

SECOND REGULAR SESSION

SENATE BILL NO. 1177

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR FITZWATER.

5432S.01I

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 409, RSMo, by adding thereto two new sections relating to the regulation of digital assets.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 409, RSMo, is amended by adding thereto

2 two new sections, to be known as sections 409.450 and 409.455,
3 to read as follows:

409.450. 1. For purposes of this section and section

2 **409.455, the following terms mean:**

3 (1) "Bank", any entity subject to chapter 362;

4 (2) "Commissioner", Missouri commissioner of

5 securities;

6 (3) "Custodial services", the safekeeping, servicing,

7 and management of customer currency and digital assets.

8 This term includes the exercise of fiduciary and trust

9 powers involving the exercise of discretion, including

10 transactions under subdivision (5) of this subsection;

11 (4) "Digital asset", a representation of economic,

12 proprietary, or access rights that is stored in a computer

13 readable format and is either a digital consumer asset,

14 digital security, or virtual currency;

15 (5) "Digital consumer asset", a digital asset that is

16 used or bought primarily for consumptive, personal, or

17 household purposes and includes:

- (a) An open blockchain token constituting intangible personal property as otherwise provided by law; and
- (b) Any other digital asset which does not fall within subdivisions (5) and (9) of this subsection;
- (6) "Digital security", a digital asset which constitutes a security, as defined in section 409.1-102, but shall exclude digital consumer assets and virtual currency;
- (7) "Private key", a unique element of cryptographic data, or any substantially similar analogue, which is:
 - (a) Held by a person;
 - (b) Paired with a unique, publicly available element of cryptographic data; and
 - (c) Associated with an algorithm that is necessary to carry out an encryption or decryption required to execute a transaction;
- (8) "Secretary", the secretary of state;
- (9) "Virtual currency", a digital asset that is:
 - (a) Used as a medium of exchange, unit of account, or store of value; and
 - (b) Not recognized as legal tender by the United States government.

39 2. (1) Digital assets are classified in the following
40 manner:

50 (c) Virtual currency is intangible personal property
51 and shall be considered money, notwithstanding any provision
52 of law to the contrary, only for the purposes of article 9
53 of chapter 400.

54 (2) Consistent with section 400.8-102, a digital asset
55 may be treated as a financial asset under that section,
56 pursuant to an agreement with the owner of the digital
57 asset. If treated as a financial asset, the digital asset
58 shall remain intangible personal property.

59 (3) A bank providing custodial services shall be
60 considered to meet the requirements of section 400.8-102.

61 (4) Classification of digital assets under this
62 subsection shall be construed in a manner to give the
63 greatest effect to this section, but shall not be construed
64 to apply to any other asset.

65 3. (1) Notwithstanding the financing statement
66 requirement specified by section 400.9-310 as otherwise
67 applied to general intangibles or any other provision of
68 law, perfection of a security interest in virtual currency
69 or digital securities may be achieved through possession or
70 control, as applicable to the asset. A security interest
71 held by a secured party having possession or control, as
72 applicable, of virtual currency or digital securities has
73 priority over a security interest held by a secured party
74 that does not have possession or control, as applicable, of
75 virtual currency or digital securities. Other provisions of
76 law relating to priority of security interests, including
77 priority of control over delivery, shall remain applicable.

82 party may pledge its security interest as collateral for
83 another transaction. Consistent with section 400.9-201, the
84 security agreement shall be effective according to its terms
85 between parties, against purchasers of collateral, and
86 against creditors.

87 (3) If a debtor is located in this state, a secured
88 party may file a financing statement with the commissioner
89 to perfect a security interest in digital consumer assets or
90 digital securities, including to perfect a security interest
91 in proceeds pursuant to section 400.9-315.

92 (4) Notwithstanding any other provision of law,
93 including article 9 of chapter 400, a transferee takes a
94 digital asset free of any security interest two years after
95 the transferee takes the asset for value and does not have
96 actual notice of an adverse claim. This subdivision only
97 applies to a security interest perfected by filing.

