

1 SENATE BILL NO. 265

2 INTRODUCED BY D. ZOLNIKOV, K. ZOLNIKOV

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4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING CRYPTOCURRENCY LAWS; ESTABLISHING THE  
5 FINANCIAL FREEDOM AND INNOVATION ACT; PROHIBITING THE USE OF CENTRAL BANK DIGITAL  
6 CURRENCY BY GOVERNING AUTHORITIES; PERMITTING THE USE OF DIGITAL ASSETS AND  
7 BLOCKCHAIN PROTOCOLS; PROVIDING CERTIFICATION REQUIREMENTS FOR ISSUERS OF  
8 NETWORK TOKENS; PROVIDING RULEMAKING AUTHORITY; PROVIDING DEFINITIONS; AND  
9 AMENDING SECTION 30-10-105, MCA."

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11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

12  
13 NEW SECTION. **Section 1. Short title.** [Sections 1 through 9] may be cited as the "Financial  
14 Freedom and Innovation Act".

15  
16 NEW SECTION. **Section 2. Prohibitions on use and testing of central bank digital currency.** (1)  
17 A governing authority may not accept or require a payment using central bank digital currency.

18 (2) A governing authority may not participate in a test of central bank digital currency by the board  
19 of governors of the federal reserve system or a branch or agency of the federal government.

20  
21 NEW SECTION. **Section 3. Permitted uses of digital assets.** A governing authority may not  
22 prohibit, restrict, or otherwise impair the ability of an individual or business to:

- 23 (1) accept digital assets as a method of payment for legal goods and services; or  
24 (2) take custody of digital assets using a self-hosted wallet or hardware wallet.

25  
26 NEW SECTION. **Section 4. Access to blockchain protocols and transfer of digital assets.** A  
27 business or individual in the state may:

- 28 (1) operate a node for the purpose of connecting to a blockchain protocol and participating in the

- 1 blockchain protocol's operations;
- 2 (2) develop software on a blockchain protocol;
- 3 (3) transfer digital assets to another business or individual utilizing a blockchain protocol; and
- 4 (4) participate in staking on a blockchain protocol.

5

6 **NEW SECTION. Section 5. Securities exemptions.** (1) A business offering to provide ~~digital asset~~  
7 ~~mining as a service or staking as a service~~ for individuals or to other businesses may not be considered as  
8 offering a security or investment contract pursuant to state securities laws.

9 (2) Nothing in [sections 1 through 9] may preclude the ~~attorney general~~ COMMISSIONER from  
10 instituting appropriate ~~criminal charges~~ PROCEEDINGS against a business or individual that falsely claims to be  
11 offering ~~digital asset mining as a service or staking as a service~~.

12

13 **NEW SECTION. Section 6. Certification required for listing of network tokens.** (1) (a) In order to  
14 be eligible for exemption under 30-10-105, a network token issuer seeking to offer or sell a network token in a  
15 transaction that is subject to the laws of this state shall provide the ~~commissioner of securities and insurance~~  
16 with the following:

- 17 (i) the name, legal status, and website of the network token issuer, including the jurisdiction in  
18 which the network token issuer is organized and the date of organization;
- 19 (ii) the address and telephone number of the network token issuer or a legal representative of the  
20 network token issuer;
- 21 (iii) an overview of the material aspects of the network to which the network token relates, including  
22 how the network token will function to provide access to services;
- 23 (iv) a description of the plan of distribution of any unit of a network token that is to be offered;
- 24 (v) the consensus mechanism of the token, if one exists;
- 25 (vi) the governance structure of the network token, if one exists;
- 26 (vii) a network token's current or proposed functionality;
- 27 (viii) a description of the material risks surrounding ownership of a unit of a network token;
- 28 (ix) a description of the material aspects of the network token issuer's business;

1 (x) a description of material transactions or relationships between the network token issuer and  
2 affiliated persons; and

3 (xi) the date the network token began functioning; AND

4 (XII) OTHER INFORMATION THE COMMISSIONER CONSIDERS RELEVANT TO THE EXEMPTION REQUEST.

5 (2) A NETWORK TOKEN ISSUER SHALL APPLY FOR AND OBTAIN THE WRITTEN APPROVAL OF THE  
6 COMMISSIONER PRIOR TO MAKING AN OFFER OR A SALE. THE ISSUER SHALL PAY A FILING FEE THAT MUST ACCOMPANY  
7 THE APPLICATION. THE COMMISSIONER MAY APPROVE OR DENY THE APPLICATION.

