

R154. Commerce, Corporations and Commercial Code.

R154-3. Decentralized Autonomous Organization Act Rule.

R154-3-1. Title -- Authority -- Purpose.

- (1) This rule is known as the "Decentralized Autonomous Organization Act Rule."
- (2) This rule is adopted by the Division under the authority of Sections 48-5-103 and 48-5-109 to enable the division to administer Title 48, Chapter 5, Decentralized Autonomous Organization Act.

R154-3-2. Definitions.

- (1) Terms used in this rule are defined in Title 48, Chapter 5, Decentralized Autonomous Organization Act. In addition:
 - (2) "Address" means either:
 - (a) a street address, route number, or PO Box number plus the city, state and zip code; or
 - (b) an address that purports to be a mailing address outside the United States of America.
 - (3) "Auditing organization" means a person that conducts a data audit for a DAO.
 - (4) "DAO" means decentralized autonomous organization.
 - (5) "DAO record" means a DAO certificate of organization, DAO evidence of compliance with formation requirements, or supplemental materials submitted on behalf of a DAO, and includes a record maintained by the division. The term may not be considered to refer exclusively to paper or paper-based writings.
 - (6) "Data audit" means "quality assurance" as defined in Subsection 48-5-101(27).
 - (7) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.
 - (8) "Record" used as a noun, means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.
 - (9) "Remitter" means a person who tenders a DAO record to the division for filing, whether the person is a filer or an agent of a filer responsible for tendering the record for filing. "Remitter" does not include a person responsible for the delivery of the record to the division, such as the postal service or a courier service but does include a service provider who acts as a filer's representative in the filing process.

R154-3-3. Means to Deliver DAO Records; Time of Filing; Signatures.

- (1) DAO records may be tendered for filing at the division as follows:
 - (a) Personal delivery by remitter at the division's street address;
 - (b) Courier delivery by a person other than the remitter at the division's street address;
 - (c) Postal delivery to the division's mailing address;
 - (d) Electronic mail and telefacsimile delivery to the division's email address or the division's fax filing telephone number; and
 - (e) Electronic filing using the division's Shopping Cart utility.
- (2) The file time for DAO records is as follows:
 - (a) Subject to Subsection R154-3-3(2)(b), the file time for a DAO record delivered by personal delivery by remitter at the division's street address is when delivery of the DAO record is taken by the division, even though the DAO record may not yet have been accepted for filing and subsequently may be rejected and this rule applies only to a remitter who tenders a DAO record to the division and awaits an immediate determination of whether or not the DAO record will be taken or not.
 - (b) The file time for a DAO record delivered by courier delivery by a person other than a remitter at the division's street address is, notwithstanding the time of delivery, at the earlier of the time the DAO record is first examined by the division for processing, even though the DAO record may not yet have been accepted for filing and may be subsequently rejected, or the next close of business following the time of delivery. This rule does not apply to a courier who is acting as an agent of the remitter and who tenders a DAO record to the division and awaits an immediate determination of whether or not the DAO record will be taken or not under Subsection (1)(a). A DAO record delivered after regular business hours or on a day the division is not open for business, if not examined for processing sooner, will have a filing time of the close of business on the next day the division is open for business.
 - (c) The file time for a DAO record delivered by postal service delivery to the division's mailing address is notwithstanding the time of delivery, at the earlier of the time the DAO record is first examined by the division for processing or the next close of business following the time of delivery, even though the DAO record may not yet have been accepted for filing and may be subsequently rejected. A DAO record delivered after regular business hours or on a day the filing office is not open for business, if not examined for processing sooner, will have a filing time of the close of business on the next day the filing office is open for business.
 - (d) The file time for a DAO record delivered by Shopping Cart and electronic mail and telefacsimile delivery to the division's email address or the division's fax filing telephone number is, notwithstanding the time of delivery, at the earlier of the time the DAO record is first examined by a filing office for processing, even though the DAO record may not yet have been accepted for filing and may be subsequently rejected, or the next close of business following the time of delivery. A DAO record delivered after regular business hours or on a day the division is not open for business, if not examined for processing sooner, will have a filing time of the close of business on the next day the division is open for business.

(3) Regardless of the method of delivery, information submitted to the division must be communicated only in the form of characters that appear on the American standard keyboard, or the information will be modified, upon entry into the division's information management system, as provided in Section R154-3-5.

(4) A DAO record may be signed by photographic or electronic means. A DAO record signed in an electronic medium shall be signed by electronic signature in accordance with Title 46, Chapter 4, Uniform Electronic Transactions Act.

R154-3-4. Forms.

(1) The division may prescribe forms or cover sheets for documents required or permitted to be filed by Title 48, Chapter 5, Decentralized Autonomous Organization Act.

(2) If the division prescribes a form or cover sheet pursuant to Subsection R154-3-4(1), the division shall provide the form or cover sheet on request.

(3) The use of a form or cover sheet is not mandatory unless the division specifically requires the use of the form or cover sheet in this rule.

