

As Introduced

**134th General Assembly
Regular Session
2021-2022**

H. B. No. 585

Representatives Fraizer, Young, T.

A BILL

To amend sections 1101.01, 1309.201, 1315.02, and 1
5726.01 and to enact sections 1120.01, 1120.02,
2 1120.03, 1120.04, 1120.05, 1120.06, 1120.07,
3 1120.08, 1120.09, 1120.10, 1120.11, 1120.14,
4 1120.15, 1120.16, 1120.17, 1120.171, 1120.18,
5 1120.19, 1120.20, 1120.21, 1120.22, 1120.23,
6 1120.24, 1120.25, 1120.26, 1308.62, 1309.801,
7 1314.01, 1314.02, 1314.03, 1314.04, 1706.90,
8 1706.901, 1706.902, 1706.903, 1706.904,
9 1706.905, 1706.906, 1706.907, 1706.908,
10 1706.909, 1706.9010, 1706.9011, and 1706.9012 of
11 the Revised Code to create a special purpose
12 depository institution charter, to provide for
13 the formation and management of decentralized
14 autonomous organization LLCs, to amend the
15 Uniform Commercial Code to address the
16 classification of and perfection of security
17 interests in digital assets, and to allow banks
18 to provide custodial services of digital assets. 19

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

Section 1. That sections 1101.01, 1309.201, 1315.02, and 20

5726.01 be amended and sections 1120.01, 1120.02, 1120.03, 21
1120.04, 1120.05, 1120.06, 1120.07, 1120.08, 1120.09, 1120.10, 22
1120.11, 1120.14, 1120.15, 1120.16, 1120.17, 1120.171, 1120.18, 23
1120.19, 1120.20, 1120.21, 1120.22, 1120.23, 1120.24, 1120.25, 24
1120.26, 1308.62, 1309.801, 1314.01, 1314.02, 1314.03, 1314.04, 25
1706.90, 1706.901, 1706.902, 1706.903, 1706.904, 1706.905, 26
1706.906, 1706.907, 1706.908, 1706.909, 1706.9010, 1706.9011, 27
and 1706.9012 of the Revised Code be enacted to read as follows: 28

Sec. 1101.01. As used in Chapters 1101. to 1127. of the 29
Revised Code, unless the context requires otherwise: 30

(A) "Affiliate" has the same meaning as in division (A)(1) 31
of section 1109.53 of the Revised Code and includes a subsidiary 32
of a bank. 33

(B) "Bank" or "banking corporation" means an entity that 34
solicits, receives, or accepts money or its equivalent for 35
deposit as a business, whether the deposit is made by check or 36
is evidenced by a certificate of deposit, passbook, note, 37
receipt, ledger card, or otherwise. "Bank" or "banking 38
corporation" includes a state bank or any entity doing business 39
as a bank, savings bank, or savings association under authority 40
granted by the office of the comptroller of the currency or the 41
former office of thrift supervision, the appropriate bank 42
regulatory authority of another state of the United States, or 43
the appropriate bank regulatory authority of another country, 44
but does not include a credit union. "Bank" includes a special 45
purpose depository institution doing business pursuant to 46
Chapter 1120. of the Revised Code, subject to the limitations 47
set forth in that chapter. 48

(C) "Bank holding company" has the same meaning as in the 49
"Bank Holding Company Act of 1956," 70 Stat. 133, 12 U.S.C. 50

1841, as amended.	51
(D) "Banking office" means an office or other place	52
established by a bank at which the bank receives money or its	53
equivalent from the public for deposit and conducts a general	54
banking business. "Banking office" does not include any of the	55
following:	56
(1) Any location at which a bank receives, but does not	57
accept, cash or other items for subsequent deposit, such as by	58
mail or armored car service or at a lock box or night	59
depository;	60
(2) Any structure located within five hundred yards of an	61
approved banking office of a bank and operated as an extension	62
of the services of the banking office;	63
(3) Any automated teller machine, remote service unit, or	64
other money transmission device owned, leased, or operated by a	65
bank;	66
(4) Any facility located within the geographical limits of	67
a military installation at which a bank only accepts deposits	68
and cashes checks;	69
(5) Any location at which a bank takes and processes	70
applications for loans and may disburse loan proceeds, but does	71
not accept deposits;	72
(6) Any location at which a bank is engaged solely in	73
providing administrative support services for its own operations	74
or for other depository institutions.	75
(E) "Branch" means a banking office that is not also the	76
bank's principal place of business consistent with its articles	77
of incorporation or articles of association.	78

(F) (1) With respect to a stock state bank, "capital" means	79
the sum of the bank's:	80
(a) Paid-in capital and surplus relating to common stock;	81
(b) To the extent permitted by the superintendent of	82
financial institutions, paid-in capital and surplus relating to	83
preferred stock;	84
(c) Undivided profits; and	85
(d) To the extent permitted by the superintendent the	86
proceeds of the sale of debt securities and other assets and	87
reserves.	88
(2) With respect to a mutual state bank, "capital" means	89
either of the following:	90
(a) Retained earnings;	91
(b) At the discretion of the superintendent, any other	92
form of capital, subject to any applicable federal and state	93
laws.	94
(G) "Code of regulations" includes a constitution adopted	95
by a state bank for similar purposes.	96
(H) "Control" has the same meaning as in division (H) of	97
section 1109.53 of the Revised Code.	98
(I) "Debt securities" means obligations issued by a bank	99
the holders of which, in the event of the insolvency or	100
liquidation of the bank, are subordinated in right of payment to	101
the bank's depositors and general creditors.	102
(J) "Deposit" has the same meaning as in 12 C.F.R. 204.2,	103
as amended.	104
(K) "Entity" has the same meaning as in section 1701.01 of	105

the Revised Code.	106
(L) "Federal savings association" means a federal savings	107
and loan association or a federal savings bank doing business	108
under authority granted by the office of the comptroller of the	109
currency or the former office of thrift supervision.	110
(M) "Mutual holding company" means either of the	111
following:	112
(1) A mutual state bank or an affiliate of a mutual state	113
bank reorganized in accordance with Chapter 1116. of the Revised	114
Code to hold all or part of the shares of the capital stock of a	115
subsidiary state bank;	116
(2) A mutual holding company organized in accordance with	117
12 U.S.C. 1467a(o) that has converted to a mutual holding	118
company under Chapter 1116. of the Revised Code.	119
(N) "Mutual state bank" means a state bank without stock	120
that has governing documents consisting of articles of	121
incorporation and code of regulations adopted by its members and	122
bylaws adopted by its board of directors.	123
(O) "National bank" means a bank doing business under	124
authority granted by the office of the comptroller of the	125
currency.	126
(P) "Net income" means all income realized or earned less	127
all expenses realized or accrued.	128
(Q) "Paid-in capital" means the aggregate par value of all	129
of a stock state bank's outstanding shares of all classes.	130
(R) "Person" means an individual, sole proprietorship,	131
partnership, joint venture, association, trust, estate, business	132
trust, limited liability company, corporation, or any similar	133

entity or organization.	134
(S) "Remote service unit" means an automated facility,	135
operated by a customer of a bank, that conducts banking	136
functions, such as receiving deposits, paying withdrawals, or	137
lending money.	138
(T) "Reorganization" means a consolidation, merger, or	139
transfer of assets and liabilities pursuant to Chapter 1115. or	140
1116. of the Revised Code.	141
(U) "Savings and loan holding company" has the same	142
meaning as in 12 U.S.C. 1467a.	143
(V) "Savings association" means a savings and loan	144
association doing business under authority granted by the	145
regulatory authority of another state or a federal savings	146
association. "Savings association" also includes a state bank	147
that elects to operate as a savings and loan association under	148
section 1109.021 of the Revised Code.	149
(W) "Savings bank" means a savings bank doing business	150
under authority granted by the regulatory authority of another	151
state.	152
(X) "Shares" means any equity interest, including a	153
limited partnership interest and any other equity interest in	154
which liability is limited to the amount of the investment.	155
"Shares" does not include a general partnership interest or any	156
other interest involving general liability.	157
(Y) <u>"Special purpose depository institution" means a</u>	158
<u>corporation operating pursuant to authority granted by the</u>	159
<u>superintendent of financial institutions under Chapter 1120. of</u>	160
<u>the Revised Code.</u>	161

(Z) "State bank" means a bank doing business under 162
authority granted by the superintendent of financial 163
institutions. "State bank" includes a state bank that elects to 164
operate as a savings and loan association under section 1109.021 165
of the Revised Code. "State bank" includes a special purpose 166
depository institution doing business pursuant to Chapter 1120. 167
of the Revised Code, subject to the limitations set forth in 168
that chapter. 169

~~(Z)~~ (AA) "Stock state bank" means a state bank that has an 170
ownership structure represented by shares of stock. 171

~~(AA)~~ (BB) "Subsidiary" has the same meaning as in section 172
1109.53 of the Revised Code. 173

~~(BB)~~ (CC) "Surplus" means the total of amounts paid for 174
shares in excess of their respective par values, amounts 175
contributed other than for shares, and amounts transferred from 176
undivided profits, less amounts transferred to stated capital. 177

~~(CC)~~ (DD) "Trust company" means an entity qualified and 178
licensed under section 1111.06 of the Revised Code to solicit or 179
engage in trust business in this state, or a person that is 180
required by Chapter 1111. of the Revised Code to be an entity 181
qualified and licensed under section 1111.06 of the Revised Code 182
to solicit or engage in trust business in this state. 183

~~(DD)~~ (EE) "Undivided profits" means the cumulative 184
undistributed amount of a bank's net income not otherwise 185
allocated. 186

Sec. 1120.01. (A) Except as otherwise provided in 187
divisions (B) and (C) of this section, all other provisions of 188
this title shall apply to this chapter. 189

