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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

A N A C T

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

Introduced By: Representative David J. Place

Date Introduced: January 30, 2026

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 superintendent.

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 superintendent.

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,  
29 Pub. L. No. 115-97 (2017). Rhode Island opportunity zones are located in twenty-five (25) census  
30 tracts spread across the following fifteen (15) municipalities: Bristol, Central Falls, Cranston,  
31 Cumberland, East Providence, Narragansett, Newport, North Providence, Pawtucket, Providence,  
32 South Kingstown, 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 department's superintendent of banking has authorized an innovative financial  
18 product or service to be made available to consumers, which shall also encompass any extension  
19 granted under §§ 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) "Superintendent" means the deputy director designated by the department's director  
3 as superintendent of banking in the department.

4 (48) "Supervisor of the regulatory body" means the chief or head of a section having  
5 enforcement responsibility for a particular statute or set of rules and regulations within a regulatory  
6 agency.

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

10 (50) "Transfer" means to assume control of virtual currency from or on behalf of a resident  
11 and to:

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

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

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

16 (51) "Unique identifier" means an alphanumeric code or designation used for reference to  
17 a specific plant on a licensed premises.

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

23 **42-64.35-3. Council established.**

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



1 more innovative, and perform any other advisory functions as the legislature may designate.

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

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

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

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

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

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

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

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

26 (2) If the superintendent administers a statute or regulation or rule, or if the appropriate  
27 office is not known, an application may be filed with the superintendent.

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

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

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

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

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

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

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

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

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

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

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

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

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

34               (7) Any other factor that the superintendent determines to be relevant.

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

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

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

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

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

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

31       (p)(1) Except as otherwise provided under chapter 56 of title 6 ("uniform supplemental  
32 commercial law for the uniform regulation of virtual-currency businesses act"), chapter 14 of title  
33 19 ("licensed activities"), and chapter 14.3 of title 19 ("currency transmissions"), a person  
34 authorized under this chapter to enter into the financial technology sandbox may make an

1 innovative financial product or service available to consumers during the sandbox period.

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

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

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

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

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

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

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

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

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

23           (viii) Any other statements or disclosures required by rule of the superintendent which are  
24 necessary to further the purposes of this chapter.

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

30       (r) The superintendent, as applicable, may examine the records maintained under or by any  
31 depository or financial technology innovation account opened pursuant to this chapter, with or  
32 without notice. All direct and indirect costs of an examination conducted under this subsection shall  
33 be paid by the person making the innovative financial product or service available in the financial  
34 technology sandbox. Records made available to the superintendent under this subsection shall be

1 confidential and shall not be subject to disclosure under chapter 2 of title 38; provided, however,  
2 the records may be released to appropriate state and federal agencies for the purposes of  
3 investigation.

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

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

14 (2) Take necessary legal action; and

15 (3) Take other actions authorized by the superintendent by rule which are not inconsistent  
16 with this subsection.

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

23 (u) The superintendent may, by order, revoke or suspend authorization granted to a person  
24 under this chapter if:

25 (1) The person has violated or refused to comply with this chapter or any lawful rule, order  
26 or decision adopted by the superintendent;

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

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

32 (4) After consultation with the person, continued testing of the innovative financial product  
33 or service would:

34 (i) Be likely to harm consumers; or

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

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

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

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

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

19           (x)(1) The superintendent shall adopt rules and regulations to implement this chapter. The  
20 rules and regulations adopted by the superintendent under this chapter shall be as consistent as  
21 reasonably possible, but shall account for differences in the statutes and programs administered by  
22 the superintendent.

23           (2) The superintendent may issue:

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

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

29           (3) All actions of the superintendent under this chapter shall be subject to the rules and  
30 regulations under title 19 and chapter 14 of title 42.

31           (y)(1) Criminal history record information shall be disseminated by criminal justice  
32 agencies in this state, whether directly or through any intermediary, only to the superintendent for  
33 purposes of obtaining background information on persons applying for financial technology  
34 sandbox authorization; provided, however, that all officers and directors subsequently hired or

1 appointed, shall be required to submit to a criminal history background check.