8 ~~(2) (3)~~ The network token issuer shall provide updates on all information PROVIDED under subsection  
9 (1) to the commissioner of securities and insurance every 6 months, OR WITHIN 30 DAYS IF THE INFORMATION  
10 BECOMES INACCURATE IN A MATERIAL RESPECT.

11  
12 NEW SECTION. Section 7. Transition from foreign entity to Montana entity for network token  
13 issuers. A foreign corporation that ~~was~~ HAS previously issued a ~~network token~~ NETWORK TOKENS may be  
14 granted an exemption under 30-10-105 if, PRIOR TO THE OFFER OR SALE OF TOKENS, the foreign corporation  
15 completes the following:

16 (1) registers with the secretary of state as provided in 35-2-820 through 35-2-830;

17 (2) meets all obligations under [section 6];

18 (3) provides the ~~state auditor and the commissioner of securities and insurance~~ with all relevant  
19 governing documents related to incorporation in the foreign corporation's country;

20 (4) provides proof that the foreign corporation is not under investigation for securities fraud or has  
21 NOT been convicted of securities fraud in any other jurisdiction; and

22 (5) provides ~~the state auditor with any other information the state auditor~~ COMMISSIONER considers  
23 relevant ~~provided by rule promulgated by the secretary of state~~ TO THE EXEMPTION REQUEST.

24  
25 NEW SECTION. Section 8. Sales limit on network tokens. (1) In order FOR A NETWORK TOKEN  
26 ISSUER to receive an exemption under 30-10-105, the aggregate of network tokens that may be sold by a  
27 network token issuer to accredited or nonaccredited investors in a 12-month period may not exceed \$250  
28 million as the amount is adjusted annually by the securities AND EXCHANGE commission to reflect the change in

1 the consumer price index for all urban consumers published by the bureau of labor statistics of the U.S.  
2 department of labor. This does not include programmatic and nondiscretionary distributions of network tokens  
3 to persons for services or direct use of the network made in accordance with the rules and code of the network.

4 (2) ~~The state auditor may by rule or regulation establish additional exemptions if the commissioner~~  
5 ~~of securities and insurance determines that the exemption is~~ COMMISSIONER MAY REVISE THE LIMITATIONS IN  
6 SUBSECTION (1) BY RULE WHEN necessary or in the public interest and ~~is~~WHEN consistent with the protection of  
7 investors.

8  
9 NEW SECTION. Section 9. Definitions. As used in [sections 1 through 9], the following definitions  
10 apply:

11 (1) "Affiliate persons" means a person who owns more than 10% of a digital asset or network  
12 token from the current available supply.

13 (2) "Blockchain" means data that is:

14 (a) shared across a peer-to-peer network to create a ledger of verified transactions or information  
15 among network participants linked together using cryptography to maintain the integrity of the ledger and to  
16 execute other functions; and

17 (b) distributed among network participants in an automated fashion to concurrently update network  
18 participants on the state of the ledger and any other functions.

19 (3) "Blockchain protocol" means any executable software deployed to a blockchain, typically  
20 referred to as smart contracts, including an additional standardized set of rules that uses a previously existing  
21 blockchain as a base, which facilitates the transfer of data and electronic records and allows that data to be  
22 broadcast to nodes. The executable software is governed by a set of predefined rules that execute  
23 autonomously without human intervention. The rules may be altered by a predetermined mechanism.

24 (4) (a) "Central bank digital currency" means a digital currency, a digital medium of exchange, or a  
25 digital monetary unit of account issued by the United States federal reserve system or a federal agency that is  
26 made directly available to institutions or consumers by the entities, or which is processed or validated directly  
27 by the entities.

28 (b) The term does not include a digital asset backed by legal tender or government treasuries and

1 issued by a private entity.

2 ~~(5)~~ "COMMISSIONER" MEANS THE SECURITIES COMMISSIONER OF THE STATE.

