities act, for a developer of an open chain, open blockchain, token, that that token would not be deemed as a security. So, understanding that there is a complicated piece of legislation. we will certainly try to answer any questions that you have at the conclusion of our testimony. So, turn it over to attorney Moquin.

Moquin:

Thank you. and thank you, Mr. Chair, and committee. and as the chairman pointed out, we neither, support nor oppose this. It's, a very worthy topic for discussion. cryptocurrency is not going away. As we see with Bitcoin, as we see with, ether and many other types of, cryptocurrencies out there. the spa answer had mentioned that there is a test that's used in terms of whether a particular item. That's not a traditional security is still a security, the HOWIE test. And it's a pretty clear test that goes back, as was mentioned to the 1940s. And basically, it says that an investment contract is a security when there's an investment of money in a common enterprise with an expectation of profits derived from the efforts of others. And that that's essentially what we apply when we are looking at whether something is a security or not, and whether there's been a transaction in a security. And so, I'd like to point out at this point, we have had no cases, finding any type of cryptocurrency or platform or developer or seller or facilitator in violation of this securities act. We haven't had a problem with that. I know I was on the, same, commission with, the chairman, looking at cryptocurrencies years ago. we reported that at the time and we are, we're happy to report that there still has not been any problems. as far as, crypto currencies or platforms, we have not had any applied to register with us. We have not required any to register with us at this point. So, I just, I just want to make that clear, from the, get go. So, basically, we just have some questions that, the committee may want to consider as they look at this bill. and really, it's about balancing consumer protection, and promoting cryptocurrencies, Bitcoin, I think it's already been pointed out Bitcoin and ether, are among the types of cryptocurrencies that not considered securities. but what is interesting is they're often purchased as investments. I think we see that with Bitcoin, for instance, with the magnificent, changes in the value of Bitcoin up and down, basically that's being driven by speculation. So, there are a lot of people who look at it that way, and as an investment, it, it is very speculative. and partly because of the unregulated nature of it, one thing I want to look or, point out is that this issue is being looked at by a lot of different, entities organizations. The federal government is looking at this. it's been a big topic for the securities and exchange commission. it's been a topic for the, CFTC, the OCC, IRS, and a whole bunch of alphabets of, of regulators. So, as far as, federal, law goes, any changes that come about, will, raise the issue of preempt. and this would

definitely be considered I believe, to be interstate commerce. So, it could raise questions at that point, is this regulation only going to apply in intrastate, which, you know, it, it, it would obviously be an issue for crypto currency because we're not talking about something that stays within state lines. it's also been noted that there have been various approaches by the various states to cryptocurrency ranging from Wyoming, from which, this, bill and the other two bills have been drawn all the way to New York and New York actually requires, licensing of, companies that deal in cryptocurrencies. As I understand it, the uniform law commission has been mentioned, they actually had put out a model, rule on this. And, it had some issues, they actually told states not to adopt it because they were looking for it further. So, it is being looked at by the uniform law commission. So, it's certainly an area that's in flux <affirmative> and I think, you know, the com committee probably would want to be aware that this is an area that's in flux, that it's in, there's a lot of discussions, about this. and specifically, we have some questions regarding, within the statute, the definitions, particularly consumptive purpose. it's not absolutely clear to us what that means, and it, it's not defined within the statute. the other thing that we pointed out and it's in our fiscal note is that, right now we have no system to handle electronic notice filings as proposed in the bill. and, and of course there would be some cost with that. We don't know what that would be at this point. So, those are, those are some of the issues that we've looked at. Some of the questions we've looked at that we, we hope the committee will take a look at as they examine, what would be a fairly significant change to the security statute. And with that, we'll be willing to take any questions.

Rep Beaulieu

Q: Are you opposed or in favor?

A: We are neither opposed or in favor. We just want to make the committee aware of some questions on the bill.

Rep Hunt

Q: Is any of this activity that's going on now in New Hampshire unregulated?

