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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

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A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND ECONOMIC  
GROWTH BLOCKCHAIN ACT

Introduced By: Representatives Place, Hopkins, and Nardone

Date Introduced: February 26, 2025

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings.

2 The general assembly finds and declares:

3 (1) It is declared to be the policy of the state to promote a vigorous and growing economy,  
4 to prevent economic stagnation, and to encourage the creation of new job opportunities in order to  
5 ameliorate the hazards of unemployment and underemployment, reduce the level of public  
6 assistance, increase revenues to the state and its municipalities, and to achieve a stable diversified  
7 economy.

8 (2) The State of Rhode Island understands that to compete in the twenty-first century  
9 economy, Rhode Island must offer one of the best business environments in the United States for  
10 blockchain and technology innovators, and should offer a comprehensive regulatory technology  
11 sandbox for these innovators to develop the next generation of digital products and services in  
12 Rhode Island.

13 (3) Building a more robust public-private partnership framework is mandatory for  
14 economic success.

15 (4) The State of Rhode Island understands that further developing technology industries  
16 within a robust public-private partnership brings better efficiency, trust, and accountability between  
17 Rhode Island state government, businesses, and residents.

18 (5) The state understands a public-private partnership developing an immutable

1 interagency-industry-operability blockchain filing system is vital and redevelopment investment in  
2 opportunity zones that shall install, maintain, and organize within the system of blockchain records  
3 throughout the state is advantageous.

4 (6) Financial and health technology is undergoing a transformational period in which new  
5 technologies are providing greater automation, connectivity and transparency for provenance of  
6 products and services:

7 (i) Existing legal frameworks are restricting technology innovation because these  
8 frameworks were largely established at a time when technology was not a fundamental component  
9 of products and services;

10 (ii) Technology innovators require a supervised, flexible regulatory sandbox to test new  
11 products and services using waivers of specified statutes and rules under defined conditions;

12 (iii) Jurisdictions which establish regulatory sandboxes are more likely to provide a  
13 welcoming business environment for technology innovators and may experience significant  
14 business growth;

15 (iv) Other jurisdictions have enacted, or are considering, regulatory sandboxes for financial  
16 technology innovators in their jurisdictions;

17 (7)(i) The rapid innovation of blockchain technology including the growing use of virtual  
18 currency and other digital assets has resulted in many blockchain innovators being unable to access  
19 secure and reliable banking services thereby hampering development of blockchain services and  
20 products in the marketplace;

21 (ii) Federally insured financial institutions are not generally permitted to manage accounts  
22 in virtual currency or hold other digital assets;

23 (iii) Blockchain innovators have greater compliance challenges with federal customer  
24 identification, anti-money laundering and beneficial ownership requirements because of the  
25 complex nature of these obligations and the unfamiliarity of regulators with blockchain innovators'  
26 businesses;

27 (iv) These intricate obligations have resulted in many financial institutions in Rhode Island  
28 and across the United States refusing to provide banking services to blockchain innovators and also  
29 refusing to accept deposits in United States currency obtained from the sale of virtual currency or  
30 other digital assets;

31 (v) Compliance with applicable federal and state laws is critical to ensuring the future  
32 growth and reputation of the blockchain and technology industries as a whole;

33 (vi) Most financial institutions today do not have the requisite expertise or familiarity with  
34 the challenges facing blockchain innovators which is required to provide secure and reliable

1 banking services to these innovators;

2 (vii) A new type of Rhode Island financial payments and depository institution that has  
3 expertise with customer identification, anti-money laundering and beneficial ownership  
4 requirements could seamlessly integrate these requirements into its operating model; and

5 (viii) Authorizing special purpose depository institutions to be chartered in Rhode Island  
6 will provide a necessary and valuable service to blockchain innovators, emphasize Rhode Island's  
7 partnership with the technology and financial industry and safely grow this state's developing  
8 financial sector.

9 SECTION 2. Title 42 of the General Laws entitled "STATE AFFAIRS AND  
10 GOVERNMENT" is hereby amended by adding thereto the following chapter:

11 CHAPTER 64.35

12 RHODE ISLAND ECONOMIC GROWTH BLOCKCHAIN ACT

13 **42-64.35-1. Short title.**

14 This chapter shall be known and may be cited as the "Rhode Island Economic Growth  
15 Blockchain Act."

16 **42-64.35-2. Definitions.**

17 As used in this chapter, the following words and phrases shall have the following meanings,  
18 unless the context otherwise requires:

19 (1) "Agency" or "public body" means any executive, legislative, judicial, regulatory,  
20 administrative body of the state, or any political subdivision thereof: including, but not limited to,  
21 any department, division, agency, commission, board, office, bureau, authority, any school, fire, or  
22 water district, or other agency or quasi-public agency of Rhode Island state or local government  
23 which exercises governmental functions or any other public or private agency, person, partnership,  
24 corporation, or business entity acting on behalf of any public agency.

25 (2) "Bank" means any corporation, excluding national banks, having a place of business  
26 within this state which engages in banking business, and includes a special purpose depository  
27 institution, subject to the limitations set forth in § 42-64.35-5.

28 (3) "Batch" means a specific quantity of real or digital product that is part of a regulated  
29 industry, such as hemp or vital records.

30 (4) "Blockchain" means a digital ledger or database which is chronological, consensus-  
31 based, decentralized and mathematically verified in nature.

32 (5) "Bureau" means an office or department in charge of administering any agency or bank  
33 regulated by the provisions of this chapter.

34 (6) "Custodial services" means the safekeeping and management of customer currency and

1 digital assets through the exercise of fiduciary and trust powers under this chapter as a custodian,  
2 and includes fund administration and the execution of customer instructions.

3 (7) "Database" means a set of data held on a secured computer software program or  
4 encrypted electronic storage system providing an immutable distributed ledger of records.

5 (8) "Department" means the department of business regulation, division of banking.

6 (9) "Developer" means the person primarily responsible for creating an open blockchain  
7 token or otherwise designing the token, including by executing the technological processes  
8 necessary to create the token;

9 (10) "Digital asset" means a representation of economic, proprietary or access rights that  
10 is stored in a computer readable format, and includes digital consumer assets, digital securities and  
11 virtual currency;

12 (11) "Digital consumer asset" means a digital asset that is used or bought primarily for  
13 consumptive, personal or household purposes and includes:

14 (i) An open blockchain token constituting intangible personal property as otherwise  
15 provided by law; and

16 (ii) Any other digital asset which does not fall within the scope of this chapter.

17 (12) "Exchange," used as a verb, means to assume control of virtual currency from or on  
18 behalf of a resident, at least momentarily, to sell, trade, or convert:

19 (i) Virtual currency for legal tender, bank credit, or one or more forms of virtual currency;  
20 or

21 (ii) Legal tender or bank credit for one or more forms of virtual currency.

22 (13) "Facilitator" means a person who, as a business, makes open blockchain tokens under  
23 this chapter available for resale to the public after a token has been purchased by an initial buyer.

24 (14) "Fees" means charge(s) imposed by the private entity of a qualifying project for use  
25 of all or a portion of such qualifying project pursuant to a comprehensive agreement;

26 (15) "Financial investment" means a contract, transaction or arrangement where a person  
27 invests money in a common enterprise and is led to expect profits solely from the efforts of a  
28 promoter or a third party.

29 (16) "Financial product or service" means a product or service related to finance, including  
30 banking, securities, consumer credit or money transmission, which is subject to statutory or rule  
31 requirements identified in title 19 and is under the jurisdiction of the commissioner or secretary.

