



Meeting Agenda
Florida Blockchain Task Force
February 21, 2020
9:00 a.m. – 11:30 a.m.



110 Senate Office Building
404 South Monroe Street
Tallahassee, FL 32399-1100

- I. Introduction
- II. Adoption of Minutes
- III. Presentation: Florida Institute of Certified Public Accountants
- IV. Legislative Update
- V. Discussion of Final Report
- VI. Open Discussion
- VII. Other Business & Public Testimony
- VIII. Adjourn

For information regarding this meeting, please contact Meredith Stanfield with the Department of Financial Services at (850) 413-2890 or Blockchain@MyFloridaCFO.gov.

Visit the Florida Blockchain Task Force website [here](#).

TAB 1

Adoption of Minutes





Florida Blockchain Task Force Meeting

Meeting Date: December 13, 2019

110 Senate Office Building
404 South Monroe Street
Tallahassee, Florida



Agenda

- I. Introduction
- II. New Member Introductions
- III. Adoption of Minutes
- IV. Presentation: Industry Applications of Blockchain Technology
- V. Presentation: Identifying the Technical Skills to Develop Blockchain Technology in Secondary and Post-secondary Institutions
- VI. Presentation: Opportunities/Risks Presented by Blockchain Technology in Local and State Governments
- VII. Open Discussion
- VIII. Other Business & Public Testimony
- IX. Adjourn

Call to Order at 1:01 p.m.

Meeting called to order and welcome by Chair Ron Brisé

Roll Call at 1:02 p.m.

Roll was called at 1:02 p.m. by task force staff

Members present:

Commissioner Altmaier
Ron Brisé
Charles Ghini
Jason Holloway
Director Ken Lawson
Brad Levine
Gary Ruderman

Members Excused:

Woody Pollack
Director Terry Rhodes
Secretary Jonathan Satter

I. Introduction at 1:02 p.m.

Chair Brisé introduced the content of the agenda, including: studying projects and cases from other state and local governments to improve the system in the state of Florida; identifying the technical skills

to develop blockchain technology in secondary and post-secondary institutions; and opportunities/risks presented by blockchain technology.

II. New Member Introductions at 1:03

New task force members were asked to introduce themselves, comment on their professional background, their interest in blockchain technology, and what they hope to gain from the work of the task force. The following provides summary comments from members.

- Commissioner Altmaier introduced himself and shared his excitement for being on The Florida Blockchain Task Force. The Commissioner spoke about the insurance industry's interest in this emerging technology. He said that he will keep that, as well as his regulatory perspective, in mind to add to the work of the task force.
- Mr. Jason Holloway introduced himself and shared his background with the Florida legislature. He described his experience in digital currencies and with a blockchain think-tank.
- Mr. Brad Levine introduced himself and shared his background as a technology entrepreneur. He described his experience with technology and how it progresses from ideas to implementation into society. He explained his excitement of being on this task force through different lenses, including his role with Florida Atlantic University, where he is on the Board of Trustees.
- Mr. Gary Ruderman described his 25 years of experience as a certified public accountant and how he hopes to use his background to help this task force.

III. Adoption of Minutes at 1:08 p.m.

Members were provided with the meeting minutes in advance of the meeting to allow time for review. There was a motion from Vice Chair Ken Lawson to adopt the minutes, and a second by Mr. Charles Ghini. The minutes were adopted.

Motion to Adopt Minutes by Vice Chair Ken Lawson, Second by Charles Ghini

Vote: All in favor, 0 opposed

Resolved: Motion carried

IV. Presentation: Industry Applications of Blockchain Technology

Pete Teigen – IBM Services at 1:09 p.m.

Teigen illustrated a world where blockchain technology has been implemented into the government sector and explained the net benefits from this system. He then described the three main questions with blockchain: whether blockchain technology is the best solution to the problem, addressing the nature of blockchain and how it is a "team sport" instead of a centralized authority, and describing the need for trust in reference to blockchain. Teigen showed IBM's involvement with the food industry using blockchain technology by explaining the improvements to the industry after implementing blockchain technology. He then described how North Carolina used the blockchain technology to improve an active shooter situation.

V. Presentation: Identifying the Technical Skills to Develop Blockchain Technology in Secondary and Post-Secondary Institutions

Dr. Buvaneshwaran (Eshwar) Venugopal – University of Central Florida at 1:45 p.m.

Dr. Eshwar's presentation was a summary of the current and hopeful programs at UCF referring to FinTech and Blockchain. Various levels of degrees are available from undergraduate to masters in the FinTech field. He explained that UCF is dedicated to research and getting students involved with blockchain technology. He then answered a question task force member Gary Ruderman.

Q1: Gary Ruderman asked if getting approval for coursework was slowing down Dr. Eshwar and how he keeps the content relevant.

Answer: Dr. Eshwar stated that they update the course every year and it just means he must work harder.

Dr. Kaushik Dutta/ Dr. Shivendu Shivendu – University of South Florida at 1:59 p.m.

Dr. Dutta presented the background of himself and his colleague Dr. Shivendu. Dr. Dutta began by explaining how Blockchain at USF began. He then discussed the different Blockchain initiatives at USF currently. Dr. Dutta finished by describing the hopeful futures of Blockchain at USF.

Dr. Shivendu presented the key technology pillars of blockchain, the different opportunities it produces, and the need for collaborative efforts. Shivendu argued that the pillars of blockchain solves problems relating to consistency and validation of data. He began to explain the implementation of blockchain into the current and future workforces and how blockchain provides new opportunities to them. Finally, he introduced the topic of coordinated efforts in which he described the need for expansion of resources in the field as well as some governmental leverage to propel society into a more efficient future.

Ken Baldauf – Florida State University at 2:27 p.m.

Ken Baldauf presented the many different research projects going on at FSU. He described a trip that FSU takes to IBM's conference referring to blockchain. FSU sends students to this conference to spark interest and to expand their understanding of blockchain. He also referred to many of the student's research projects that relate to the effects of blockchain on different institutions.

Dr. Mark Jamison – University of Florida at 2:35 p.m.

Dr. Jamison began by emphasizing Florida's comparative advantages and how blockchain should be used to accelerate production in those areas. Dr. Jamison argued that the way to integrate blockchain effectively into these areas is to change the legal framework, governmental applications, and entrepreneurial climate. He then discussed the world leaders in use of blockchain. He listed countries such as Estonia, Bermuda, Catalonia, China, and more to describe the ways these countries are using blockchain effectively. Dr. Jamison continued by addressing the university roles in blockchain use. He stated that research is UF's top priority regarding blockchain. Dr. Jamison predicted that blockchain will be an instrumental part of the next greatest innovate breakthrough.

Questions After the Presentations:

Q1: Vice-Chair Ken Lawson asked how the universities are collaborating and trying to leverage each other in terms of research on blockchain.

Answer: Dr. Jamison and Ken Baldauf described the relationship between universities in terms of research and innovation sharing.

Q2: Brad Levine asked if there is any way to collaborate and incorporate blockchain within the university system and used an example like the student ledger system.

Answer: Dr. Kaushik Dutta answered that blockchain can be used to ease the complications with students that come from many different institutions. He also explained how the screening process for hiring purposes could be improved using blockchain.

Q3: Brad Levine asked if there were people on the panel that could use their university and its resources to be the catalyst for a multi-university project.

Answer: Dr. Kaushik Dutta stated that with the proper incentives and resources it could be done. Dr. Eshwar added that there are collaborative efforts to keep track of student scores using blockchain. Jason Holloway added that perhaps diplomas could potentially be dispersed using blockchain. Dr. Jamison stated that he could fully commit to a project, but the University would not endorse it. Brad Levine disagreed with Dr. Jamison's remarks and said that with his experience at FAU he could see it working.

Q4: Commissioner Altmaier asked what kind of career students who graduate from these blockchain programs could expect.

Answer: Dr. Shivendu answered that after the last three semesters he had two students working in the field with a couple more hoping to get into the field. Shivendu explained the complex and difficult nature of translating these degrees into careers because of the nature of blockchain technology in relation to business.

Q5: Robin Westcott asked if any on the panel had looked into colleges that are heavily dependent on data from both public and private sector to find consortiums or what consortiums would make good targets for those colleges.