(B) The following provisions of this title shall not apply 190

<u>to this chapter:</u>	191
<u>(1) Division (F) of section 1101.03 of the Revised Code</u>	192
<u>and sections 1109.02, 1109.021, 1109.15, 1109.18, 1109.181,</u>	193
<u>1109.20, 1109.22, 1109.23, 1109.24, 1109.59, and 1121.29 of the</u>	194
<u>Revised Code;</u>	195
<u>(2) Chapters 1111., 1112., 1113., 1114., 1116., and 1119.</u>	196
<u>of the Revised Code;</u>	197
<u>(3) Sections 1115.01 to 1115.03 of the Revised Code;</u>	198
<u>(4) Sections 1125.03 to 1125.06 of the Revised Code.</u>	199
<u>(C) If any provision of law conflicts with this chapter,</u>	200
<u>this chapter shall control.</u>	201
Sec. 1120.02. <u>(A) A special purpose depository institution</u>	202
<u>shall be created, organized, and governed, its business shall be</u>	203
<u>conducted, and its directors shall be chosen, in all respects in</u>	204
<u>the same manner as is provided by Chapters 1701. and 1704. of</u>	205
<u>the Revised Code, for corporations generally, to the extent that</u>	206
<u>is not inconsistent with this chapter.</u>	207
<u>(B) Each special purpose depository institution may do any</u>	208
<u>of the following:</u>	209
<u>(1) Make contracts as a corporation under the laws of this</u>	210
<u>state;</u>	211
<u>(2) Sue and be sued;</u>	212
<u>(3) Receive notes and buy and sell gold and silver coins</u>	213
<u>and bullion as permitted by federal law;</u>	214
<u>(4) Carry on a nonlending banking business for depositors,</u>	215
<u>consistent with division (C) of this section;</u>	216
<u>(5) Provide payment services upon the request of a</u>	217

<u>depositor;</u>	218
<u>(6) Make an application to become a member bank of the</u>	219
<u>federal reserve system;</u>	220
<u>(7) Engage in any other activity that is usual or</u>	221
<u>incidental to the business of banking, subject to the prior</u>	222
<u>written approval of the superintendent of financial</u>	223
<u>institutions. The superintendent shall not approve a request to</u>	224
<u>engage in an incidental activity if the superintendent finds</u>	225
<u>that the requested activity will adversely affect the solvency</u>	226
<u>or the safety and soundness of the special purpose depository</u>	227
<u>institution or conflict with any provision of this chapter. As</u>	228
<u>used in this division, "incidental activity" includes any of the</u>	229
<u>following:</u>	230
<u>(a) Custody, safekeeping, and asset servicing, including</u>	231
<u>custodial services under section 1314.04 of the Revised Code;</u>	232
<u>(b) Investment adviser, investment company, and broker-</u>	233
<u>dealer activities;</u>	234
<u>(c) Commodities intermediary activities;</u>	235
<u>(d) Exercising fiduciary powers similar to those permitted</u>	236
<u>to national banks;</u>	237
<u>(e) Receiving deposits relating to activities under this</u>	238
<u>division;</u>	239
<u>(f) Other incidental activities authorized by the</u>	240
<u>superintendent.</u>	241
<u>(8) Exercise powers and rights otherwise authorized by law</u>	242
<u>that are not inconsistent with this chapter.</u>	243
<u>(C) Except as otherwise provided in this division, a</u>	244

special purpose depository institution shall not make loans, 245
including the provision of temporary credit relating to 246
overdrafts. A special purpose depository institution may 247
purchase debt obligations as described in division (B) (4) of 248
section 1120.04 of the Revised Code. 249

(D) A special purpose depository institution shall 250
maintain its principal operating headquarters and the primary 251
office of its chief executive officer in this state. 252

(E) As otherwise authorized by this section, the special 253
purpose depository institution may conduct business with 254
depositors outside this state. 255

(F) A special purpose depository institution may open a 256
branch in another state in a manner set forth by the 257
superintendent by rule. A special purpose depository 258
institution, including any branch of the institution, shall only 259
accept deposits or provide other services under this chapter to 260
depositors engaged in activities that are lawful under the laws 261
of this state and federal law. 262

(G) No special purpose depository institution shall use 263
"bank," "banker," "banking," or "trust," or a word or 264
combination of words of similar meaning in any other language, 265
in a designation or name, or as any part of a designation or 266
name, under which business is or may be conducted in this state. 267

Sec. 1120.03. (A) Except as otherwise provided by division 268
(C) of this section, no special purpose depository institution 269
shall allow a depositor to maintain an account with or otherwise 270
receive any services from the institution unless the depositor 271
meets all of the following: 272

(1) Is a legal entity other than a natural person; 273

<u>(2) Is in good standing with the jurisdiction in the</u>	274
<u>United States in which it is incorporated or organized;</u>	275
<u>(3) Maintains deposits with the institution totaling not</u>	276
<u>less than five thousand dollars;</u>	277
<u>(4) Is engaged in a lawful, bona fide business, consistent</u>	278
<u>with division (B) of this section and division (F) of section</u>	279
<u>1120.02 of the Revised Code;</u>	280
<u>(5) Makes sufficient evidence available to the special</u>	281
<u>purpose depository institution to enable compliance with anti-</u>	282
<u>money laundering, customer identification, and beneficial</u>	283
<u>ownership requirements, as determined by the institution.</u>	284
<u>(B)(1) Consistent with divisions (A)(4) and (5) of this</u>	285
<u>section and in addition to any requirements specified by federal</u>	286
<u>law, a special purpose depository institution shall require that</u>	287
<u>a potential depositor provide reasonable evidence that the</u>	288
<u>person is engaged in a lawful, bona fide business, or is likely</u>	289
<u>to open a lawful, bona fide business within the next six months.</u>	290
<u>(2) As used in this division, "reasonable evidence"</u>	291
<u>includes all of the following:</u>	292
<u>(a) Business entity filings;</u>	293
<u>(b) Articles of incorporation or organization;</u>	294
<u>(c) Bylaws;</u>	295
<u>(d) Operating agreements;</u>	296
<u>(e) Business plans;</u>	297
<u>(f) Promotional materials;</u>	298
<u>(g) Financing agreements.</u>	299

(3) This division shall not apply to activities conducted 300
under division (C) of this section. 301

(C) A special purpose depository institution may conduct 302
incidental activities under division (B)(7) of section 1120.02 303
of the Revised Code with persons who do not meet the criteria of 304
divisions (A)(1) to (4) of this section. The lawful business 305
requirements of division (F) of section 1120.02 of the Revised 306
Code shall remain applicable. 307

Sec. 1120.04. (A) At all times, a special purpose 308
depository institution shall maintain unencumbered liquid assets 309
valued at not less than one hundred per cent of its depository 310
liabilities. 311

(B) As used in this section, "liquid assets" means any of 312
the following: 313

(1) United States currency held on the premises of the 314
special purpose depository institution; 315

(2) Reserve accounts of the special purpose depository 316
institution at a federal reserve bank; 317

(3) Deposit accounts of the special purpose depository 318
institution at a federally insured financial institution; 319

(4) Investments that are highly liquid, including 320
obligations of the United States treasury or other federal 321
agency obligations, consistent with rules adopted by the 322
superintendent of financial institutions. 323

Sec. 1120.05. (A) A special purpose depository institution 324
shall maintain a contingency account to account for unexpected 325
losses and expenses. A special purpose depository institution 326
may require the payment of contributions from depositors to fund 327

a contingency account. Initial capital under section 1120.09 of 328
the Revised Code constitutes compliance with this division for 329
the first three years a special purpose depository institution 330
is in operation. After the conclusion of the first three years 331
of operation, a special purpose depository institution shall 332
maintain a contingency account totaling not less than two per 333
cent of the depository liabilities of the special purpose 334
depository institution, provided that the contingency account 335
shall be adequate and reasonable in light of current and 336
prospective business conditions, as determined by the 337
superintendent of financial institutions. 338

(B) A special purpose depository institution shall refund 339
a depositor any contingency account contributions the depositor 340
made under division (A) of this section after the depositor's 341
account at the special purpose depository institution is closed. 342

Sec. 1120.06. (A) A special purpose depository institution 343
shall comply with all applicable federal laws, including the 344
"Bank Secrecy Act," 31 U.S.C. 5311, et seq. 345

(B) The superintendent of financial institutions shall 346
ensure that each special purpose depository institution complies 347
with division (A) of this section. 348

Sec. 1120.07. If the deposits at a special purpose 349
depository institution are not insured by the federal deposit 350
insurance corporation, all of the following apply: 351

(A) The special purpose depository institution shall 352
display on any internet web site it maintains, and at each 353
window or place where it accepts deposits, a sign conspicuously 354
stating that deposits are not insured by the federal deposit 355
insurance corporation. 356

(B) Upon opening an account, the special purpose 357
depository institution shall require each depositor to execute a 358
statement acknowledging that all deposits at the special purpose 359
depository institution are not insured by the federal deposit 360
insurance corporation. The special purpose depository 361
institution shall permanently retain this acknowledgment. 362

(C) The special purpose depository institution shall 363
include in all advertising a disclosure that deposits are not 364
insured by the federal deposit insurance corporation. 365

Sec. 1120.08. (A) Except as otherwise provided by division 366
(E) of this section, five or more adult persons may form a 367
special purpose depository institution. The incorporators shall 368
subscribe the articles of incorporation and transmit them to the 369
superintendent of financial institutions as part of an 370
application for a charter under section 1120.10 of the Revised 371
Code. 372

(B) The articles of incorporation shall include all of the 373
following information: 374

(1) The corporate name; 375

(2) The object for which the corporation is organized; 376

(3) The term of its existence, which may be perpetual; 377

(4) The place where its office shall be located and its 378
operations conducted; 379

(5) The amount of capital stock and the number of shares; 380

(6) The name and residence of each shareholder subscribing 381
to more than ten per cent of the stock and the number of shares 382
owned by that shareholder; 383

(7) The number of directors and the names of those who 384
will manage the affairs of the corporation for the first year; 385

(8) A statement that the articles of incorporation are 386
made to enable the incorporators to avail themselves of the 387
advantages of the laws of the state. 388

(C) Copies of all amended articles of incorporation shall 389
be filed in the same manner as the original articles of 390
incorporation. 391

(D) The incorporators shall solicit capital prior to 392
filing an application for a charter with the superintendent, 393
consistent with section 1120.09 of the Revised Code. In the 394
event an application for a charter is not filed or is denied by 395
the superintendent, the incorporators shall promptly return all 396
capital without loss. 397

(E) Subject to applicable federal and state law, a bank 398
holding company may apply to hold a special purpose depository 399
institution. 400

Sec. 1120.09. (A) The capital stock of each special 401
purpose depository institution chartered under this chapter 402
shall be subscribed for as fully paid stock. No special purpose 403
depository institution shall be chartered with capital stock 404
less than ten million dollars. 405