32 (17) "Financial technology sandbox" means the program created by this chapter which  
33 allows a person to make an innovative financial product or service available to consumers during a  
34 sandbox period through a waiver of existing statutory and rule requirements, or portions thereof,

1 by the commissioner or secretary.

2 (18) "Innovative" means new or emerging technology, or new uses of existing technology,  
3 that provides a product, service, business model or delivery mechanism to the public and has no  
4 substantially comparable, widely available analogue in Rhode Island including blockchain  
5 technology.

6 (19) "Issuer" means a person that issues or proposes to issue a security

7 (20) "Legal tender" means a medium of exchange or unit of value, including the coin or  
8 paper money of the United States, issued by the United States or by another government.

9 (21) "License" means a state license issued under this chapter, and includes both a  
10 cultivation license and a medicinal use license, as well as a testing laboratory license.

11 (22) "Licensee" means any person holding a license under this chapter, regardless of the  
12 license held, and includes the holder of a testing laboratory license.

13 (23) "Licensing authority" means the state agency responsible for the issuance, renewal, or  
14 reinstatement of the license, or the state agency authorized to take disciplinary action against the  
15 licensee.

16 (24) "Local jurisdiction" means a city or town.

17 (25) "Monetary value" means a medium of exchange, whether or not redeemable in money.

18 (26) "Open blockchain token" means a digital unit which is:

19 (i) Created in response to the verification or collection of a specified number of transactions  
20 relating to a digital ledger or database;

21 (ii) Created by deploying computer code to a digital ledger or database, which may include  
22 a blockchain, that allows for the creation of digital tokens or other units;

23 (iii) Created by using a combination of the methods specified in §§ 42-64.35-4 or 42-64.35-  
24 5;

25 (iv) Recorded to a digital ledger or database, which may include a blockchain; or

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

28 (27) "Opportunity zones" means designated areas included in the Tax Cuts and Jobs Act of  
29 2017. Rhode Island opportunity zones are located in twenty-five (25) census tracts spread across  
30 the following fifteen (15) municipalities: Bristol, Central Falls, Cranston, Cumberland, East  
31 Providence, Narragansett, Newport, North Providence, Pawtucket, Providence, South Kingstown,  
32 Warren, West Warwick, Westerly, and Woonsocket.

33 (28) "Owner" means any of the following:

34 (i) A person with an aggregate ownership interest of twenty percent (20%) or more in the

1 person applying for a license or a licensee, unless the interest is solely a security, lien, or  
2 encumbrance;

3 (ii) The chief executive officer of a nonprofit or other entity;

4 (iii) A member of the board of directors of a nonprofit; or

5 (iv) An individual who will be participating in the direction, control, or management of the  
6 person applying for a license.

7 (29) "Person" means and includes any individual, firm, partnership, joint venture,  
8 association, corporation, limited-liability company, estate, trust, business trust, receiver, syndicate,  
9 or any other group or combination acting as a unit, and the plural as well as the singular.

10 (30) "Private entity" means any natural person, corporation, general partnership, limited  
11 liability company, limited partnership, joint venture, business trust, public benefit corporation,  
12 nonprofit entity, or one other private business entity.

13 (31) "Proposal" means a plan for a qualifying project with detail beyond a conceptual level  
14 for which terms such as fixing costs, payment schedules, financing, deliverables, and project  
15 schedules are defined.

16 (32) "Qualifying project" means:

17 (i) A facility or project that serves a public purpose, including, but not limited to, any ferry  
18 or mass transit facility, vehicle parking facility, airport or seaport facility, rail facility or project,  
19 transportation facilities, technology infrastructure, fuel supply facility, oil or gas pipeline, medical  
20 or nursing care facility, or educational facility or other building or facility that is used or will be  
21 used by a public educational institution, or any other public facility or infrastructure that is used or  
22 will be used by the public at large or in support of an accepted public purpose or activity;

23 (ii) An improvement, including equipment, of a building that will be principally used by a  
24 public entity or the public at large or that supports a service delivery system in the public sector;

25 (iii) A water, wastewater, or surface water management facility or other related  
26 infrastructure; or

27 (iv) Notwithstanding any provision of this subsection, for projects that involve a facility  
28 owned or operated by the governing board of a city or town, district, or hospital or health care  
29 system, or projects that involve a facility owned or operated by an electric utility, only those  
30 projects that the governing board designates as qualifying projects pursuant to this subsection.

31 (33) "Reciprocity agreement" means an arrangement between the department and the  
32 appropriate licensing agency of another state that permits a licensee operating under a license  
33 granted by the other state to engage in currency transmission business activity with or on behalf of  
34 a resident.

1           (34) "Record" means information that is inscribed on a tangible medium or that is stored  
2 in an electronic or other medium and is retrievable in perceivable form.

3           (35) "Registry" means the Nationwide Multistate Licensing System.

4           (36) "Resident" means a person that:

5           (i) Is domiciled in this state;

6           (ii) Is physically located in this state for more than one hundred eighty-three (183) days of  
7 the previous three hundred sixty-five (365) days; or

8           (iii) Has a place of business in this state and includes a legal representative of a person that  
9 satisfies subsection (36)(i) of this subsection.

10           (37) "Responsible individual" means an individual who has managerial authority with  
11 respect to a licensee's currency transmission business activity with or on behalf of a resident.

12           (38) "Revenue" means the income, earnings, user fees, lease payments, or other service  
13 payments relating to the development or operation of a qualifying project, including, but no limited  
14 to, money received as grants or otherwise from the federal government, a public entity, or an agency  
15 or instrumentality thereof in aid of the qualifying project.

16           (39) "Sandbox period" means the period of time, initially not longer than twenty-four (24)  
17 months, in which the commissioner or secretary has authorized an innovative financial product or  
18 service to be made available to consumers, which shall also encompass any extension granted under  
19 §§ 42-64.35-1 through 42-64.35-5.

20           (40) "Secretary" means the secretary of state;

21           (41) "Seller" means a person who makes an open blockchain token available for purchase  
22 to an initial buyer.

23           (42) "Service contract" means a contract between a public entity and the private entity  
24 which defines the terms of the services to be provided with respect to a qualifying project.

25           (43) "Sign" means with present intent to authenticate or adopt a record, to execute or adopt  
26 a tangible symbol or to attach to or logically associate with the record an electronic symbol, sound,  
27 or process.

28           (44) "Special purpose depository institution" means a corporation operating pursuant to §  
29 42-64.35-5;

30           (45) "State" means a state of the United States, the District of Columbia, Puerto Rico, the  
31 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the  
32 United States.

33           (46) "Store," except in the phrase "store of value," means to maintain control of virtual  
34 currency on behalf of a resident by a person other than the resident. "Storage" and "storing" have

1 corresponding meanings.

2 (47) "Supervisor of the regulatory body" means the chief or head of a section having  
3 enforcement responsibility for a particular statute or set of rules and regulations within a regulatory  
4 agency

5 (48) "System of vital records" means the registration, collection, preservation, amendment,  
6 and certification of vital statistics records, and activities related to them including the tabulation,  
7 analysis, and publication of statistical data derived from those records.

8 (49) "Transfer" means to assume control of virtual currency from or on behalf of a resident  
9 and to:

10 (i) Credit the virtual currency to the account of another person;

11 (ii) Move the virtual currency from one account of a resident to another account of the  
12 same resident; or

13 (iii) Relinquish control of virtual currency to another person.

14 (50) "Unique identifier" means an alphanumeric code or designation used for reference to  
15 a specific plant on a licensed premises and any hemp or hemp product derived or manufactured  
16 from that plant.