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

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

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

6 (bb) This chapter modifies, limits, and supersedes the federal Electronic Signatures in  
7 Global and National Commerce Act, but does not modify, limit, or supersede section 101(c) of that  
8 act (15 U.S.C. § 7001 (c)) or authorize electronic delivery of any of the notices described in section  
9 103(b) of that act (15 U.S.C. § 7003(b)). This chapter authorizes the filing of records and signatures,  
10 when specified by provisions of this chapter or by a rule adopted or order issued under this chapter,  
11 in a manner consistent with section 104(a) of that act (15 U.S.C. § 7004(a)).

12 **42-64.35-5. Special depository institutions.**

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

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

16 (2) Require that depositors be business entities;

17 (3) Specify compliance with applicable federal laws;

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

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

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

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

23 (8) Make conforming amendments;

24 (9) Authorize positions;

25 (10) Provide an appropriation; and

26 (11) Provide for effective dates.

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

29 (1) Consistent with this chapter, special purpose depository institutions shall be organized  
30 as corporations under chapter 1.2 of title 7, (the "Rhode Island business corporation act"), to  
31 exercise the powers set forth in this section;

32 (2) Each special purpose depository institution may:

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

34 (ii) Sue and be sued;

1           (iii) Receive notes and buy and sell gold and silver coins and bullion as permitted by federal  
2 law;

3           (iv) Carry on a non-lending banking business for depositors, consistent with subsection (d)  
4 of this section;

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

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

7           (vii) Engage in any other activity that is usual or incidental to the business of banking,  
8 subject to the prior written approval of the superintendent. The superintendent shall not approve a  
9 request to engage in an incidental activity if the superintendent finds that the requested activity will  
10 adversely affect the solvency or the safety and soundness of the special purpose depository  
11 institution or conflict with any provision of this chapter; and

12           (viii) Exercise powers and rights otherwise authorized by law which are not inconsistent  
13 with this chapter.

14           (d) Except as otherwise provided in this subsection, a special purpose depository institution  
15 shall not make loans, including the provision of temporary credit relating to overdrafts. A special  
16 purpose depository institution may purchase debt obligations consistent with provisions of title 19.

17           (e) A special purpose depository institution shall maintain its principal operating  
18 headquarters and the primary office of its chief executive officer in Rhode Island.

19           (f) As otherwise authorized by this section, the special purpose depository institution may  
20 conduct business with depositors outside this state.

21           (g) Subject to the laws of Rhode Island, a special purpose depository institution may open  
22 a branch in another state upon obtaining a certificate of good standing from the superintendent, as  
23 long as any new branch located outside of this state is in compliance with state and federal  
24 regulations. A special purpose depository institution, including any branch of the institution, may  
25 only accept deposits or provide other services under this chapter to depositors engaged in a bona  
26 fide business which is lawful under the laws of Rhode Island, the laws of the host state and federal  
27 law.

28           (h)(1) No depositor shall maintain an account with a special purpose depository institution  
29 or otherwise receive any services from the institution unless the depositor meets the criteria of this  
30 subsection. A depositor shall:

31           (i) Be a legal entity other than a natural person;

32           (ii) Be in good standing with the jurisdiction in the United States in which it is incorporated  
33 or organized;

34           (iii) Maintain deposits with the institution totaling not less than five thousand dollars



1 (\$5,000);

2 (iv) Be engaged in a lawful, bona fide business; and

3 (v) Make sufficient evidence available to the special purpose depository institution to  
4 enable compliance with anti-money laundering practices, customer identification and beneficial  
5 ownership requirements, as determined by the institution.

6 (2) A depositor which meets the criteria of this subsection (h) shall be issued a depository  
7 account and otherwise receive services from the special purpose depository institution contingent  
8 on the availability of sufficient insurance as required under § 19-4-10.

9 (3) Consistent with this subsection (h) of this section and in addition to any requirements  
10 specified by federal law, a special purpose depository institution shall require that a potential  
11 depositor provide reasonable evidence that the person is engaged in a lawful, bona fide business or  
12 is likely to open a lawful, bona fide business within the next six (6) months. As used in this  
13 subsection, "reasonable evidence" includes business entity filings, articles of incorporation or  
14 organization, bylaws, operating agreements, business plans, promotional materials, financing  
15 agreements or other evidence.

16 (i)(1) At all times, a special purpose depository institution shall maintain unencumbered  
17 liquid assets valued at not less than one hundred percent (100%) of its depository liabilities;

18 (2) As used in this section, "liquid assets" means:

19 (i) United States currency held on the premises of the special purpose depository  
20 institution;

21 (ii) United States currency held for the special purpose depository institution by a federal  
22 reserve bank or a federally insured financial institution; and

23 (iii) Investments which are highly liquid, and obligations of the United States treasury or  
24 other federal agency obligations consistent with rules adopted by the superintendent.