3 ~~(5) (6)~~ "Decentralized network" means, with respect to a ~~central bank digital currency network~~  
4 ~~BLOCKCHAIN PROTOCOL~~ to which a network token relates, a network:

5 (a) where no person:

6 (i) has the unilateral authority, directly or indirectly, through a contract, arrangement,  
7 understanding, relationship, or otherwise, to control or materially alter the functionality or operation of the  
8 network; or

9 (ii) has the unilateral authority to restrict or prohibit a person who is not a digital asset issuer,  
10 related person, or an affiliated person from:

11 (A) using, earning, or transmitting a digital asset;

12 (B) deploying software that uses or integrates with the network;

13 (C) participating in a decentralized governance system with respect to the network; or

14 (D) operating a node, validator, or other form of computational infrastructure with respect to the  
15 network; and

16 (b) where no network token issuer or affiliated person beneficially owned, in the aggregate, 20% or  
17 more of the total amount of units of the network token that:

18 (i) may be created, issued, or distributed in the network; or

19 (ii) were freely transferrable or otherwise used or available to be used for the purposes of the  
20 network.

21 ~~(6) (7)~~ (a) "Digital asset exchange" means a trading platform that offers or seeks to offer a market in at  
22 least three digital assets.

23 (b) The term does not include a company organized under the laws of this state that sells network  
24 tokens exclusively.

25  
26 ~~(7)~~ "Digital asset mining" means ~~using computer hardware and software specifically designed or~~  
27 ~~utilized for the purpose of validating data and securing a blockchain network.~~

28

1           (8) ~~—"Digital asset mining as a service" means an individual or business that takes the responsibility~~  
2 ~~for running, maintaining, and servicing digital asset mining devices on behalf of another individual or business~~  
3 ~~for a payment in dollars or other digital assets.~~

4           (9) ~~—"Digital asset mining device" means computing hardware specifically designed or utilized to~~  
5 ~~participate in digital asset mining for the purpose of securing a blockchain network.~~

6           (10) (8) ~~"Digital assets" means virtual currencies, cryptocurrencies, including stablecoins, fungible~~  
7 ~~tokens, and nonfungible tokens, and other digital-only assets that confer economic, proprietary, or access rights~~  
8 ~~or powers HAS THE SAME MEANING AS PROVIDED IN 70-1-108.~~

9           (11) (9) ~~"Functional network" means, with respect to a blockchain network PROTOCOL to which a~~  
10 ~~network token relates, a network that allows network participants to use a network token for:~~

- 11           (a)     the transmission and storage of value on the network;  
12           (b)     the participation in services provided by an application running on the network; or  
13           (c)     the participation in the decentralized governance system of the network.

14           (12) (10)       "Governing authority" means a board, commission, department, or other agency of the  
15 state or a political subdivision in the state.

16           (13) (11)       "Hardware wallet" means a physical device that is not continuously connected to the  
17 internet and allows an individual to secure and transfer digital assets. The term also includes a physical device  
18 under which the owner of digital assets retains independent control over the digital assets.

19           (14) (12)       (a) "Network token" means a digital asset as defined in 70-1-108 that is used for  
20 facilitating, coordinating, or enabling access to decentralized computing resources, consumer internet services,  
21 or internet infrastructure services via blockchain, including permanent or temporal data storage, computation,  
22 wireless access, data capture, audio or visual media hosting, audio or visual media streaming, and network  
23 bandwidth.

- 24           (b)     In order to qualify as a network token, the token must:  
25           (i)     in the case of a token that is not speculative in nature, relate to a network that is a functional  
26 network; or  
27           (ii)    in the case of a token that is speculative in nature, relate to a network that is both a functional  
28 network and a decentralized network.

1 (c) The purchase or sale of a network token from a digital asset exchange or from a network token  
2 issuer directly does not affect its status as a network token.

3 (d) The term does not include:

4 (i) any digital assets that constitute a note, stock, treasury stock, security future, security-based  
5 swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing  
6 agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, voting-trust  
7 certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or  
8 any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities,  
9 including any interest based on the value of these particular digital assets; or

10 (ii) any digital asset that, based on its terms and other characteristics, is, represents, or is  
11 functionally equivalent to an agreement, contract, or transaction that is:

12 (A) a contract of sale of a commodity as defined in section 1a of the Commodity Exchange Act for  
13 future delivery or an option on a contract of sale of a commodity;

14 (B) a securities futures product;

15 (C) a swap;

16 (D) an agreement, contract, or transaction described in section (2)(c)(2)(C)(i) or 2(c)(2)(D)(i) of the  
17 Commodity Exchange Act;

18 (E) a commodity option authorized under section 4c of the Commodity Exchange Act; or

19 (F) a leverage transaction authorized under section 19 of the Commodity Exchange Act.

