



KIM REYNOLDS
GOVERNOR

OFFICE OF THE GOVERNOR

ADAM GREGG
LT GOVERNOR

May 20, 2021

The Honorable Paul Pate
Secretary of State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Mr. Secretary,

I hereby transmit:

Senate File 541, an Act relating to electronic transactions by permitting the use of distributed ledger technology and smart contracts and including effective date provisions.

The above Senate File is hereby approved on this date.

Sincerely,

A handwritten signature in black ink that reads "Kim Reynolds".

Kim Reynolds
Governor of Iowa

cc: Secretary of the Senate
Clerk of the House



Senate File 541

AN ACT

RELATING TO ELECTRONIC TRANSACTIONS BY PERMITTING THE USE
OF DISTRIBUTED LEDGER TECHNOLOGY AND SMART CONTRACTS AND
INCLUDING EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 554D.103, subsections 4, 7, and 8, Code
2021, are amended to read as follows:

4. *“Contract”* means the total legal obligation resulting
from the parties’ agreement as affected by this chapter and
other applicable law. “Contract” includes any contract secured
through distributed ledger technology and a smart contract.

7. *“Electronic record”* means a record created, generated,
sent, communicated, received, or stored by electronic means.
“Electronic record” includes any record secured through
distributed ledger technology.

8. *“Electronic signature”* means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record. *“Electronic signature”* includes a signature that is secured through distributed ledger technology.

Sec. 2. Section 554D.103, Code 2021, is amended by adding the following new subsections:

NEW SUBSECTION. 4A. *“Distributed ledger technology”* means an electronic record of transactions or other data to which all of the following apply:

a. The electronic record is uniformly ordered.

b. The electronic record is redundantly maintained or processed by one or more computers or machines to guarantee the consistency or nonrepudiation of the recorded transactions or other data.

NEW SUBSECTION. 14A. *“Smart contract”* means an event-driven program or computerized transaction protocol that runs on a distributed, decentralized, shared, and replicated ledger that executes the terms of a contract. For purposes of this subsection, *“executes the terms of a contract”* may include taking custody over and instructing the transfer of assets.


Sec. 3. NEW SECTION. 554D.106A Use of distributed ledger technology.

A person who, in engaging in or affecting interstate or foreign commerce, uses distributed ledger technology to secure information that the person owns or has the right to use retains the same rights of ownership or use with respect to such information as before the person secured the information using distributed ledger technology. This section does not apply to the use of distributed ledger technology to secure information in connection with a transaction to the extent that the terms of the transaction expressly provide for the transfer of rights of ownership or use with respect to such information.


Sec. 4. Section 554D.108, subsection 2, Code 2021, is amended to read as follows:

2. A contract shall not be denied legal effect or enforceability solely because an electronic record was used in its formation or because the contract is a smart contract or contains a smart contract provision.

Sec. 5. EFFECTIVE DATE. This Act takes effect January 1, 2022.

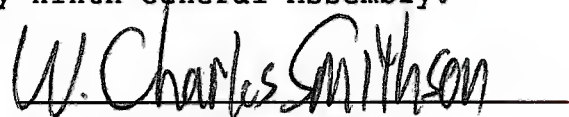


JAKE CHAPMAN
President of the Senate



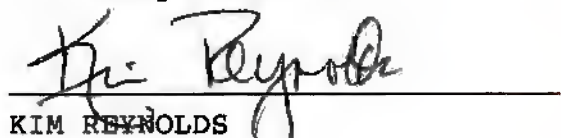
PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 541, Eighty-ninth General Assembly.



W. CHARLES SMITHSON
Secretary of the Senate

Approved May 20th, 2021



KIM REYNOLDS
Governor