Answer: Dr. Eshwar answered that the need to get data in the blockchains to talk to each other is important, which means buying information from both the public and private sector. Dr. Jamison added that Florida has data collection infrastructure for hurricanes that could use blockchain technology to help share that data. He added to say that UF is working with businesses and entrepreneurs to aid in the relationship of their student's hopeful future employers.

Q6: Chair Ron Brisé asked if the Academic panel had any recommendations for the task force panel.

Answer: Dr. Shivendu stated that having a department or task force to take initiative on this project would build confidence and kickstart the project in an effective way. Ken Baldauf answered that the

vision of collaborative work between universities would be ideal. Dr. Jamison stated that governmental initiative and leadership using resources would be an effective way to insert blockchain in Florida.

Student Experience on Blockchain: at 3:08 p.m.

In a video, UCF student Cooper Skat described his interest in UCF's FinTech program and how it has allowed the blend of finance and technology. In his opinion, it is easier for an IT major to learn business than for a business major to learn IT. FinTech has improved the existing finance programs as well as building bridges between finance and computer science majors.

FSU students Mario and Sean shared their experience with blockchain and reasons for wanting to pursue the field of knowledge and careers. Mario is a self-taught blockchain programmer and is excited that blockchain is being discussed. Sean has experience in the engineering field and hopes to use blockchain to identify and prevent counterfeit and fraud.

Questions for the Students:

Q1: Commissioner Altmaier asked what it was about blockchain that made the students decide to study blockchain and potentially pursue a career in the field.

Answer: Sean answered that the potential for this new technology is undiscovered and the amount of resources and time that is required on the research side is a challenge but, he does not regret it.

Mario then responded by suggesting that he thinks that in the next 5-10 years, all new industries will utilize blockchain. They believe that this is a good opportunity to get involved in an emerging technology.

Q2: Vice-Chair Ken Lawson asked if the students had any recommendations on how to set up future students for better understanding blockchain.

Answer: Sean answered that building bridges between different fields of study would be the best thing for the progression of blockchain in different fields.

Mario answered that skepticism in the media has been detrimental and that a base level of understanding is important to setting up the future students.

Q3: Jason Holloway asked if the students believe that more collaboration between businesses and the university would be beneficial to the progression of blockchain.

Answer: Sean answered yes and explained that this is a safer way for students to enter the field. If the students can see how blockchain is being applied in the different industries, then they can have confidence in trying to find a career.

VI. Presentation: Looking at Opportunities/Risks Presented by Blockchain Technology

Charles Ghini – Florida Blockchain Task Force Member at 3:20 p.m.

Charles Ghini first tackled the question “Why is blockchain significant?” He explained the nature of blockchain and how it has a great track record of not crashing or being hacked. He then discussed that the social relevance will add to blockchain’s significance. Ghini further described the similarities between blockchain and the internet, Linux, and Open source. He then began to relate the risks of Open source to the risks of blockchain. The responsibility of security is at question with blockchain Ghini stated as well as, society needs to be careful not to judge technology in its early forms. He transitioned to the duties of the State through blockchain’s progression. The State should: be a good customer and active participant, be a consumer and provider, participate in private blockchain, determine what will be helpful for citizens, and strive for homogenous governance. Ghini concluded by briefly summarizing his opportunities and risks related to blockchain. His opportunities included openness to new technology, consolidation and coordination with the state, and participation in the development of blockchain. Ghini’s believed some of the risks involved with blockchain include acting individually, failing to take risks, and if the state forgets its responsibilities then it could be detrimental.

Questions on Charles’ Presentation at 3:35 p.m.

Q1: Brad Levine asked for the level of bureaucracy required for handling blockchain effectively.

Answer: Ghini responded that the State should be the catalyst and should light the fuse initially. He believed a good way to demonstrate and experiment would be to take an effective agency or department and apply blockchain technology to it and see the effects of blockchain on the production in the department.

Robin Westcott added that she thinks it is important that the state identify and study/implement blockchain technology into Florida’s successful industries.

Ghini agreed with Westcott and then explained that the line on when and how the State should get involved is still undefined and needs to be addressed.

Q2: Jason Holloway asked if there were any system that Ghini sees that should implement blockchain technology in their field.

Answer: Ghini stated that he would pick a system that already produces effectively and apply blockchain to it because you eliminate risk in case it fails since the system’s old mechanism is effective. He also argued that the State has an important issue with master data management. Choosing a system that can address that problem would be an ideal candidate to utilize the technology.

Presentation Looking at Opportunities/Risks Presented by Blockchain Technology at 3:40 p.m.

Dr. Shivendu began his presentation by addressing the idea that governments too can be customers of innovation and the State should explore blockchain as an investor, facilitator, and regulator.

VII. Open Discussion at 3:45 p.m.

The floor was opened for additional comments from members.

Jason Holloway suggested that the next meeting address some different fields for application of blockchain.

Robin Westcott suggested that the task force assemble a design thinking exercise.

Brad Levine suggested having the meeting in South Florida as well because of the additional interests the southern counties have.

Charles Ghini suggested the importance of the government keeping the momentum in the long-term for the state being involved.

VIII. Other Business and Public Testimony at 3:50 p.m.

Samuel Armes, who is the President of the Florida Blockchain Business Association, believed that in terms of education - Middle and High School students cannot be left out. Armes suggested that they are the ones who will be using the technology and that the best thing for universities to do is partner with the private industry. He also argued that educating investors is important. Armes also believed incubators are very important. Incubators need to be empowered and lead to implement blockchain.

Q1: Charles Ghini asked Armes to clarify what kind of investors he is talking about.

Answer: Samuel Armes said that it is mostly the businesses who are the investors. Investors who aren't educated on blockchain are less likely to invest in it, which creates a need to educate investors.

Vice-Chair Ken Lawson suggested that the task force have a presentation regarding this industry in terms of development. He also suggested universities to use some of the federal funding to invest in a regional project regarding blockchain.

Jason Holloway explained that the task force need not forget about FinTech, because Florida is losing FinTech investors too.

IX. Adjourned at 3:58 p.m.

TAB 2

Presentation: Florida Institute of Certified Public Accountants

Presenter: Brendan Abbott
Senior Manager, Government and Public Services
Deloitte Consulting





Florida Blockchain Task Force: Can blockchain facilitate more efficient and effective citizen services?

Brendan Abbott, Senior Manager, Deloitte

Feb 21, 2020

Blockchain is bigger & closer than you think!

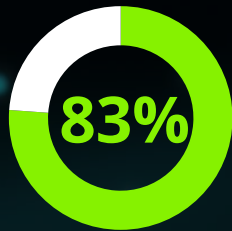
Deloitte's latest edition of our annual survey of over 1,000 blockchain-savvy executives from across industries and global regions indicates further interest and planned investment in Blockchain-related initiatives

Deloitte 2019 survey of senior executives

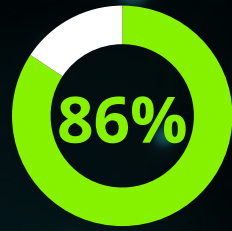
53%
consider
blockchain as a
**top 5 strategic
priority**



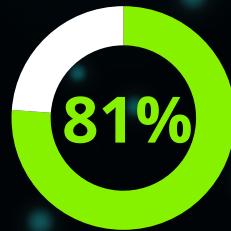
40% will invest **\$5M+** in
Blockchain coming year



Of respondents see a
compelling business case for
the use of blockchain



Think Blockchain is
broadly scalable and
will reach mainstream
adoption



Plan on replacing
current system of
record

Interest across a breadth of use cases

Top 3 Use Cases

43%
Data Validation

40%
Data Access /
Sharing

39%

Blockchain in government and public services

Blockchain provides an opportunity for realizing both agency-specific and whole-of-government benefits that can foster more efficient and effective mission delivery

A government perspective on blockchain

Government as the *regulator*

- Define new blockchain regulation
- Be able to apply current blockchain regulation to the market

Government as the *regulated*

- Need to accept and abide by the participating permitted (consortium) blockchain's regulation