20 ~~(15)~~ (13) "Network token ~~issuers~~ ISSUER" means an individual or corporation that produced the  
21 source code that runs and distributes a network token or creates a network token that is distributed to the public  
22 for use.

23 ~~(16)~~ (14) "Node" means software run on a computer that does not exercise discretion over  
24 transactions initiated by the end user of the blockchain protocol and does any of the following:

25 (a) communicates with other devices or participants on a blockchain to maintain consensus and  
26 integrity of that blockchain;

27 (b) creates and validates blocks of transactions; or

28 (c) contains and updates a copy of a blockchain.

1           ~~(17)~~ (15)           "Self-hosted wallet" means a digital interface that is used to do both of the following:

2           (a)       secure and transfer digital assets; and

3           (b)       retain independent control over the secured digital assets by the owner of the digital assets.

4           ~~(18)~~ (16)           "Smart contracts" means computer programs that are hosted and executed on a  
5 blockchain network. Each smart contract consists of code specifying predetermined conditions that, when met,  
6 trigger outcomes.

7           ~~(19)~~ (17)           "Staking" means committing digital assets to a blockchain network to participate in the  
8 blockchain network's operations by validating transactions, proposing and attesting to blocks, and securing the  
9 network.

10          ~~(20)~~ (18)           "Staking as a service" means the provision of technical staking services, including but  
11 not limited to the operation of nodes and the associated infrastructure necessary to facilitate participation in  
12 blockchain networks' consensus mechanisms by the service provider on behalf of an individual or entity that  
13 owns the digital assets being staked.

14

15           **Section 10.** Section 30-10-105, MCA, is amended to read:

16           **"30-10-105. Exempt transactions -- rulemaking.** Except as expressly provided in this section, 30-  
17 10-201 through 30-10-207 and 30-10-211 do not apply to the following transactions:

18           (1)       a nonissuer isolated transaction, whether effected through a broker-dealer or not. A transaction  
19 is presumed to be isolated if it is one of not more than three transactions during the prior 12-month period.

20           (2)       (a) a nonissuer distribution of an outstanding security by a broker-dealer registered pursuant to  
21 30-10-201 if:

22           (i)       quotations for the securities to be offered or sold or the securities issuable upon exercise of any  
23 warrant or right to purchase or subscribe to the securities are reported by the automated quotations system  
24 operated by the national association of securities dealers, inc., or by any other quotation system approved by  
25 the commissioner by rule; or

26           (ii)      the security has a fixed maturity or a fixed interest or dividend provision and there has not been  
27 a default during the current fiscal year or within the 3 preceding fiscal years or if the issuer and any  
28 predecessors have been in existence for less than 3 years and there has not been a default in the payment of

1 principal, interest, or dividends on the security.

2 (b) The commissioner may by order deny or revoke the exemption specified in subsection (2)(a)  
3 with respect to a specific security. Upon the entry of an order, the commissioner shall promptly notify all  
4 registered broker-dealers that it has been entered and give the reasons for the order and shall notify them that  
5 within 15 days of the receipt of a written request, the matter will be set for hearing. If a hearing is not requested  
6 and is not ordered by the commissioner, the order remains in effect until it is modified or vacated by the  
7 commissioner. If a hearing is requested or ordered, the commissioner, after notice of and opportunity for  
8 hearing to all interested persons, may modify or vacate the order or extend it until final determination. An order  
9 under this subsection may not operate retroactively. A person may not be considered to have violated parts 1  
10 through 3 of this chapter by reason of any offer or sale effected after the entry of an order under this subsection  
11 if the person sustains the burden of proof that the person did not know and in the exercise of reasonable care  
12 could not have known of the order.