(B) No special purpose depository institution shall 406
commence business until the full amount of its authorized 407
capital is subscribed and all capital stock is fully paid in. No 408
special purpose depository institution shall be chartered 409
without a paid up surplus fund of not less than three years of 410
estimated operating expenses in the amount disclosed pursuant to 411
division (B) of section 1120.10 of the Revised Code or in 412

another amount required by the superintendent of financial 413
institutions. 414

(C) A special purpose depository institution may acquire 415
additional capital prior to the granting of a charter and may 416
report this capital in its charter application. 417

Sec. 1120.10. (A) No person shall act as a special purpose 418
depository institution without first obtaining a charter and 419
certificate of authority to operate from the superintendent of 420
financial institutions under this chapter. 421

(B) The incorporators under division (A) of section 422
1120.08 of the Revised Code shall apply to the superintendent 423
for a charter. The superintendent may prescribe the form of 424
application by rule. The application shall contain all of the 425
following: 426

(1) The special purpose depository institution's articles 427
of incorporation; 428

(2) A detailed business plan; 429

(3) A comprehensive estimate of operating expenses for the 430
first three years of operation; 431

(4) A complete proposal for compliance with the provisions 432
of this chapter; 433

(5) Evidence of the capital required under section 1120.09 434
of the Revised Code. 435

(C) Each application for a charter shall be accompanied by 436
an application fee established by the superintendent pursuant to 437
rule, which shall be not greater than the costs incurred by the 438
superintendent in reviewing the application. The application fee 439
shall be credited to the special purpose depository institutions 440

fund created by division (D) of this section. 441

(D) All assessments, fees, charges, and forfeitures 442
provided for under this chapter shall be paid to the 443
superintendent of financial institutions, and the superintendent 444
shall deposit them into the state treasury to the credit of the 445
special purpose depository institutions fund, which is hereby 446
created. The superintendent shall pay from the fund all actual 447
and necessary expenses incurred by the superintendent, including 448
for any services rendered by the department of commerce for the 449
division's administration of this chapter. Any money deposited 450
into the state treasury to the credit of the special purpose 451
depository institutions fund, but not expended or encumbered by 452
the superintendent to defray the costs of administering this 453
chapter, shall remain in the special purpose depository 454
institutions fund for expenditures by the superintendent in 455
subsequent years and shall not be used for any purpose other 456
than as set forth in this section. 457

Sec. 1120.11. (A) Upon receiving an application for a 458
special purpose depository charter, the superintendent of 459
financial institutions shall notify the applicants in writing 460
within thirty calendar days of any deficiency in the required 461
information or that the application has been accepted for 462
filing. When the superintendent is satisfied that all required 463
information has been furnished, the superintendent shall notify 464
the applicants of the acceptance of the application to 465
incorporate a special purpose depository institution. 466

(B) Within ten days after receipt from the superintendent 467
of the notice of acceptance of the application, the applicants 468
shall publish a notice of the proposed incorporation in a 469
newspaper of general circulation in the county where the special 470

purpose depository institution's office is to be located. The 471
applicants shall publish the notice once a week for two weeks 472
and furnish a certified copy of it to the superintendent. The 473
publication shall state all of the following: 474

(1) The proposed location of the special purpose 475
depository institution; 476

(2) The names of the applicants for a charter; 477

(3) The nature of the activities to be conducted by the 478
proposed institution; 479

(4) The date by which comments on the application must be 480
filed with the superintendent, which date shall be thirty days 481
after the date of the first publication of the notice; 482

(5) Any other information required by rule. 483

(C) If any comments on the application are filed with the 484
superintendent within the thirty-day period prescribed in 485
division (B) of this section, the superintendent shall determine 486
whether the comments are relevant to the requirements for 487
incorporation of a special purpose depository institution and, 488
if so, investigate the comments in the manner the superintendent 489
considers appropriate. 490

(D) Upon receiving the articles of incorporation, the 491
application for a charter, and other information required by the 492
superintendent, the superintendent shall make a careful 493
investigation and examination of all of the following: 494

(1) The character, reputation, and financial standing and 495
ability of the incorporators; 496

(2) The character, financial responsibility, banking or 497
other financial experience, and business qualifications of those 498

<u>proposed as officers and directors;</u>	499
<u>(3) The application for a charter, including the adequacy</u>	500
<u>and plausibility of the business plan of the special purpose</u>	501
<u>depository institution and whether the institution has offered a</u>	502
<u>complete proposal for compliance with the provisions of this</u>	503
<u>chapter.</u>	504
<u>Sec. 1120.14. (A) Within one hundred eighty days following</u>	505
<u>the date of acceptance of the application for a charter, the</u>	506
<u>superintendent of financial institutions shall render a decision</u>	507
<u>on the charter application based solely on the following</u>	508
<u>criteria:</u>	509
<u>(1) Whether the character, reputation, financial standing,</u>	510
<u>and ability of the incorporators is sufficient to afford</u>	511
<u>reasonable promise of a successful operation;</u>	512
<u>(2) Whether the character, financial responsibility,</u>	513
<u>banking or other financial experience, and business</u>	514
<u>qualifications of those proposed as officers and directors is</u>	515
<u>sufficient to afford reasonable promise of a successful</u>	516
<u>operation;</u>	517
<u>(3) The adequacy and plausibility of the business plan of</u>	518
<u>the special purpose depository institution;</u>	519
<u>(4) Compliance with the capital and surplus requirements</u>	520
<u>of section 1120.09 of the Revised Code;</u>	521
<u>(5) That the special purpose depository institution is</u>	522
<u>being formed for no purpose other than legitimate objectives</u>	523
<u>authorized by law;</u>	524
<u>(6) That the name of the proposed special purpose</u>	525
<u>depository institution does not resemble so closely the name of</u>	526

any other financial institution transacting business in the 527
state so as to cause confusion; 528

(7) Whether the applicants have complied with all 529
applicable provisions of state law. 530

(B) The superintendent shall approve an application upon 531
making favorable findings on the criteria set forth in division 532
(A) of this section. If necessary, the superintendent may either 533
conditionally approve an application by specifying conditions 534
relating to the criteria or may disapprove the application. 535

(C) If the superintendent approves the application, the 536
superintendent shall make a certificate to that effect and 537
forward the certificate and the articles of incorporation of the 538
proposed special purpose depository institution to the secretary 539
of state for filing. 540

Sec. 1120.15. (A) If the superintendent of financial 541
institutions approves an application and grants a charter under 542
section 1120.14 of the Revised Code, the special purpose 543
depository institution shall not commence business before 544
receiving a certificate of authority to operate from the 545
superintendent. 546

(B) The incorporators under division (A) of section 547
1120.08 of the Revised Code shall file an application for a 548
certificate of authority with the superintendent and shall 549
certify the address at which the special purpose depository 550
institution will operate and that all adopted bylaws of the 551
institution have been attached as an exhibit to the application. 552
The applicants shall state in the application the identities and 553
contact information of officers and directors. 554

The superintendent shall approve or deny an application 555

for a certificate of authority to operate within thirty days 556
after a complete application has been filed. The authority of 557
the superintendent to disapprove any application shall be 558
restricted solely to noncompliance with this section, provided 559
that if the superintendent approves the application, the 560
superintendent shall issue a certificate of authority to the 561
applicants within twenty days of the approval. If the 562
superintendent denies the application, the superintendent shall 563
mail a notice of denial to the applicants within twenty days of 564
the denial, stating the reasons for denying the application, and 565
grant to the applicants a period of ninety days from receipt of 566
the notice to resubmit the application with the necessary 567
corrections. If the applicants fail to comply with requirements 568
of the notice of denial within ninety days from receipt of the 569
notice, the superintendent shall revoke the charter of the 570
special purpose depository institution. The failure of the 571
superintendent to act upon an application for a certificate of 572
authority within thirty days after a complete or corrected 573
application has been filed shall be deemed an approval. 574

(C) If an approved special purpose depository institution 575
fails to commence business in good faith within six months after 576
the issuance of a certificate of authority to operate by the 577
superintendent, the charter and certificate of authority shall 578
expire. The superintendent, for good cause and upon the special 579
purpose depository institution filing an application prior to 580
the expiration of the six-month period, may extend the time 581
within which the special purpose depository institution may open 582
for business. 583

Sec. 1120.16. Any decision of the superintendent of 584
financial institutions in approving, conditionally approving, or 585
disapproving a charter for a special purpose depository 586

institution or the issuance or denial of a certificate of 587
authority to operate is appealable to the court of common pleas 588
of the county in which the institution is to be located, in 589
accordance with section 119.12 of the Revised Code. 590

Sec. 1120.17. (A) A special purpose depository institution 591
shall, before transacting any business, pledge assets subject to 592
division (B) of this section or furnish a surety bond to the 593
superintendent of financial institutions to cover costs likely 594
to be incurred by the superintendent in a liquidation or 595
conservatorship of the special purpose depository institution. 596
The assets or bond shall be in an amount sufficient to defray 597
the costs of a liquidation or conservatorship as determined by 598
the superintendent. 599

(B) In lieu of a surety bond, a special purpose depository 600
institution may irrevocably pledge specified assets equivalent 601
to a bond for purposes of division (A) of this section. All 602
costs associated with pledging and holding the assets shall be 603
the responsibility of the special purpose depository 604
institution. Pledged assets shall be unencumbered and shall not 605
serve as collateral for any other purpose. Assets pledged to the 606
superintendent shall be of the kinds and in the manner 607
prescribed by the superintendent. 608

(C) In the event of a liquidation or conservatorship of a 609
special purpose depository institution pursuant to section 610
1120.21 of the Revised Code, the superintendent may, without 611
regard to priorities, preferences, or adverse claims, reduce the 612
assets pledged or surety bond furnished under this section to 613
cash as soon as practicable and utilize the cash to defray the 614
costs associated with the liquidation or conservatorship. 615

(D) Income from assets pledged under division (B) of this 616

section shall be paid to the special purpose depository 617
institution, unless a liquidation or conservatorship takes 618
place. 619

(E) Upon evidence that the current pledged assets or 620
surety bond are insufficient, the superintendent may require a 621
special purpose depository institution to increase its pledged 622
assets or surety bond by providing not less than thirty days' 623
written notice to the institution. The special purpose 624
depository institution may request an administrative hearing 625
pursuant to Chapter 119. of the Revised Code not more than 626
thirty days after receiving written notice from the 627
superintendent under this division. 628

(F) The superintendent shall adopt rules to set procedures 629
for this section and may adopt rules to establish additional 630
investment guidelines or investment options for purposes of the 631
asset pledge or surety bond required by this section. 632

