## SB283 INTRODUCED



- 1 SB283
- 2 PSI4FGE-1
- 3 By Senator Barfoot
- 4 RFD: Banking and Insurance
- 5 First Read: 01-Apr-25



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4	SYNOPSIS:
5	This bill would authorize the State Treasurer to
6	invest certain monies in digital assets.
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9	A BILL
10	TO BE ENTITLED
11	AN ACT
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13	Relating to the State Treasurer; to permit the
14	investment of certain funds in digital assets.
15	BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:
16	Section 1. For the purpose of this act, the following
17	words and phrases have the meanings respectively ascribed to
18	them by this section.
19	(1) BLOCKCHAIN. Data that is shared across a network to
20	create a ledger of verified transactions or information among
21	network participants linked using cryptography, to maintain
22	the integrity of the ledger, and to execute other functions
23	and distributed among network participants in an automated
24	fashion to concurrently update network participants on the
25	state of the ledger and any other functions.
26	(2) DIGITAL ASSET. A virtual currency, cryptocurrency,
27	native electronic asset, stablecoin, non-fungible token, or

native electronic asset, stablecoin, non-fungible token, or any other digital-only asset that confers economic, propriety,

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- 29 or access rights or powers.
- 30 (3) EXCHANGE-TRADED PRODUCT (ETP). Any financial
- instrument that is approved by the United States Securities
- 32 and Exchange Commission, or the Commodities Future Trading
- 33 Commission, that is traded on an American regulated exchange
- 34 and derives its value from an underlying pool of assets, such
- 35 as stocks, bonds, commodities, or indexes.
- 36 (4) PRIVATE KEY. A unique element of cryptographic data
- 37 used for signing transactions on a blockchain that is known to
- 38 the owner of the unique element.
- 39 (5) QUALIFIED CUSTODIAN. Any federal or state chartered
- 40 bank, trust company, or a company regulated by the state that
- 41 has custody of a digital asset for an exchange-traded product.
- 42 (6) SECURE CUSTODY SOLUTION. A technological product or
- 43 blended product and service that has all of the following
- 44 characteristics:
- 45 a. The private keys that secure digital assets are
- 46 exclusively known and accessible by the governmental entity.
- b. The private keys that secure digital assets are
- 48 exclusively contained within an encrypted environment and are
- 49 accessible only via end-to-end encrypted channels.
- 50 c. The private keys that secure digital assets are
- 51 never contained by, accessible by, or controllable via a
- 52 smartphone.
- d. Any hardware that contains the private keys that
- 54 secure digital assets is maintained in at least two
- 55 geographically diversified specially designated secure data
- 56 centers.

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e. The secure custody solution enforces a multi-party governance structure for authorizing transactions, enforces user access controls, and logs all user-initiated actions.

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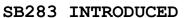
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- f. The provider of the secure custody solution has implemented a disaster recovery protocol that ensures customer access to digital assets in the event the provider becomes unavailable.
- g. The secure custody solution undergoes regular code audits and penetration testing from audit firms, and any identified vulnerabilities are promptly remedied.
  - Section 2. (a) Subject to the requirements of this section, the State Treasurer may invest any monies otherwise available to the State Treasurer for investment in digital assets.
- 71 (b) The investment in digital assets from any of the 72 funds described in this section shall not exceed, in 73 aggregate, 10 percent of the balance of the fund at the time 74 of the investment.
- 75 (c) The State Treasurer may invest in digital assets 76 that meet either of the following:
- 77 (1) The digital assets are an exchange-traded product.
- 78 (2) The average market capitalization of the digital
  79 assets over the preceding 12 months is at least seven hundred
  80 fifty billion dollars (\$750,000,000,000), as determined by the
  81 State Treasurer using a commercially reasonable method.
- 82 (d) Any digital asset acquired as an investment under 83 this section must be held in one of the following ways:
- 84 (1) Directly by the State Treasurer through the use of





- 85 a secure custody solution.
- 86 (2) On behalf of the state by a qualified custodian.
- 87 (3) In the form of an exchange-traded product issued by 88 a person registered pursuant to Chapter 6 of Title 8, Code of
- 89 Alabama 1975.
- 90 (e) The State Treasurer may loan the digital assets
- 91 acquired as an investment under this section to bring further
- 92 returns to the applicable fund if the State Treasurer
- 93 determines that the loan does not increase the financial risk
- 94 of the investment.
- 95 (f) The State Treasurer may adopt rules to implement
- 96 this section.
- 97 Section 3. This act shall become effective on October
- 98 1, 2025.