17 (51) "U.S. Dollar equivalent of virtual currency" means the equivalent value of a particular  
18 virtual currency in United States dollars shown on a virtual currency exchange based in the United  
19 States for a particular date or period specified in this chapter. Virtual currency or a digital security,  
20 as defined in §§ 19-14-1 and 19-14.3-1.1, shall not constitute an open blockchain token as defined  
21 within §§ 42-64.35-4 and 42-64.35-5.

22 **42-64.35-3. Council established.**

23 There is hereby created a Rhode Island blockchain technology advisory council to consist  
24 of thirteen (13) members: three (3) of whom shall be appointed by the governor, with two (2) of  
25 those so appointed to be designated by the governor as co-chairs; six (6) of whom shall be directors  
26 from the Rhode Island commerce corporation, as established by chapter 64 of title 42; four (4)  
27 members shall be appointed by majority of the nine (9) members appointed by the governor and  
28 Rhode Island commerce corporation; two (2) of the four members shall be appointed from the  
29 private sector: with one holding expertise in complex financial services, and one with expertise in  
30 cybersecurity; two (2) of the four members shall be appointed from academia: with one holding  
31 expertise in financial systems, and one with expertise in computer engineering. The membership  
32 of said council shall receive no compensation for their services. The council shall support the state's  
33 research institutions, promote entrepreneurial development, enable all organizations to become  
34 more innovative, and perform any other advisory functions as the legislature may designate.



1           **42-64.35-4. Financial sandbox -- Financial technology sandbox waiver -- Applicability**  
2 **of criminal and consumer protection statutes -- Referral to investigatory agencies -- Civil**  
3 **liability.**

4           (a) Notwithstanding any other provision of law, a person who makes an innovative  
5 financial product or service available to consumers in the financial technology sandbox may be  
6 granted a waiver of specified requirements imposed by statute or rule, or portions thereof, if these  
7 statutes or rules do not currently permit the product or service to be made available to consumers.  
8 A waiver under this subsection shall be no broader than necessary to accomplish the purposes and  
9 standards set forth in this chapter, as determined by the commissioner or secretary.

10           (b) A person who makes an innovative financial product or service available to consumers  
11 in the financial technology sandbox is:

12           (1) Not immune from civil damages for acts and omissions relating to this act; and

13           (2) Subject to all criminal and consumer protection laws, including, but not limited to,  
14 violations of any provisions of title 11, title 19, and title 21.

15           (c) The commissioner or secretary may refer suspected violations of law relating to this  
16 chapter to appropriate state or federal agencies for investigation, prosecution, civil penalties and  
17 other appropriate enforcement actions, including, but not limited to, suspension or revocation of  
18 any license or authorization granted under this chapter.

19           (d) If service of process, relative to any civil proceeding, on a person making an innovative  
20 financial product or service available to consumers in the financial technology sandbox is not  
21 feasible, service on the secretary of state shall be deemed service on the person.

22           (e)(1) A person shall apply to the commissioner or secretary to make an innovative  
23 financial product or service available to consumers in the financial technology sandbox, based on  
24 the office that administers the statute, regulation, rule or portion thereof, for which a waiver is  
25 sought.

26           (2) If both the commissioner and the secretary jointly administer a statute or regulation or  
27 rule, or if the appropriate office is not known, an application may be filed with either the  
28 commissioner or the secretary.

29           (3) If an application is filed with an office that does not administer the statute, regulation  
30 or rule for which a waiver is sought, the receiving office shall forward the application to the correct  
31 office.

32           (4) The person shall specify in an application the statutory or rule requirements for which  
33 a waiver is sought and the reasons why these requirements prohibit the innovative financial product  
34 or service from being made available to consumers. The commissioner and secretary shall each, by

1 rule, prescribe a method of application.

2 (f) A business entity making an application under this section shall be a domestic  
3 corporation or other organized domestic entity with a physical presence, other than that of a  
4 registered office or agent, in Rhode Island.

5 (g) Before an employee applies on behalf of an institution, firm or other entity intending to  
6 make an innovative financial product or service available through the financial technology sandbox,  
7 the employee shall obtain the consent of the institution, firm or entity before filing an application  
8 under this section.

9 (h) The individual filing an application under this section and the individuals who are  
10 substantially involved in the development, operation or management of the innovative financial  
11 product or service shall, as a condition of an application, submit to a criminal history background  
12 check with the department of attorney general.

13 (i) An application made under this section shall be accompanied by a fee of five hundred  
14 dollars (\$500). The fee shall be deposited into the financial technology innovation account as  
15 required by title 19.

16 (j) The commissioner or secretary, as applicable, shall authorize or deny a financial  
17 technology sandbox application in writing within ninety (90) days of receiving the application. The  
18 commissioner or secretary and the person who has made an application may jointly agree to extend  
19 the time beyond ninety (90) days. The commissioner or secretary may impose conditions on any  
20 authorization, consistent with this chapter. In deciding to authorize or deny an application under  
21 this section, the commissioner or secretary shall consider each of the following:

22 (1) The nature of the innovative financial product or service proposed to be made available  
23 to consumers in the sandbox, including all relevant technical details which may include whether  
24 the product or service utilizes blockchain technology;

25 (2) The potential risk to consumers and methods which will be used to protect consumers  
26 and resolve complaints during the sandbox period;

27 (3) A business plan proposed by the person, including proof of capital requirements;

28 (4) Whether the person has the necessary personnel, adequate financial and technical  
29 expertise and a sufficient plan to test, monitor and assess the innovative financial product or service;

30 (5) Whether any person substantially involved in the development, operation or  
31 management of the innovative financial product or service has been convicted of, or is currently  
32 under investigation for, fraud, state or federal securities violations or any property based offense;

33 (6) A copy of the disclosures required under this chapter that will be provided to  
34 consumers; and

1 (7) Any other factor that the commissioner or secretary determines to be relevant.

2 (k) If an application is authorized under subsection (j) of this section, the commissioner or  
3 secretary shall specify the statutory or rule requirements, or portions thereof, for which a waiver is  
4 granted and the length of the initial sandbox period. The commissioner or secretary shall also post  
5 notice of the approval of a sandbox application under this section, a summary of the innovative  
6 financial product or service and the contact information of the person making the product or service  
7 available through the sandbox on the Internet website of the commissioner or secretary.

8 (l) A person authorized under section (j) of this section to enter into the financial  
9 technology sandbox shall post a consumer protection bond with the commissioner or secretary as  
10 security for potential losses suffered by consumers. The bond amount shall be determined by the  
11 commissioner or secretary in an amount not less than ten thousand dollars (\$10,000) and shall be  
12 commensurate with the risk profile of the innovative financial product or service. The  
13 commissioner or secretary may require that a bond under this subsection be increased or decreased  
14 at any time based on risk profile. Unless the bond is enforced, the commissioner or secretary shall  
15 cancel or allow the bond to expire two (2) years after the date of the conclusion of the sandbox  
16 period.

17 (m) A person authorized under subsection (j) of this section to enter into the financial  
18 technology sandbox shall be deemed to possess an appropriate license for the purposes of federal  
19 law requiring state licensure or authorization.

20 (n) Authorization under subsection (j) of this section shall not be construed to create a  
21 property right.

22 (o)(1) There is hereby created the financial technology innovation account. Funds within  
23 the account shall only be expended by legislative appropriation. All funds within the account shall  
24 be invested by the state treasurer and all investment earnings from the account shall be credited to  
25 the general fund. The account shall be divided into two (2) sub-accounts controlled by the  
26 commissioner and secretary, respectively, for the purposes of administrative management. For the  
27 purposes of accounting and investing only, the subaccounts shall be treated as separate accounts.