Sec. 1120.171. A special purpose depository institution 633
shall maintain appropriate insurance or a bond covering the 634
operational risks of the institution, which shall include 635
coverage for directors' and officers' liability, errors and 636
omissions liability, and information technology infrastructure 637
and activities liability. 638

Sec. 1120.18. (A) The superintendent of financial 639
institutions may call for reports verified under oath from a 640
special purpose depository institution at any time as necessary 641
to inform the superintendent of the condition of the 642
institution. 643

(B) No reports required of special purpose depository 644
institutions by the superintendent nor any materials relating to 645

examinations of these institutions are public records under 646
section 149.43 of the Revised Code, and such reports and 647
materials shall not be released. 648

(C) Notwithstanding any examination schedule requirement 649
under section 1121.10, 1121.101, or 1121.11 of the Revised Code, 650
a special purpose depository institution is subject to 651
examination by the superintendent on a schedule established by 652
the superintendent by rule. The superintendent or a duly 653
appointed examiner shall make a complete and careful examination 654
of all of the following: 655

(1) The condition and resources of the special purpose 656
depository institution; 657

(2) The mode of managing institution affairs and 658
conducting business; 659

(3) The actions of officers and directors in the 660
investment and disposition of funds; 661

(4) The safety and prudence of institution management; 662

(5) Compliance with the requirements of this chapter; 663

(6) Any other matters the superintendent may require. 664

(D) After an examination, the special purpose depository 665
institution shall remit to the superintendent an amount equal to 666
the total cost of the examination. This amount shall be remitted 667
to the treasurer of state and deposited into the special purpose 668
depository institutions fund created by section 1120.10 of the 669
Revised Code. 670

Sec. 1120.19. The superintendent of financial institutions 671
may suspend or revoke the charter of a special purpose 672
depository institution if, after notice and opportunity for a 673

hearing, the superintendent determines any of the following: 674

(A) The special purpose depository institution has failed 675
or refused to comply with an order issued under Chapter 1121. of 676
the Revised Code. 677

(B) The application for a charter contained a false 678
statement, material misrepresentation, or material omission. 679

(C) An officer, director, or agent of the special purpose 680
depository institution, in connection with an application for a 681
charter, examination, report, or other document filed with the 682
superintendent, knowingly made a false statement, material 683
misrepresentation, or material omission to the superintendent or 684
the duly authorized agent of the superintendent. 685

Sec. 1120.20. If the charter of a special purpose 686
depository institution is surrendered, suspended, or revoked, 687
the institution shall continue to be subject to the provisions 688
of this chapter during any liquidation or conservatorship. 689

Sec. 1120.21. (A) As used in this section: 690

(1) "Failed" or "failure" means, consistent with rules 691
adopted by the superintendent of financial institutions, a 692
circumstance when a special purpose depository institution has 693
not done any of the following: 694

(a) Complied with the requirements of section 1120.04 of 695
the Revised Code; 696

(b) Maintained a contingency account, as required by 697
section 1120.05 of the Revised Code; 698

(c) Paid, in the manner commonly accepted by business 699
practices, its legal obligations to depositors on demand or to 700
discharge any certificates of deposit, promissory notes, or 701

other indebtedness when due. 702

(2) "Unsafe or unsound condition" means, consistent with 703
rules adopted by the superintendent, a circumstance relating to 704
a special purpose depository institution that is likely to do 705
any of the following: 706

(a) Cause the failure of the institution; 707

(b) Cause a substantial dissipation of assets or earnings; 708

(c) Substantially disrupt the services provided by the 709
institution to depositors; 710

(d) Otherwise substantially prejudice the depository 711
interests of depositors. 712

(B) If the superintendent finds that a special purpose 713
depository institution has failed or is operating in an unsafe 714
or unsound condition that has not been remedied within the time 715
prescribed by the superintendent, the superintendent shall 716
conduct a liquidation or appoint a conservator as provided by 717
Chapter 1125. of the Revised Code. 718

Sec. 1120.22. (A) A special purpose depository institution 719
may voluntarily dissolve in accordance with the provisions of 720
this section. Voluntary dissolution shall be accomplished by 721
either of the following: 722

(1) Liquidating the special purpose depository 723
institution; 724

(2) Reorganizing the institution into an appropriate 725
business entity that does not engage in any activity authorized 726
only for a special purpose depository institution. 727

(B) Upon complete liquidation or completion of the 728

reorganization, the superintendent of financial institutions 729
shall revoke the charter of the special purpose depository 730
institution and, afterward, the company shall not use the word 731
"special purpose depository institution" in its business name or 732
in connection with its ongoing business. 733

(C) (1) The special purpose depository institution may 734
dissolve its charter either by liquidation or reorganization. 735
The board of directors shall file an application for dissolution 736
with the superintendent, accompanied by a filing fee established 737
by rule of the superintendent. The application shall include 738
both of the following: 739

(a) A comprehensive plan for dissolution setting forth the 740
proposed disposition of all assets and liabilities, in 741
reasonable detail to effect a liquidation or reorganization; 742

(b) Any other plans required by the superintendent. 743

(2) The plan of dissolution shall provide for the 744
discharge or assumption of all of the known and unknown claims 745
and liabilities of the special purpose depository institution. 746
Additionally, the application for dissolution shall include 747
other evidence, certifications, affidavits, documents, or 748
information as the superintendent may require, including all of 749
the following: 750

(a) Demonstration of how assets and liabilities will be 751
disposed; 752

(b) The timetable for effecting disposition of the assets 753
and liabilities; 754

(c) A proposal for addressing any claims that are asserted 755
after dissolution has been completed. 756

(D) The superintendent shall examine the application for 757
compliance with this section, the business entity laws 758
applicable to the required type of dissolution, and applicable 759
rules. The superintendent may conduct a special examination of 760
the special purpose depository institution, consistent with 761
division (C) of section 1120.18 of the Revised Code, for 762
purposes of evaluating the application. 763

(E) If the superintendent finds that the application is 764
incomplete, the superintendent shall return it for completion 765
not later than sixty days after it is filed. If the 766
superintendent finds the application to be complete, the 767
superintendent shall approve or disapprove the application not 768
later than thirty days after it is filed. If the superintendent 769
approves the application, the special purpose depository 770
institution may proceed with the dissolution pursuant to the 771
plan outlined in the application, subject to any further 772
conditions the superintendent may prescribe. If the special 773
purpose depository institution subsequently determines that the 774
plan of dissolution needs to be amended to complete the 775
dissolution, it shall file an amended plan with the 776
superintendent and obtain approval to proceed under the amended 777
plan. If the superintendent does not approve the application or 778
amended plan, the special purpose depository institution may 779
appeal the decision pursuant to Chapter 119. of the Revised 780
Code. 781

(F) Upon completion of all actions required under the plan 782
of dissolution and satisfaction of all conditions prescribed by 783
the superintendent, the special purpose depository institution 784
shall file a written report of its actions to the 785
superintendent. The report shall contain a certification made 786
under oath that the report is true and correct. The 787

superintendent, not later than sixty days after the filing of 788
the report, shall examine the special purpose depository 789
institution to determine whether all required actions have been 790
taken in accordance with the plan of dissolution and any 791
conditions prescribed by the superintendent. If the 792
superintendent is satisfied that all requirements and conditions 793
have been met, the superintendent shall, within thirty days of 794
the examination, notify the special purpose depository 795
institution in writing that the dissolution has been completed 796
and issue a certificate of dissolution. 797

(G) Upon receiving a certificate of dissolution, the 798
special purpose depository institution shall surrender its 799
charter to the superintendent. The special purpose depository 800
institution shall then file articles of dissolution and any 801
other documents required by law for a corporation with the 802
secretary of state. In the case of reorganization, the special 803
purpose depository institution shall file the documents required 804
by the secretary of state to finalize the reorganization. 805

(H) If the superintendent determines that all required 806
actions under the plan for dissolution, or as otherwise required 807
by the superintendent, have not been completed, the 808
superintendent shall notify the special purpose depository 809
institution, not later than thirty days after this 810
determination, in writing what additional actions shall be taken 811
in order for the institution to be eligible for a certificate of 812
dissolution. The superintendent shall establish a reasonable 813
deadline for the submission of evidence that additional actions 814
have been taken and the superintendent may extend any deadline 815
upon good cause. If the special purpose depository institution 816
fails to file a supplemental report showing that the additional 817
actions have been taken before the deadline, or submits a report 818

that is found not to be satisfactory by the superintendent, the 819
superintendent shall notify the special purpose depository 820
institution in writing that its voluntary dissolution is not 821
approved, and the institution may appeal the decision pursuant 822
to Chapter 119. of the Revised Code. 823

Sec. 1120.23. If a special purpose depository institution 824
fails to submit any report required by this chapter or by rule 825
within the prescribed period, the superintendent of financial 826
institutions may impose and collect a fee for each day the 827
report is overdue, as established by rule. 828

Sec. 1120.24. Each officer, director, employee, or agent 829
of a special purpose depository institution, following written 830
notice from the superintendent of financial institutions, is 831
subject to removal upon order of the superintendent if the 832
officer, director, employee, or agent knowingly or willfully 833
fails to do either of the following: 834

(A) Perform any duty required by this act or other 835
applicable law; 836

(B) Conform to any rule or order of the superintendent. 837

Sec. 1120.25. The superintendent of financial institutions 838
shall adopt all rules necessary to implement this chapter, 839
consistent with section 1120.06 of the Revised Code. 840

Sec. 1120.26. (A) A violation of any provision of this 841
chapter is an unfair or deceptive act or practice in violation 842
of section 1345.02 of the Revised Code, regardless of whether 843
the violation involves a consumer transaction as defined in 844
section 1345.01 of the Revised Code. A person injured by a 845
violation of this chapter has a cause of action and is entitled 846
to the same relief available to a consumer under section 1345.09 847

of the Revised Code. All powers and remedies available to the 848
attorney general to enforce sections 1345.01 to 1345.13 of the 849
Revised Code are available to the attorney general to enforce 850
this chapter. 851

(B) Division (A) of this section does not preclude 852
enforcement by the superintendent of financial institutions of 853
any provision of this chapter. 854

Sec. 1308.62. The provisions of Chapter 1314. of the 855
Revised Code apply to this chapter. 856