98 (5) For purposes of this subsection, the following
99 terms mean:

100 (a) "Control",

101 a. Includes the following:

102 (i) A secured party, or an agent, custodian,
103 fiduciary, or trustee of the party, has complied with
104 section 400.8-106, including by means of a private key or
105 the use of a multi-signature arrangement exclusive to the
106 secured party or any substantially similar analogue;

107 (ii) Use of a smart contract created by a secured
108 party to comply with section 400.8-106. As used in this
109 subparagraph, "smart contract" means a transaction conducted
110 or performed, in whole or in part, by electronic means or
111 electronic records, in which the acts or records of one or
112 both parties are not reviewed by an individual in the
113 ordinary course in forming a contract, performing under an

114 existing contract or fulfilling an obligation required by
115 the transaction, or any substantially similar analogue,
116 which is comprised of code, script, or programming language
117 that executes the terms of an agreement, and which may
118 include taking custody of and transferring an asset, or
119 issuing executable instructions for these actions, based on
120 the occurrence or nonoccurrence of specified conditions;

121 b. This definition shall apply to article 9 of chapter
122 400;

123 (b) "Multi-signature arrangement", a system of access
124 control relating to a digital asset for the purposes of
125 preventing unauthorized transactions relating to the asset,
126 in which two or more private keys are required to conduct a
127 transaction, or any substantially similar analogue;

128 (c) "Possession", the ability to exclude others from
129 the use of property, and includes use of a private key, a
130 multi-signature arrangement exclusive to the secured party
131 or a smart contract, as defined in this subdivision, or any
132 substantially similar analogue. "Possession" also includes
133 delivery of certificated digital securities, consistent with
134 section 400.8-301. This definition shall apply to article 9
135 of chapter 400.

136 (6) Perfection by possession creates a possessory
137 security interest under subdivision (2) of section 400.9-301
138 in virtual currency or certificated digital securities,
139 based on the possessory nature of a private key or any
140 substantially similar analogue, which may be tangible or
141 electronic.

142 (7) For purposes of article 9 of chapter 400 and this
143 subsection, if collateral is required to be "located in a
144 jurisdiction", a digital asset is located in this state if
145 the asset is possessed or controlled by a Missouri bank, or

146 other custodian, the debtor or secured party is physically
147 located in this state, or the debtor or secured party is
148 incorporated or organized in Missouri, based on the
149 following factors:

150 (a) Whether a security agreement typically
151 accompanying a possessory security interest or other secured
152 transaction exists, consistent with subsection (a) of
153 section 400.9-201, including an agreement describing the
154 possessory nature of a private key or any substantially
155 similar analogue;

156 (b) Choice of law in a security agreement, evidencing
157 the intent and understanding of the parties relating to a
158 transaction, including waivers of litigation in
159 jurisdictions other than Missouri and judicial economy; and

160 (c) The relative clarity of the laws of other
161 jurisdictions relating to a digital asset, consequences
162 relating to unknown liens in those jurisdictions, and the
163 ability of a court to exercise jurisdiction over a
164 particular digital asset.

165 4. (1) A bank may provide custodial services for
166 digital assets consistent with this subsection upon
167 providing sixty days written notice to the commissioner. If
168 a bank elects to provide custodial services for digital
169 assets, it shall comply with all provisions of this
170 subsection.

171 (2) A bank may serve as a qualified custodian, as
172 specified by the United States securities and exchange
173 commission in 17 C.F.R. Section 275.206(4)-2, or as a
174 custodian authorized by the United States commodity futures
175 trading commission or other law. In performing custodial
176 services under this subsection, a bank shall:

177 (a) Implement all accounting, account statement,
178 internal control, notice, and other standards specified by
179 applicable state or federal law and rules for custodial
180 services;

181 (b) Maintain information technology best practices
182 relating to digital assets held in custody. The
183 commissioner may specify required best practices by rule;

184 (c) Fully comply with applicable federal anti-money
185 laundering, customer identification, and beneficial
186 ownership requirements; and

187 (d) Take other actions necessary to carry out this
188 subsection, which may include exercising fiduciary powers
189 similar to those permitted to national banks and ensuring
190 compliance with federal law governing digital assets
191 classified as commodities.

206 (4) Digital assets held in custody under this
207 subsection are not liabilities or assets of the bank. A
208 bank, or a subsidiary, may register as an investment

209 adviser, investment company or broker dealer, as necessary.
210 A bank shall maintain possession or control, as applicable,
211 over a digital asset while in custody. A customer shall
212 elect, pursuant to a written agreement with the bank, one of
213 the following relationships for each digital asset held in
214 custody:

215 (a) Custody under a bailment as a nonfungible or
216 fungible asset. Assets held under this paragraph shall be
217 strictly segregated from other assets; or
218 (b) Custody pursuant to subdivision (5) of this
219 subsection.

