



Bill Number: S.B. 1649

Finchem ADD COW Floor Amendment

Reference to: Senate engrossed bill

Amendment drafted by: Molly Graver

FLOOR AMENDMENT EXPLANATION

1. Specifies that the Digital Assets Strategic Reserve Fund (Fund) consists of digital assets that are held by, rather than seized by, the state and removes monies appropriated by the Legislature from the authorized Fund sources.
2. Redefines *cryptocurrency fair value* as a weighted evaluation of a coin's economic and technical vitality using performance metrics including, adoption by coins owners, annual transactions, annual transaction value and development ecosystems.
3. Adds Dash, EGLD, Internet Computer, NEAR, Ravencoin, Chia, eCash, Monero and Nano to the definition of *digital asset*.
4. Adds a technology provider of a secure custody solution to the definition of *qualified custodian*.
5. Defines secure custody solution and adds a technology provider of a secure custody solution to the definition of *qualified custodian* for the purposes of digital assets reported to the Arizona Department of Revenue as unclaimed property.
6. Makes technical and conforming changes.

ADDITIONAL COW
FINCHEM FLOOR AMENDMENT
SENATE AMENDMENTS TO S.B. 1649
(Reference to Senate engrossed bill)

Amendment instruction key:
[GREEN UNDERLINING IN BRACKETS] indicates text added to statute or previously enacted session law.
[Green underlining in brackets] indicates text added to new session law or text restoring existing law.
[GREEN STRIKEOUT IN BRACKETS] indicates new text removed from statute or previously enacted session law.
[Green strikeout in brackets] indicates text removed from existing statute, previously enacted session law or new session law.
<<Green carets>> indicate a section added to the bill.
<<Green strikeout in carets>> indicates a section removed from the bill.

1 The bill as proposed to be amended is reprinted as follows:

2 Section 1. Title 41, chapter 1, article 4, Arizona Revised
3 Statutes, is amended by adding section 41-181, to read:

4 41-181. Digital assets strategic reserve fund; deposits;
5 definitions

6 A. THE DIGITAL ASSETS STRATEGIC RESERVE FUND IS ESTABLISHED
7 CONSISTING OF [MONIES APPROPRIATED BY THE LEGISLATURE AND] DIGITAL ASSETS
8 THAT ARE [SEIZED][HELD] BY, CONFISCATED BY OR SURRENDERED TO THIS
9 STATE. THE STATE TREASURER SHALL DEPOSIT DIGITAL ASSETS THAT ARE [SEIZED]
10 [HELD] BY THIS STATE IN THE FUND THROUGH THE USE OF A SECURE CUSTODY
11 SOLUTION BY A QUALIFIED CUSTODIAN OR IN A FORM OF AN EXCHANGE-TRADED
12 PRODUCT THAT IS ISSUED BY AN INVESTMENT COMPANY REGISTERED IN THIS
13 STATE. THE STATE TREASURER SHALL ADMINISTER THE FUND.

14 B. THE STATE TREASURER MAY INVEST THE TOTAL AMOUNT OF MONIES
15 DEPOSITED IN THE FUND IN ANY FISCAL YEAR.

16 C. THE STATE TREASURER MAY LOAN DIGITAL ASSETS FROM THE FUND TO
17 GENERATE ADDITIONAL RETURNS IF THE LOAN DOES NOT INCREASE ANY FINANCIAL
18 RISKS TO THIS STATE.

19 D. FOR THE PURPOSES OF THIS SECTION:

20 1. "CRYPTOCURRENCY FAIR VALUE" MEANS A WEIGHTED EVALUATION OF A
21 COIN'S ECONOMIC AND TECHNICAL VITALITY USING PERFORMANCE METRICS,
22 INCLUDING:

23 (a) [MARKET CAPITALIZATION][ADOPTION BY COIN OWNERS].

24 (b) [NETWORK ACTIVITY AND UTILITY][ANNUAL TRANSACTIONS].

25 (c) ANNUAL TRANSACTION VALUE.