13 (3) a nonissuer transaction effected by or through a registered broker-dealer pursuant to an  
14 unsolicited order or offer to buy, but the commissioner may require that the customer acknowledge upon a  
15 specified form that the sale was unsolicited and that a signed copy of each form be preserved by the broker-  
16 dealer for a specified period;

17 (4) a transaction between the issuer or other person on whose behalf the offering is made and an  
18 underwriter or between underwriters;

19 (5) a transaction by an executor, administrator, sheriff, marshal, receiver, trustee in bankruptcy,  
20 guardian, or conservator in the performance of official duties;

21 (6) a transaction executed by a bona fide pledgee without any purpose of evading parts 1 through  
22 3 of this chapter;

23 (7) an offer or sale to a bank, savings institution, trust company, insurance company, investment  
24 company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial  
25 institution or institutional buyer or to a broker-dealer, whether the purchaser is acting for itself or in a fiduciary  
26 capacity;

27 (8) (a) a transaction pursuant to an offer made in this state directed by the offeror to not more than  
28 10 persons, other than those designated in subsection (7), during any period of 12 consecutive months, if:

1 (i) the seller reasonably believes that all the buyers are purchasing for investment; and  
2 (ii) a commission or other remuneration is not paid or given directly or indirectly for soliciting a  
3 prospective buyer. However, a commission may be paid to a registered broker-dealer if the securities involved  
4 are registered with the United States securities and exchange commission under the federal Securities Act of  
5 1933, as amended.

6 (b) a transaction pursuant to an offer made in this state directed by the offeror to not more than 25  
7 persons, other than those designated in subsection (7), during any period of 12 consecutive months if:

8 (i) the seller reasonably believes that all the buyers are purchasing for investment;  
9 (ii) a commission or other remuneration is not paid or given directly or indirectly for soliciting a  
10 prospective buyer; however, a commission may be paid to a registered broker-dealer if the securities involved  
11 are registered with the United States securities and exchange commission under the federal Securities Act of  
12 1933, as amended; and

13 (iii) the offeror applies for and obtains the written approval of the commissioner prior to making any  
14 offers in this state and pays a filing fee that must accompany the application for approval. The commissioner  
15 may deny an application.

16 (c) a transaction pursuant to an offer made in this state by an offeror that is used in conjunction  
17 with the exemption found in subsection (8)(a) and the offeror has applied to the commissioner to use the  
18 exemption found in subsection (8)(b) in conjunction with or in addition to the exemption in subsection (8)(a),  
19 which the commissioner may allow if:

20 (i) the offeror has its corporate headquarters or principal place of business in this state;  
21 (ii) the seller reasonably believes that all the buyers are purchasing for investment;  
22 (iii) a commission or other remuneration is not paid or given directly or indirectly for soliciting a  
23 prospective buyer; however, a commission may be paid to a registered broker-dealer if the securities involved  
24 are registered with the United States securities and exchange commission under the federal Securities Act of  
25 1933, as amended; and

26 (iv) the offeror applies for and obtains the written approval of the commissioner prior to making any  
27 offers in addition to the offers made pursuant to subsection (8)(a) and pays a filing fee that must accompany the  
28 application for approval. The commissioner may deny the application.

1 (d) For the purpose of the exemptions provided for in this subsection (8), an offer to sell is made in  
2 this state, whether or not the offeror or any of the offerees are then present in this state, if the offer either  
3 originates from this state or is directed by the offeror to this state and received at the place to which it is  
4 directed or at any post office in this state in the case of a mailed offer.

5 (9) an offer or sale of a preorganization certificate or subscription if:

6 (a) a commission or other remuneration is not paid or given directly or indirectly for soliciting a  
7 prospective subscriber;

8 (b) the number of subscribers does not exceed 25; and

9 (c) a payment is not made by a subscriber;

10 (10) a transaction pursuant to an offer to existing security holders of the issuer, including persons  
11 who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable  
12 warrants exercisable within not more than 90 days of their issuance, if:

13 (a) a commission or other remuneration, other than a standby commission, is not paid or given  
14 directly or indirectly for soliciting any security holder in this state; or

15 (b) the issuer first files a notice specifying the terms of the offer and the commissioner does not by  
16 order disallow either subsection (10)(a) or the notice specifying the terms of the offer;

17 (11) an offer, but not a sale, of a security for which registration statements have been filed under  
18 both parts 1 through 3 of this chapter and the Securities Act of 1933 if a stop, refusal, denial, suspension, or  
19 revocation order is not in effect and a public proceeding or examination looking toward an order is not pending  
20 under either law;

21 (12) an offer, but not a sale, of a security for which a registration statement has been filed under  
22 parts 1 through 3 of this chapter and the commissioner does not disallow the offer in writing within 10 days of  
23 the filing;