28 (2) Subject to legislative appropriation, application fees remitted to the account shall be  
29 deposited into the subaccount controlled by the commissioner or secretary, as applicable, based on  
30 the receiving official. These funds, and any additional funds appropriated by the legislature, shall  
31 be used only for the purposes of administering this chapter, including processing of sandbox  
32 applications and monitoring, examination and enforcement activities relating to this chapter.

33 (p)(1) Except as otherwise provided under chapter 56 of title 6 ("uniform supplemental  
34 commercial law for the uniform regulation of virtual-currency businesses act"), chapter 14 of title

1 19 ("licensed activities"), and chapter 14.3 of title 19 ("currency transmissions"), a person  
2 authorized under this chapter to enter into the financial technology sandbox may make an  
3 innovative financial product or service available to consumers during the sandbox period.

4 (2) The commissioner or secretary may, on a case by case basis, specify the maximum  
5 number of consumers permitted to receive an innovative financial product or service, after  
6 consultation with the person authorized under this chapter to make the product or service available  
7 in the financial technology sandbox.

8 (3) Before a consumer purchases or enters into an agreement to receive an innovative  
9 financial product or service through the financial technology sandbox, the person making the  
10 product or service available shall provide a written statement of the following to the consumer:

11 (i) The name and contact information of the person making the product or service available  
12 to consumers;

13 (ii) That the product or service has been authorized to be made available to consumers for  
14 a temporary period by the commissioner or secretary, as applicable, under the laws of Rhode Island;

15 (iii) That the State of Rhode Island does not endorse the product or service and is not  
16 subject to liability for losses or damages caused by the product or service;

17 (iv) That the product or service is undergoing testing, may not function as intended and  
18 may entail financial risk;

19 (v) That the person making the product or service available to consumers is not immune  
20 from civil liability for any losses or damages caused by the product or service;

21 (vi) The expected end date of the sandbox period;

22 (vii) The name and contact information of the commissioner or secretary, as applicable,  
23 and notification that suspected legal violations, complaints or other comments related to the product  
24 or service may be submitted to the commissioner or secretary; and

25 (viii) Any other statements or disclosures required by rule of the commissioner or secretary  
26 which are necessary to further the purposes of this chapter.

27 (q) A person authorized to make an innovative financial product or service available to  
28 consumers in the financial technology sandbox shall maintain comprehensive records relating to  
29 the innovative financial product or service. The person shall keep these records for not less than  
30 five (5) years after the conclusion of the sandbox period. The commissioner and secretary may  
31 specify further records requirements under this subsection by rule.

32 (r) The commissioner or secretary, as applicable, may examine the records maintained  
33 under or by any depository or financial technology innovation account opened pursuant to this  
34 chapter, with or without notice. All direct and indirect costs of an examination conducted under

1 this subsection shall be paid by the person making the innovative financial product or service  
2 available in the financial technology sandbox. Records made available to the commissioner or  
3 secretary under this subsection shall be confidential and shall not be subject to disclosure under  
4 chapter 2 of title 38; provided, however, the records may be released to appropriate state and federal  
5 agencies for the purposes of investigation.

6 (s) Unless granted an extension not less than thirty (30) days before the conclusion of the  
7 sandbox period, a person who makes an innovative financial product or service available in the  
8 financial technology sandbox shall provide written notification to consumers regarding the  
9 conclusion of the sandbox period and shall not make the product or service available to any new  
10 consumers after the conclusion of the sandbox period until legal authority outside of the sandbox  
11 exists to make the product or service available to consumers. The person shall wind down  
12 operations with existing consumers within sixty (60) days after the conclusion of the sandbox  
13 period, except that, after the sixtieth day, the person may:

14 (1) Collect and receive money owed to the person and service loans made by the person,  
15 based on agreements with consumers made before the conclusion of the sandbox period;

16 (2) Take necessary legal action; and

17 (3) Take other actions authorized by the commissioner or secretary by rule which are not  
18 inconsistent with this subsection.

19 (t) The commissioner and the secretary may, jointly or separately, enter into agreements  
20 with state, federal or foreign regulatory agencies to allow persons who make an innovative financial  
21 product or service available in Rhode Island through the financial technology sandbox to make  
22 their products or services available in other jurisdictions and to allow persons operating in similar  
23 financial technology sandboxes in other jurisdictions to make innovative financial products and  
24 services available in Rhode Island under the standards of this chapter.

25 (u) The commissioner or secretary may, by order, revoke or suspend authorization granted  
26 to a person under this chapter if:

27 (1) The person has violated or refused to comply with this chapter or any lawful rule, order  
28 or decision adopted by the commissioner or secretary;

29 (2) A fact or condition exists that, if it had existed or become known at the time of the  
30 financial technology sandbox application, would have warranted denial of the application or the  
31 imposition of material conditions;

32 (3) A material error, false statement, misrepresentation or material omission was made in  
33 the financial technology sandbox application; or

34 (4) After consultation with the person, continued testing of the innovative financial product

1 or service would:

2 (i) Be likely to harm consumers; or

3 (ii) No longer serve the purposes of this chapter because of the financial or operational  
4 failure of the product or service.

5 (v) Written notification of a revocation or suspension order made under subsection (c) of  
6 this section shall be served using any means authorized by law, and if the notice relates to a  
7 suspension, include any conditions or remedial action which shall be completed before the  
8 suspension will be lifted by the commissioner or secretary.

9 (w) A person granted authorization under subsection (j) of this section may apply for an  
10 extension of the initial sandbox period for not more than twelve (12) additional months. An  
11 application for an extension shall be made not later than sixty (60) days before the conclusion of  
12 the initial sandbox period specified by the commissioner or secretary. The commissioner or  
13 secretary shall approve or deny the application for extension in writing not later than thirty-five  
14 (35) days before the conclusion of the initial sandbox period. An application for extension by a  
15 person shall cite one of the following reasons as the basis for the application and provide all relevant  
16 supporting information that:

17 (1) Statutory or rule amendments are necessary to conduct business in Rhode Island on a  
18 permanent basis; or

19 (2) An application for a license or other authorization required to conduct business in  
20 Rhode Island on a permanent basis has been filed with the appropriate office and approval is  
21 currently pending.

22 (x)(1) The commissioner and secretary shall each adopt rules and regulations to implement  
23 this chapter. The rules and regulations adopted by the commissioner and secretary under this  
24 chapter shall be as consistent as reasonably possible, but shall account for differences in the statutes  
25 and programs administered by the commissioner and secretary.

26 (2) The commissioner or secretary may issue:

27 (i) All necessary orders to enforce this chapter, including, but not limited to, ordering the  
28 payment of restitution and enforcement of these orders in any court of competent jurisdiction; and

29 (ii) An order under subsection (x)(2)(i) of this section to enforce the bond or portion of the  
30 bond posted under this chapter, and use proceeds from the bond to offset losses suffered by  
31 consumers as a result of an innovative financial product or service.

32 (3) All actions of the commissioner or secretary under this chapter shall be subject to the  
33 rules and regulations under title 19 and chapter 14 of title 42.

34 (y)(1) Criminal history record information shall be disseminated by criminal justice

1 agencies in this state, whether directly or through any intermediary, only to the banking  
2 commissioner or the secretary of state for purposes of obtaining background information on persons  
3 applying for financial technology sandbox authorization; provided, however, that all officers and  
4 directors subsequently hired or appointed, shall be required to submit to a criminal history  
5 background check.