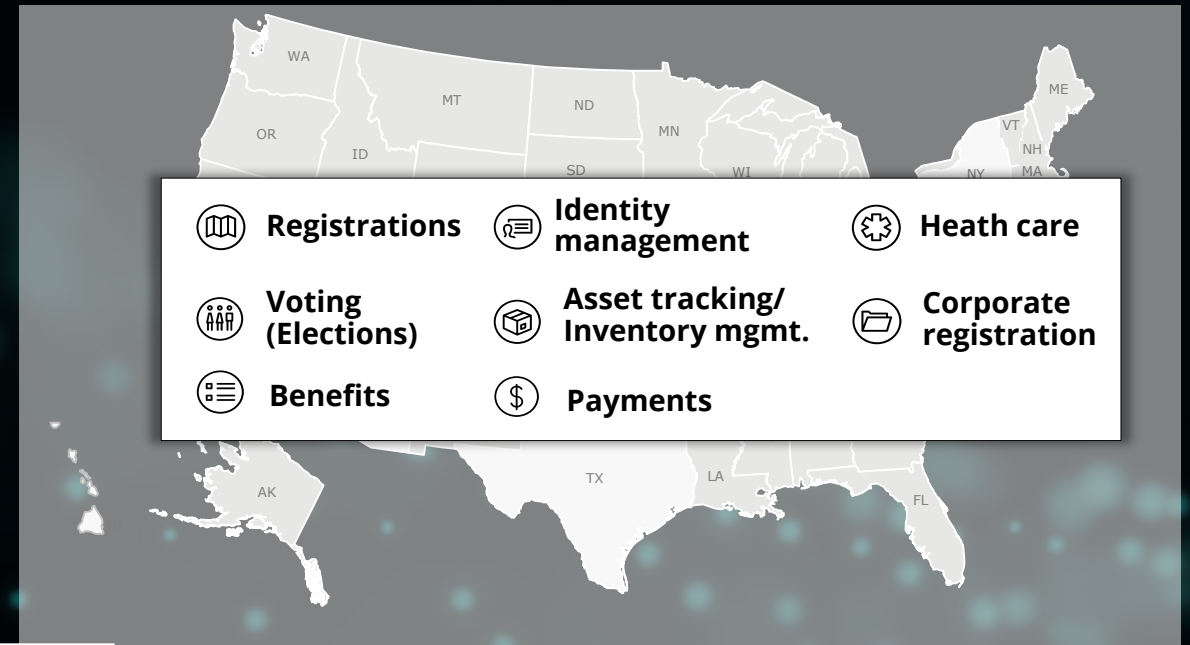
Government as the *participant*

- Become a peer within the participating permitted (consortium) blockchain

Actively explore blockchain's potential

Evaluate use cases and understand where the value can be derived

Blockchain projects in state and local government



State Blockchain Legislation in the United States

Some state governments are actively pursuing legislation related to blockchain.



Task Forces & Studies

14
Passed

Some states have formed blockchain task forces composed of legislators, entrepreneurs, academics, and technologists, whose purpose is to study blockchain and develop a plan to regulate, utilize and grow the technology.



Financial Transactions

30
Passed

The rising popularity of digital currencies encouraged some states to address the legality of electronic assets, whether they involve LLCs or one of the many different cryptocurrencies.



Electronic Records

19
Passed

Some Governments have legalized and established guidelines for the storage of both government and corporate records in addition to electronic transactions on a distributed ledger or blockchain.



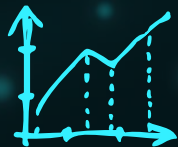
Blockchain Definitions

24
Passed

Some Legislatures are developing and applying definitions for blockchain to clarify which regulations already apply.

45

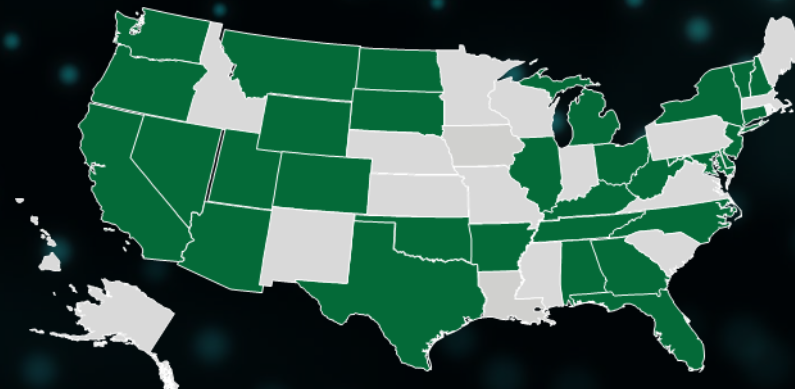
Number of 'Blockchain' Bills passed in 2019



114%

Increase in bills passed in 2019 compared to 2018

States that have passed blockchain legislation



State Benefit Payments

Blockchain has the potential to reduce overpayments for key benefit programs. Blockchain technology can help increase efficiency of fraud management and save states money.

Overview

Benefits programs differ from state to state; and due to the nature of state benefits, there is no all-encompassing central repository of benefit recipient information. States, cannot easily determine if a person is receiving benefits in multiple states, which can lead to incorrect payments.

Fraud drains state revenue

1. Fraud, overpayments and underpayments in all assistance programs cost federal and state governments about **\$136.7 billion** in 2015*
2. States lose a total of **\$58.2 million** per year in benefit fraud. **
3. States spend **\$400-\$600** per individual on un-enrolling and re-enrolling a beneficiary when fraud is incorrectly identified.

Current Approach

States use several different matching processes to determine if a beneficiary is receiving benefits in multiple states.

Paris Interstate Match

1. Quarterly match by SSN to identify beneficiaries receiving benefits in more than one state. If there is a match identified on the report, the states are alerted. A task is created for a state worker must manually resolve matches by requesting verification and terminating eligibility, if necessary

Incarceration Matches

1. Monthly match between DOC and state eligibility system. Interface updates living arrangement of the individual to *prison* and creates a trigger for all cases where the client is active, terminating benefits.
2. Quarterly match between federal and state eligibility systems runs for individuals 16 years and older who are pending or active. When a match is found, a task will be sent to the state worker, who is expected to resolve the case within 12 days.

Blockchain Opportunities

Helps Increase Efficiency of State eligibility systems by utilizing information stored in blockchain to access benefit information when determining eligibility. If they see that an individual applying for benefits is already receiving benefits in another state, they can avoid incorrect payments. **Using blockchain when determining eligibility can prevent dual-eligibility and help eliminate fraud.**

Scalability: Beneficiary data can be accessed via blockchain and used across multiple states and agencies. This can reduce the need to have multiple matching programs.

Immutability: Benefit information for more states can increase the chance of correctly identifying incorrect payments. Due to blockchain, this data is immutable and cannot be modified when shared between states.

Savings: The increased efficiency and scale can help save states money lost to fraud in comparison to smaller matching programs

Approach

DATA

Current Solution Approach: Current match processes typically takes months to identify a benefit match and requires additional time and manual effort to resolve.

Beneficiary moves out of State A and applies for benefits in State B.

Next quarter: Both states send beneficiary SSN to find match

15 Days Later: PARIS match identified

States alerted and must manually take action

10 Days Later: beneficiary must return verification.

Eligibility evaluation and termination of benefits in one state.

Using Blockchain

Beneficiary moves out of State A and applies for benefits in State B.



Match instantly identified and beneficiary does not receive benefits in State B.

Blockchain Approach: Blockchain provides a near real-time and proactive solution to prevent dual-eligibility, helping decrease time and costs.

Use Case Spotlight: Business Licensure

Over one million licensees are regulated with more than 50 professions, occupations and entities in Florida¹

Over 25% of the employed U.S. population holds a license or certification on top of any degrees they may hold²

In 2018 **43.7 million U.S. citizens** held a currently active certification or license³

Since 2000, awards of certificates have **grown by 70%**, faster than the awards of bachelors degrees⁴

1 Florida Department of Business and Professional Regulation
 2. "Data on Certifications and Licenses, Current Population Survey" 2015, *Bureau of Labor Statistics*
 3. "Professional Certifications and Occupational Licenses" 2019, *Bureau of Labor Statistics*
 4. "Certificates in Oregon", 2018, *Georgetown University Center on Education and the Workforce*

Imagine a World Where....