Sec. 1309.201. (A) Except as otherwise provided in 857
Chapters 1301., 1302., 1303., 1304., 1305., 1307., 1308., 1309., 858
and 1310. of the Revised Code, a security agreement is effective 859
according to its terms between the parties, against purchasers 860
of the collateral, and against creditors. 861

(B) A transaction, although subject to this chapter, is 862
also subject to any applicable law that establishes a different 863
rule for consumers and to ~~Chapter~~ Chapters 1314. and 1317., 864
sections 1321.01 to 1321.33, and divisions (A), (B), and (C) of 865
section 1321.99 of the Revised Code. 866

(C) In the event of conflict between the provisions of 867
this chapter and the provisions of sections 1317.01 to 1317.99, 868
1321.01 to 1321.33, and divisions (A), (B), and (C) of section 869
1321.99 of the Revised Code, the provisions of sections 1317.01 870
to 1317.99, 1321.01 to 1321.33, and divisions (A), (B), and (C) 871
of section 1321.99 of the Revised Code shall prevail. Failure to 872
comply with those provisions has only the effect provided in 873
those provisions. 874

(D) This article does not: 875

(1) Validate any rate, charge, agreement, or practice that 876

violates a rule of law, statute, or regulation described in 877
division (B) of this section; or 878

(2) Extend the application of the rule of law, statute, or 879
regulation to a transaction not otherwise subject to it. 880

Sec. 1309.801. The provisions of Chapter 1314. of the 881
Revised Code apply to this chapter. 882

Sec. 1314.01. As used in this chapter: 883

(A) "Digital asset" means a representation of economic, 884
proprietary, or access rights that is stored in a computer 885
readable format and is either a digital consumer asset, digital 886
security, or virtual currency. 887

(B) "Digital consumer asset" means a digital asset that is 888
used or bought primarily for consumptive, personal, or household 889
purposes and includes either of the following: 890

(1) An open blockchain token constituting intangible 891
personal property as otherwise provided by law; 892

(2) Any other digital asset that is not a digital security 893
or virtual currency. 894

(C) "Digital security" means a digital asset that 895
constitutes a security, as defined in section 1707.01 of the 896
Revised Code, but excludes digital consumer assets and virtual 897
currency. 898

(D) "Virtual currency" means a digital asset that is both 899
of the following: 900

(1) Used as a medium of exchange, unit of account, or 901
store of value; 902

(2) Not recognized as legal tender by the United States 903

government. 904

(E) "Digital consumer asset," "digital security," and 905
"virtual currency" shall be construed as mutually exclusive 906
terms. 907

Sec. 1314.02. (A) Digital assets shall be classified as 908
follows: 909

(1) A digital consumer asset is intangible personal 910
property and shall be considered a general intangible as defined 911
in section 1309.102 of the Revised Code for the purposes of 912
Chapter 1309. of the Revised Code. 913

(2) A digital security is intangible personal property. A 914
digital security shall be considered a security as defined in 915
section 1308.01 of the Revised Code for the purposes of Chapter 916
1308. of the Revised Code. A digital security shall be 917
considered investment property as defined in section 1309.102 of 918
the Revised Code for purposes of Chapter 1309. of the Revised 919
Code. 920

(3) Virtual currency is intangible personal property and, 921
notwithstanding section 1301.201 of the Revised Code, shall be 922
considered money for the purposes of Chapter 1309. of the 923
Revised Code. 924

(B) Pursuant to an agreement with the owner of the digital 925
asset, a digital asset may be treated as a financial asset as 926
defined in section 1308.01 of the Revised Code for purposes of 927
Chapter 1308. of the Revised Code. If treated as a financial 928
asset, the digital asset remains intangible personal property. 929

(C) A bank providing custodial services under section 930
1314.04 of the Revised Code shall be considered a securities 931
intermediary as defined in section 1308.01 of the Revised Code 932

<u>for purposes of Chapter 1308. of the Revised Code.</u>	933
<u>(D) Classification of digital assets under this section</u>	934
<u>shall be construed in a manner to give the greatest effect to</u>	935
<u>this chapter, but shall not be construed to apply to any other</u>	936
<u>asset.</u>	937
<u>Sec. 1314.03. (A) (1) As used in this section and in</u>	938
<u>Chapter 1309. of the Revised Code:</u>	939
<u>(a) "Control," consistent with section 1309.314 of the</u>	940
<u>Revised Code, includes both of the following:</u>	941
<u>(i) A secured party, or an agent, custodian, fiduciary, or</u>	942
<u>trustee of the party, meeting the criteria for control described</u>	943
<u>in section 1308.24 of the Revised Code, including by means of a</u>	944
<u>private key or the use of a multi-signature arrangement</u>	945
<u>exclusive to the secured party or any substantially similar</u>	946
<u>analogue;</u>	947
<u>(ii) Use of a smart contract created by a secured party to</u>	948
<u>meet the criteria for control described in section 1308.24 of</u>	949
<u>the Revised Code.</u>	950
<u>(b) "Possession," consistent with section 1309.313 of the</u>	951
<u>Revised Code, means the ability to exclude others from the use</u>	952
<u>of property, including through the use of a private key, a</u>	953
<u>multi-signature arrangement exclusive to the secured party, a</u>	954
<u>smart contract, or any substantially similar analogue.</u>	955
<u>"Possession" includes delivery of certificated digital</u>	956
<u>securities, consistent with division (A) of section 1308.27 of</u>	957
<u>the Revised Code.</u>	958
<u>(2) As used in this section:</u>	959
<u>(a) "Multi-signature arrangement" means a system of access</u>	960

control relating to a digital asset for the purposes of 961
preventing unauthorized transactions relating to the asset, in 962
which two or more private keys are required to conduct a 963
transaction, or any substantially similar analogue. 964

(b) "Private key" means a unique element of cryptographic 965
data, or any substantially similar analogue, that is all of the 966
following: 967

(i) Held by a person; 968

(ii) Paired with a unique, publicly available element of 969
cryptographic data; 970

(iii) Associated with an algorithm that is necessary to 971
carry out an encryption or decryption required to execute a 972
transaction. 973

(c) "Smart contract" means an automated transaction as 974
defined in section 1306.01 of the Revised Code or any 975
substantially similar analogue that has both of the following 976
characteristics: 977

(i) It is comprised of code, script, or programming 978
language that executes the terms of an agreement. 979

(ii) It may include taking custody of and transferring an 980
asset, or issuing executable instructions for these actions, 981
based on the occurrence or nonoccurrence of specified 982
conditions. 983

(B) Notwithstanding division (A) of section 1309.310 of 984
the Revised Code or any other provision of law, perfection of a 985
security interest in virtual currency may be achieved through 986
possession, and perfection of a security interest in digital 987
securities may be achieved by control. A security interest held 988

by a secured party having possession or control, as applicable, 989
of virtual currency or digital securities shall have priority 990
over a security interest held by a secured party that does not 991
have possession or control, as applicable. Other provisions of 992
law relating to perfection and priority of security interests, 993
including division (C) of section 1309.322 of the Revised Code, 994
and priority of control over delivery, apply to perfection and 995
priority of security interests in virtual currency and digital 996
securities, except that division (A) (1) of section 1309.322 of 997
the Revised Code does not apply. Section 1309.207 of the Revised 998
Code applies to virtual currency and digital securities. 999

(C) Before a secured party may take possession or control 1000
under this section, the secured party shall enter into a 1001
security agreement with the debtor and, as necessary, other 1002
parties. The security agreement may set forth the terms under 1003
which a secured party may pledge its security interest as 1004
collateral for another transaction. Consistent with division (A) 1005
of section 1309.201 of the Revised Code, the security agreement 1006
shall be effective according to its terms between parties, 1007
against purchasers of collateral, and against creditors. 1008

(D) If a debtor is located in this state, a secured party 1009
may file a financing statement with the secretary of state to 1010
perfect a security interest in digital consumer assets or 1011
digital securities, including to perfect a security interest in 1012
proceeds pursuant to division (D) of section 1309.315 of the 1013
Revised Code. 1014

(E) Notwithstanding Chapter 1309. of the Revised Code or 1015
any other provision of law, a transferee takes a digital asset 1016
free of any security interest two years after the transferee 1017
takes the asset for value and does not have actual notice of an 1018

adverse claim at any time during the two-year period. This 1019
division only applies to a security interest perfected by 1020
filing. 1021

(F) Perfection by possession creates a possessory security 1022
interest under division (B) of section 1309.301 of the Revised 1023
Code in virtual currency or certificated digital securities, 1024
based on the possessory nature of a private key or any 1025
substantially similar analogue, which may be tangible or 1026
electronic. 1027

(G) For purposes of Chapter 1309. of the Revised Code, if 1028
collateral is required to be "located in a jurisdiction," a 1029
digital asset is located in this state if the asset is possessed 1030
or controlled by a bank chartered under the laws of this state, 1031
a trust company as defined in section 1101.01 of the Revised 1032
Code, or other custodian, or the debtor or secured party is 1033
physically located, incorporated, or organized in this state, 1034
subject to the following considerations: 1035

(1) Whether a security agreement typically accompanying a 1036
possessory security interest or other secured transaction 1037
exists, consistent with division (A) of section 1309.201 of the 1038
Revised Code, including an agreement describing the possessory 1039
nature of a private key or any substantially similar analogue; 1040

(2) Choice of law in a security agreement, evidencing the 1041
intent and understanding of the parties relating to a 1042
transaction, including waivers of litigation in jurisdictions 1043
other than this state, access to the courts of common pleas of 1044
this state, and judicial economy; 1045

(3) The relative clarity of the laws of other 1046
jurisdictions relating to a digital asset, consequences relating 1047

to unknown liens in those jurisdictions, and the ability of a 1048
court to exercise jurisdiction over a particular digital asset. 1049

Sec. 1314.04. (A) As used in this section: 1050

(1) "Bailment" means a legal circumstance when a customer 1051
has entrusted control of a digital asset to a bank for a 1052
specific purpose, pursuant to an express agreement that the 1053
purpose shall be faithfully executed and control of the digital 1054
asset will be returned when the specific purpose is accomplished 1055
or when the customer requests return of the asset, consistent 1056
with this section. This term means a change in control but not a 1057
change of title and may be carried into effect through the 1058
exercise of fiduciary and trust powers or on a purely 1059
contractual basis. 1060

(2) "Bank" has the same meaning as in section 1101.01 of 1061
the Revised Code, except that it includes a credit union as 1062
defined in section 1733.01 of the Revised Code and a foreign 1063
credit union qualified to do business in this state pursuant to 1064
section 1733.38 of the Revised Code. 1065

