

**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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SYNOPSIS:

This bill would authorize the State Treasurer to invest certain monies in digital assets.

A BILL  
TO BE ENTITLED  
AN ACT

Relating to the State Treasurer; to permit the investment of certain funds in digital assets.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. For the purpose of this act, the following words and phrases have the meanings respectively ascribed to them by this section.

(1) BLOCKCHAIN. Data that is shared across a network to create a ledger of verified transactions or information among network participants linked using cryptography, to maintain the integrity of the ledger, and to execute other functions and distributed among network participants in an automated fashion to concurrently update network participants on the state of the ledger and any other functions.

(2) DIGITAL ASSET. A virtual currency, cryptocurrency, 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  
31 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.

47 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.

53 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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57 e. The secure custody solution enforces a multi-party  
58 governance structure for authorizing transactions, enforces  
59 user access controls, and logs all user-initiated actions.

60 f. The provider of the secure custody solution has  
61 implemented a disaster recovery protocol that ensures customer  
62 access to digital assets in the event the provider becomes  
63 unavailable.

64 g. The secure custody solution undergoes regular code  
65 audits and penetration testing from audit firms, and any  
66 identified vulnerabilities are promptly remedied.

67 Section 2. (a) Subject to the requirements of this  
68 section, the State Treasurer may invest any monies otherwise  
69 available to the State Treasurer for investment in digital  
70 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



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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.