6 (z)(1) The following persons shall be required to submit to fingerprinting in order to obtain  
7 state and national criminal history record information:

8 (i) Applicants for a financial technology sandbox authorization.

9 (aa) The financial technology sandbox definitions shall apply to this chapter.

10 (bb) This chapter modifies, limits, and supersedes the federal Electronic Signatures in  
11 Global and National Commerce Act, but does not modify, limit, or supersede section 101(c) of that  
12 act (15 U.S.C. § 7001 (c)) or authorize electronic delivery of any of the notices described in section  
13 103(b) of that act (15 U.S.C. § 7003(b)). This chapter authorizes the filing of records and signatures,  
14 when specified by provisions of this chapter or by a rule adopted or order issued under this chapter,  
15 in a manner consistent with section 104(a) of that act (15 U.S.C. § 7004(a)).

16 **42-64.35-5. Special depository institutions.**

17 (a) The legislature shall create special purpose depository institutions as a new financial  
18 institution, providing that the following rules shall apply to these institutions:

19 (1) Special purpose depository institutions shall be corporations;

20 (2) Require that depositors be business entities;

21 (3) Specify compliance with applicable federal laws;

22 (4) Establish procedures for the incorporation, chartering and operation of special purpose  
23 depository institutions;

24 (5) Establish procedures for liquidation, conservatorship and voluntary dissolution;

25 (6) Require a surety bond or pledged investments and specified private insurance;

26 (7) Authorize special purpose depository institutions to obtain federal deposit insurance;

27 (8) Make conforming amendments;

28 (9) Authorize positions;

29 (10) Provide an appropriation; and

30 (11) Provide for effective dates.

31 (b) Except as otherwise provided in this section, if any provision of law conflicts with this  
32 chapter, this chapter shall control, except as to those provisions set forth in §42-64.35-6.

33 (1) Consistent with this chapter, special purpose depository institutions shall be organized  
34 as corporations under chapter 1.2 of title 7, (the "Rhode Island business corporation act"), to

1 exercise the powers set forth in this section:

2 (2) Each special purpose depository institution may:

3 (i) Make contracts as a corporation under Rhode Island law;

4 (ii) Sue and be sued;

5 (iii) Receive notes and buy and sell gold and silver coins and bullion as permitted by federal

6 law;

7 (iv) Carry on a non-lending banking business for depositors, consistent with subsection (d)

8 of this section;

9 (v) Provide payment services upon the request of a depositor;

10 (vi) Make an application to become a member bank of the Federal Reserve System;

11 (vii) Engage in any other activity that is usual or incidental to the business of banking,

12 subject to the prior written approval of the commissioner. The commissioner shall not approve a

13 request to engage in an incidental activity if the commissioner finds that the requested activity will

14 adversely affect the solvency or the safety and soundness of the special purpose depository

15 institution or conflict with any provision of this chapter; and

16 (viii) Exercise powers and rights otherwise authorized by law which are not inconsistent

17 with this chapter.

18 (d) Except as otherwise provided in this subsection, a special purpose depository institution

19 shall not make loans, including the provision of temporary credit relating to overdrafts. A special

20 purpose depository institution may purchase debt obligations consistent with provisions of title 19.

21 (e) A special purpose depository institution shall maintain its principal operating

22 headquarters and the primary office of its chief executive officer in Rhode Island.

23 (f) As otherwise authorized by this section, the special purpose depository institution may

24 conduct business with depositors outside this state.

25 (g) Subject to the laws of the host state, a special purpose depository institution may open

26 a branch in another state upon obtaining a certificate of good standing from the commissioner or

27 secretary, as long as any new branch located outside of this state is in compliance with state and

28 federal regulations. A special purpose depository institution, including any branch of the institution,

29 may only accept deposits or provide other services under this chapter to depositors engaged in a

30 bona fide business which is lawful under the laws of Rhode Island, the laws of the host state and

31 federal law.

32 (h)(1) No depositor shall maintain an account with a special purpose depository institution

33 or otherwise receive any services from the institution unless the depositor meets the criteria of this

34 subsection. A depositor shall:



1           (i) Be a legal entity other than a natural person;  
2           (ii) Be in good standing with the jurisdiction in the United States in which it is incorporated  
3 or organized;  
4           (iii) Maintain deposits with the institution totaling not less than five thousand dollars  
5 (\$5,000);  
6           (iv) Be engaged in a lawful, bona fide business; and  
7           (v) Make sufficient evidence available to the special purpose depository institution to  
8 enable compliance with anti-money laundering practices, customer identification and beneficial  
9 ownership requirements, as determined by the institution.  
10           (2) A depositor which meets the criteria of this subsection (h) shall be issued a depository  
11 account and otherwise receive services from the special purpose depository institution contingent  
12 on the availability of sufficient insurance as required under § 19-4-10.  
13           (3) Consistent with this subsection (h) and in addition to any requirements specified by  
14 federal law, a special purpose depository institution shall require that a potential depositor provide  
15 reasonable evidence that the person is engaged in a lawful, bona fide business or is likely to open  
16 a lawful, bona fide business within the next six (6) months. As used in this subsection, "reasonable  
17 evidence" includes business entity filings, articles of incorporation or organization, bylaws,  
18 operating agreements, business plans, promotional materials, financing agreements or other  
19 evidence.  
20           (i)(1) At all times, a special purpose depository institution shall maintain unencumbered  
21 liquid assets valued at not less than one hundred percent (100%) of its depository liabilities;  
22           (2) As used in this section, "liquid assets" means:  
23           (i) United States currency held on the premises of the special purpose depository  
24 institution;  
25           (ii) United States currency held for the special purpose depository institution by a federal  
26 reserve bank or a federally insured financial institution; and  
27           (iii) Investments which are highly liquid, and obligations of the United States treasury or  
28 other federal agency obligations consistent with rules adopted by the commissioner.  
29           (j)(1) A special purpose depository institution shall maintain a contingency account to  
30 account for unexpected losses and expenses. A special purpose depository institution may require  
31 the payment of contributions from depositors to fund a contingency account. Sufficient funding as  
32 determined and required by the commissioner for the initial capitalization shall constitute  
33 compliance with this subsection for the first three (3) years a special purpose depository institution  
34 is in operation. After the conclusion of the first three (3) years of operation, a special purpose

1 depository institution shall maintain a contingency account totaling not less than two percent (2%)  
2 of the depository liabilities of the special purpose depository institution; provided, however, that  
3 the contingency account shall be adequate and reasonable in light of current and prospective  
4 business conditions, as determined by the commissioner;

5 (2) A depositor shall obtain a refund of any contingency account contributions made under  
6 this subsection after closing an account with the special purpose depository institution.

7 (k) A special purpose depository institution shall comply with all applicable federal laws,  
8 including, but not limited to, those relating to anti-money laundering practices, customer  
9 identification and beneficial ownership.

10 (l)(1) A special purpose depository institution shall display on any Internet website it  
11 maintains, and at each window or place where it accepts deposits, a sign conspicuously stating that  
12 deposits are not insured by the federal deposit insurance corporation, if applicable.

13 (2) Upon opening an account and if applicable, a special purpose depository institution  
14 shall require each depositor to execute a statement acknowledging that all deposits at the special  
15 purpose depository institution are not insured by the federal deposit insurance corporation. The  
16 special purpose depository institution shall permanently retain this acknowledgment.

17 (3) A special purpose depository institution shall include in all advertising a disclosure that  
18 deposits are not insured by the federal deposit insurance corporation, if applicable.