24 (13) the issuance of a security dividend, whether the corporation distributing the dividend is the  
25 issuer of the security or not, if nothing of value is given by security holders for the distribution other than the  
26 surrender of a right to a cash dividend when the security holder can elect to take a dividend in cash or in  
27 securities;

28 (14) a transaction incident to a right of conversion, a statutory or judicially approved reclassification,

1 or a recapitalization, reorganization, quasi-reorganization, stock split, reverse stock split, merger, consolidation,  
2 or sale of assets;

3 (15) a transaction in compliance with rules that the commissioner may adopt to serve the purposes  
4 of 30-10-102. The commissioner may require that 30-10-201 through 30-10-207 and 30-10-211 apply to any  
5 transactional exemptions adopted by rule.

6 (16) the sale of a commodity investment contract traded on a commodities exchange recognized by  
7 the commissioner at the time of sale;

8 (17) a transaction within the exclusive jurisdiction of the commodity futures trading commission as  
9 granted under the Commodity Exchange Act;

10 (18) a transaction that:

11 (a) involves the purchase of one or more precious metals;

12 (b) requires, and under which the purchaser receives within 7 calendar days after payment in good  
13 funds of any portion of the purchase price, physical delivery of the quantity of the precious metals purchased.

14 For the purposes of this subsection, physical delivery is considered to have occurred if, within the 7-day period,  
15 the quantity of precious metals, whether in specifically segregated or fungible bulk, purchased by the payment  
16 is delivered into the possession of a depository, other than the seller, that:

17 (i) (A) is a financial institution, meaning a bank, savings institution, or trust company organized  
18 under or supervised pursuant to the laws of the United States or of this state;

19 (B) is a depository the warehouse receipts of which are recognized for delivery purposes for any  
20 commodity on a contract market designated by the commodity futures trading commission; or

21 (C) is a storage facility licensed by the United States or any agency of the United States; and

22 (ii) issues, and the purchaser receives, a certificate, document of title, confirmation, or other  
23 instrument evidencing that the quantity of precious metals has been delivered to the depository and is being  
24 and will continue to be held on the purchaser's behalf, free and clear of all liens and encumbrances other than:

25 (A) liens of the purchaser;

26 (B) tax liens;

27 (C) liens agreed to by the purchaser; or

28 (D) liens of the depository for fees and expenses that previously have been disclosed to the

1 purchaser.

2 (c) requires the quantity of precious metals purchased and delivered into the possession of a  
3 depository, as provided in subsection (18)(b), to be physically located within Montana at all times after the 7-  
4 day delivery period provided in subsection (18)(b), and the precious metals are in fact physically located within  
5 Montana at all times after that delivery period;

6 (19) a transaction involving a commodity investment contract solely between persons engaged in  
7 producing, processing, using commercially, or handling as merchants each commodity subject to the contract  
8 or any byproduct of the commodity;

9 (20) an offer or sale of a security to an employee of the issuer, pursuant to an employee stock  
10 ownership plan qualified under section 401 of the Internal Revenue Code or 17 CFR 230.701;

11 (21) (a) an offer or sale of securities by a cooperative association organized under the provisions of  
12 Title 35, chapter 15 or 17, or under the laws of another state that are substantially the same as the provisions of  
13 Title 35, chapter 15 or 17, if the offer and sale are only to members of the cooperative association or the  
14 purchase of the securities is necessary or incidental to establishing membership in the cooperative association;

15 (b) a cooperative organized under the laws of another state may not take advantage of the  
16 exemption created by this subsection (21) unless, not less than 10 days before the issuance or delivery of the  
17 securities, the cooperative has furnished the commissioner with a general written description of the transaction  
18 and any other information the commissioner may require by rule or otherwise. The commissioner shall  
19 promulgate rules establishing a list of states whose laws are considered substantially the same as Title 35,  
20 chapter 15 or 17, for the purposes of this subsection (21).