A: It very well could be. And again, there's been no complaints. There's been no, requirements that we've had to, you know, you need to see us to get registered, no investigations of unregistered activity. Any, any issues we have looked at with regards to cryptocurrencies is using them in the purchase of securities rather than the actual crypto cryptocurrencies themselves.

Q: Right. I guess, you know, when I first saw the security, the first thing came up to me was the, issue that we, we actually tacked securities and it's a revenue maker to this state in Hampshire. And, but I, my, I guess I did want to make sure that this, this is outside of those bundles that are, that are offered to the public, right? This is because this contemplates a one-to-one exchange, interaction between two people. And it's not a prospectus that we are currently taxing?

A: That is correct. Mr. Chair, to a certain degree, I believe the legislation does require that the issuer or the developer of the token, file, or registration with the bureau, however that they would be exempt under almost all for revisions of the securities act, but for fraud, So, that there was some fraudulent activity in the course of, of the activity. the bureau may have jurisdiction, but I think it is important to, point out as, attorney Moquin mentioned that a lot of the testimony today, I'm kind of paraphrasing you, but a lot of the testimony today deals with, with the consumptive purpose and how this would be used for the purchase and sale of items. our concern certainly with the bureau at the bureau is that if this is being sold for investment purposes and being marketed as such as an investment, you know, under the, Howie test as attorney Moquin noted, we would, you know, deem, you know, that particular transaction to be a security, and would want to retain, you know, regulatory authority over that, which we would, if there's fraudulent conduct other matters related to, the activity, as written here or as, as deleted in certain sections of the act, you know, would not be there.

Q: I'm glad you brought that up because, obviously that is really the heart of the matter of what this committee should be concerned about, which is the fraudulent and consumer action. And we have, anybody, I, my, you know, the I'll use my favorite FRM <laugh> and, and that, oh yeah, it's we, we

register with securities because of the transaction, but then what actual authority you have over what was going on when, in terms, if there was, some misleading information occurring and what is your authority and where, you know, and whereas my attitude is right now, it's all under the, it, it cannot regulate. You cannot, you know, you would not be protecting them. They would be under the consumer protection act. And my fear, anytime when we had this registered, is that that's the, you know, the camel's nose under the tent of trying to pretend like, oh, I'm regulated, but I'm not really regulated. So, is, as you, when you read this language here, do you see that potential exposure that we had under FRM?

A: I would point out that it's not a full register that would occur under the statute. It's, it's, what's referred to as notice filing. And, and essentially what it means is that while we get a notification that this organization is operating or, or these individuals are operating New Hampshire, it's not the same as registration where we would require extra information where there would be a prospectus that we would go through thoroughly. so, you know, there is that possibility, I guess, that some people could look at this as, as almost like a stamp of approval that a notice filing has been made. and, and right now, I guess to some extent, you know, the caveat EOR applies. so, yeah, at this point, if we were to adopt this, you know, there would be that notice filing that we have, but it, it could be taken by some people that this gives us some type of authority that we really don't have of, the only authority being to pursue fraud when we're made aware of it.

Q: Right. Well, that's bingo. That's the question. So, at this point, if the fraud or occur would then you would be referring them to the attorney General's office, or would you actually, I mean, it is, again, it, it, I think about how some securities, when you, when you, you, you join the, the trust department, they, they send you that not big notices that you keep getting all the time that, that, you know, that this is fluctuated, it's not secure, but the, you know, F D I C that you, you know, could potentially lose everything, right. That's not going to come with the consumer's not going to get that in this statute. Right. Because that's only, you know, that's only when it comes to a prospectus. So, in this case, we're just talking about that notification and someone could be, how do we make sure that notification occurs without the consumer being misled to think that, there's, there's somebody overlooking the transaction, otherwise notifying them that like we do right now with the banking department that has a big, you know, message there is that, no, we don't, we aren't, ensuring anything that goes on here in a, if you have a problem called the he's office.