A central permissioned repository for business licensing can be shared within and across organizations



Why Blockchain?

Process Automation

Blockchain can improve processes at the value chain level, bringing operational efficiencies and reducing margins of human error

Data Management

Modular management of privacy settings for data shared over a blockchain can enable selective sharing of information, eliminating the need to store (and secure) sensitive information

Shared Trust

All parties can share the same immutable data platform with full data audit capabilities

A new technology, for a new age.

DELOITTE BLOCKCHAIN COMMUNITY

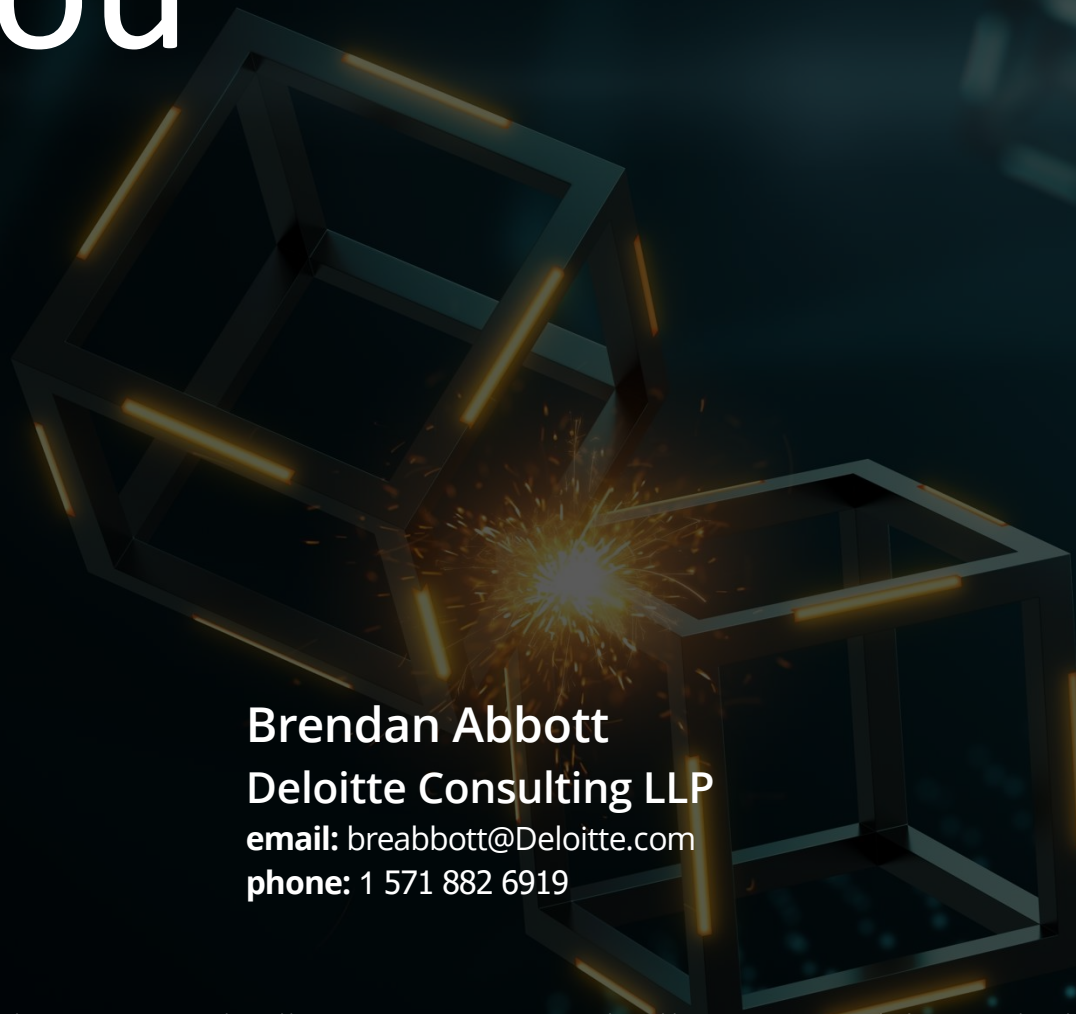
We are able to draw on Deloitte's renowned industry experience and technical knowledge across Technology, Strategy and Operations, Human Capital, Tax, Legal, Risk Advisory and Cyber Risk to build truly transformative Blockchain solutions.

Our Blockchain team focuses on:

- Blockchain Strategy
- Platform & Proposition Design
- Technology Delivery (PoC to **LIVE**)
- Enterprise Transformation
- Consortium Support
- Assurance

Leaders from 300+ client organizations have come to Deloitte's Labs to have their Blockchain ambitions brought to life.

Thank you



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TAB 3

Legislative Update



Legislative Update
HB 1391



751 Section 11. Section 560.214, Florida Statutes, is created
752 to read:

753 560.214 Financial Technology Sandbox.-

754 (1) SHORT TITLE.-This section may be cited as the
755 "Financial Technology Sandbox."

756 (2) CREATION OF THE FINANCIAL TECHNOLOGY SANDBOX.-There is
757 created the Financial Technology Sandbox within the office to
758 allow financial technology innovators to test new products and
759 services in a supervised, flexible regulatory sandbox, using
760 waivers of specified general law and corresponding rule
761 requirements under defined conditions. The creation of a
762 supervised, flexible regulatory sandbox provides a welcoming
763 business environment for technology innovators and may lead to
764 significant business growth.

765 (3) DEFINITIONS.-As used in this section, the term:

766 (a) "Consumer" means a person in this state, whether a
767 natural person or a business entity, who purchases, uses,
768 receives, or enters into an agreement to purchase, use, or
769 receive an innovative financial product or service made
770 available through the Financial Technology Sandbox.

771 (b) "Financial product or service" means a product or
772 service related to money transmitters and payment instrument
773 sellers, as defined in s. 560.103, including mediums of exchange
774 that are in electronic or digital form, which is subject to
775 general law or corresponding rule requirements in the sections

776 enumerated in paragraph (4) (a) and which is under the
777 jurisdiction of the office.

778 (c) "Financial Technology Sandbox" means the program
779 created in this section which allows a person to make an
780 innovative financial product or service available to consumers
781 as a money transmitter or payment instrument seller, as defined
782 in s. 560.103, during a sandbox period through a waiver of
783 general laws or rule requirements, or portions thereof, as
784 specified in this section.

785 (d) "Innovative" means new or emerging technology, or new
786 uses of existing technology, which provides a product, service,
787 business model, or delivery mechanism to the public.

788 (e) "Office" means, unless the context clearly indicates
789 otherwise, the Office of Financial Regulation.

790 (f) "Sandbox period" means the period, initially not
791 longer than 24 months, in which the office has:

792 1. Authorized an innovative financial product or service
793 to be made available to consumers.

794 2. Granted the person who makes the innovative financial
795 product or service available a waiver of general law or
796 corresponding rule requirements, as determined by the office, so
797 that the authorization under subparagraph 1. is possible.

798 (4) WAIVERS OF GENERAL LAW AND RULE REQUIREMENTS.—

799 (a) If all the conditions in this section are met, the
800 office may approve the application and grant the applicant a

801 waiver of a requirement, or a portion thereof, which is imposed
 802 by a general law or corresponding rule in any of the following
 803 sections:

- 804 1. Section 560.1105.
- 805 2. Section 560.118.
- 806 3. Section 560.125, except for s. 560.125(2).
- 807 4. Section 560.128.
- 808 5. Section 560.1401, except for s. 560.1401(2)-(4).
- 809 6. Section 560.141, except for s. 560.141(1)(b)-(d).
- 810 7. Section 560.142, except that the office may prorate,
 811 but may not entirely waive, the license renewal fees provided in
 812 ss. 560.142 and 560.143 for an extension granted under
 813 subsection (7).
- 814 8. Section 560.143(2) to the extent necessary for
 815 proration of the renewal fee under subparagraph 7.
- 816 9. Section 560.205, except for s. 560.205(1) and (3).
- 817 10. Section 560.208, except for s. 560.208(3)-(6).
- 818 11. Section 560.209, except that the office may modify,
 819 but may not entirely waive, the net worth, corporate surety
 820 bond, and collateral deposit amounts required under s. 560.209.
 821 The modified amounts must be in such lower amounts that the
 822 office determines to be commensurate with the considerations
 823 under paragraph (5)(e) and the maximum number of consumers
 824 authorized to receive the financial product or service under
 825 this section.

