

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the
5 Blockchain Business Development Act.

6 Section 5. Definitions. As used in this Act:

7 "Blockchain" means an electronic record created by the use
8 of a decentralized method by multiple parties to verify and
9 store a digital record of transactions which is secured by the
10 use of a cryptographic hash of previous transaction
11 information.

12 "Blockchain technology" means computer software or
13 hardware or collections of computer software or hardware, or
14 both, that utilize or enable a blockchain.

15 "Participant" means: (1) each person that has a partial or
16 complete copy of the decentralized consensus ledger or database
17 utilized by the blockchain technology, or otherwise
18 participates in the validation processes of such ledger or
19 database; (2) each person in control of any digital asset
20 native to the blockchain technology; and (3) each person that
21 makes a material contribution to the protocols.

22 "Personal information" means data capable of being
23 associated with a particular natural person, including gender

1 identification, birth information, marital status, citizenship
2 and nationality, biometric records, government identification
3 designations, and personal, educational, and financial
4 histories.

5 "Protocols" means the designated regulatory model of the
6 software that governs the rules, operations, and communication
7 between nodes on the network utilized by the participants.

8 Section 10. Blockchain-based limited liability company.

9 (a) For the purposes of this Section, "company" means a
10 blockchain-based limited liability company.

11 (b) A limited liability company organized under the Limited
12 Liability Company Act for the purpose of operating a business
13 that utilizes blockchain technology for a material portion of
14 its business activities may elect to be a blockchain-based
15 limited liability company (BLLC) by:

16 (1) specifying in its articles of organization that it
17 elects to be such a company (BLLC); and

18 (2) meeting the requirements of subsections (c) and
19 (d).

20 (c) Notwithstanding any provision of law to the contrary, a
21 blockchain-based limited liability company established under
22 this Section may provide for its governance, in whole or in
23 part, through blockchain technology. The operating agreement
24 for the company shall:

25 (1) provide a summary description of the mission or

1 purpose of the company;

2 (2) specify whether the decentralized consensus ledger
3 or database utilized or enabled by the company will be
4 fully decentralized or partially decentralized and whether
5 such ledger or database will be fully or partially public
6 or private, including the extent of participants' access to
7 information and read and write permissions with respect to
8 protocols;

9 (3) adopt voting procedures, which may include smart
10 contracts carried out on the blockchain technology, to
11 address:

12 (A) proposals from managers, members, or other
13 groups of participants in the company for upgrades or
14 modifications to software systems or protocols, or
15 both;

16 (B) other proposed changes to the company
17 operating agreement; or

18 (C) any other matter of governance or activities
19 within the purpose of the company;

20 (4) adopt protocols to respond to system security
21 breaches or other unauthorized actions that affect the
22 integrity of the blockchain technology utilized by the
23 company;

24 (5) provide how a person becomes a member of the
25 company with an interest, which may be denominated in the
26 form of units, shares of capital stock, or other forms of

1 ownership or profit interests; and

2 (6) specify the rights and obligations of each group of
3 participants within the company, including which
4 participants shall be entitled to the rights and
5 obligations of members and managers.

6 (d) A member or manager of a blockchain-based limited
7 liability company may interact with the company in multiple
8 roles, including as a member, manager, developer, node, miner,
9 or other participant in the company, or as a trader and holder
10 of the currency in its own account and for the account of
11 others, provided such member or manager complies with any
12 applicable fiduciary duties. The activities of a member or
13 manager who interacts with the company through multiple roles
14 are not deemed to take place in this State solely because the
15 company is organized in this State.

16 (e) A blockchain-based limited liability company may adopt
17 any reasonable algorithmic means for accomplishing the
18 consensus process for validating records, as well as
19 requirements, processes, and procedures for conducting
20 operations, or making organizational decisions on the
21 blockchain technology used by the company.

22 (f) A blockchain-based limited liability company may, in
23 accordance with any procedure specified under subsection (c),
24 modify the consensus process, requirements, processes, and
25 procedures, or substitute a new consensus process,
26 requirements, processes, or procedures that comply with the

1 requirements of law and the governance provisions of the
2 company.

3 (g) Except as expressly provided otherwise, this Section
4 does not exempt a blockchain-based limited liability company
5 from any other judicial, statutory, or regulatory provision of
6 Illinois law or federal law, including State and federal
7 securities laws. Except to the extent inconsistent with the
8 provisions of this Section, the provisions of the Limited
9 Liability Company Act govern.

10 Section 15. Public record blockchain study; report.

11 (a) On or before January 1, 2021, the Secretary of State
12 shall:

13 (1) evaluate blockchain technology for the systematic
14 and efficient management of public records;

15 (2) recommend legislation, including uniform laws,
16 necessary to support the possible use of blockchain
17 technology for public records; and

18 (3) submit its findings and recommendations to
19 Governor and the General Assembly.

20 (b) This Section is repealed January 1, 2022.

21 Section 20. Blockchain banking study.

22 (a) The Department of Financial and Professional
23 Regulation shall review the potential application of
24 blockchain technology to the provision of banking, and consider

1 areas for potential adoption and any necessary regulatory
2 changes in Illinois.

3 (b) On or before January 1, 2021, the Department shall
4 submit a report of its findings and recommendations to the
5 Governor and General Assembly.

6 (c) This Section is repealed January 1, 2022.

7 Section 25. Blockchain and financial technology promotion.
8 The Department of Commerce and Economic Opportunity shall
9 incorporate into one or more of its economic development
10 marketing and business support programs, events, and
11 activities the following topics:

12 (1) opportunities to promote blockchain technology and
13 financial technology-related economic development in the
14 private sector, including in the areas of banking,
15 insurance, retail and service businesses, and
16 cryptocurrency;

17 (2) legal and regulatory mechanisms that enable and
18 promote the adoption of blockchain technology and
19 financial technology in this State; and

20 (3) educational and workforce training opportunities
21 in blockchain technology, financial technology, and
22 related areas.