R154-3-5. Filing and Data Entry Errors.

Data are entered into the division's information management system exactly as provided in a DAO record, without regard to apparent errors, except that characters that do not appear on the American standard keyboard will be replaced with an asterisk or the closest reasonable equivalent found on the American standard keyboard. If no reasonably equivalent character appears on this keyboard, then the character will be replaced with an asterisk.

R154-3-6. Notification of Defects.

Nothing in this rule prevents the division from communicating to a filer or a remitter that the division noticed apparent potential defects in a DAO record, whether or not it was filed or refused for filing. However, the division is under no obligation to do so.

R154-3-7. Redaction of Certain Information.

The division shall redact certain information from the information it provides to searchers and bulk data buyers upon request in accordance with Title 48, Chapter 5, Decentralized Autonomous Organization Act and Title 63G, Chapter 2, Government Records Access and Management Act.

R154-3-8. Transmission by the Division.

Any writing required or permitted to be prepared, delivered, or mailed by the division under Title 48, Chapter 5, Decentralized Autonomous Organization Act may be prepared, delivered, or mailed in an electronic medium or by electronic transmission.

R154-3-9. Grounds for Refusal.

(1)(a) The division shall refuse a DAO certificate of organization if:

(i) The certificate of organization fails to provide one or more items listed in Subsection 48-5-201(2);

(ii) The DAO does not provide evidence in accordance with Section R154-3-11 of its compliance with the filing requirements listed in Subsection 48-5-201(3).

(b) A certificate of organization that does not provide an address that meets the requirements as set forth in Subsection R154-3-2(2) does not provide an address as required by Subsections 48-5-201(2)(a)(iii) and 48-5-201(2)(a)(iv).

(2) Any request under Subsection 48-5-201(2)(b) that the division redact information provided pursuant to Subsections 48-5-201(2)(a)(ii) and 48-5-201(2)(a)(iii) shall be provided either in the certificate of organization or in a separate record submitted contemporaneously with the certificate of organization.

R154-3-10. Procedure Upon Refusal.

(1)(a) If the division finds grounds to refuse a DAO record, the division shall keep the fee for a period of 30 days from the date of the refusal pending resubmission of the record.

(b) After the 30-day period in Subsection (1)(a), the remitter must pay the applicable fee to resubmit the record.

(c) The fee is nonrefundable.

(2) Communication of the refusal, the reasons for the refusal, and other related information will be made to the remitter as soon as practicable, by the same means as the means by which the DAO record was received by the filing office, or by mail or a more expeditious means as the division shall determine.

(3) Records of refusal, including a copy of the refused DAO record and the grounds for refusal, shall be managed in accordance with Title 63G, Chapter 2, Government Records Access and Management Act and the division's applicable retention schedules.

R154-3-11. Evidence of Compliance with Filing Requirements.

(1) In accordance with Section R154-3-4, the division form for submission of evidence of compliance with filing requirements is mandatory.

(2) The form described in Subsection (1) will facilitate a DAO providing the information required to show compliance with the requirements listed in Subsection 48-5-201(3).

(3) A data audit that does not meet the requirements as set forth in Section R154-3-12 does not meet the requirement as set forth in Subsection 48-5-201(3)(d).

(4) DAO evidence of compliance with formation requirements, including the form described in Subsection (1) and supplemental materials submitted on behalf of a DAO, shall be managed in accordance with Title 63G, Chapter 2, Government Records Access and Management Act and the division's applicable retention schedules.

R154-3-12. Data Audit Requirements.

(1)(a) The scope of the data audit must include all software code of the DAO.

(b) If a DAO can show to the satisfaction of the division director or their designee that portions of the software code of the DAO have been previously audited, those portions of the software code may be removed from the scope of the data audit.

(3)(a) The data audit must be conducted by an auditing organization that meets the requirements as set forth in Section R154-3-13.

(b) The division director or their designee may reach out to each auditing organization that performs a data audit for a DAO filing with the division to ascertain whether the auditing organization meets the requirements as set forth in Section R154-3-13.

(4) A data audit must result in a report that:

(a) Is signed by an officer or principal of the auditing organization;

(b) Provides contact information for an individual from the auditing organization with knowledge of the data audit and report who may be contacted by the division director or their designee;

(c) Describes the findings of the data audit in detail; and

(d) Discloses if the audit was conducted using fully automated methods with minimal human intervention.

R154-3-13. Auditing Organization Requirements.

(1) An auditing organization must:

(a) Have been conducting business for at least one year;

(b) Have conducted at least one prior DAO data audit; and

(c) Provide the division with at least one prior DAO client's data audit report or the location where the report is publicly available.

(2) The division may, from time to time, identify auditing organizations that the division has deemed to have met the requirements in Subsection (1).

KEY: decentralized autonomous organizations

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Authorizing, and Implemented or Interpreted Law: 48-5-103; 48-5-109