220 (5) If a customer makes an election under paragraph
221 (b) of subdivision (4) of this subsection, the bank may,
222 based only on customer instructions, undertake transactions
223 with the digital asset. A bank is deemed to maintain
224 possession or control pursuant to subdivision (4) of this
225 subsection by entering into an agreement with the
226 counterparty to a transaction which contains a time for
227 return of the asset and other customary terms in securities
228 or commodities transactions. The bank shall not be liable
229 for any loss suffered with respect to a transaction under
230 this subsection, except for liability consistent with
231 fiduciary and trust powers.

232 (6) A bank and a customer shall agree in writing
233 regarding the source code version the bank will use for each
234 digital asset, and the treatment of each asset under chapter
235 400, if necessary. Any ambiguity under this subdivision
236 shall be resolved in favor of the customer.

237 (7) A bank shall provide clear, written notice to each
238 customer, and require written acknowledgement, of the
239 following:

240 (a) Prior to the implementation of any updates,
241 material source code updates relating to digital assets held
242 in custody, except in emergencies which may include security
243 vulnerabilities;

244 (b) The heightened risk of loss from transactions
245 under subdivision (5) of this subsection;

246 (c) That some risk of loss as a pro rata creditor
247 exists as the result of custody as a fungible asset or
248 custody under paragraph (b) of subdivision (4) of this
249 subsection;

250 (d) That custody under paragraph (b) of subdivision
251 (4) of this subsection may not result in the digital assets
252 of the customer being strictly segregated from other
253 customer assets; and

254 (e) That the bank is not liable for losses suffered
255 under subdivision (5) of this subsection, except for
256 liability consistent with fiduciary and trust powers.

257 (8) A bank and a customer shall agree in writing to a
258 time period within which the bank must return a digital
259 asset held in custody under this section. If a customer
260 makes an election under paragraph (b) of subdivision (4) of
261 this subsection, the bank and the customer may also agree in
262 writing to the form in which the digital asset shall be
263 returned.

264 (9) All ancillary or subsidiary proceeds relating to
265 digital assets held in custody under this section shall
266 accrue to the benefit of the customer, except as specified
267 by a written agreement with the customer. The bank may
268 elect not to collect certain ancillary or subsidiary
269 proceeds, as long as the election is disclosed in writing.
270 A customer who makes an election under paragraph (b) of
271 subdivision (4) of this subsection may withdraw the digital

272 asset in a form that permits the collection of the ancillary
273 or subsidiary proceeds.

274 (10) A bank shall not authorize or permit
275 rehypothecation of digital assets under this subsection.
276 The bank shall not engage in any activity to use or exercise
277 discretionary authority relating to a digital asset except
278 based on customer instructions.

279 (11) A bank shall not take any action under this
280 section which would likely impair the solvency or the safety
281 and soundness of the bank, as determined by the commissioner
282 after considering the nature of custodial services customary
283 in the banking industry.

284 (12) The commissioner may adopt rules to implement
285 this section. Any rule or portion of a rule, as that term
286 is defined in section 536.010, that is created under the
287 authority delegated in this section shall become effective
288 only if it complies with and is subject to all of the
289 provisions of chapter 536 and, if applicable, section
290 536.028. This section and chapter 536 are nonseverable and
291 if any of the powers vested with the general assembly
292 pursuant to chapter 536 to review, to delay the effective
293 date, or to disapprove and annul a rule are subsequently
294 held unconstitutional, then the grant of rulemaking
295 authority and any rule proposed or adopted after August 28,
296 2026, shall be invalid and void.

297 (13) A bank may provide custodial services for
298 stablecoin reserves, provided those custodial services are
299 consistent with this section and the rules and regulations
300 of the commissioner.

301 (14) A supervised trust company that is chartered in
302 this state may provide all the services provided in this

303 section if it complies with the provisions of this section
304 and the rules and regulations of the commissioner.

305 5. Except as otherwise provided by law, the courts of
306 Missouri shall have jurisdiction to hear claims in both law
307 and equity relating to digital assets, including those
308 arising from this section and chapter 400.

409.455. 1. (1) The lawful owner of any digital
2 asset or the lawful owner's agent may register the digital
3 asset with the secretary in accordance with this section.
4 Digital assets registered with the secretary shall be deemed
5 to be located within the state for purposes of all laws and
6 regulations of this state, or any applicable federal laws
7 not in conflict with this section or section 409.450, which
8 may impact ownership rights of the digital asset or require
9 transfer of the digital asset.