21 (22) an offer or sale of securities in which:

22 (a) the offer or sale meets the following residency requirements:

23 (i) it is made in this state to residents of this state;

24 (ii) the issuer is a business entity formed under the laws of this state and registered with the  
25 Montana secretary of state;

26 (iii) prior to the offer or sale, the issuer has documentary evidence to establish a reasonable basis  
27 to believe the buyer is a resident of this state; and

28 (iv) the offer or sale meets the intrastate exemption requirements in section 3(a)(11) of the

1 Securities Act of 1933, 15 U.S.C. 77c(a)(11), and 17 CFR 230.147;

2 (b) the offer or sale meets the following payment requirements:

3 (i) cash and other consideration received by the issuer for all securities transactions does not  
4 exceed \$1 million, less the aggregate amount received for all sales of securities by the issuer within the 12  
5 months before the first offer or sale made in reliance on this exemption;

6 (ii) the issuer does not accept more than \$10,000 from a buyer unless the buyer is an accredited  
7 investor under Rule 501 SEC Regulation D, 17 CFR 230.501;

8 (iii) the issuer reasonably believes that all buyers are purchasing for investment and not for sale in  
9 connection with a distribution of the security;

10 (iv) a commission or remuneration is not paid or given, directly or indirectly, for any person's  
11 participation in the offer or sale of securities for the issuer unless the person is a registered broker-dealer or  
12 agent under this chapter; and

13 (v) all funds received from buyers are deposited into a bank or depository institution authorized to  
14 do business in this state and used in accordance with representations made to investors;

15 (c) the issuer, within 10 days of any solicitation or within 15 days after the first sale of the security  
16 pursuant to this exemption, whichever occurs first, provides to the commissioner in a form prescribed by the  
17 commissioner notice that:

18 (i) specifies that the issuer is conducting an offering in reliance upon this exemption;

19 (ii) identifies the issuer;

20 (iii) lists all persons involved in the offer and sale of securities on behalf of the issuer;

21 (iv) identifies the bank or other depository institution where investor funds will be deposited; and

22 (v) includes payment of a filing fee;

23 (d) the issuer does not constitute any of the following:

24 (i) before or after the offer or sale, an investment company as defined in section 3 of the  
25 Investment Company Act of 1940, 15 U.S.C. 80a-3, or subject to the reporting requirements of section 13 or  
26 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. 78m and 78o(d);

27 (ii) before or after the offer or sale, an investment adviser as defined in this chapter or a person  
28 who otherwise provides investment advice as a service or for a fee;

1 (iii) before the offer or sale, an individual who has been convicted within 10 years before the sale,  
2 or 5 years in the case of issuers, their predecessors, and affiliated issuers, of a felony or misdemeanor;

3 (iv) before or after the offer or sale, a person subject to a final order that bars the person from the  
4 business of securities, insurance, or banking, issued by any of the following:

5 (A) a state or federal securities regulator or similar entity;

6 (B) a state or federal banking authority or similar entity;

7 (C) a state insurance commission or similar entity;

8 (e) the offer or sale:

9 (i) can be used in conjunction with any other exemption under this chapter except the exemptions  
10 for institutional investors under subsection (8) and for controlling persons of the issuer. Sales toward controlling  
11 persons do not count toward the limitation in subsection (22)(b).

12 (ii) is not available if the issuer or any of its officers, controlling persons, or promoters is  
13 disqualified under any part of this chapter;

14 (f) prior to the sale, the issuer informed all purchasers that the securities have not been registered  
15 under this chapter and cannot be resold unless the securities are registered or qualify for an exemption from  
16 registration; and

17 (g) the offer or sale is not:

18 (i) an offering proposing to issue stock or other equity interest in a development stage company  
19 without a specific business plan or purpose;

20 (ii) an offering in which the issuer has indicated that its business is to enlarge in a merger or  
21 acquisition with an unidentified company or companies or other unidentified entities or persons; or

22 (iii) an offering without an allocation of proceeds to sufficiently identifiable properties or objectives;

23  
24 ~~(23) a transaction by a business providing digital asset mining as a service or staking as a service~~  
25 ~~for individuals or to other businesses ;~~

26 ~~(24) (23) a transaction by a network token issuer seeking to offer or sell a network token in a~~  
27 ~~transaction pursuant to the requirements of [sections 6 and 8]; or~~

28 ~~(25) (24) a foreign corporation that was HAS previously issued a network token NETWORK TOKENS~~

1 pursuant to the requirements of [sections 7 and 8]."

2

3 NEW SECTION. Section 11. Codification instruction. [Sections 1 through 9] are intended to be

4 codified as an integral part of Title 30, and the provisions of Title 30 apply to [sections 1 through 9].

5

- END -