25 (j)(1) A special purpose depository institution shall maintain a contingency account to  
26 account for unexpected losses and expenses. A special purpose depository institution may require  
27 the payment of contributions from depositors to fund a contingency account. Sufficient funding as  
28 determined and required by the superintendent for the initial capitalization shall constitute  
29 compliance with this subsection for the first three (3) years a special purpose depository institution  
30 is in operation. After the conclusion of the first three (3) years of operation, a special purpose  
31 depository institution shall maintain a contingency account totaling not less than two percent (2%)  
32 of the depository liabilities of the special purpose depository institution; provided, however, that  
33 the contingency account shall be adequate and reasonable in light of current and prospective  
34 business conditions, as determined by the superintendent;

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

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

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

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

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

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

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

19           (i) The corporate name;

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

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

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

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

24           (vi) The name and residence of each shareholder subscribing to more than ten percent  
25 (10%) of the stock and the number of shares owned by that shareholder;

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

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

30           (n) Copies of all amended articles of incorporation shall be filed in the same manner as the  
31 original articles of incorporation.

32           (o) The incorporators shall raise sufficient capital prior to filing an application for a charter  
33 with the superintendent, consistent with § 19-2-2. In the event an application for a charter is not  
34 filed or is denied, all capital shall be promptly returned without loss, to each person or entity

1 investing.

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

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

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

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

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

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

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

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

32 (v)(1) Upon receiving an application for a special purpose depository charter, the  
33 superintendent shall notify the applicants in writing within thirty (30) calendar days of any  
34 deficiency in the required information or that the application has been accepted for filing. When

1 the superintendent is satisfied that all required information has been furnished, the superintendent  
2 shall establish a time and place for a public hearing which shall be conducted not less than sixty  
3 (60) days, nor more than one hundred twenty (120) days, after notice from the superintendent to  
4 the applicants that the application is in order.

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

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

19 (x)(1) Upon receiving the articles of incorporation, the application for a charter and other  
20 information required by the superintendent, the superintendent shall make a careful investigation  
21 and examination of the following:

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

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

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

28 (2) The superintendent shall submit the results of the superintendent's investigation and  
29 examination at the public hearing on the charter application and shall be subject to cross  
30 examination by any interested party. No relevant information shall be excluded as hearsay.

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

34 (i) Whether the character, reputation, financial standing and ability of the incorporators is

1 sufficient to afford reasonable promise of a successful operation;

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

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

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

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

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

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

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

26 (z)(1) If an application is approved and a charter granted by the superintendent, the special  
27 purpose depository institution shall not commence business before receiving a certificate of  
28 authority to operate from the superintendent. The application for a certificate of authority shall be  
29 made to the superintendent and shall certify the address at which the special purpose depository  
30 institution will operate and that all adopted bylaws of the institution have been attached as an exhibit  
31 to the application. The application shall state the identities and contact information of officers and  
32 directors. The superintendent shall approve or deny an application for a certificate of authority to  
33 operate within thirty (30) days after a complete application has been filed. The authority of the  
34 superintendent to disapprove any application shall be restricted solely to noncompliance with this

1 section; provided that, if the superintendent approves the application, the superintendent shall issue  
2 a certificate of authority to the applicants within twenty (20) days. If the superintendent denies the  
3 application, the superintendent shall mail a notice of denial to the applicants within twenty (20)  
4 days, stating the reasons for denying the application, and grant to the applicants a period of ninety  
5 (90) days to resubmit the application with the necessary corrections. If the applicants fail to comply  
6 with requirements of the notice of denial within ninety (90) days from the receipt of the notice, the  
7 charter of the special purpose depository institution shall be revoked by the superintendent. The  
8 failure of the superintendent to act upon an application for a certificate of authority within thirty  
9 (30) days shall be deemed an approval

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

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

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

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

34 (3) Capital pledged to the superintendent shall be of the same nature and quality as those

1 required for state financial institutions under title 19.

2 (4) Surety bonds shall run to the State of Rhode Island, and shall be approved under the  
3 terms and conditions established by the superintendent pursuant to the superintendent's authority.