19 (m)(1) Except as otherwise provided, five (5) or more adult persons may form a special  
20 purpose depository institution. The incorporators shall subscribe the articles of incorporation and  
21 transmit them to the commissioner as part of an application for a charter under title 19.

22 (2) The articles of incorporation shall include the following information:

23 (i) The corporate name;

24 (ii) The purpose for which the corporation is organized;

25 (iii) The term of its existence, which may be perpetual;

26 (iv) The place where its office shall be located and its operations conducted;

27 (v) The amount of capital stock and the number of shares;

28 (vi) The name and residence of each shareholder subscribing to more than ten percent  
29 (10%) of the stock and the number of shares owned by that shareholder;

30 (vii) The number of directors and the names of those who shall manage the affairs of the  
31 corporation for the first year; and

32 (viii) A statement that the articles of incorporation are made to enable the incorporators to  
33 avail themselves of the advantages of the laws of the state.

34 (n) Copies of all amended articles of incorporation shall be filed in the same manner as the

1 original articles of incorporation.

2 (o) The incorporators shall raise sufficient capital prior to filing an application for a charter  
3 with the commissioner, consistent with § 19-2-2. In the event an application for a charter is not  
4 filed or is denied by the board, all capital shall be promptly returned without loss, to each person  
5 or entity investing.

6 (p) Subject to applicable federal and state law, a bank holding company may apply to hold  
7 a special purpose depository institution to raise required initial capital and surplus and additional  
8 capital.

9 (q) The capital stock of each special purpose depository institution chartered under this  
10 chapter shall be subscribed for as fully paid stock. No special purpose depository institution shall  
11 be chartered with capital stock less than five million dollars (\$5,000,000).

12 (r) No special purpose depository institution shall commence business until the full amount  
13 of its authorized capital is subscribed and all capital stock is fully paid in. No special purpose  
14 depository institution may be chartered without a paid up surplus fund of not less than three (3)  
15 years of estimated operating expenses in an amount to be determined by the commissioner;

16 (s) A special purpose depository institution may acquire additional capital prior to the  
17 granting of a charter and may report this capital in its charter application.

18 (t)(1) No person shall act as a special purpose depository institution without first obtaining  
19 a charter and certificate of authority to operate from the commissioner under this chapter

20 (2) The incorporators, under title 19, shall apply to the commissioner for a charter. The  
21 application shall contain the special purpose depository institution's articles of incorporation, a  
22 detailed business plan, a comprehensive estimate of operating expenses for the first three (3) years  
23 of operation, a complete proposal for compliance with the provisions of this chapter and evidence  
24 of the capital as required under subsection (s) of this section. The commissioner may prescribe the  
25 form of application by rule.

26 (3) Each application for a charter shall be accompanied by an application fee established  
27 by the commissioner pursuant to rule, which shall be no greater than the costs incurred by the  
28 commissioner in reviewing the application. The application fee shall be credited to the special  
29 purpose depository institutions subaccount created by subsection (o) of this section

30 (u) Funds in the subaccount shall be used by the commissioner to supervise special purpose  
31 depository institutions and to otherwise carry out the duties specified by this chapter. Funds in the  
32 subaccount are continuously appropriated to the subaccount and shall not lapse at the end of any  
33 fiscal period. For purposes of accounting and investing only the special purpose depository  
34 institutions subaccount shall be treated as a separate account from the financial institutions

1 administration account.

2 (v)(1) Upon receiving an application for a special purpose depository charter, the  
3 commissioner shall notify the applicants in writing within thirty (30) calendar days of any  
4 deficiency in the required information or that the application has been accepted for filing. When  
5 the commissioner is satisfied that all required information has been furnished, the commissioner  
6 shall notify the chairman of the board who shall establish a time and place for a public hearing  
7 which shall be conducted not less than sixty (60) days, nor more than one hundred twenty (120)  
8 days, after notice from the commissioner to the applicants that the application is in order.

9 (2) Within thirty (30) days after receipt of notice of the time and place of the public hearing,  
10 the applicants shall cause notice of filing of the application and the hearing to be published at the  
11 applicant's expense in a newspaper of general circulation within the county where the proposed  
12 special purpose depository institution is to be located. Publication shall be made at least once a  
13 week for three (3) consecutive weeks before the hearing and shall state: the proposed location of  
14 the special purpose depository institution; the names of the applicants for a charter; the nature of  
15 the activities to be conducted by the proposed institution and other information required by rule.  
16 The applicants shall furnish proof of publication to the commissioner not more than ten (10) days  
17 prior to the hearing. The commissioner shall send notice of the hearing to state and national banks,  
18 federal savings and loan associations and other financial institutions in the state and federal  
19 agencies who have requested notice from the commissioner.

20 (w) The hearing for a charter application shall be conducted as a contested case under  
21 chapter 35 of title 42 ("administrative procedures") and shall comply with the requirements of that  
22 chapter.

23 (x)(1) Upon receiving the articles of incorporation, the application for a charter and other  
24 information required by the commissioner, the commissioner shall make a careful investigation and  
25 examination of the following:

26 (i) The character, reputation, financial standing and ability of the incorporators;

27 (ii) The character, financial responsibility, banking or other financial experience and  
28 business qualifications of those proposed as officers and directors; and

29 (iii) The application for a charter, including the adequacy and plausibility of the business  
30 plan of the special purpose depository institution and whether the institution has offered a complete  
31 proposal for compliance with the provisions of this chapter.

32 (2) The commissioner shall submit the results of the commissioner's investigation and  
33 examination at the public hearing on the charter application and shall be subject to cross  
34 examination by any interested party. No relevant information shall be excluded by the board as

1 hearsay.

2 (y)(1) Within ninety (90) days after receipt of the transcript of the public hearing, the board  
3 shall render a decision on the charter application based solely on the following criteria:

4 (i) Whether the character, reputation, financial standing and ability of the incorporators is  
5 sufficient to afford reasonable promise of a successful operation;

6 (ii) Whether the character, financial responsibility, banking or other financial experience  
7 and business qualifications of those proposed as officers and directors is sufficient to afford  
8 reasonable promise of a successful operation;

9 (iii) The adequacy and plausibility of the business plan of the special purpose depository  
10 institution;

11 (iv) Compliance with the capital and surplus requirements as set forth in this section;

12 (v) The special purpose depository institution is being formed for no other purpose than  
13 legitimate objectives authorized by law;

14 (vi) That the name of the proposed special purpose depository institution does not resemble  
15 so closely the name of any other financial institution transacting business in the state so as to cause  
16 confusion; and

17 (vii) Whether the applicants have complied with all applicable provisions of state law.

18 (2) The board shall approve an application upon making favorable findings on the criteria  
19 set forth in this section. If necessary, the board may either conditionally approve an application by  
20 specifying conditions relating to the criteria or may disapprove the application. The board shall  
21 state findings of fact and conclusions of law as part of its decision. If the board approves the  
22 application, the commissioner shall endorse upon the articles of incorporation the approval of the  
23 board and shall transmit one copy to the secretary of state, retain one copy and return a copy to the  
24 applicants within twenty (20) days after the date of the decision of the board approving the  
25 application. If the board conditionally approves an application and upon compliance with necessary  
26 conditions required by the board, the commissioner shall proceed as provided in the preceding  
27 sentence. If the board disapproves the application, the commissioner shall mail notice of the  
28 disapproval to the applicants within twenty (20) days of the board's disapproval.

