

HOUSE BILL 649

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

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AN ACT

RELATING TO FINANCIAL INSTITUTIONS; ENACTING THE INTERNET
BUSINESS DEVELOPMENT AND INNOVATIONS ACT; DECLARING AN
EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--This act may be
cited as the "Internet Business Development and Innovations
Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Internet Business Development and Innovations Act:

A. "cryptovalue" means tokens, coins or
cryptocurrencies that are math-based, decentralized and
convertible virtual currencies, protected by cryptography, and
that rely on cryptographic techniques to achieve validity
consensus but that:

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1 (1) are neither issued nor guaranteed by any
2 public authority;

3 (2) do not have the legal status of fiat
4 currency; and

5 (3) are accepted or used on a voluntary basis;

6 B. "cryptovalue creator and distributor" means a
7 business that may create cryptovalue or distribute, transmit or
8 redeem for fiat currency its own cryptovalue;

9 C. "cryptovalue exchange" means a business that
10 brokers, between individual buyers and sellers, the exchange of
11 cryptovalue that has been transmitted and verified via a
12 distributed ledger technology, or the fiat payment therefor;

13 D. "director" means the director of the division;

14 E. "division" means the financial institutions
15 division of the regulation and licensing department; and

16 F. "licensee" means a person licensed pursuant to
17 the Internet Business Development and Innovations Act.

18 SECTION 3. [NEW MATERIAL] LICENSE REQUIRED--LICENSE
19 REQUIREMENTS--LIMITATION ON BUSINESS ACTIVITIES.--

20 A. A person shall not engage in business as a
21 cryptovalue creator and distributor or as a cryptovalue
22 exchange without first having obtained a license to do so from
23 the division.

24 B. Licensees shall pay to the division an annual
25 licensing fee of one hundred dollars (\$100).

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1 C. A licensee shall be an active corporation
2 organized pursuant to the laws of New Mexico.

3 D. A cryptovalve creator and distributor and a
4 cryptovalve exchange is not a money service as defined in
5 Subsection P of Section 58-32-102 NMSA.

6 E. The board of directors for a licensee shall
7 include at least one member who is an attorney licensed to
8 practice law in the state of New Mexico.

9 F. The registered agent for the licensee shall be
10 an attorney licensed to practice law in the state of New
11 Mexico.

12 G. A license issued pursuant to this section does
13 not authorize the licensee to transact equity sales, portfolio
14 management, investment, long or short sales or margin trading
15 or engage in other traditional stock market exchange functions.

16 SECTION 4. [NEW MATERIAL] RESTRICTED ACTIVITIES--FUNDS.--

17 A. A licensee operating as a cryptovalve creator
18 and distributor shall not issue cryptovalve in exchange for
19 equity stock in its corporation. With that exception, such a
20 licensee may issue creative and innovative cryptovalve, without
21 registration or licensing as a New Mexico securities product.
22 Any such issuance shall be clearly marked in substantially this
23 manner: "This cryptovalve has not been examined, regulated or
24 endorsed by the State of New Mexico. As such, any purchaser
25 hereof understands and accepts the potentially high risk

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1 associated with this product.".

2 B. Funds generated by a licensee operating as a
3 cryptoexchange shall be kept in a financial institution
4 doing business in New Mexico, which institution is either state
5 or federally chartered. A financial institution chartered in
6 New Mexico is expressly permitted to accept such deposits.

7 SECTION 5. EMERGENCY.--It is necessary for the public
8 peace, health and safety that this act take effect immediately.

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