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

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

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

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

20 (cc)(1) The superintendent may call for reports verified under oath from a special purpose  
21 depository institution at any time as necessary to inform the superintendent of the condition of the  
22 institution.

23 (2) All reports required of special purpose depository institutions by the superintendent and  
24 all materials relating to examinations of these institutions shall be subject to the provisions of  
25 chapter 4 of title 19.

26 (3) Every special purpose depository institution is subject to the examination of the  
27 superintendent. The superintendent or a duly appointed examiner shall visit and examine special  
28 purpose depository institutions on a schedule established by rule. The superintendent or a duly  
29 appointed examiner shall make a complete and careful examination of the condition and resources  
30 of a special purpose depository institution, the mode of managing institution affairs and conducting  
31 business, the actions of officers and directors in the investment and disposition of funds, the safety  
32 and prudence of institution management, compliance with the requirements of this chapter and such  
33 other matters as the superintendent may require. After an examination, the special purpose  
34 depository institution shall remit to the superintendent an amount equal to the total cost of the

1 examination. This amount shall be remitted to the state treasurer and deposited into the special  
2 purpose depository institutions subaccount established under this chapter.

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

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

16 (dd)(1) The superintendent may suspend or revoke the charter of a special purpose  
17 depository institution if, after notice and opportunity for a hearing, the superintendent determines  
18 that:

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

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

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

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

30 (ff)(1) If the superintendent finds that a special purpose depository institution has failed or  
31 is operating in an unsafe or unsound condition, as defined in this section, that has not been remedied  
32 within the time prescribed under chapter 4 of title 19 or an order of the superintendent, the  
33 superintendent shall conduct a liquidation or appoint a conservator pursuant to chapters 11 or 12 of  
34 title 19;



1           (2) As used in this section:

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

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

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

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

9           (ii) "Unsafe or unsound condition" means, consistent with rules adopted by the  
10 superintendent, a circumstance relating to a special purpose depository institution which is likely  
11 to:

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

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

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

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

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

24           (2) The special purpose depository institution may dissolve its charter either by liquidation  
25 or reorganization. The board of directors shall file an application for dissolution with the  
26 superintendent, accompanied by a filing fee established by rule of the superintendent. The  
27 application shall include a comprehensive plan for dissolution setting forth the proposed disposition  
28 of all assets and liabilities, in reasonable detail to effect a liquidation or reorganization, and any  
29 other plans required by the superintendent. The plan of dissolution shall provide for the discharge  
30 or assumption of all of the known and unknown claims and liabilities of the special purpose  
31 depository institution. Additionally, the application for dissolution shall include other evidence,  
32 certifications, affidavits, documents or information as the superintendent may require, including a  
33 demonstration of how assets and liabilities will be disposed, the timetable for effecting disposition  
34 of the assets and liabilities and a proposal of the special purpose depository institution for

1 addressing any claims that are asserted after dissolution has been completed. The superintendent  
2 shall examine the application for compliance with this section, the business entity laws applicable  
3 to the required type of dissolution and applicable rules. The superintendent may conduct a special  
4 examination of the special purpose depository institution consistent with chapter 4 of title 19 and  
5 the guidelines set forth in this chapter for purposes of evaluating the application.

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

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

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

32 (6) If the superintendent determines that all required actions under the plan for dissolution,  
33 or as otherwise required by the superintendent, have not been completed the superintendent shall  
34 notify the special purpose depository institution not later than thirty (30) days after this

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

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

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

17 **42-64.35-6. Severability in a pari material construction with other chapters.**

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

23 (b) The provisions of this chapter 64.35 of title 42 ("this chapter") shall be interpreted to  
24 be in pari material with, consistent with, and harmonized with the provisions of chapter 56 of title  
25 6 ("uniform supplemental commercial law for the uniform regulation of virtual-currency businesses  
26 act"), chapter 14 of title 19 ("licensed activities"), and chapter 14.3 of title 19 ("currency  
27 transmissions"). To the extent any provision of this chapter 64.35 of title 42 is determined to be  
28 inconsistent with and cannot be harmonized with the provisions of any of the aforesaid chapters,  
29 the provisions of chapter 56 of title 6, chapter 14 of title 19, and chapter 14.3 of title 19 shall control  
30 and prevail over the provisions of this chapter.

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

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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. This act would also establish a
- 3
- technology advisory council, and a "financial sandbox" where regulatory requirements may be
- 4
- waived.
- 5
- This act would take effect upon passage.

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