29 (z)(1) If an application is approved and a charter granted by the board, the special purpose  
30 depository institution shall not commence business before receiving a certificate of authority to  
31 operate from the commissioner. The application for a certificate of authority shall be made to the  
32 commissioner and shall certify the address at which the special purpose depository institution will  
33 operate and that all adopted bylaws of the institution have been attached as an exhibit to the  
34 application. The application shall state the identities and contact information of officers and

1 directors. The commissioner shall approve or deny an application for a certificate of authority to  
2 operate within thirty (30) days after a complete application has been filed. The authority of the  
3 commissioner to disapprove any application shall be restricted solely to noncompliance with this  
4 section; provided that, if the commissioner approves the application, the commissioner shall issue  
5 a certificate of authority to the applicants within twenty (20) days. If the commissioner denies the  
6 application, the commissioner shall mail a notice of denial to the applicants within twenty (20)  
7 days, stating the reasons for denying the application, and grant to the applicants a period of ninety  
8 (90) days to resubmit the application with the necessary corrections. If the applicants fail to comply  
9 with requirements of the notice of denial within ninety (90) days from the receipt of the notice, the  
10 charter of the special purpose depository institution shall be revoked by the commissioner. The  
11 failure of the commissioner to act upon an application for a certificate of authority within thirty  
12 (30) days shall be deemed an approval

13 (2) If an approved special purpose depository institution fails to commence business in  
14 good faith within six (6) months after the issuance of a certificate of authority to operate by the  
15 commissioner, the charter and certificate of authority shall expire. The board, for good cause and  
16 upon an application filed prior to the expiration of the six (6) month period, may extend the time  
17 within which the special purpose depository institution may open for business.

18 (aa) Any decision of the board or commissioner in approving, conditionally approving or  
19 disapproving a charter for a special purpose depository institution or the issuance or denial of a  
20 certificate of authority to operate is appealable to the district court of the county in which the  
21 institution is to be located, in accordance with the provisions of chapter 35 of title 42  
22 ("administrative procedures"). In addition to the grounds for appeal contained in chapter 35 of title  
23 42 ("administrative procedures"), an appellant may appeal if the board or the commissioner fails to  
24 make any of the required findings or otherwise take an action required by law.

25 (bb)(1) Except as otherwise provided by this section, a special purpose depository  
26 institution shall, before transacting any business, pledge or furnish a surety bond to the  
27 commissioner to cover costs likely to be incurred by the commissioner in a liquidation or  
28 conservatorship of the special purpose depository institution. The amount of the surety bond or  
29 pledge of assets under this section shall be determined by the commissioner in an amount sufficient  
30 to defray the costs of a liquidation or conservatorship.

31 (2) In lieu of a bond, a special purpose depository institution may irrevocably pledge  
32 specified capital equivalent to a bond to satisfy this subsection. Any capital pledged to the  
33 commissioner under this subsection shall be held in a state or nationally chartered bank or savings  
34 and loan association having a principal or branch office in this state. All costs associated with

1 pledging and holding such capital are the responsibility of the special purpose depository  
2 institution.

3 (3) Capital pledged to the commissioner shall be of the same nature and quality as those  
4 required for state financial institutions under title 19.

5 (4) Surety bonds shall run to the State of Rhode Island, and shall be approved under the  
6 terms and conditions established by the commissioner pursuant to the commissioner's authority  
7 under title 19.

8 (5) The commissioner may adopt rules to establish additional investment guidelines or  
9 investment options for purposes of the pledge or surety bond required by this subsection.

10 (6) In the event of a liquidation or conservatorship of a special purpose depository  
11 institution pursuant to chapters 10, 11 or 12 of title 19, the commissioner may, without regard to  
12 priorities, preferences or adverse claims, reduce the surety bond or capital pledged under this  
13 section to cash as soon as practicable and utilize the cash to defray the costs associated with the  
14 liquidation or conservatorship.

15 (7) Income from capital pledged under this subsection shall be paid to the special purpose  
16 depository institution, unless a liquidation or conservatorship takes place.

17 (8) Upon evidence that the current surety bond or pledged capital is insufficient, the  
18 commissioner may require a special purpose depository institution to increase its surety bond or  
19 pledged capital by providing not less than thirty (30) days' written notice to the institution. The  
20 special purpose depository institution may request a hearing before the board not more than thirty  
21 (30) days after receiving written notice from the commissioner under this subsection. Any hearing  
22 before the board shall be held pursuant to chapter 35 of title 42 ("administrative procedures").

23 (cc)(1) The commissioner may call for reports verified under oath from a special purpose  
24 depository institution at any time as necessary to inform the commissioner of the condition of the  
25 institution.

26 (2) All reports required of special purpose depository institutions by the commissioner and  
27 all materials relating to examinations of these institutions shall be subject to the provisions of  
28 chapter 4 of title 19.

29 (3) Every special purpose depository institution is subject to the examination of the  
30 commissioner. The commissioner or a duly appointed examiner shall visit and examine special  
31 purpose depository institutions on a schedule established by rule. The commissioner or a duly  
32 appointed examiner shall make a complete and careful examination of the condition and resources  
33 of a special purpose depository institution, the mode of managing institution affairs and conducting  
34 business, the actions of officers and directors in the investment and disposition of funds, the safety

1 and prudence of institution management, compliance with the requirements of this chapter and such  
2 other matters as the commissioner may require. After an examination, the special purpose  
3 depository institution shall remit to the commissioner an amount equal to the total cost of the  
4 examination. This amount shall be remitted to the state treasurer and deposited into the special  
5 purpose depository institutions subaccount established under this chapter.

6 (4) On or before January 31 and July 31 of each year, a special purpose depository  
7 institution shall compute and pay supervisory fees to the commissioner based on the total assets of  
8 the special purpose depository institution as of the preceding December 31 and June 30,  
9 respectively. Supervisory fees under this section shall provide for the operating costs of the office  
10 of the commissioner and the administration of the laws governing special purpose depository  
11 institutions. Such fees shall be established by rule of the commissioner and shall be adjusted by the  
12 commissioner to ensure consistency with the cost of supervision. Supervisory fees shall be  
13 deposited by the commissioner with the state treasurer and credited to the special purpose  
14 depository institutions subaccount established under this chapter

15 (5) A special purpose depository institution shall maintain appropriate insurance or a bond  
16 covering the operational risks of the institution, which shall include coverage for directors' and  
17 officers' liability, errors and omissions liability and information technology infrastructure and  
18 activities liability.

19 (dd)(1) The commissioner may suspend or revoke the charter of a special purpose  
20 depository institution if, after notice and opportunity for a hearing, the commissioner determines  
21 that:

22 (i) The special purpose depository institution has failed or refused to comply with an order  
23 issued by the commissioner or other regulatory body;

24 (ii) The application for a charter contained a false statement or material misrepresentation  
25 or material omission; or

26 (iii) An officer, director or agent of the special purpose depository institution, in connection  
27 with an application for a charter, examination, report or other document filed with the  
28 commissioner, knowingly made a false statement, material misrepresentation or material omission  
29 to the board, the commissioner or the duly authorized agent of the board or commissioner.

30 (ee) If the charter of a special purpose depository institution is surrendered, suspended or  
31 revoked, the institution shall continue to be subject to the provisions of this chapter during any  
32 liquidation or conservatorship.

