

CHAPTER 116

ELECTRONIC TRANSACTIONS — DISTRIBUTED LEDGER TECHNOLOGY AND SMART CONTRACTS

S.F. 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.

Approved May 20, 2021