

**FINANCIAL TECHNOLOGY SANDBOX – BLOCKCHAIN DEFINITION  
WHITEPAPER**

Date: January 24, 2020

To: The Business Law Section Executive Council

From: The Blockchain and Digital Currency Taskforce

Re: Financial Technology Sandbox Act, Fla. Stat. § 559.952  
SB 1870/HB 1391

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**SUMMARY**

SB 1870/HB 1391 seek to create a Financial Technology Sandbox program in Florida within the Office of Financial Regulation. This program will allow financial technology innovators to test new products and services in a supervised, flexible regulatory sandbox, using waiver of specified general law and rule requirements under defined conditions. The legislative sponsors believe that the creation of a supervised, flexible regulatory sandbox provides a welcoming business environment for technology innovators and may lead to significant business growth.

The bills require a person making an “innovative financial product or service available” to undergo an application process. The bills provide the following relevant definitions:

“Innovative” means new or emerging technology, or new uses of existing technology, including blockchain technology, which provides a product, service, business model, or delivery mechanism to the public and has no substantially comparable, widely available analog in this state.

“Blockchain” means a digital record of online transactions that are stored chronologically and obtained through consensus and that are decentralized and mathematically verified in nature.

The Blockchain and Digital Currency Taskforce has looked at various legal and technical definitions of “blockchain” since its inception in 2016. The taskforce has looked at issues surrounding statutory definitions of blockchain technology. The industry itself has not adopted a standard definition of the technology, thus there is potential concern that a definition with a particular technological feature may not be broad enough to capture the true meaning of

“blockchain.” On the other hand, an overly broad definition may pull other existing technologies into the definition of “blockchain,” potentially exempting existing technologies under the new financial sandbox regulatory waivers beyond the intent of the bills.

The taskforce, comprised of experienced computer law, intellectual property, digital currency, and blockchain attorneys has reviewed these bills and supports defining blockchain technology in such a manner as to encourage innovation in the blockchain space without tying any statutory definition to a specific implementation of the technology.

The Blockchain and Digital Currency Taskforce respectfully requests the Business Law Executive Council pass the triple motion:

**The BLS supports legislation that defines blockchain technology in such a manner as to encourage innovation in the blockchain space without tying any statutory definition to a specific implementation of the technology.**

The taskforce is prepared to answer any questions that you may have, and to provide further guidance and technical assistance