A: Right. Yeah. And, and, you know, again, what we would do is if we saw activity that, somebody brought to our attention we'd apply that Howie test to see whether it involved an investment contract essentially, otherwise, yeah. It probably would be referred to the attorney General's office. But yeah, I, I, I think that is an issue with our, securities firms. They have disclosures they need to make, and you're not going to see that necessarily in these types of transactions. And I, and I will point out it that other states that have looked at this have seen situations where it's not necessarily clear what is a consumer transaction versus an investment, or, or it may be sold in such a way that it becomes an investment. So, there, there are gray areas. and I think, you know, that that's where the Howie test gives us really a, a very good level of, understanding as to whether we're dealing with the security or not. And again, at this point, we, we just haven't seen that.

Rep Greeson

Q: Thank you, Mr. Chairman, thank you gentlemen, for answering our questions in reading the wording of the definition of a token, the purpose of the token that's described in, in this bill. Uh it's. And this is on the, in acting page, under state of New Hampshire in the year of our Lord, 2022, go on down to lines 10 through 14. The purpose of the token is for a con consumptive purpose, which shall only be changeable for, or provided for the receipt of goods services, or content, including rights of access to good services or content, and the developer or seller of the token did not sell the token to the initial buyer as a financial investment. How is this any different from a gift card and is a gift card and investment or a security that would be covered under the security department?

A: no, I I's just that a gift card is kind of a gift card, whereas a, digital, token a cryptocurrency comes in all kinds of flavors. So, again, and there's probably a way of getting at that, because again, at, as, has been mentioned, cryptocurrencies are here to stay and regulators have to deal with that. but there definitely are gray areas. and I think you're not likely to see that with a gift card versus, a digital currency may have, nuances in terms of the contracts that, might be incorporated into the

digital token. and there may even be nuances in the way they're marketed where, you know, sometimes, an investment or marketing and investment is in the eye of the beholder. so, it, it it's, again, I'm certain that it's not something, or that I'm certain that it is something that can be, understood, but there are gray areas. Definitely.

Rep Weston

Q: Thank you. I just do have one other thought Bitcoin has been going up an enormous rate, you know, since its inception. And I'm wondering maybe the reason there haven't been any complaints **when people invest in Bitcoin is because there haven't been losses yet**. Do you foresee there being more problems once their losses?

A: Well, I think I've seen some laughter over here and I, I believe there's, there's been a rough ride more recently with Bitcoin. Okay. I stand corrected. We haven't gotten any complaints and there, there have been periods where there have been rough rides with Bitcoin.

Q: I wasn't aware of that. Thank you.

Rep Herbert

Q: Simple question, in the future or maybe, I would like to know when somebody is, discussing, giving us, information and advice from here, whether or not they are in fact owners of cryptocurrency. I just want to know if they have a vested interest in the, in the product.

A: I also do not own any cryptocurrency.

Hunt: I do believe the sponsor did tell us that he owns Bitcoin.

Herbert: I just would like to know, I, I knew that, but you know, if somebody comes forward and I don't know them, I would just like to know.

Hunt: Well, yeah, yeah. that's a very awkward question. It's like asking anybody who cares about vaccine medication, whether you own stock and Pfizer, you know, come on, you know, we don't ask each other those kind of questions.

Herbert: Pardon me. I didn't hear you.

Hunt: it'd be like when we talk about vaccines, should we ask somebody whether they own stock in Pfizer or Moderna, you know, do you have pharmaceutical stock? If you own pharmaceutical stock, you might have a different attitude about vaccines.

Herbert: That's why you ask the question.

Hunt: No you don't ask the question.

Christie Merrill, NH Bankers Association*

Thank you, Mr. Chair. We'll submit our testimony in writing.