33 (ff)(1) If the commissioner finds that a special purpose depository institution has failed or  
34 is operating in an unsafe or unsound condition, as defined in this section, that has not been remedied



1 within the time prescribed under chapter 4 of title 19 or an order of the commissioner, the  
2 commissioner shall conduct a liquidation or appoint a conservator pursuant to chapters 11 or 12 of  
3 title 19;

4 (2) As used in this section:

5 (i) "Failed" or "failure" means, consistent with rules adopted by the commissioner, a  
6 circumstance when a special purpose depository institution has not:

7 (A) Complied with the requirements of this chapter;

8 (B) Maintained a contingency account, as required by this section; or

9 (C) Paid, in the manner commonly accepted by business practices, its legal obligations to  
10 depositors on demand or to discharge any certificates of deposit, promissory notes or other  
11 indebtedness when due.

12 (ii) "Unsafe or unsound condition" means, consistent with rules adopted by the  
13 commissioner, a circumstance relating to a special purpose depository institution which is likely  
14 to:

15 (A) Cause the failure of the institution as defined in this subsection;

16 (B) Cause a substantial dissipation of assets or earnings;

17 (C) Substantially disrupt the services provided by the institution to depositors; or

18 (D) Otherwise substantially prejudice the depository interests of depositors.

19 (gg)(1) A special purpose depository institution may voluntarily dissolve in accordance  
20 with the provisions of this section. Voluntary dissolution shall be accomplished by either  
21 liquidating the special purpose depository institution or reorganizing the institution into an  
22 appropriate business entity that does not engage in any activity authorized only for a special purpose  
23 depository institution. Upon complete liquidation or completion of the reorganization, the  
24 commissioner shall revoke the charter of the special purpose depository institution and afterward,  
25 the company shall not use the word "special purpose depository institution" or "bank" in its business  
26 name or in connection with its ongoing business.

27 (2) The special purpose depository institution may dissolve its charter either by liquidation  
28 or reorganization. The board of directors shall file an application for dissolution with the  
29 commissioner, accompanied by a filing fee established by rule of the commissioner. The  
30 application shall include a comprehensive plan for dissolution setting forth the proposed disposition  
31 of all assets and liabilities, in reasonable detail to effect a liquidation or reorganization, and any  
32 other plans required by the commissioner. The plan of dissolution shall provide for the discharge  
33 or assumption of all of the known and unknown claims and liabilities of the special purpose  
34 depository institution. Additionally, the application for dissolution shall include other evidence,

1 certifications, affidavits, documents or information as the commissioner may require, including a  
2 demonstration of how assets and liabilities will be disposed, the timetable for effecting disposition  
3 of the assets and liabilities and a proposal of the special purpose depository institution for  
4 addressing any claims that are asserted after dissolution has been completed. The commissioner  
5 shall examine the application for compliance with this section, the business entity laws applicable  
6 to the required type of dissolution and applicable rules. The commissioner may conduct a special  
7 examination of the special purpose depository institution consistent with chapter 4 of title 19 and  
8 the guidelines set forth in this chapter for purposes of evaluating the application.

9 (3) If the commissioner finds that the application is incomplete, the commissioner shall  
10 return it for completion not later than sixty (60) days after it is filed. If the application is found to  
11 be complete by the commissioner, the commissioner shall approve or disapprove the application  
12 not later than thirty (30) days after it is filed. If the commissioner approves the application the  
13 special purpose depository institution may proceed with the dissolution pursuant to the plan  
14 outlined in the application subject to any further conditions the commissioner may prescribe. If the  
15 special purpose depository institution subsequently determines that the plan of dissolution needs to  
16 be amended to complete the dissolution, it shall file an amended plan with the commissioner and  
17 obtain approval to proceed under the amended plan. If the commissioner does not approve the  
18 application or amended plan, the special purpose depository institution may appeal the decision to  
19 the board pursuant to chapter 35 of title 42 ("administrative procedures").

20 (4) Upon completion of all actions required under the plan of dissolution and satisfaction  
21 of all conditions prescribed by the commissioner, the special purpose depository institution shall  
22 submit a written report of its actions to the commissioner. The report shall contain a certification  
23 made under oath that the report is true and correct. Following receipt of the report, the  
24 commissioner, no later than sixty (60) days after the filing of the report, shall examine the special  
25 purpose depository institution to determine whether the commissioner is satisfied that all required  
26 actions have been taken in accordance with the plan of dissolution and any conditions prescribed  
27 by the commissioner. If all requirements and conditions have been met, the commissioner shall,  
28 within thirty (30) days of the examination, notify the special purpose depository institution in  
29 writing that the dissolution has been completed and issue a certificate of dissolution.

30 (5) Upon receiving a certificate of dissolution, the special purpose depository institution  
31 shall surrender its charter to the commissioner. The special purpose depository institution shall then  
32 file articles of dissolution and other documents required by § 7-1.2-1309. In the case of  
33 reorganization, the special purpose depository institution shall file the documents required by the  
34 secretary of state to finalize the reorganization.

1           (6) If the commissioner determines that all required actions under the plan for dissolution,  
2 or as otherwise required by the commissioner, have not been completed the commissioner shall  
3 notify the special purpose depository institution not later than thirty (30) days after this  
4 determination, in writing what additional actions shall be taken in order for the institution to be  
5 eligible for a certificate of dissolution. The commissioner shall establish a reasonable deadline for  
6 the submission of evidence that additional actions have been taken and the commissioner may  
7 extend any deadline upon good cause. If the special purpose depository institution fails to file a  
8 supplemental report showing that the additional actions have been taken before the deadline, or  
9 submits a report that is found not to be satisfactory by the commissioner, the commissioner shall  
10 notify the special purpose depository institution in writing that its voluntary dissolution is not  
11 approved, and the institution may appeal the decision to the board pursuant to chapter 35 of title 42  
12 ("administrative procedures").

13           (hh) If a special purpose depository institution fails to submit any report required by this  
14 chapter or by rule within the prescribed period, the commissioner may impose and collect a fee of  
15 up to one thousand dollars (\$1,000) for each day the report is overdue, as established by rule.

16           (ii) Each officer, director, employee or agent of a special purpose depository institution,  
17 following written notice from the commissioner is subject to removal upon order of the  
18 commissioner if they knowingly or willfully fail to perform any duty required by this chapter or  
19 other applicable law or conform to any rule or order of the commissioner.

20           **42-64.35-6. Severability in a pari material construction with other chapters.**

21           (a) Except as provided in subsection (b) of this section, if any provision of this chapter or  
22 the application of this chapter to any person or circumstances is held invalid or unconstitutional,  
23 the invalidity or unconstitutionality shall not affect other provisions or applications of this chapter  
24 that can be given effect without the invalid or unconstitutional provision or application, and to this  
25 end the provisions of this chapter are declared to be severable.

26           (b) The provisions of this chapter 64.35 of title 42 ("this chapter") shall be interpreted to  
27 be in pari material with, consistent with, and harmonized with the provisions of chapter 56 of title  
28 6 ("uniform supplemental commercial law for the uniform regulation of virtual-currency businesses  
29 act"), chapter 14 of title 19 ("licensed activities"), and chapter 14.3 of title 19 ("currency  
30 transmissions"). To the extent any provision of this chapter 64.35 of title 42 is determined to be  
31 inconsistent with and cannot be harmonized with the provisions of any of the aforesaid chapters,  
32 the provisions of chapter 56 of title 6, chapter 14 of title 19, and chapter 14.3 of title 19 shall control  
33 and prevail over the provisions of this chapter.

1 SECTION 3. This act shall take effect upon passage.

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LC001803  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO STATE AFFAIRS AND GOVERNMENT -- RHODE ISLAND ECONOMIC  
GROWTH BLOCKCHAIN ACT

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- 1           This act would establish an economic growth blockchain and would regulate virtual and
- 2 digital assets, and establish depository banks for these purposes.
- 3           This act would take effect upon passage.

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LC001803  
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