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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. 62

06/25/2021 Authored by Munson, Bahr and Mortensen
The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

1.1 A bill for an act
1.2 relating to corporations; allowing certificate tokens to be issued in place of shares
1.3 of stock; amending Minnesota Statutes 2020, sections 302A.011, by adding
1.4 subdivisions; 302A.111, subdivision 4; 302A.401, by adding a subdivision.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2020, section 302A.011, is amended by adding a subdivision
1.7 to read:

1.8 Subd. 4a. Blockchain. "Blockchain" means a digital ledger or database that is
1.9 chronological, consensus based, decentralized, and mathematically verified in nature.

1.10 Sec. 2. Minnesota Statutes 2020, section 302A.011, is amended by adding a subdivision
1.11 to read:

1.12 Subd. 5a. Certificate token. "Certificate token" means a representation of shares that
1.13 is (1) stored in electronic format, (2) able to be transmitted electronically to the issuing
1.14 corporation, the person to whom the certificate token was issued, and any transferee, and
1.15 (3) either:

1.16 (i) entered into a blockchain or other secure, auditable database; or

1.17 (ii) linked to or associated with the certificate token.

1.18 Sec. 3. Minnesota Statutes 2020, section 302A.111, subdivision 4, is amended to read:

1.19 Subd. 4. Optional provisions; specific subjects. The provisions in paragraphs (a), (g),
1.20 (q), (r), and (u) may be included in the articles.

- 2.1 The provisions in paragraphs (b) to (f), (h) to (p), (s), ~~and (t)~~, and (v) may be included
2.2 either in the articles or the bylaws:
- 2.3 (a) the members of the first board may be named in the articles (section 302A.201,
2.4 subdivision 1);
- 2.5 (b) a manner for increasing or decreasing the number of directors may be provided
2.6 (section 302A.203);
- 2.7 (c) additional qualifications for directors may be imposed (section 302A.205);
- 2.8 (d) directors may be classified (section 302A.213);
- 2.9 (e) the day or date, time, and place of board meetings may be fixed (section 302A.231,
2.10 subdivision 1);
- 2.11 (f) absent directors may be permitted to give written consent or opposition to a proposal
2.12 (section 302A.233);
- 2.13 (g) a larger than majority vote may be required for board action (section 302A.237);
- 2.14 (h) authority to sign and deliver certain documents may be delegated to an officer or
2.15 agent of the corporation other than the chief executive officer (section 302A.305, subdivision
2.16 2);
- 2.17 (i) additional officers may be designated (section 302A.311);
- 2.18 (j) additional powers, rights, duties, and responsibilities may be given to officers (section
2.19 302A.311);
- 2.20 (k) a method for filling vacant offices may be specified (section 302A.341, subdivision
2.21 3);
- 2.22 (l) a certain officer or agent may be authorized to sign share certificates (section
2.23 302A.417, subdivision 2);
- 2.24 (m) the transfer or registration of transfer of securities may be restricted (section
2.25 302A.429);
- 2.26 (n) the day or date, time, and place of regular shareholder meetings may be fixed (section
2.27 302A.431, subdivision 3);
- 2.28 (o) certain persons may be authorized to call special meetings of shareholders (section
2.29 302A.433, subdivision 1);
- 2.30 (p) notices of shareholder meetings may be required to contain certain information
2.31 (section 302A.435, subdivision 3);

3.1 (q) a larger than majority vote may be required for shareholder action (section 302A.437);

3.2 (r) voting rights may be granted in or pursuant to the articles to persons who are not
3.3 shareholders (section 302A.445, subdivision 4);

3.4 (s) corporate actions giving rise to dissenter rights may be designated (section 302A.471,
3.5 subdivision 1, clause (g));

3.6 (t) the rights and priorities of persons to receive distributions may be established (section
3.7 302A.551); ~~and~~

3.8 (u) a director's personal liability to the corporation or its shareholders for monetary
3.9 damages for breach of fiduciary duty as a director may be eliminated or limited in the articles
3.10 (section 302A.251, subdivision 4); and

3.11 (v) the representation of share certificates in the form of certificate tokens (section
3.12 302A.401, subdivision 5).

3.13 Nothing in this subdivision limits the right of the board, by resolution, to take an action
3.14 that may be included in the bylaws under this subdivision without including it in the bylaws,
3.15 unless it is required to be included in the bylaws by another provision of this chapter. Nothing
3.16 in this subdivision limits the permissible scope of a shareholder control agreement under
3.17 section 302A.457.

3.18 Sec. 4. Minnesota Statutes 2020, section 302A.401, is amended by adding a subdivision
3.19 to read:

3.20 Subd. 5. **Certificate tokens.** A corporation may issue all or a portion of the corporation's
3.21 shares as certificate tokens. The electronic message, command, or transaction that transmits
3.22 the certificate tokens to the data address to which a certificate token was issued must be
3.23 authorized at the time of issuance by a message, command, or transaction that is signed
3.24 with the network signatures of two officers designated in the bylaws or by the board of
3.25 directors of the corporation.