10 (2) Following approval of an application for
11 registration of a digital asset, the secretary shall provide
12 a registration certificate cryptographically signed by the
13 secretary for each registered digital asset that may be
14 attached to or otherwise associated with the digital asset.

15 (3) Nothing in this section or section 409.450 shall
16 be construed to confer any ownership, property or other
17 rights related to digital assets beyond those specifically
18 granted in such sections.

19 2. (1) Subject to the limitations set forth in this
20 section, any person may submit an application to the
21 secretary in the form and containing information as
22 prescribed by the secretary, for registration of a digital
23 asset. The application shall contain, at minimum, the
24 following information:

25 (a) The name and address of the person applying for
26 registration;

(b) The nature of the digital asset and sufficient information to identify the digital asset;

(c) A statement that the applicant is the lawful owner of the digital asset or the lawful owner's agent and that to the knowledge of the applicant no other person has a current, valid registration of the digital asset either in this state or in any other jurisdiction; and

(d) Cryptographic proof that the lawful owner has control of the digital asset at the time of application.

(2) The application shall be signed and verified by oath, affirmation, or declaration, under penalty of perjury, by the applicant.

(3) The application for registration shall be accompanied by a registration fee prescribed in subsection 8 of this section, which registration fee shall not exceed five hundred dollars and shall be payable to the secretary.

(4) The applicant shall be a resident of this state, if the applicant is a natural person. In the case of a business entity, the applicant shall be incorporated or organized in this state.

3. Upon the filing of a complete application for registration and payment of the registration fee, the application shall be deemed approved and the digital asset registered pursuant to this section unless the secretary causes the application to be examined for conformity with this section subject to the following:

(1) The applicant shall provide any additional information requested by the secretary and may make or authorize the secretary to make necessary amendments to the application as may be reasonably requested by the secretary or deemed by the applicant to be advisable to respond to any rejection or objection to the application;

69 (a) The secretary finally refuses registration of the
70 digital asset; or

71 (b) The applicant fails to reply or amend within the
72 specified period, whereupon the application shall be deemed
73 to have been abandoned.

74 4. (1) Registration of a digital asset is effective
75 for a term of five years from the date of registration.
76 Upon application filed within six months prior to the
77 expiration of the registration term and in a manner
78 complying with the requirements of the secretary, the
79 registration may be renewed for a term of five years from
80 the end of the expiring term. The renewal fee shall be set
81 in accordance with subsection 8 of this section, but shall
82 not exceed two hundred fifty dollars and shall be submitted
83 with the application for renewal of the registration.

84 (2) A digital asset registration may be renewed for
85 successive periods of five years under this section.

86 5. The secretary shall keep for public examination a
87 record of all registered digital assets under this section.

88 6. A digital asset shall no longer be deemed
89 registered and the secretary shall cancel from the register:

95 (2) Any registration that is not renewed under this
96 section;

97 (3) Any registration if a court of competent
98 jurisdiction finds:

99 (a) That the registration was granted improperly; or
100 (b) That the registration was obtained fraudulently;

101 (4) Any registration when a court of competent

102 jurisdiction orders cancellation of a registration on any
103 ground.

104 7. Any person, whether on his or her own behalf or on
105 behalf of any other person, files or registers any digital
106 asset in the office of the secretary under the provisions of
107 this section by knowingly making any false or fraudulent
108 representation or declaration, orally or in writing, or by
109 any other means, shall be liable to pay all damages
110 sustained in consequence of the filing or registration, to
111 be recovered by or on behalf of the injured party in any
112 court of competent jurisdiction.

113 8. (1) The secretary shall have all powers reasonably
114 necessary to perform the duties required by this section
115 including the promulgation of rules and regulations
116 necessary to carry out the purposes of this article. Any
117 rule or portion of a rule, as that term is defined in
118 section 536.010, that is created under the authority
119 delegated in this section shall become effective only if it
120 complies with and is subject to all of the provisions of
121 chapter 536 and, if applicable, section 536.028. This

122 section and chapter 536 are nonseverable and if any of the
123 powers vested with the general assembly pursuant to chapter
124 536 to review, to delay the effective date, or to disapprove
125 and annul a rule are subsequently held unconstitutional,
126 then the grant of rulemaking authority and any rule proposed
127 or adopted after August 28, 2026, shall be invalid and void.

128 (2) The secretary shall set and collect registration,
129 service, and copying fees to recover the costs of providing
130 these services and administering this section. Fees shall
131 not exceed the costs of providing these services and
132 administering this section.

✓