(3) "Custodial services" means the safekeeping, servicing, 1066
and management of customer currency and digital assets. This 1067
term includes the exercise of fiduciary and trust powers 1068
involving the exercise of discretion, including transactions 1069
under division (F) of this section. 1070

(4) "Fungible" means a characteristic of a digital asset 1071
that makes the asset commercially interchangeable with digital 1072
assets of the same kind. 1073

(5) "Nonfungible" means a characteristic of a digital 1074
asset that makes the asset unique and not commercially 1075
interchangeable with digital assets of the same kind for 1076

monetary, commercial, or other intrinsic reasons. 1077

(6) "Rehypothecation" means the simultaneous reuse or 1078
repledging of a digital asset that is already in use or has 1079
already been pledged as collateral to another person. 1080

(B) Notwithstanding any provision of law to the contrary, 1081
a bank may provide custodial services consistent with this 1082
section upon providing sixty days' written notice to the 1083
superintendent of financial institutions. If a bank elects to 1084
provide custodial services under this section, it shall comply 1085
with all provisions of this section. 1086

(C) A bank may serve as a qualified custodian, as 1087
specified by the United States securities and exchange 1088
commission in 17 C.F.R. 275.206(4)-2, or as a custodian 1089
authorized by the United States commodity futures trading 1090
commission or other law. In performing custodial services under 1091
this section, a bank shall do all of the following: 1092

(1) Implement all accounting, account statement, internal 1093
control, notice, and other standards specified by applicable 1094
state or federal law and rules for custodial services; 1095

(2) Maintain information technology best practices 1096
relating to digital assets held in custody. The superintendent 1097
may specify required best practices by rule. 1098

(3) Fully comply with applicable federal anti-money 1099
laundering, customer identification, and beneficial ownership 1100
requirements; 1101

(4) Take other actions necessary to carry out this 1102
section, which may include exercising fiduciary powers similar 1103
to those permitted to national banks and ensuring compliance 1104
with federal law governing digital assets classified as 1105

commodities. 1106

(D) A bank providing custodial services shall conform to 1107
the audit, accounting, and related requirements specified by the 1108
superintendent and applicable law, which may include entering 1109
into an agreement with an independent public accountant to 1110
conduct an examination conforming to the requirements of 17 1111
C.F.R. 275.206(4)-2(a)(4) and (6), at the cost of the bank. An 1112
accountant shall transmit the results of any examination to the 1113
superintendent within one hundred twenty days of the examination 1114
and may file the results with other regulatory agencies as their 1115
rules may provide. The accountant shall report material 1116
discrepancies in an examination to the superintendent within one 1117
day. The superintendent shall review examination results upon 1118
receipt within a reasonable time and during any regular 1119
examination conducted under section 1120.18 of the Revised Code. 1120

(E) Digital assets held in custody under this section are 1121
not depository liabilities or assets of the bank. 1122
Notwithstanding any provision of the law to the contrary, a 1123
bank, or a subsidiary, may register as a broker-dealer, or any 1124
other registration as necessary under Chapter 1707. of the 1125
Revised Code. A bank shall maintain possession or control, as 1126
applicable, over a digital asset while in its custody. A 1127
customer shall elect, pursuant to a written agreement with the 1128
bank, one of the following relationships for each digital asset 1129
held in its custody: 1130

(1) Custody under a bailment as a nonfungible or fungible 1131
asset. Assets held under this division shall be strictly 1132
segregated from other assets. 1133

(2) Custody under division (F) of this section. 1134

(F) If a customer makes an election under division (E) (2) 1135
of this section, the bank may, based only on customer 1136
instructions, undertake transactions with the digital asset. A 1137
bank shall be considered to maintain possession or control 1138
pursuant to division (E) of this section by entering into an 1139
agreement with the counterparty to a transaction that contains a 1140
time for return of the asset and other customary terms in 1141
securities or commodities transactions. The bank shall not be 1142
liable for any loss suffered with respect to a transaction under 1143
this division, except for liability consistent with fiduciary 1144
and trust powers. 1145

(G) A bank and a customer shall agree in writing regarding 1146
the source code version the bank will use for each digital 1147
asset, and the treatment of each asset under the Uniform 1148
Commercial Code as defined in section 1301.101 of the Revised 1149
Code, if necessary. Any ambiguity under this division shall be 1150
resolved in favor of the customer. 1151

(H) A bank shall provide clear, written notice to each 1152
customer, and require written acknowledgment, of the all of the 1153
following: 1154

(1) Prior to the implementation of any updates, material 1155
source code updates relating to digital assets held in custody, 1156
except in emergencies, which may include security 1157
vulnerabilities; 1158

(2) The heightened risk of loss from transactions under 1159
division (F) of this section; 1160

(3) That some risk of loss as a pro rata creditor exists 1161
as the result of custody as a fungible asset or custody under 1162
division (E) (2) of this section; 1163

(4) That custody under division (E) (2) of this section may 1164
not result in the digital assets of the customer being strictly 1165
segregated from other customer assets; 1166

(5) That the bank shall not be liable for losses suffered 1167
under division (F) of this section, except for liability 1168
consistent with fiduciary and trust powers. 1169

(I) A bank and a customer shall agree in writing to a time 1170
period within which the bank shall return a digital asset held 1171
in custody under this section. If a customer makes an election 1172
under division (E) (2) of this section, the bank and the customer 1173
may also agree in writing to the form in which the digital asset 1174
shall be returned. 1175

(J) All ancillary or subsidiary proceeds relating to 1176
digital assets held in custody under this section shall accrue 1177
to the benefit of the customer, except as specified by a written 1178
agreement with the customer. The bank may elect not to collect 1179
certain ancillary or subsidiary proceeds, as long as the 1180
election is disclosed in writing. A customer who makes an 1181
election under division (E) (1) of this section may withdraw the 1182
digital asset in a form that permits the collection of the 1183
ancillary or subsidiary proceeds. 1184

(K) A bank shall not authorize or permit rehypothecation 1185
of digital assets under this section. The bank shall not engage 1186
in any activity to use or exercise discretionary authority 1187
relating to a digital asset except based on customer 1188
instructions. 1189

(L) A bank shall not take any action under this section 1190
that would likely impair the solvency or the safety and 1191
soundness of the bank, as determined by the superintendent after 1192

considering the nature of custodial services customary in the 1193
banking industry. 1194

Sec. 1315.02. (A) No person, regardless of the location of 1195
that person, its facilities, or its agents, shall receive, 1196
directly or indirectly and by any means, money or its equivalent 1197
for transmission from a person located in this state, unless 1198
that person receiving the money or its equivalent for 1199
transmission is a licensee, an authorized delegate of a licensee 1200
that is not itself required to be licensed under division (B) of 1201
this section, or is one of the following: 1202

(1) The United States or any department, agency, or 1203
instrumentality of the United States; 1204

(2) The United States postal service; 1205

(3) A state of the United States or any political 1206
subdivision of a state of the United States; 1207

(4) A bank, credit union, savings and loan association, 1208
savings association, or savings bank organized under the laws of 1209
the United States or any state of the United States or doing 1210
business under a license granted under Chapter 1119. of the 1211
Revised Code, a subsidiary or affiliate of a bank, savings and 1212
loan association, or savings bank, a credit union service 1213
organization, or an authorized representative of any of these; 1214

(5) A contractor providing electronic transfer of 1215
government benefits on behalf of the United States or any 1216
department, agency, or instrumentality of the United States or 1217
on behalf of any state or any political subdivision of any state 1218
of the United States; 1219

(6) A person the only money transmitter activity of which 1220
is to deliver payroll money on behalf of employers to employees 1221

by check or deposit in a checking or savings account at a bank, 1222
savings bank, savings and loan association, savings association, 1223
or credit union; 1224

(7) A person the only money transmitter activity of which 1225
is to accept prepayment for future purchases of that person's 1226
goods or services that are other than money transmitter 1227
services; 1228

(8) A licensed securities, insurance, mortgage, or real 1229
estate broker or agent acting within the scope of its license; 1230

(9) A person the only money transmitter activity of which 1231
is receiving money or its equivalent as an intermediary 1232
facilitating the closing of a sale of property or a loan; 1233

(10) A retail seller of goods and services the only money 1234
transmitter activities of which are receipt of money or its 1235
equivalent from and to be delivered at the direction of an 1236
obligor on a credit card account for a credit card to be used 1237
solely for purchases from that retail seller or branded with the 1238
name of that retail seller or an affiliate of that retail 1239
seller; 1240

(11) A person, the regulation of money transmitter 1241
activities under sections 1315.01 to 1315.18 of the Revised Code 1242
of which, the superintendent of financial institutions 1243
determines would not serve the intended purposes of the 1244
regulation; 1245

(12) A special purpose depository institution doing 1246
business under a charter granted under Chapter 1120. of the 1247
Revised Code, or a subsidiary, affiliate, or authorized 1248
representative of a special purpose depository institution. 1249

(B) No authorized delegate of a licensee also shall do 1250

accounting, verification, or reconciliation of transmissions 1251
completed or bank statements for a licensee, unless the 1252
authorized delegate also is a licensee. 1253

Sec. 1706.90. As used in sections 1706.90 to 1706.9012 of 1254
the Revised Code: 1255

(A) "Decentralized autonomous organization" means a 1256
limited liability company organized under this chapter or an 1257
existing limited liability company that converts to a 1258
decentralized autonomous organization pursuant to division (B) 1259
of section 1706.901 of the Revised Code. 1260

(B) "Digital asset" has the same meaning as in section 1261
1314.01 of the Revised Code. 1262

(C) "Majority of the members" means more than fifty per 1263
cent of participating membership interests in a vote for which a 1264
quorum of members is participating. A person dissociated as a 1265
member shall not be included for the purposes of calculating the 1266
majority of the members. 1267

(D) "Membership interest" means a member's ownership share 1268
in a decentralized autonomous organization managed by natural 1269
persons, which may be defined in the entity's articles of 1270
organization, smart contract, or operating agreement. 1271

(E) "Quorum" means a minimum requirement on the sum of 1272
membership interests participating in a vote for that vote to be 1273
valid. 1274