Rep Lex Berezhny

I'm a co-sponsor and I own crypto, but not Bitcoin <laugh>. chairman hunt and members of the commerce and consumer affairs committee. Thank you for the opportunity to justify on HB 1503. my name is Lex Berezhny. I represent Grafton district nine. I am a co-sponsor on built and I have been a professional software developer for the past two decades. For the past three years, I have been employed at library Inc (LBRY). A New Hampshire company based in Manchester, New Hampshire, and we are building a decentralized alternative to YouTube using blockchain technologies. our platform has 40 million unique users per month. Viewing a catalog of million videos uploaded by 1 million creators. Today. Library is the biggest decentralized, decentralized alternative to YouTube.

The 15 million videos on our platform are recorded on the library, blockchain. This is the core feature of our blockchain and how our tokens are consumed creators consume tokens in order to publish content and regular users consume tokens by supporting specific content supported content rises higher in search results. We believe our technology fits within the framework set up by HB 1503. Unfortunately, this bill is not yet law and even more unfortunate. The federal government does not have a framework in place to regulate a company such as ours instead of establishing a legal framework to let us operate in a safe and regulated manner. The federal government via the securities and exchange commission has taken a path to squash all innovation in this area. Library Inc collect many other crypto company is, was sued by the SEC, over a year ago and has already spent over a million dollars in legal fees, the money which have otherwise been spent expanding our New Hampshire office and continuing to build our platform. We intend to continue fighting and hope to win the SEC lawsuit, but there are many other companies all over the United States, which, which decided to settle and simply shut down pass thing. This legislation will not be a silver bullet, but it will by joining with other states that have passed similar laws begin to form a consensus on how this industry can be regulated. And we hope that future blockchain startups can avoid the uncertainty and legal cost, which we continue to endure. Thank you for your consideration of the very important legislation to provide much needed clarity for individuals and businesses innovating in the blockchain space. Do you have any questions?

Rep Herbert

Q: could you tell me what you do again? I didn't quite get it. I didn't understand what you, your service is.

A: Oh, our service. So, are you familiar with YouTube? Sure. Okay. So, we're, we're a competitor to YouTube. That's decentralized where instead of having to go to a website to watch the video, you can, watch the videos using your computer, but connecting to other people who are also connected to the same network, but there's no central computer, where the videos are store, or they're shared on everybody's computer.

Q: So, you allow me to avoid YouTube?

A: You, yeah. You could use this as an alternative. It doesn't have everything that YouTube has, but we have 15 million videos. So, that's quite a bit.

Rep Abel

Q: Thank you. Representative. I have to admit that I was, I've been somewhat confused by this bill. The Bill's clear, but I don't understand what it's trying to achieve. and perhaps you can explain, let me, let me just tell you what confuses me. it appears that New Hampshire does not, consider blockchain transactions as, or cryptocurrency transactions as, as being, something covered by as a security. And yet we have a bill asking, asking for an exemption from that. And so, I'm not sure what the problem is since New Hampshire already is not considering this to be a security, unless I misunderstood.

A: You are correct. the, the issue is that New Hampshire doesn't, doesn't have a definition and doesn't regulate the space and the federal government also doesn't have, a definition and doesn't regulate the space except for the securities. And exchange commission has decided that cryptocurrencies are securities. And so, any company that does anything in the space consider a security and they've just started suing every company that has anything to do with, with, blockchain. So, by passing this legislation, like I said, in my testimony, this isn't a silver bullet, So, this won't solve our problem, but it's, it starts down the path of having, you know, like Wyoming in Texas, right? These states, sir passing legislation that, explicitly allows what we're already doing. And therefore, if the federal government tries to go in, we can say, well, we've registered with the state. We've followed all the state laws. You don't defi you, you haven't, you haven't specified how we're supposed to do it because one of the problems we have with, with a, with a lawsuit is that when we asked SEC how, what can we do to be legitimate? What can we do for you not to continue suing us? And they can't answer that. So, part of this would be we've, you know, we can at least show that there's a state law and we follow the state law to the T and therefore, you know, we are

legitimate. So, that that's the reason is, is, is to regulate it So, that we can say we have followed the law because right now we can't, there's no, there's no regulation.