1 (d) DEVELOPMENT ECOSYSTEMS.
2 ~~[(e) A NETWORK POWER SCORE THAT MEASURES DECENTRALIZATION AND~~
3 ~~SECURITY.]~~
4 2. "CRYPTOGRAPHIC PRIVATE KEY" MEANS A SECRET KEY USED TO ENCRYPT
5 AND DECRYPT DATA.
6 3. "DIGITAL ASSET" INCLUDES:
7 (a) VIRTUAL CURRENCY.
8 (b) VIRTUAL COINS.
9 (c) CRYPTOCURRENCY OR NATIVE ON-CHAIN ASSETS THAT MEET THE ~~[CRYPTO~~
10 ~~CURRENCY]~~ [CRYPTOCURRENCY] FAIR VALUE SCORE OF ONE PERCENT OF THE DIGITAL
11 GOLD STANDARD BENCHMARK, INCLUDING ANY OF THE FOLLOWING:
12 (i) BITCOIN.
13 (ii) DIGIBYTE.
14 (iii) XRP.
15 (iv) STABLECOIN.
16 (v) A NONFUNGIBLE TOKEN.
17 ~~[(vi) DASH.]~~
18 ~~[(vii) EGLD.]~~
19 ~~[(viii) INTERNET COMPUTER.]~~
20 ~~[(ix) NEAR.]~~
21 ~~[(x) RAVENCOIN.]~~
22 ~~[(xi) CHIA.]~~
23 ~~[(xii) ECASH.]~~
24 ~~[(xiii) MONERO.]~~
25 ~~[(xiv) NANO.]~~
26 ~~[(v)]~~ [(xv)] ANY OTHER DIGITAL-ONLY ASSETS THAT CONFER ECONOMIC,
27 PROPRIETARY OR ACCESS RIGHTS OR POWERS.
28 4. "EXCHANGE-TRADED PRODUCT" MEANS A FINANCIAL INSTRUMENT THAT IS
29 TRADED ON A UNITED STATES-REGULATED EXCHANGE, THAT DERIVES VALUE FROM AN
30 UNDERLYING POOL OF ASSETS, INCLUDING STOCKS, BONDS, COMMODITIES OR
31 INDEXES, AND THAT IS APPROVED BY ANY OF THE FOLLOWING:
32 (a) THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.
33 (b) THE COMMODITIES FUTURES TRADING COMMISSION.
34 (c) THE DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS.
35 5. "QUALIFIED CUSTODIAN" MEANS [EITHER OF THE FOLLOWING:
36 (a)] A FEDERAL OR STATE-CHARTERED BANK, TRUST COMPANY OR SPECIAL
37 PURPOSE DEPOSITORY INSTITUTION OR A COMPANY REGULATED BY THIS STATE THAT
38 HAS CUSTODY OF VIRTUAL CURRENCY FOR AN APPROVED EXCHANGE-TRADED PRODUCT.
39 [(b) A TECHNOLOGY PROVIDER OF A SECURE CUSTODY SOLUTION.]
40 6. "SECURE CUSTODY SOLUTION" MEANS A TECHNOLOGICAL PRODUCT OR A
41 BLENDED PRODUCT OR SERVICE THAT MEETS ALL OF THE FOLLOWING:
42 (a) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET
43 AND THAT IS EXCLUSIVELY KNOWN BY AND ACCESSIBLE BY A GOVERNMENTAL ENTITY.
44 (b) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET,
45 THAT IS EXCLUSIVELY CONTAINED WITHIN AN ENCRYPTED ENVIRONMENT AND THAT IS
46 ACCESSIBLE ONLY THROUGH AN END-TO-END ENCRYPTED CHANNEL.

1 (c) HAS A CRYPTOGRAPHIC PRIVATE KEY THAT SECURES A DIGITAL ASSET
2 THAT IS NEVER CONTAINED BY, ACCESSIBLE BY OR CONTROLLABLE THROUGH A
3 SMARTPHONE.

4 (d) HAS HARDWARE THAT CONTAINS A CRYPTOGRAPHIC PRIVATE KEY THAT
5 SECURES A DIGITAL ASSET AND THAT IS MAINTAINED IN AT LEAST TWO
6 GEOGRAPHICALLY DIVERSIFIED AND SPECIALLY DESIGNATED SECURE DATA CENTERS.

7 (e) ENFORCES A MULTIPARTY GOVERNANCE STRUCTURE FOR AUTHORIZING A
8 TRANSACTION AND USER ACCESS CONTROLS.

9 (f) LOGS EACH USER-INITIATED ACTION.

10 (g) UNDERGOES REGULAR CODE AUDITS AND PENETRATION TESTING FROM AN
11 AUDITING FIRM, WHICH ENSURES THAT A VULNERABILITY IDENTIFIED BY THE
12 AUDITING FIRM IS PROMPTLY REMEDIED.

13 (h) IS PROVIDED BY AN ENTITY THAT HAS IMPLEMENTED A DISASTER
14 RECOVERY PROTOCOL TO ENSURE CUSTOMERS HAVE ACCESS TO THE DIGITAL ASSETS IF
15 THE ENTITY IS UNAVAILABLE.

16 7. "VIRTUAL COIN" HAS THE SAME MEANING PRESCRIBED IN SECTION
17 44-1801.