(F) "Smart contract" means an automated transaction, as 1275
defined in section 1306.01 of the Revised Code, or any 1276
substantially similar analogue, that is comprised of code, 1277
script, or programming language that executes the terms of an 1278
agreement and that may include taking custody of and 1279

transferring an asset, administrating membership interest votes 1280
with respect to a decentralized autonomous organization, or 1281
issuing executable instructions for these actions, based on the 1282
occurrence or nonoccurrence of specified conditions. 1283

Sec. 1706.901. (A) To be a decentralized autonomous 1284
organization, a limited liability company's articles of 1285
organization shall include the statement described in division 1286
(C) of this section. 1287

(B) A limited liability company formed under Chapter 1705. 1288
or 1706. of the Revised Code may convert to a decentralized 1289
autonomous organization by amending its articles of organization 1290
to include the statement required by divisions (A) and (C) of 1291
this section and section 1706.903 of the Revised Code. 1292

(C) A statement in substantially the following form shall 1293
appear conspicuously in the articles of organization or 1294
operating agreement, if applicable, of a decentralized 1295
autonomous organization: 1296

"NOTICE OF RESTRICTIONS ON DUTIES AND TRANSFERS 1297

The rights of members in a decentralized autonomous 1298
organization may differ materially from the rights of members in 1299
other limited liability companies. R.C. Chapter 1706., 1300
underlying smart contracts, articles of organization, and 1301
operating agreement, if applicable, of a decentralized 1302
autonomous organization may define, reduce, or eliminate 1303
fiduciary duties and may restrict transfer of ownership 1304
interests, withdrawal, or resignation from the decentralized 1305
autonomous organization, return of capital contributions, and 1306
dissolution of the decentralized autonomous organization." 1307

(D) The registered name for a decentralized autonomous 1308

organization shall include wording or an abbreviation to denote 1309
its status as a decentralized autonomous organization, 1310
specifically the words "decentralized autonomous organization" 1311
or the abbreviation "D.A.O.," "DAO," "D.A.O. L.L.C.," or "DAO 1312
LLC." 1313

(E) The articles of organization may provide that the 1314
decentralized autonomous organization is managed by natural 1315
persons or by smart contract. If the articles do not specify the 1316
type of management, the decentralized autonomous organization 1317
shall be presumed to be managed by natural persons. 1318

Sec. 1706.902. (A) Any person may form a decentralized 1319
autonomous organization by signing and delivering one original 1320
and one exact or conformed copy of the articles of organization 1321
to the secretary of state for filing. The person forming the 1322
decentralized autonomous organization need not be a member of 1323
the organization. A decentralized autonomous organization shall 1324
have one or more members. 1325

(B) Each decentralized autonomous organization shall have 1326
and continuously maintain in this state a registered agent as 1327
required under section 1706.09 of the Revised Code. 1328

(C) A decentralized autonomous organization may form and 1329
operate for any lawful purpose, regardless of whether for profit 1330
or not for profit. 1331

Sec. 1706.903. (A) The articles of organization of a 1332
decentralized autonomous organization shall set forth the 1333
matters required by section 1706.16 of the Revised Code. 1334

(B) In addition to the requirements of division (A) of 1335
this section, the articles of organization shall include a 1336
publicly available identifier of any smart contract directly 1337

used to manage, facilitate, or operate the decentralized 1338
autonomous organization. 1339

(C) Except as otherwise provided in sections 1706.90 to 1340
1706.9012 of the Revised Code, the articles of organization and 1341
smart contracts for every decentralized autonomous organization 1342
shall govern all of the following: 1343

(1) Relations among the members and between the members 1344
and the decentralized autonomous organization; 1345

(2) Rights and duties under sections 1706.90 to 1706.9012 1346
of the Revised Code of a person in the person's capacity as a 1347
member; 1348

(3) Activities of the decentralized autonomous 1349
organization and the conduct of those activities; 1350

(4) Means and conditions for amending the operating 1351
agreement; 1352

(5) Rights and voting rights of members; 1353

(6) Transferability of membership interests; 1354

(7) Withdrawal of membership; 1355

(8) Distributions to members prior to dissolution; 1356

(9) Amendment of the articles of organization; 1357

(10) Procedures for amending, updating, upgrading, 1358
editing, changing applicable smart contracts, including, if 1359
applicable, the underlying smart contracts of a decentralized 1360
autonomous organization managed by smart contract; 1361

(11) All other aspects of the decentralized autonomous 1362
organization. 1363

Sec. 1706.904. The articles of organization of a 1364
decentralized autonomous organization shall be amended, in 1365
accordance with division (C) (9) of section 1706.903 of the 1366
Revised Code, when any of the following apply: 1367

(A) There is a change in the name of the decentralized 1368
autonomous organization; 1369

(B) There is a false or erroneous statement in the 1370
articles of organization; 1371

(C) The smart contracts of the decentralized autonomous 1372
organization have been amended, updated, upgraded, edited, or 1373
changed. 1374

Sec. 1706.905. To the extent the articles of organization 1375
or smart contract do not otherwise provide for a matter 1376
described in section 1706.903 of the Revised Code, the operation 1377
of a decentralized autonomous organization may be supplemented 1378
by an operating agreement. 1379

Sec. 1706.906. Management of a decentralized autonomous 1380
organization may be vested in natural persons or smart 1381
contracts. A decentralized autonomous organization shall only be 1382
managed by smart contract if the underlying smart contracts are 1383
able to be updated, modified, or otherwise upgraded. 1384

Sec. 1706.907. Unless otherwise provided for in the 1385
articles of organization or operating agreement, no member of a 1386
decentralized autonomous organization shall have any fiduciary 1387
duty to the organization or any member except that the members 1388
shall be subject to the implied contractual covenant of good 1389
faith and fair dealing. 1390

Sec. 1706.908. For purposes of sections 1706.9010 and 1391
1706.9011 of the Revised Code and unless otherwise provided for 1392

in the articles of organization, smart contract, or operating 1393
agreement, all of the following apply: 1394

(A) Membership interests in a decentralized autonomous 1395
organization that is managed by natural persons shall be 1396
calculated by dividing a member's contribution of digital assets 1397
to the organization by the total amount of digital assets 1398
contributed to the organization at the time of a vote. 1399

(B) If members do not contribute digital assets to an 1400
organization as a prerequisite to becoming a member, each member 1401
shall possess one membership interest and be entitled to one 1402
vote. 1403

(C) A quorum shall require not less than a majority of 1404
membership interests entitled to vote. 1405

Sec. 1706.909. (A) Members shall have no right to 1406
separately inspect or copy records of a decentralized autonomous 1407
organization and the organization shall have no obligation to 1408
furnish any information concerning the organization's 1409
activities, financial condition, or other circumstances to the 1410
extent the information is available on an open blockchain. 1411

(B) As used in this section: 1412

(1) "Blockchain" means a digital ledger or database that 1413
is chronological, consensus-based, decentralized, and 1414
mathematically verified in nature. 1415

(2) "Open blockchain" means a blockchain that is publicly 1416
accessible and its ledger of transactions is transparent. 1417

Sec. 1706.9010. (A) A member may only withdraw from a 1418
decentralized autonomous organization in accordance with the 1419
terms set forth in the articles of organization, the smart 1420

contracts, or, if applicable, the operating agreement. If no 1421
terms and conditions for withdrawal of a member are set forth 1422
for a decentralized autonomous organization managed by natural 1423
persons, a member may withdraw only via a vote by a majority of 1424
the members. 1425

(B) Unless the articles of organization, smart contracts, 1426
or operating agreement provide otherwise, a withdrawn member 1427
forfeits all membership interests in the decentralized 1428
autonomous organization, including any governance or economic 1429
rights. 1430

Sec. 1706.9011. (A) A decentralized autonomous 1431
organization organized under this chapter shall be dissolved 1432
upon the occurrence of any of the following events: 1433

(1) The period fixed for the duration of the organization 1434
expires; 1435

(2) By vote of the majority of the members of a 1436
decentralized autonomous organization managed by natural 1437
persons; 1438

(3) At the time or upon the occurrence of events specified 1439
in the underlying smart contracts or as specified in the 1440
articles of organization or operating agreement; 1441

(4) The failure of the decentralized autonomous 1442
organization to approve any proposals or take any actions for a 1443
period of one year; 1444

(5) By order of the secretary of state if the 1445
decentralized autonomous organization is deemed to no longer 1446
perform a lawful purpose. 1447

(B) As soon as practicable following the occurrence of any 1448

of the events specified in division (A) of this section causing 1449
the dissolution of a decentralized autonomous organization, the 1450
organization shall execute a statement of intent to dissolve in 1451
the form prescribed by the secretary of state. 1452

Sec. 1706.9012. The articles of organization and the 1453
operating agreement of a decentralized autonomous organization 1454
are effective as statements of authority. To the extent the 1455
underlying articles of organization and operating agreement 1456
conflict, the articles of organization control. To the extent 1457
the underlying articles of organization and smart contract 1458
conflict, the smart contract controls, except as it relates to 1459
section 1706.901 of the Revised Code and divisions (A) and (B) 1460
of section 1706.903 of the Revised Code. 1461

Sec. 5726.01. As used in this chapter: 1462

(A) "Affiliated group" means a group of two or more 1463
persons with fifty per cent or greater of the value of each 1464
person's ownership interests owned or controlled directly, 1465
indirectly, or constructively through related interests by 1466
common owners during all or any portion of the taxable year, and 1467
the common owners. "Affiliated group" includes, but is not 1468
limited to, any person eligible to be included in a consolidated 1469
elected taxpayer group under section 5751.011 of the Revised 1470
Code or a combined taxpayer group under section 5751.012 of the 1471
Revised Code. 1472

(B) "Bank organization" means any of the following: 1473

(1) A national bank organized and operating as a national 1474
bank association pursuant to the "National Bank Act," 13 Stat. 1475
100 (1864), 12 U.S.C. 21, et seq.; 1476