Hunt: but at the end of the day, if the SCC has the right to ignore the state law?

A: Yes. I mean, they can't, but hopefully if there is a state law, then there is a little bit, you know, there's, there's, sort of, I, I, I guess, yeah, I can't answer that. it just, it helps, right. If, if there is a state law that you are following and if the federal government, I mean, there's, there's other laws that states don't exactly align with the, with the federal laws,

Hunt: There's like compared to the marijuana law. Exactly. And it, that, at some point in time, the, the other shoe could drop, and the feds decide to enforce the, and ignore the state laws, but

A: At this point, so, So, in a sense, by passing this, we would be, you know, one of the few states that are kind of setting the policy forward, and then if the federal government, if the shoe were to drop, then they may adopt the existing laws that the states have that several states have already passed, just to kind of keep things sane.

SIGN UP SHEET

To Register Opinion If Not Speaking

Bill # HB 1503-FN Date 1/12/2022

Committee Commerce

** Please Print All Information **

Name	Address	Phone	Representing	(check one) Pro	Con
Rep Suzanne Smith		Hebron	Grafton		X
Sarah Reed	254 Elm st Concord		self	X	
Rep Joe Alexander			Hills-6	X	
Lisa Tapp	7 Church St Dan, NH		Self	X	
Rep. Mark Warden				X	
Rep Lex Berezhny				X	

House Remote Testify

Commerce and Consumer Affairs Committee Testify List for Bill HB1503 on 2022-01-12

Support: 2 Oppose: 28 Neutral: 0 Total to Testify: 0

Export to Excel

Name	City, State Email Address	Title	Representing	Position	Testifying	Non-Germane	Signed Up
Trought, Elizabeth	Dorchester, NH batrought@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/8/2022 4:24 PM
Blaine, Marcia	Plymouth, NH Marcia.s.blaine@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/8/2022 4:40 PM
Widerstrom, Sally	Plymouth, NH sallyswid@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/8/2022 4:47 PM
Townsend, Charles	Canaan, NH chucktownsend@me.com	A Member of the Public	Myself	Oppose	No	No	1/8/2022 5:01 PM
Osborne, Stephanie	Campton, NH Osbornestephanie@me.com	A Member of the Public	Myself	Oppose	No	No	1/8/2022 5:10 PM
Lucas, Janet	Campton, NH janluca1953@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 8:44 AM
Weston, Joyce	Plymouth, NH jweston14@roadrunner.com	An Elected Official	Myself	Oppose	No	No	1/9/2022 9:22 AM
Richards, Martha	Holderness, NH Maplerichards@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 9:27 AM
Hunnewell, Richard	Holderness, NH hunnewell.richard@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 11:16 AM
Hunnewell, Anne	Holderness, NH ahunne@roadrunner.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 11:22 AM
Burr, Emily	Canterbury, NH revemilyburr@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 11:33 AM
Richards, John	Holderness, NH salmon246@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 11:51 AM
Fellows, Sallie	Holderness, NH sallie.fellows@.leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/9/2022 1:56 PM

