

# SENATE BILL NO. 1177

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR FITZWATER.

5432S.011

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:

18           (a) An open blockchain token constituting intangible  
19 personal property as otherwise provided by law; and

20           (b) Any other digital asset which does not fall within  
21 subdivisions (5) and (9) of this subsection;

22           (6) "Digital security", a digital asset which  
23 constitutes a security, as defined in section 409.1-102, but  
24 shall exclude digital consumer assets and virtual currency;

25           (7) "Private key", a unique element of cryptographic  
26 data, or any substantially similar analogue, which is:

27               (a) Held by a person;

28               (b) Paired with a unique, publicly available element  
29 of cryptographic data; and

30           (c) Associated with an algorithm that is necessary to  
31 carry out an encryption or decryption required to execute a  
32 transaction;

33           (8) "Secretary", the secretary of state;

34           (9) "Virtual currency", a digital asset that is:

35               (a) Used as a medium of exchange, unit of account, or  
36 store of value; and

37               (b) Not recognized as legal tender by the United  
38 States government.

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

41               (a) Digital consumer assets are intangible personal  
42 property and shall be considered general intangibles, as  
43 defined in section 400.9-102, only for the purposes of  
44 article 9 of chapter 400;

45               (b) Digital securities are intangible personal  
46 property and shall be considered securities, as defined in  
47 section 400.8-102, and investment property, as defined in  
48 section 400.9-102, only for the purposes of articles 8 and 9  
49 of chapter 400;

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.

78           (2) Before a secured party may take possession or  
79 control under this section, the secured party shall enter  
80 into a security agreement with the debtor. The security  
81 agreement may set forth the terms under which a secured

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

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

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

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

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

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

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

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

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

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

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

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

(2) A bank may serve as a qualified custodian, as specified by the United States securities and exchange commission in 17 C.F.R. Section 275.206(4)-2, or as a custodian authorized by the United States commodity futures trading commission or other law. In performing custodial 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.

192           (3) A bank providing custodial services shall conform  
193 to the audit, accounting, and related requirements specified  
194 by the commissioner and applicable law, which may include  
195 entering into an agreement with an independent public  
196 accountant to conduct an examination conforming to the  
197 requirements of 17 C.F.R. Section 275.206(4)-2(a)(4) and  
198 (6), at the cost of the bank. An accountant shall transmit  
199 the results of any examination to the commissioner within  
200 one hundred twenty days of the examination and may file the  
201 results with other regulatory agencies as their rules may  
202 provide. Material discrepancies in an examination shall be  
203 reported to the commissioner within one day. The  
204 commissioner shall review examination results upon receipt  
205 within a reasonable time.

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

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

(a) Custody under a bailment as a nonfungible or  
fungible asset. Assets held under this paragraph shall be  
strictly segregated from other assets; or

(b) Custody pursuant to subdivision (5) of this  
subsection.

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

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

(7) A bank shall provide clear, written notice to each  
customer, and require written acknowledgement, of the  
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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

59           (2) The secretary may revise the application with  
60 agreement of the applicant or may require the applicant to  
61 submit a revised application;

62           (3) If the applicant is found not to meet the  
63 registration requirements, the secretary shall advise the  
64 applicant of the reasons. The applicant shall have a  
65 reasonable period of time specified by the secretary in  
66 which to reply or to amend the application, in which event  
67 the application shall be reexamined. This procedure may be  
68 repeated until:

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:

90           (1) Any registration upon a voluntary request for  
91           cancellation thereof from the lawful owner of the digital  
92           asset or his agent and payment of a fee set in accordance  
93           with subsection 8 of this section, but not to exceed thirty  
94           dollars;

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.

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