(2) A federal savings association or federal savings bank 1477

chartered under 12 U.S.C. 1464;	1478
(3) A bank, banking association, trust company, savings and loan association, savings bank, or other banking institution that is organized or incorporated under the laws of the United States, any state, or a foreign country;	1479 1480 1481 1482
(4) Any corporation organized and operating pursuant to 12 U.S.C. 611, et seq.;	1483 1484
(5) Any agency or branch of a foreign bank, as those terms are defined in 12 U.S.C. 3101;	1485 1486
<u>(6) A special purpose depository institution organized and operating under Chapter 1120. of the Revised Code.</u>	1487 1488
"Bank organization" does not include an institution organized under the "Federal Farm Loan Act," 39 Stat. 360 (1916), or a successor of such an institution, a company chartered under the "Farm Credit Act of 1933," 48 Stat. 257, or a successor of such a company, an association formed pursuant to 12 U.S.C. 2279c-1, an insurance company, or a credit union.	1489 1490 1491 1492 1493 1494
(C) "Call report" means the consolidated reports of condition and income prescribed by the federal financial institutions examination council that a person is required to file with a federal regulatory agency pursuant to 12 U.S.C. 161, 12 U.S.C. 324, or 12 U.S.C. 1817.	1495 1496 1497 1498 1499
(D) "Captive finance company" means a person that derived at least seventy-five per cent of its gross income for the current taxable year and the two taxable years preceding the current taxable year from one or more of the following transactions:	1500 1501 1502 1503 1504
(1) Financing transactions with members of its affiliated	1505

group;	1506
(2) Financing transactions with or for customers of	1507
products manufactured or sold by a member of its affiliated	1508
group;	1509
(3) Financing transactions with or for a distributor or	1510
franchisee that sells, leases, or services a product	1511
manufactured or sold by a member of the person's affiliated	1512
group;	1513
(4) Financing transactions with or for a supplier to a	1514
member of the person's affiliated group in connection with the	1515
member's manufacturing business;	1516
(5) Issuing bonds or other publicly traded debt	1517
instruments for the benefit of the affiliated group;	1518
(6) Short-term or long-term investments whereby the person	1519
invests the cash reserves of the affiliated group and the	1520
affiliated group utilizes the proceeds from the investments.	1521
For the purposes of division (D) of this section,	1522
"financing transaction" means making or selling loans, extending	1523
credit, leasing, earning or receiving subvention, including	1524
interest supplements and other support costs related thereto, or	1525
acquiring, selling, or servicing accounts receivable, notes,	1526
loans, leases, debt, or installment obligations that arise from	1527
the sale or lease of tangible personal property or the	1528
performance of services, and "gross income" has the same meaning	1529
as in section 61 of the Internal Revenue Code and includes	1530
income from transactions between the captive finance company and	1531
other members of its affiliated group.	1532
A person that has not been in continuous existence for the	1533
two taxable years preceding the current taxable year qualifies	1534

as a "captive finance company" for purposes of division (D) of 1535
this section if the person derived at least seventy-five per 1536
cent of its gross income for the period of its existence from 1537
one or more of the transactions described in divisions (D) (1) to 1538
(6) of this section. 1539

"Captive finance company" does not include a small dollar 1540
lender. 1541

(E) "Credit union" means a nonprofit cooperative financial 1542
institution organized or chartered under the laws of this state, 1543
any other state, or the United States. 1544

(F) "Diversified savings and loan holding company" has the 1545
same meaning as in 12 U.S.C. 1467a, as that section existed on 1546
January 1, 2012. 1547

(G) "Document of creation" means the articles of 1548
incorporation of a corporation, articles of organization of a 1549
limited liability company, registration of a foreign limited 1550
liability company, certificate of limited partnership, 1551
registration of a foreign limited partnership, registration of a 1552
domestic or foreign limited liability partnership, or 1553
registration of a trade name. 1554

(H) "Financial institution" means a bank organization, a 1555
holding company of a bank organization, or a nonbank financial 1556
organization, except when one of the following applies: 1557

(1) If two or more such entities are consolidated for the 1558
purposes of filing an FR Y-9, "financial institution" means a 1559
group consisting of all entities that are included in the FR Y- 1560
9. 1561

(2) If two or more such entities are consolidated for the 1562
purposes of filing a call report, "financial institution" means 1563

a group consisting of all entities that are included in the call 1564
report and that are not included in a group described in 1565
division (H) (1) of this section. 1566

(3) If a bank organization is owned directly by a 1567
grandfathered unitary savings and loan holding company or 1568
directly or indirectly by an entity that was a grandfathered 1569
unitary savings and loan holding company on January 1, 2012, 1570
"financial institution" means a group consisting only of that 1571
bank organization and the entities included in that bank 1572
organization's call report, notwithstanding division (H) (1) or 1573
(2) of this section. 1574

"Financial institution" does not include a diversified 1575
savings and loan holding company, a grandfathered unitary 1576
savings and loan holding company, any entity that was a 1577
grandfathered unitary savings and loan holding company on 1578
January 1, 2012, or any entity that is not a bank organization 1579
or owned by a bank organization and that is owned directly or 1580
indirectly by an entity that was a grandfathered unitary savings 1581
and loan holding company on January 1, 2012. 1582

(I) "FR Y-9" means the consolidated or parent-only 1583
financial statements that a holding company is required to file 1584
with the federal reserve board pursuant to 12 U.S.C. 1844. In 1585
the case of a holding company required to file both consolidated 1586
and parent-only financial statements, "FR Y-9" means the 1587
consolidated financial statements that the holding company is 1588
required to file. 1589

(J) "Grandfathered unitary savings and loan holding 1590
company" means an entity described in 12 U.S.C. 1467a(c) (9) (C), 1591
as that section existed on December 31, 1999. 1592

(K) "Gross receipts" means all items of income, without 1593
deduction for expenses. If the reporting person for a taxpayer 1594
is a holding company, "gross receipts" includes all items of 1595
income reported on the FR Y-9 filed by the holding company. If 1596
the reporting person for a taxpayer is a bank organization, 1597
"gross receipts" includes all items of income reported on the 1598
call report filed by the bank organization. If the reporting 1599
person for a taxpayer is a nonbank financial organization, 1600
"gross receipts" includes all items of income reported in 1601
accordance with generally accepted accounting principles. 1602

(L) "Insurance company" means every corporation, 1603
association, and society engaged in the business of insurance of 1604
any character, or engaged in the business of entering into 1605
contracts substantially amounting to insurance of any character, 1606
or of indemnifying or guaranteeing against loss or damage, or 1607
acting as surety on bonds or undertakings. "Insurance company" 1608
also includes any health insuring corporation as defined in 1609
section 1751.01 of the Revised Code. 1610

(M) (1) "Nonbank financial organization" means every person 1611
that is not a bank organization or a holding company of a bank 1612
organization and that engages in business primarily as a small 1613
dollar lender. "Nonbank financial organization" does not include 1614
an institution organized under the "Federal Farm Loan Act," 39 1615
Stat. 360 (1916), or a successor of such an institution, an 1616
insurance company, a captive finance company, a credit union, an 1617
institution organized and operated exclusively for charitable 1618
purposes within the meaning of section 501(c)(3) of the Internal 1619
Revenue Code, or a person that facilitates or services one or 1620
more securitizations for a bank organization, a holding company 1621
of a bank organization, a captive finance company, or any member 1622
of the person's affiliated group. 1623

(2) A person is engaged in business primarily as a small
dollar lender if the person has, for the taxable year, gross
income from the activities described in division (O) of this
section that exceeds the person's gross income from all other
activities. As used in division (M) of this section, "gross
income" has the same meaning as in section 61 of the Internal
Revenue Code, and income from transactions between the person
and the other members of the affiliated group shall be
eliminated, and any sales, exchanges, and other dispositions of
commercial paper to persons outside the affiliated group
produces gross income only to the extent the proceeds from such
transactions exceed the affiliated group's basis in such
commercial paper.

(N) "Reporting person" means one of the following: 1637

(1) In the case of a financial institution described in
division (H) (1) of this section, the top-tier holding company
required to file an FR Y-9. 1638
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(2) In the case of a financial institution described in
division (H) (2) or (3) of this section, the bank organization
required to file the call report. 1641
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(3) In the case of a bank organization or nonbank
financial organization that is not included in a group described
in division (H) (1) or (2) of this section, the bank organization
or nonbank financial organization. 1644
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(O) "Small dollar lender" means any person engaged
primarily in the business of loaning money to individuals,
provided that the loan amounts do not exceed five thousand
dollars and the duration of the loans do not exceed twelve
months. A "small dollar lender" does not include a bank 1648
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organization, credit union, or captive finance company. 1653

(P) "Tax year" means the calendar year for which the tax 1654
levied under section 5726.02 of the Revised Code is required to 1655
be paid. 1656

(Q) "Taxable year" means the calendar year preceding the 1657
year in which an annual report is required to be filed under 1658
section 5726.03 of the Revised Code. 1659

(R) "Taxpayer" means a financial institution subject to 1660
the tax levied under section 5726.02 of the Revised Code. 1661

(S) "Total equity capital" means the sum of the common 1662
stock at par value, perpetual preferred stock and related 1663
surplus, other surplus not related to perpetual preferred stock, 1664
retained earnings, accumulated other comprehensive income, 1665
treasury stock, unearned employee stock ownership plan shares, 1666
and other equity components of a financial institution. "Total 1667
equity capital" shall not include any noncontrolling (minority) 1668
interests as reported on an FR Y-9 or call report, unless such 1669
interests are in a bank organization or a bank holding company. 1670

(T) "Total Ohio equity capital" means the portion of the 1671
total equity capital of a financial institution apportioned to 1672
Ohio pursuant to section 5726.05 of the Revised Code. 1673

(U) "Holding company" does not include a diversified 1674
savings and loan holding company, a grandfathered unitary 1675
savings and loan holding company, any entity that was a 1676
grandfathered unitary savings and loan holding company on 1677
January 1, 2012, or any entity that is not a bank organization 1678
or owned by a bank organization and that is owned directly or 1679
indirectly by an entity that was a grandfathered unitary savings 1680
and loan holding company on January 1, 2012. 1681

(V) "Securitization" means transferring one or more assets 1682
to one or more persons and subsequently issuing securities 1683
backed by the right to receive payment from the asset or assets 1684
so transferred. 1685

(W) "De novo bank organization" means a bank organization 1686
that first began operations in the taxable year preceding the 1687
current tax year or in either of the two immediately preceding 1688
taxable years. For the purposes of this division, a bank 1689
organization "first began operations" on the day the bank 1690
organization was issued a charter, a certificate of authority to 1691
commence business, or the equivalent document enabling the bank 1692
organization to begin conducting business as a bank 1693
organization. A "de novo bank organization" does not include a 1694
bank organization formed by, acquired by, merged with, or 1695
converted by a taxpayer that filed and paid the tax under this 1696
chapter in any preceding calendar year. 1697

Section 2. That existing sections 1101.01, 1309.201, 1698
1315.02, and 5726.01 of the Revised Code are hereby repealed. 1699