Garnsey, Shannon	Campton, NH Mtnchik76@aol.com	A Member of the Public	Myself	Oppose	No	No	1/9/2022 5:39 PM
Howard, Sherrill	Campton, NH golfmoms@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/10/2022 12:24 PM
Howland, Curtis	Manchester, NH howland@priss.com	A Member of the Public	Myself	Support	No	No	1/10/2022 12:59 PM
Hakken-Phillips, Mary	Hanover, NH Mhp4nhrep@gmail.com	An Elected Official	Myself	Oppose	No	No	1/10/2022 9:27 PM
Rich, Cecilia	Somersworth, NH cecilia.rich@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 1:50 AM
Hamer, Heidi	Manchester, NH heidi.hamer@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 7:37 AM
Heath, Mary	Manchester, NH m.heath@comcast.net	An Elected Official	Myself	Oppose	No	No	1/11/2022 9:40 AM
Bouchard, Donald	MANCHESTER, NH donaldjbouchard@gmail.com	An Elected Official	Myself	Oppose	No	No	1/11/2022 10:50 AM
Oxenham, Lee	Plainfield, NH leeoxenham@comcast.net	An Elected Official	Myself	Support	No	No	1/11/2022 11:30 AM
Ahlberg, Ingrid	Newmarket, NH inkynnh@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/11/2022 1:05 PM
Tucker, Katherine	Wilmot, NH katherine.s.tucker@valley.net	A Member of the Public	Myself	Oppose	No	No	1/11/2022 2:20 PM
Dontonville, Roger	Enfield, NH rdontonville@gmail.com	An Elected Official	Myself	Oppose	No	No	1/11/2022 5:42 PM
Merchant, Rep. Gary	Claremont, NH gary.merchant@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 8:33 PM
Chase, Wendy	Rollinsford, NH wendy.chase@leg.state.nh.us	An Elected Official	Myself	Oppose	No	No	1/11/2022 10:38 PM
Doherty, David	Pembroke, NH ddoherty0845@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/12/2022 7:41 AM
Bunker, Lisa	Exeter, NH lisabunkernh@gmail.com	An Elected Official	Myself and the town of Exeter	Oppose	No	No	1/12/2022 9:55 AM
Taylor, Frances	Holderness, NH egglady5@gmail.com	A Member of the Public	Myself	Oppose	No	No	1/12/2022 11:48 AM

Archived: Thursday, May 19, 2022 12:44:49 PM
From: Billie-Jean Greene
Sent: Sunday, January 9, 2022 3:26:12 PM
To: ~House Commerce Committee
Subject: HB1503
Importance: Normal

I support this bill.

Thank you!
Billie-Jean Greene
Greenfield

Archived: Thursday, May 19, 2022 12:44:48 PM
From: Billie-Jean Greene
Sent: Wednesday, January 12, 2022 10:30:31 AM
To: Joyce Weston; Richard Abel
Cc: ~House Commerce Committee
Subject: Re: HB1503
Importance: Normal

Commerce Committee,

Representative Weston and Representative Abel requested further explanation for my support of HB1503. I would like to add the following to the permanent record.

If a company develops a blockchain to enhance their company's performance, without marketing the blockchain technology as security or an investment, there is no reason as to why they should be treated as such and subject to regulation by the SEC or the state. This bill seeks to respect blockchains as a broad spectrum of technology, rather than just lumping them all together as being in the same category as cryptocurrency. Blockchains are like tool boxes because they can serve a variety of functions. Some blockchain technologies are designed to be used as a means of exchange or are used to store value (i.e. Bitcoin, Monero, Dash, etc.) while other blockchains are used to create smart contracts to verify documents (i.e. Ergo) or to provide a digital protocol for content publishing (e.g. LBRY). By treating all blockchain technologies the same, innovation is stifled and securities are not being protected in the process. This bill recognizes that there are blockchain technologies that do not function in any way, shape or form as securities.

Thank you for your time and consideration,
Billie-Jean Greene
Greenfield

> *On Jan 11, 2022, at 7:23 PM, Joyce Weston <Joyce.Weston@leg.state.nh.us> wrote:*
>
> Why?
>
> Sent from my iPhone
> Joyce Weston
> 603-276-0862
>
> > On Jan 9, 2022, at 3:26 PM, Billie-Jean Greene <billiejgreene@gmail.com> wrote:
> >
> > I support this bill.
> >
> > Thank you!
> > Billie-Jean Greene
> > Greenfield

Archived: Thursday, May 19, 2022 12:44:49 PM
From: Anne Hunnewell
Sent: Sunday, January 9, 2022 11:26:32 AM
To: ~House Commerce Committee
Subject: NH House Remote Testify: 2:00 pm - HB1503 in House Commerce and Consumer Affairs
Importance: Normal

January 9, 2022

Dear Committee Members,

I strongly oppose HB1503.