826 (b) The office may grant, during a sandbox period, a
827 waiver of a requirement, or a portion thereof, imposed by a
828 general law or corresponding rule in any section enumerated in
829 paragraph (a), if all of the following conditions are met:

830 1. The general law or corresponding rule currently
831 prevents the innovative financial product or service to be made
832 available to consumers.

833 2. The waiver is not broader than necessary to accomplish
834 the purposes and standards specified in this section, as
835 determined by the office.

836 3. No provision relating to the liability of an
837 incorporator, director, or officer of the applicant is eligible
838 for a waiver.

839 4. The other requirements of this section are met.

840 (5) FINANCIAL TECHNOLOGY SANDBOX APPLICATION; STANDARDS
841 FOR APPROVAL.—

842 (a) Before filing an application under this section, a
843 substantially affected person may seek a declaratory statement
844 pursuant to s. 120.565 regarding the applicability of a statute,
845 rule, or agency order to the petitioner's particular set of
846 circumstances.

847 (b) Before making an innovative financial product or
848 service available to consumers in the Financial Technology
849 Sandbox, a person must file an application with the office. The
850 commission shall, by rule, prescribe the form and manner of the

851 application.

852 1. In the application, the person must specify the general
853 law or rule requirements for which a waiver is sought, and the
854 reasons why these requirements prevent the innovative financial
855 product or service from being made available to consumers.

856 2. The application must also contain the information
857 specified in paragraph (e).

858 (c) A business entity filing an application under this
859 section must be a domestic corporation or other organized
860 domestic entity with a physical presence, other than that of a
861 registered office or agent or virtual mailbox, in this state.

862 (d) Before a person applies on behalf of a business entity
863 intending to make an innovative financial product or service
864 available to consumers, the person must obtain the consent of
865 the business entity.

866 (e) The office shall approve or deny in writing a
867 Financial Technology Sandbox application within 60 days after
868 receiving the completed application. The office and the
869 applicant may jointly agree to extend the time beyond 60 days.
870 The office may impose conditions on any approval, consistent
871 with this section. In deciding to approve or deny an
872 application, the office must consider each of the following:

873 1. The nature of the innovative financial product or
874 service proposed to be made available to consumers in the
875 Financial Technology Sandbox, including all relevant technical

876 details.

877 2. The potential risk to consumers and the methods that
878 will be used to protect consumers and resolve complaints during
879 the sandbox period.

880 3. The business plan proposed by the applicant, including
881 a statement regarding the applicant's current and proposed
882 capitalization.

883 4. Whether the applicant has the necessary personnel,
884 adequate financial and technical expertise, and a sufficient
885 plan to test, monitor, and assess the innovative financial
886 product or service.

887 5. Whether any person substantially involved in the
888 development, operation, or management of the applicant's
889 innovative financial product or service has pled no contest to,
890 has been convicted or found guilty of, or is currently under
891 investigation for, fraud, a state or federal securities
892 violation, a property-based offense, or a crime involving moral
893 turpitude or dishonest dealing. A plea of no contest, a
894 conviction, or a finding of guilt must be reported under this
895 subparagraph regardless of adjudication.

896 6. A copy of the disclosures that will be provided to
897 consumers under paragraph (6) (c).

898 7. The financial responsibility of any person
899 substantially involved in the development, operation, or
900 management of the applicant's innovative financial product or

901 service.

902 8. Any other factor that the office determines to be
903 relevant.

904 (f) The office may not approve an application if:

905 1. The applicant had a prior Financial Technology Sandbox
906 application that was approved and that related to a
907 substantially similar financial product or service; or

908 2. Any person substantially involved in the development,
909 operation, or management of the applicant's innovative financial
910 product or service was substantially involved in such with
911 another Financial Technology Sandbox applicant whose application
912 was approved and whose application related to a substantially
913 similar financial product or service.

914 (g) Upon approval of an application, the office shall
915 specify the general law or rule requirements, or portions
916 thereof, for which a waiver is granted during the sandbox period
917 and the length of the initial sandbox period, not to exceed 24
918 months. The office shall post on its website notice of the
919 approval of the application, a summary of the innovative
920 financial product or service, and the contact information of the
921 person making the financial product or service available.

922 (6) OPERATION OF THE FINANCIAL TECHNOLOGY SANDBOX.-

923 (a) A person whose Financial Technology Sandbox
924 application is approved may make an innovative financial product
925 or service available to consumers during the sandbox period.

926 (b) The office may, on a case-by-case basis, specify the
927 maximum number of consumers authorized to receive an innovative
928 financial product or service, after consultation with the person
929 who makes the financial product or service available to
930 consumers. The office may not authorize more than 15,000
931 consumers to receive the financial product or service until the
932 person who makes the financial product or service available to
933 consumers has filed the first report required under subsection
934 (8). After the filing of the report, if the person demonstrates
935 adequate financial capitalization, risk management process, and
936 management oversight, the office may authorize up to 25,000
937 consumers to receive the financial product or service.

938 (c)1. Before a consumer purchases, uses, receives, or
939 enters into an agreement to purchase, use, or receive an
940 innovative financial product or service through the Financial
941 Technology Sandbox, the person making the financial product or
942 service available must provide a written statement of all of the
943 following to the consumer:

944 a. The name and contact information of the person making
945 the financial product or service available to consumers.

946 b. That the financial product or service has been
947 authorized to be made available to consumers for a temporary
948 period by the office, under the laws of this state.

949 c. That the state does not endorse the financial product
950 or service.

951 d. That the financial product or service is undergoing
952 testing, may not function as intended, and may entail financial
953 risk.

954 e. That the person making the financial product or service
955 available to consumers is not immune from civil liability for
956 any losses or damages caused by the financial product or
957 service.

958 f. The expected end date of the sandbox period.

959 g. The contact information for the office, and
960 notification that suspected legal violations, complaints, or
961 other comments related to the financial product or service may
962 be submitted to the office.

963 h. Any other statements or disclosures required by rule of
964 the commission which are necessary to further the purposes of
965 this section.

966 2. The written statement must contain an acknowledgement
967 from the consumer, which must be retained for the duration of
968 the sandbox period by the person making the financial product or
969 service available.

970 (d) The office may enter into an agreement with a state,
971 federal, or foreign regulatory agency to allow persons who make
972 an innovative financial product or service available in this
973 state through the Financial Technology Sandbox to make their
974 products or services available in other jurisdictions.

975 (e)1. A person whose Financial Technology Sandbox

976 application is approved by the office shall maintain
977 comprehensive records relating to the innovative financial
978 product or service. The person shall keep these records for at
979 least 5 years after the conclusion of the sandbox period. The
980 commission may specify by rule additional records requirements.

981 2. The office may examine the records maintained under
982 subparagraph 1. at any time, with or without notice.

983 (7) EXTENSIONS AND CONCLUSION OF SANDBOX PERIOD.—

984 (a) A person who is authorized to make an innovative
985 financial product or service available to consumers may apply
986 for an extension of the initial sandbox period for up to 12
987 additional months for a purpose specified in subparagraph (b)1.
988 or subparagraph (b)2. A complete application for an extension
989 must be filed with the office at least 90 days before the
990 conclusion of the initial sandbox period. The office shall
991 approve or deny the application for extension in writing at
992 least 35 days before the conclusion of the initial sandbox
993 period. In deciding to approve or deny an application for
994 extension of the sandbox period, the office must, at a minimum,
995 consider the current status of the factors previously considered
996 under paragraph (5) (e).

997 (b) An application for an extension under paragraph (a)
998 must cite one of the following reasons as the basis for the
999 application and must provide all relevant supporting information
1000 that:

1001 1. Amendments to general law or rules are necessary to
1002 offer the innovative financial product or service in this state
1003 permanently.

1004 2. An application for a license that is required in order
1005 to offer the innovative financial product or service in this
1006 state permanently has been filed with the office, and approval
1007 is pending.

