

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred Senate Bill No. 269 entitled “An act relating to blockchain,
4 cryptocurrency, and financial technology” respectfully reports that it has
5 considered the same and recommends that the bill be amended by striking out
6 all after then enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 8 V.S.A. chapter 78 is added to read:

8 CHAPTER 78. PERSONAL INFORMATION TRUST COMPANIES

9 § 2451. DEFINITIONS

10 As used in this section:

11 (1) “Personal information” means data capable of being associated with
12 a particular natural person, including gender identification, birth information,
13 marital status, citizenship and nationality, government identification
14 designations, and personal, educational, and financial histories.

15 (2) “Personal information trust business” means a person that offers to
16 the public by advertising, solicitation, or other means that the person is
17 available to hold personal information in trust as a fiduciary.

18 § 2452. PERSONAL INFORMATION AS THE SUBJECT OF A

19 FIDUCIARY RELATIONSHIP

20 (a) Personal information may be held under a trust relationship in
21 accordance with the terms of this chapter.

1 (b) A person who holds personal information under a trust relationship has
2 a fiduciary responsibility to the individual whose identity is in question over
3 the maintenance and release of personal information.

4 (c) Personal information held pursuant to this section creates a personal
5 identity trust.

6 § 2453. QUALIFIED PERSONAL INFORMATION TRUST COMPANY

7 (a) The trustee of a personal information trust shall qualify to conduct its
8 business under the terms of this chapter and applicable rules adopted by the
9 Department.

10 (b) A person shall not engage in business as a personal information trust
11 company in this State without first obtaining a certificate of authority from the
12 Department.

13 (c) A personal information trust company shall:

14 (1) be organized under the laws of this State as a business corporation, a
15 benefit corporation, a limited liability company, a low-profit limited liability
16 company, a partnership, a limited partnership, a nonprofit corporation, or a
17 cooperative;

18 (2) maintain a place of business in this State;

19 (3) appoint a registered agent to accept service of process and to
20 otherwise act on its behalf in this State, provided that whenever the registered
21 agent cannot with reasonable diligence be found at the Vermont registered

1 office of the company, the Secretary of State shall be an agent of the company
2 upon whom any process, notice, or demand may be served; and

3 (4) hold at least one meeting of its governing body in this State each
4 year.

5 § 2454. NAME; OFFICE

6 A personal information trust business shall file with the Department of
7 Financial Regulation the name it proposes to use in connection with its
8 business, which the Department shall not approve if it determines that the
9 name may be misleading, likely to confuse the public, or deceptively similar to
10 any other business name in use in this State.

11 § 2455. CONDUCT OF BUSINESS

12 (a) A personal information trust company may:

13 (1) operate through remote interaction with the individuals entrusting
14 personal information to the company, and there shall be no requirement of
15 Vermont residency or other contact for any such individual to establish such a
16 relationship with the company; and

17 (2) subject to applicable fiduciary duties, the terms of any agreement
18 with the individual involved, and any applicable statutory or regulatory
19 provision:

1 (A) provide elements of personal information to third parties with
2 which the individual seeks to have a transaction, a service relationship, or other
3 particular purpose interaction;

4 (B) provide certification or validation concerning personal
5 information;

6 (C) receive compensation for acting in these capacities; and

7 (D) transact business through the use of a mathematically secured,
8 chronological, and decentralized consensus ledger or database, whether
9 maintained via Internet interaction, peer-to-peer network, or otherwise.

10 (b) An authorization to provide personal information may be either
11 particular or general, provided it meets the terms of any agreement with the
12 individual involved and any rules adopted by the Department of Financial
13 Regulation.

14 § 2456. REPORTS; FEES; AUTHORITY OF DEPARTMENT

15 (a) The Department of Financial Regulation shall prescribe by rule the
16 timing and manner of reports by a personal identity trust company to the
17 Department that shall reflect the approach mandated under section 2405 of this
18 title.

19 (b)(1) The Department shall assess the following fees for a personal
20 information trust company:

1 (A) an initial registration fee of \$1,000.00, which includes a licensing
2 fee of \$500.00 and an investigation fee of \$500.00;

3 (B) an annual renewal fee of \$500.00;

4 (C) a change in address fee of \$100.00.

5 (2) The Department shall have the authority to bill a personal
6 information trust company for examination time at its standard rate.

7 (c) In addition to other powers conferred by this chapter, the Department
8 may exercise, with respect to a personal information trust company, all of the
9 powers granted to the Commissioner under section 2410 of this title with
10 respect to oversight of an independent trust company.

11 § 2457. RULES

12 The Department of Financial Regulation shall adopt rules to govern other
13 aspects of the business of a personal information trust company, including its
14 protection and safeguarding of personal information and its interaction with
15 third parties with respect to personal information it holds.

16 Sec. 2. INSURANCE; E-BANKING; DFR STUDY; REPORT

17 (a) The Department of Financial Regulation shall review the potential
18 application of blockchain technology to the provision of insurance and e-
19 banking and consider areas for potential adoption of a comparable program or
20 regulatory changes within Vermont.

1 (b) On or before January 15, 2019, the Department shall submit a report of
2 its findings and recommendations to the House Committee on Commerce and
3 Economic Development and the Senate Committee on Economic
4 Development, Housing and General Affairs.

5 Sec. 3. FINTECH SUMMIT

6 (a) The Agency of Commerce and Community Development, in
7 collaboration with the Department of Financial Regulation, the University of
8 Vermont, the Vermont State Colleges, Norwich University, Vermont Law
9 School, the Agency of Education, regional CTE centers, and in consultation
10 with private sector practitioners, shall organize and hold a FinTech Summit to:

11 (1) explore legal and regulatory mechanisms to promote the adoption of
12 financial technology in State government;

13 (2) explore opportunities to promote financial technology and economic
14 development in the private sector, including in the areas of banking, insurance,
15 retail and service businesses, and cryptocurrency providers and
16 proponents; and

17 (3) explore opportunities to integrate financial technology into
18 secondary and postsecondary education in Vermont.

19 (b) In fiscal year 2019, the amount of \$25,000.00 is appropriated from the
20 General Fund to the Agency of Commerce and Community Development to
21 implement this section.

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* * * Effective Date * * *

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2018.

(Committee vote: _____)

Senator _____

FOR THE COMMITTEE