This bill is designed to reduce oversight of blockchain tokens. What is needed instead is maintaining and increasing oversight.

Thank you for your consideration.

Yours truly,

Anne Hunnewell

Holderness

HB 1503-FN - AS INTRODUCED

2022 SESSION

22-2784
08/04

HOUSE BILL ***1503-FN***

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

SPONSORS: Rep. Ammon, Hills. 40; Rep. Alexander Jr., Hills. 6; Rep. Osborne, Rock. 4; Rep. Warden, Hills. 15; Rep. Edwards, Rock. 4; Rep. Berezhny, Graf. 9; Rep. Baxter, Rock. 20; Rep. White, Merr. 20; Sen. Avard, Dist 12

COMMITTEE: Commerce and Consumer Affairs

ANALYSIS

This bill exempts the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

- -

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

22-2784
08/04

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Two

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Section; Open Blockchain Token Exemption. Amend RSA 421-B by inserting after section 2-204 the following new section:

421-B:2-205 Open Blockchain Token Exemption.

(a) Except as otherwise provided by subsection (c) of this section, a developer or seller of an open blockchain token shall not be deemed the issuer of a security and shall not be subject to the provisions of RSA 421-B:3-301 through RSA 421-B:4-412 and RSA 421-B:5-504 if all of the following are met:

(1) The developer or seller of the token, or the registered agent of the developer or seller, files a notice of intent with the secretary of state, as specified in subsection (d) of this section;

(2) The purpose of the token is for a consumptive purpose, which shall only be exchangeable for, or provided for the receipt of, goods, services or content, including rights of access to goods, services or content; and

(3) The developer or seller of the token did not sell the token to the initial buyer as a financial investment. This paragraph shall only be satisfied if:

(A) The developer or seller did not market the token as a financial investment; and

(B) At least one of the following is true:

(i) The developer or seller of the token reasonably believed that it sold the token to the initial buyer for a consumptive purpose;

(ii) The token has a consumptive purpose that is available at the time of sale and can be used at or near the time of sale for use for a consumptive purpose;

(iii) If the token does not have a consumptive purpose available at the time of sale, the initial buyer of the token is prevented from reselling the token until the token is available for use for a consumptive purpose; or

(iv) The developer or seller takes other reasonable precautions to prevent buyers from purchasing the token as a financial investment.

(b) Except as otherwise provided by subsection (c) of this section, a person who facilitates the exchange of an open blockchain token shall not be deemed a broker-dealer or a person who otherwise deals in securities under this chapter and shall not be subject to the provisions of RSA 421-B:3-301 through RSA 421-B:4-412 and RSA 421-B:5-504 if all of the following are met:

(1) The person, or the registered agent of the person, files a notice of intent with the secretary of state, as specified in subsection (d) of this section;

(2) The person has a reasonable and good faith belief that a token subject to exchange conforms to the requirements of paragraphs (a)(1), (2) and (3) of this section; and

(3) The person takes reasonably prompt action to terminate the exchange of a token that does not conform to the requirements of this subsection.

(c) Notwithstanding any other provision of law, a developer, seller or a person who facilitates the exchange of an open blockchain token is subject to the provisions of RSA 421-B:5-501 through RSA 421-B:5-503 and RSA 421-B:5-505 through RSA 421-B:5-510 only to the extent necessary to carry out those sections. The secretary of state shall have the authority provided under RSA 421-B:6-601 through RSA 421-B:6-613 to determine compliance with the provisions of this section, including whether a person qualifies for the exemptions set forth in this section. The evidentiary burdens specified in RSA 421-B:5-503 shall apply in any proceeding initiated by the secretary of state pursuant to this subsection.