18 <<Sec. 2. Section 44-308, Arizona Revised Statutes, is amended to
19 read:

20 44-308. Payment or delivery of abandoned property;
21 definitions

22 A. On filing the report prescribed in section 44-307, the holder of
23 property that is presumed abandoned shall pay, deliver or cause to be paid
24 or delivered to the department the property described in the report as
25 unclaimed. If the property is an automatically renewable deposit and a
26 penalty or forfeiture in the payment of interest would result, the time
27 for compliance is extended until a penalty or forfeiture would no longer
28 result. The holder of tangible property held in a safe deposit box or any
29 other safekeeping depository shall deliver the property to the department
30 on filing the report prescribed in section 44-307.

31 B. If the property reported to the department is a security or
32 security entitlement pursuant to title 47, chapter 8, the department may
33 make an endorsement, instruction or entitlement order on behalf of the
34 apparent owner to invoke the duty of the issuer or its transfer agent or
35 the securities intermediary to transfer or dispose of the security or the
36 security entitlement in accordance with title 47, chapter 8.

37 C. If the holder of property reported to the department is the
38 issuer of a certificated security, the department has the right to obtain
39 a replacement certificate pursuant to section 47-8405, but an indemnity
40 bond is not required.

41 D. If the property reported to the department is a digital asset,
42 the holder shall report and deliver the digital asset in its native form
43 to the department or the department's designated qualified custodian
44 within thirty days after reporting the property abandoned. On direction
45 by the department, the qualified custodian may stake to receive rewards or
46 receive airdrops. On the expiration of three years after the date the
47 digital asset was transferred to the qualified custodian and if the
48 property remains unclaimed, any airdrops or staking rewards shall be

1 transferred to the bitcoin and digital [~~asset~~] [ASSETS] reserve fund
2 established by section 41-180. If the holder only possesses a partial
3 private key to the digital asset or is unable to move the digital asset,
4 the holder shall maintain the digital asset until the additional keys
5 required to transfer the digital asset become available. [~~For the~~
6 ~~purposes of this subsection, "qualified custodian" means any of the~~
7 ~~following that is licensed in this state to sell digital assets and offer~~
8 ~~custody services to customers.~~

9 ~~1. A company.~~

10 ~~2. A federal or state chartered bank.~~

11 ~~3. A trust company.~~

12 ~~4. A special purpose depository institution.]~~

13 E. An issuer, the holder and any transfer agent or other person who
14 acts pursuant to the instructions and on behalf of the issuer or holder in
15 accordance with this section are not liable to the apparent owner and are
16 indemnified against all claims of any person in accordance with section
17 44-310.

18 F. Each month a holder of property reported pursuant to section
19 44-307, subsection H shall remit the property with the report of property
20 presumed abandoned or other form prescribed by the department.

21 [G. FOR THE PURPOSES OF THIS SECTION:

22 1. "QUALIFIED CUSTODIAN" MEANS EITHER OF THE FOLLOWING:

23 (a) ANY OF THE FOLLOWING THAT IS LICENSED IN THIS STATE TO SELL
24 DIGITAL ASSETS AND OFFER CUSTODY SERVICES TO CUSTOMERS:

25 (i) A COMPANY.

26 (ii) A FEDERAL OR STATE-CHARTERED BANK.

27 (iii) A TRUST COMPANY.

28 (iv) A SPECIAL PURPOSE DEPOSITORY INSTITUTION.

29 (b) A TECHNOLOGY PROVIDER OF A SECURE CUSTODY SOLUTION.

30 2. "SECURE CUSTODY SOLUTION" HAS THE SAME MEANING PRESCRIBED IN
31 SECTION 41-181.]>>

32 Sec. 3. Legislative findings

33 The legislature finds that:

34 1. The digital gold standard benchmark is a standard to provide
35 security and stability in the marketplace. The digital gold standard
36 benchmark was established when the market valued the first cryptocurrency
37 at \$100,000 per coin.

38 2. The cryptocurrency fair value metrics form a universal benchmark
39 and not a testimony to any single coin's supremacy. Like gold's role in
40 19th century trade, the metrics set a standard for all digital gold
41 blockchain-based coins with decentralized, scarce and transferable
42 attributes.

43 3. The cryptocurrency fair value ensures competition is truthful,
44 transparent and fair and evaluates each coin's performance metrics against
45 the digital gold standard benchmark, revealing whether its fundamental
46 measurements support its price or signal overvaluation.

47 4. The cryptocurrency fair value model, a cornerstone of informed
48 cryptocurrency investing, calculates a coin's fair market capitalization

Senate Amendments to S.B. 1649

1 by comparing its performance and market metrics to the digital gold
2 standard, then drives a per-coin fair value by dividing market
3 capitalization by its circulating supply.

4 Enroll and engross to conform

5 Amend title to conform

MARK FINCHEM

~~1649FloorFINCHEM.docx~~

~~02/27/2026~~

~~1:23 PM~~

~~C: AH~~

130HOFWHD

1649FloorFINCHEM.5.docx

03/02/2026

6:27 PM

S: MG/ci

130HOFWHD