1008 (c) At least 30 days before the conclusion of the initial
1009 sandbox period or the extension, whichever is later, a person
1010 who makes an innovative financial product or service available
1011 shall provide written notification to consumers regarding the
1012 conclusion of the initial sandbox period or the extension and
1013 may not make the financial product or service available to any
1014 new consumers after the conclusion of the initial sandbox period
1015 or the extension, whichever is later, until legal authority
1016 outside of the Financial Technology Sandbox exists to make the
1017 financial product or service available to consumers. After the
1018 conclusion of the sandbox period or the extension, whichever is
1019 later, the person may:

1020 1. Collect and receive money owed to the person or pay
1021 money owed by the person, based on agreements with consumers
1022 made before the conclusion of the sandbox period or the
1023 extension.

1024 2. Take necessary legal action.

1025 3. Take other actions authorized by commission rule which

1026 are not inconsistent with this subsection.

1027 (8) REPORT.—A person authorized to make an innovative
1028 financial product or service available to consumers under this
1029 section shall submit a report to the office twice a year as
1030 prescribed by commission rule. The report must, at a minimum,
1031 include financial reports and the number of consumers who have
1032 received the financial product or service.

1033 (9) CONSTRUCTION.—A person whose Financial Technology
1034 Sandbox application is approved shall be deemed licensed under
1035 part II of this chapter unless the person's authorization to
1036 make the financial product or service available to consumers
1037 under this section has been revoked or suspended.

1038 (10) VIOLATIONS AND PENALTIES.—

1039 (a) A person who makes an innovative financial product or
1040 service available to consumers in the Financial Technology
1041 Sandbox is:

1042 1. Not immune from civil damages for acts and omissions
1043 relating to this section.

1044 2. Subject to all criminal and consumer protection laws.

1045 (b)1. The office may, by order, revoke or suspend
1046 authorization granted to a person to make an innovative
1047 financial product or service available to consumers if:

1048 a. The person has violated or refused to comply with this
1049 section, a rule of the commission, an order of the office, or a
1050 condition placed by the office on the approval of the person's

1051 Financial Technology Sandbox application;
1052 b. A fact or condition exists that, if it had existed or
1053 become known at the time that the Financial Technology Sandbox
1054 application was pending, would have warranted denial of the
1055 application or the imposition of material conditions;
1056 c. A material error, false statement, misrepresentation,
1057 or material omission was made in the Financial Technology
1058 Sandbox application; or
1059 d. After consultation with the person, continued testing
1060 of the innovative financial product or service would:
1061 (I) Be likely to harm consumers; or
1062 (II) No longer serve the purposes of this section because
1063 of the financial or operational failure of the financial product
1064 or service.
1065 2. Written notice of a revocation or suspension order made
1066 under subparagraph 1. shall be served using any means authorized
1067 by law. If the notice relates to a suspension, the notice must
1068 include any condition or remedial action that the person must
1069 complete before the office lifts the suspension.
1070 (c) The office may refer any suspected violation of law to
1071 an appropriate state or federal agency for investigation,
1072 prosecution, civil penalties, and other appropriate enforcement
1073 actions.
1074 (d) If service of process on a person making an innovative
1075 financial product or service available to consumers in the

1076 Financial Technology Sandbox is not feasible, service on the
1077 office shall be deemed service on such person.

1078 (11) RULES AND ORDERS.—

1079 (a) The commission shall adopt rules to administer this
1080 section.

1081 (b) The office may issue all necessary orders to enforce
1082 this section and may enforce these orders in accordance with
1083 chapter 120 or in any court of competent jurisdiction. These
1084 orders include, but are not limited to, orders for payment of
1085 restitution for harm suffered by consumers as a result of an
1086 innovative financial product or service.

1087 Section 12. Effective July 1, 2020, for the 2020-2021
1088 fiscal year, the sum of \$50,000 in nonrecurring funds is
1089 appropriated from the Administrative Trust Fund to the Office of
1090 Financial Regulation to implement s. 560.214, Florida Statutes,
1091 as created by this act.

1092 Section 13. Except as otherwise expressly provided in this
1093 act and except for this section, which shall take effect upon
1094 this act becoming a law, this act shall take effect January 1,
1095 2021.

Legislative Update
SB 1870



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726 Section 9. Paragraph (a) of subsection (1) of section
727 365.173, Florida Statutes, is amended to read:

728 365.173 Communications Number E911 System Fund.—

729 (1) REVENUES.—

730 (a) Revenues derived from the fee levied on subscribers
731 under s. 365.172(8) must be paid by the board into the State
732 Treasury on or before the 15th day of each month. Such moneys
733 must be accounted for in a special fund to be designated as the
734 Emergency Communications Number E911 System Fund, a fund created
735 in the Division of Telecommunications ~~State Technology~~, or other
736 office as designated by the Secretary of Management Services.

737 Section 10. Subsection (5) of section 943.0415, Florida
738 Statutes, is amended to read:

739 943.0415 Cybercrime Office.—There is created within the
740 Department of Law Enforcement the Cybercrime Office. The office
741 may:

742 (5) Consult with the Florida Digital Service ~~Division of~~
743 ~~State Technology~~ within the Department of Management Services in
744 the adoption of rules relating to the information technology
745 security provisions in s. 282.318.

746 Section 11. Effective January 1, 2021, section 559.952,
747 Florida Statutes, is created to read:

748 559.952 Financial Technology Sandbox.—

749 (1) SHORT TITLE.—This section may be cited as the
750 "Financial Technology Sandbox."

751 (2) CREATION OF THE FINANCIAL TECHNOLOGY SANDBOX.—There is
752 created the Financial Technology Sandbox within the Office of
753 Financial Regulation to allow financial technology innovators to
754 test new products and services in a supervised, flexible

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755 regulatory sandbox using exceptions to specified general law and
756 waivers of the corresponding rule requirements under defined
757 conditions. The creation of a supervised, flexible regulatory
758 sandbox provides a welcoming business environment for technology
759 innovators and may lead to significant business growth.

760 (3) DEFINITIONS.—As used in this section, the term:

761 (a) "Commission" means the Financial Services Commission.

762 (b) "Consumer" means a person in this state, whether a
763 natural person or a business entity, who purchases, uses,
764 receives, or enters into an agreement to purchase, use, or
765 receive an innovative financial product or service made
766 available through the Financial Technology Sandbox.

767 (c) "Financial product or service" means a product or
768 service related to finance, including securities, consumer
769 credit, or money transmission, which is traditionally subject to
770 general law or rule requirements in the provisions enumerated in
771 paragraph (7)(a) and which is under the jurisdiction of the
772 office.

773 (d) "Financial Technology Sandbox" means the program
774 created in this section which allows a person to make an
775 innovative financial product or service available to consumers
776 through the provisions enumerated in paragraph (7)(a) during a
777 sandbox period through an exception to general laws or a waiver
778 of rule requirements, or portions thereof, as specified in this
779 section.

780 (e) "Innovative" means new or emerging technology, or new
781 uses of existing technology, which provides a product, service,
782 business model, or delivery mechanism to the public.

783 (f) "Office" means, unless the context clearly indicates

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784 otherwise, the Office of Financial Regulation.

785 (g) "Sandbox period" means the period, initially not longer
786 than 24 months, in which the office has:

787 1. Authorized an innovative financial product or service to
788 be made available to consumers.

789 2. Granted the person who makes the innovative financial
790 product or service available an exception to general law or a
791 waiver of the corresponding rule requirements, as determined by
792 the office, so that the authorization under subparagraph 1. is
793 possible.

794 (4) FINANCIAL TECHNOLOGY SANDBOX APPLICATION; STANDARDS FOR
795 APPROVAL.—

796 (a) Before filing an application to enter the Financial
797 Technology Sandbox, a substantially affected person may seek a
798 declaratory statement pursuant to s. 120.565 regarding the
799 applicability of a statute, rule, or agency order to the
800 petitioner's particular set of circumstances.

801 (b) Before making an innovative financial product or
802 service available to consumers in the Financial Technology
803 Sandbox, a person must file an application with the office. The
804 commission shall prescribe by rule the form and manner of the
805 application.