(d) A developer, seller or a person who facilitates the exchange of an open blockchain token, or the registered agent of the applicable person, shall electronically file a notice of intent with the secretary of state before the person shall qualify for an exemption under this section. The notice of intent shall contain the name of the person acting as a developer, seller or facilitator, the contact information of the person or the registered agent of the person and specify whether the person will be acting as a developer, seller or facilitator. A secure form shall be made available by the office of the secretary of state on its internet website for this purpose.

(e) As used in this section, "open blockchain token" means a digital unit which is:

(1) Created:

(A) In response to the verification or collection of a specified number of transactions relating to a digital ledger or database;

(B) By deploying computer code to a blockchain network that allows for the creation of digital tokens or other units; or

(C) Using any combination of the methods specified in subparagraphs (A) and (B) of this paragraph.

(2) Recorded in a digital ledger or database which is chronological, consensus-based, decentralized and mathematically verified in nature, especially relating to the supply of units and their distribution; and

(3) Capable of being traded or transferred between persons without an intermediary or custodian of value.

2 Broker-dealer; Open Blockchain Token. Amend RSA 421-B:1-102(6)(D)-(E) to read as follows:

(D) An international banking institution;[~~-or~~]

(E) A person excluded by order issued under this chapter***; or*** [-]

(F) A person who facilitates the exchange of an open blockchain token, as defined in RSA 421-B:2-205(e) and subject to RSA 421-B:2-205(c).

3 Issuer; Open Blockchain Token. Amend the introductory paragraph of RSA 421-B:1-102(33) to read as follows:

(33) "Issuer" means a person that issues or proposes to issue a security, subject to ***RSA 421-B:2-205(a) and*** the following:

4 Securities; Open Blockchain Token. Amend RSA 421-B:1-102(53)(C)-(D) to read as follows:

(C) Receives a cash fee for such solicitation or referral; [~~and~~]

(D) Operates pursuant to a written agreement with the investment adviser that:

(i) Describes the solicitation activities to be engaged in on behalf of the investment adviser and the compensation to be received therefor;

(ii) Contains an undertaking to perform the duties under the agreement in a manner consistent with the instructions of the investment adviser and the provisions of this chapter; and

(iii) Requires that at the time of any solicitation activities for which compensation is paid or to be paid by the investment adviser, that the client be provided with a current copy of the investment adviser's written disclosure statement that describes the solicitation arrangement***; and*** [~~.~~]

(E) Does not include an open blockchain token, as defined in RSA 421-B:2-205(e), except as provided by that section.

5 Effective Date. This act shall take effect July 1, 2022.

LBA
22-2784
11/22/21

HB 1503-FN- FISCAL NOTE
AS INTRODUCED

AN ACT exempting the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws.

FISCAL IMPACT: [X] State [ ] County [ ] Local [ ] None

	Estimated Increase / (Decrease)			
STATE:	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
Appropriation	$0	$0	$0	$0
Revenue	$0	Indeterminable	Indeterminable	Indeterminable
Expenditures	$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	[X] General	[ ] Education	[ ] Highway	[ ] Other

METHODOLOGY:

This bill exempts the developer, seller, or facilitator of the exchange of an open blockchain token from certain securities laws. To be exempt the developer, seller or a person who facilitates the exchange of an open blockchain token, or the registered agent of the applicable person, shall electronically file a notice of intent with the Secretary of State.

The Department of State indicates to date they have not received an application for registration for "open blockchain tokens", therefore the fiscal impact on state revenue and expenditures is indeterminable. The Department is unable to determine if they would receive any future applications to determine the impact on state revenues. The Department also indicates there would be an indeterminable increase on state expenditures for the electronic filing of the notice of intents as currently the Bureau of Securities Regulation does not have a system for the receipt, recording and maintenance of such electronic filings and in turn would need to purchase and/or develop such an electronic filing system.

AGENCIES CONTACTED:

Department of State