806 1. In the application, the person must specify the general
807 law or rule requirements for which an exception or a waiver is
808 sought and the reasons why these requirements prevent the
809 innovative financial product or service from being made
810 available to consumers.

811 2. The application must also contain the information
812 specified in paragraph (e).

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813 (c) A business entity filing an application under this
814 section must be a domestic corporation or other organized
815 domestic entity with a physical presence, other than that of a
816 registered office or agent or virtual mailbox, in this state.

817 (d) Before a person applies on behalf of a business entity
818 intending to make an innovative financial product or service
819 available to consumers, the person must obtain the consent of
820 the business entity.

821 (e) The office shall approve or deny in writing a Financial
822 Technology Sandbox application within 60 days after receiving
823 the completed application. The office and the applicant may
824 jointly agree to extend the time beyond 60 days. Consistent with
825 this section, the office may impose conditions on any approval.
826 In deciding to approve or deny an application, the office must
827 consider each of the following:

828 1. The nature of the innovative financial product or
829 service proposed to be made available to consumers in the
830 Financial Technology Sandbox, including all relevant technical
831 details.

832 2. The potential risk to consumers and the methods that
833 will be used to protect consumers and resolve complaints during
834 the sandbox period.

835 3. The business plan proposed by the applicant, including a
836 statement regarding the applicant's current and proposed
837 capitalization.

838 4. Whether the applicant has the necessary personnel,
839 adequate financial and technical expertise, and a sufficient
840 plan to test, monitor, and assess the innovative financial
841 product or service.

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842 5. If any person substantially involved in the development,
843 operation, or management of the applicant's innovative financial
844 product or service has pled no contest to, has been convicted or
845 found guilty of, or is currently under investigation for, fraud,
846 a state or federal securities violation, any property-based
847 offense, or any crime involving moral turpitude or dishonest
848 dealing, their application to the Financial Technology Sandbox
849 will be denied. A plea of no contest, a conviction, or a finding
850 of guilt must be reported under this subparagraph regardless of
851 adjudication.

852 6. A copy of the disclosures that will be provided to
853 consumers under paragraph (6)(c).

854 7. The financial responsibility of any person substantially
855 involved in the development, operation, or management of the
856 applicant's innovative financial product or service.

857 8. Any other factor that the office determines to be
858 relevant.

859 (f) The office may not approve an application if:

860 1. The applicant had a prior Financial Technology Sandbox
861 application that was approved and that related to a
862 substantially similar financial product or service; or

863 2. Any person substantially involved in the development,
864 operation, or management of the applicant's innovative financial
865 product or service was substantially involved with another
866 Financial Technology Sandbox applicant whose application was
867 approved and whose application related to a substantially
868 similar financial product or service.

869 (g) Upon approval of an application, the office shall
870 specify the general law or rule requirements, or portions

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871 thereof, for which an exception or rule waiver is granted during
872 the sandbox period and the length of the initial sandbox period,
873 not to exceed 24 months. The office shall post on its website
874 notice of the approval of the application, a summary of the
875 innovative financial product or service, and the contact
876 information of the person making the financial product or
877 service available.

878 (5) OPERATION OF THE FINANCIAL TECHNOLOGY SANDBOX.—

879 (a) A person whose Financial Technology Sandbox application
880 is approved may make an innovative financial product or service
881 available to consumers during the sandbox period.

882 (b) The office may, on a case-by-case basis and after
883 consultation with the person who makes the financial product or
884 service available to consumers, specify the maximum number of
885 consumers authorized to receive an innovative financial product
886 or service. The office may not authorize more than 15,000
887 consumers to receive the financial product or service until the
888 person who makes the financial product or service available to
889 consumers has filed the first report required under subsection
890 (8). After the filing of the report, if the person demonstrates
891 adequate financial capitalization, risk management process, and
892 management oversight, the office may authorize up to 25,000
893 consumers to receive the financial product or service.

894 (c)1. Before a consumer purchases, uses, receives, or
895 enters into an agreement to purchase, use, or receive an
896 innovative financial product or service through the Financial
897 Technology Sandbox, the person making the financial product or
898 service available must provide a written statement of all of the
899 following to the consumer:

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- 900 a. The name and contact information of the person making
901 the financial product or service available to consumers.
- 902 b. That the financial product or service has been
903 authorized to be made available to consumers for a temporary
904 period by the office, under the laws of this state.
- 905 c. That this state does not endorse the financial product
906 or service.
- 907 d. That the financial product or service is undergoing
908 testing, may not function as intended, and may entail financial
909 risk.
- 910 e. That the person making the financial product or service
911 available to consumers is not immune from civil liability for
912 any losses or damages caused by the financial product or
913 service.
- 914 f. The expected end date of the sandbox period.
- 915 g. The contact information for the office, and notification
916 that suspected legal violations, complaints, or other comments
917 related to the financial product or service may be submitted to
918 the office.
- 919 h. Any other statements or disclosures required by rule of
920 the commission which are necessary to further the purposes of
921 this section.
- 922 2. The written statement must contain an acknowledgment
923 from the consumer, which must be retained for the duration of
924 the sandbox period by the person making the financial product or
925 service available.
- 926 (d) The office may enter into an agreement with a state,
927 federal, or foreign regulatory agency to allow persons:
- 928 1. Who make an innovative financial product or service

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929 available in this state through the Financial Technology Sandbox
930 to make their products or services available in other
931 jurisdictions.

932 2. Who operate in similar financial technology sandboxes in
933 other jurisdictions to make innovative financial products and
934 services available in this state under the standards of this
935 section.

936 (e)1. A person whose Financial Technology Sandbox
937 application is approved by the office shall maintain
938 comprehensive records relating to the innovative financial
939 product or service. The person shall keep these records for at
940 least 5 years after the conclusion of the sandbox period. The
941 commission may specify by rule additional records requirements.

942 2. The office may examine the records maintained under
943 subparagraph 1. at any time, with or without notice.

944 (6) EXTENSIONS AND CONCLUSION OF SANDBOX PERIOD.—

945 (a) A person who is authorized to make an innovative
946 financial product or service available to consumers may apply
947 for an extension of the initial sandbox period for up to 12
948 additional months for a purpose specified in subparagraph (b)1.
949 or subparagraph (b)2. A complete application for an extension
950 must be filed with the office at least 90 days before the
951 conclusion of the initial sandbox period. The office shall
952 approve or deny the application for extension in writing at
953 least 35 days before the conclusion of the initial sandbox
954 period. In deciding to approve or deny an application for
955 extension of the sandbox period, the office must, at a minimum,
956 consider the current status of the factors previously considered
957 under paragraph (4)(e).

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958 (b) An application for an extension under paragraph (a)
959 must cite one of the following reasons as the basis for the
960 application and must provide all relevant supporting information
961 that:

962 1. Amendments to general law or rules are necessary to
963 offer the innovative financial product or service in this state
964 permanently.

965 2. An application for a license that is required in order
966 to offer the innovative financial product or service in this
967 state permanently has been filed with the office, and approval
968 is pending.

969 (c) At least 30 days before the conclusion of the initial
970 sandbox period or the extension, whichever is later, a person
971 who makes an innovative financial product or service available
972 shall provide written notification to consumers regarding the
973 conclusion of the initial sandbox period or the extension and
974 may not make the financial product or service available to any
975 new consumers after the conclusion of the initial sandbox period
976 or the extension, whichever is later, until legal authority
977 outside of the Financial Technology Sandbox exists to make the
978 financial product or service available to consumers. After the
979 conclusion of the sandbox period or the extension, whichever is
980 later, the person who makes the innovative financial product or
981 service available may:

982 1. Collect and receive money owed to the person or pay
983 money owed by the person, based on agreements with consumers
984 made before the conclusion of the sandbox period or the
985 extension.

986 2. Take necessary legal action.

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987 3. Take other actions authorized by commission rule which
 988 are not inconsistent with this subsection.

989 (7) EXCEPTIONS TO GENERAL LAW AND WAIVERS OF RULE
 990 REQUIREMENTS.—

991 (a) Notwithstanding any other provision of law, upon
 992 approval of a Financial Technology Sandbox application, the
 993 office may grant an applicant a waiver of a requirement, or a
 994 portion thereof, which is imposed by rule as authorized by any
 995 of the following provisions of general law, if all of the
 996 conditions in paragraph (b) are met. If the application is
 997 approved for a person who otherwise would be subject to the
 998 provisions of chapter 560, chapter 516, chapter 517, chapter
 999 520, or chapter 537, the following provisions shall not be
 1000 applicable to the approved sandbox participant:

1001 1. Section 560.1105.

1002 2. Section 560.118.

1003 3. Section 560.125, except for s. 560.125(2).

1004 4. Section 560.128.

1005 5. Section 560.1401, except for s. 560.1401(2)-(4).

1006 6. Section 560.141, except for s. 560.141(1)(b)-(d).

1007 7. Section 560.142, except that the office may prorate the
 1008 license renewal fees provided in ss. 560.142 and 560.143 for an
 1009 extension granted under subsection (6).

1010 8. Section 560.143(2), to the extent necessary for
 1011 proration of the renewal fee under subparagraph 7.

1012 9. Section 560.205, except for s. 560.205(1) and (3).

1013 10. Section 560.208, except for s. 560.208(3)-(6).

1014 11. Section 560.209, except that the office may modify the
 1015 net worth, corporate surety bond, and collateral deposit amounts

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1016 required under s. 560.209. The modified amounts must be in such
1017 lower amounts that the office determines to be commensurate with
1018 the considerations under paragraph (4)(e) and the maximum number
1019 of consumers authorized to receive the financial product or
1020 service under this section.

1021 12. Section 516.03, except for the license and
1022 investigation fee. The office may prorate the license renewal
1023 fees for an extension granted under subsection (6). The office
1024 may not waive the evidence of liquid assets of at least \$25,000.

1025 13. Section 516.05, except that the office may make an
1026 investigation of the facts concerning the applicant's
1027 background.

1028 14. Section 516.12.

1029 15. Section 516.19.

1030 16. Section 517.07.

1031 17. Section 517.12.

1032 18. Section 517.121.

1033 19. Section 520.03, except for the application fee. The
1034 office may prorate the license renewal fees for an extension
1035 granted under subsection (6).

1036 20. Section 520.12.

1037 21. Section 520.25.

1038 22. Section 520.32, except for the application fee. The
1039 office may prorate the license renewal fees for an extension
1040 granted under subsection (6).

1041 23. Section 520.39.

1042 24. Section 520.52, except for the application fee. The
1043 office may prorate the license renewal fees for an extension
1044 granted under subsection (6).

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- 1045 25. Section 520.57.
- 1046 26. Section 520.63, except for the application fee. The
1047 office may prorate the license renewal fees for an extension
1048 granted under subsection (6).
- 1049 27. Section 520.997.
- 1050 28. Section 520.98.
- 1051 29. Section 537.004, except for s. 537.004(2) and (5). The
1052 office may prorate the license renewal fees for an extension
1053 granted under subsection (6).
- 1054 30. Section 537.005, except that the office may modify the
1055 corporate surety bond amount required by s. 537.005. The
1056 modified amount must be in such lower amount that the office
1057 determines to be commensurate with the considerations under
1058 paragraph (4)(e) and the maximum number of consumers authorized
1059 to receive the product or service under this section.
- 1060 31. Section 537.007.
- 1061 32. Section 537.009.
- 1062 33. Section 537.015.
- 1063 (b) During a sandbox period, the exceptions granted in
1064 paragraph (a) are applicable if all of the following conditions
1065 are met:
- 1066 1. The general law or corresponding rule currently prevents
1067 the innovative financial product or service to be made available
1068 to consumers.
- 1069 2. The exceptions or rule waivers are not broader than
1070 necessary to accomplish the purposes and standards specified in
1071 this section, as determined by the office.
- 1072 3. No provision relating to the liability of an
1073 incorporator, director, or officer of the applicant is eligible

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1074 for a waiver.

1075 4. The other requirements of this section are met.

1076 (8) REPORT.—A person authorized to make an innovative
1077 financial product or service available to consumers under this
1078 section shall submit a report to the office twice a year as
1079 prescribed by commission rule. The report must, at a minimum,
1080 include financial reports and the number of consumers who have
1081 received the financial product or service.

1082 (9) CONSTRUCTION.—A person whose Financial Technology
1083 Sandbox application is approved shall be deemed licensed under
1084 the applicable exceptions to general law or waiver of the rule
1085 requirements specified under subsection (7), unless the person's
1086 authorization to make the financial product or service available
1087 to consumers under this section has been revoked or suspended.

1088 (10) VIOLATIONS AND PENALTIES.—

1089 (a) A person who makes an innovative financial product or
1090 service available to consumers in the Financial Technology
1091 Sandbox is:

1092 1. Not immune from civil damages for acts and omissions
1093 relating to this section.

1094 2. Subject to all criminal statutes and any other statute
1095 not specifically excepted under subsection (7).

1096 (b)1. The office may, by order, revoke or suspend
1097 authorization granted to a person to make an innovative
1098 financial product or service available to consumers if:

1099 a. The person has violated or refused to comply with this
1100 section, a rule of the commission, an order of the office, or a
1101 condition placed by the office on the approval of the person's
1102 Financial Technology Sandbox application;

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1103 b. A fact or condition exists that, if it had existed or
1104 become known at the time that the Financial Technology Sandbox
1105 application was pending, would have warranted denial of the
1106 application or the imposition of material conditions;

1107 c. A material error, false statement, misrepresentation, or
1108 material omission was made in the Financial Technology Sandbox
1109 application; or

1110 d. After consultation with the person, continued testing of
1111 the innovative financial product or service would:

1112 (I) Be likely to harm consumers; or

1113 (II) No longer serve the purposes of this section because
1114 of the financial or operational failure of the financial product
1115 or service.

1116 2. Written notice of a revocation or suspension order made
1117 under subparagraph 1. must be served using any means authorized
1118 by law. If the notice relates to a suspension, the notice must
1119 include any condition or remedial action that the person must
1120 complete before the office lifts the suspension.

1121 (c) The office may refer any suspected violation of law to
1122 an appropriate state or federal agency for investigation,
1123 prosecution, civil penalties, and other appropriate enforcement
1124 actions.

1125 (d) If service of process on a person making an innovative
1126 financial product or service available to consumers in the
1127 Financial Technology Sandbox is not feasible, service on the
1128 office shall be deemed service on such person.

1129 (11) RULES AND ORDERS.—

1130 (a) The commission shall adopt rules to administer this
1131 section.

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1132 (b) The office may issue all necessary orders to enforce
1133 this section and may enforce the orders in accordance with
1134 chapter 120 or in any court of competent jurisdiction. These
1135 orders include, but are not limited to, orders for payment of
1136 restitution for harm suffered by consumers as a result of an
1137 innovative financial product or service.

1138 Section 12. Except as otherwise expressly provided in this
1139 act, this act shall take effect July 1, 2020.

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1100 member of the Florida Commission on Offender Review or any
1101 administrative aide or supervisor employed by the commission,
1102 any personnel or representative of the Department of Law
1103 Enforcement, or a federal law enforcement officer as defined in
1104 s. 901.1505, and takes upon himself or herself to act as such,
1105 or to require any other person to aid or assist him or her in a
1106 matter pertaining to the duty of any such officer, commits a
1107 felony of the third degree, punishable as provided in s.
1108 775.082, s. 775.083, or s. 775.084. However, a person who
1109 falsely personates any such officer during the course of the
1110 commission of a felony commits a felony of the second degree,
1111 punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
1112 If the commission of the felony results in the death or personal
1113 injury of another human being, the person commits a felony of
1114 the first degree, punishable as provided in s. 775.082, s.
1115 775.083, or s. 775.084.

1116 Section 20. Paragraph (f) is added to subsection (11) of
1117 section 943.045, Florida Statutes, to read:

1118 943.045 Definitions; ss. 943.045-943.08.—The following
1119 words and phrases as used in ss. 943.045-943.08 shall have the
1120 following meanings:

1121 (11) "Criminal justice agency" means:

1122 (f) The investigations component of the Department of
1123 Financial Services which investigates the crimes of fraud and
1124 official misconduct in all public assistance given to residents
1125 of the state or provided to others by the state.

1126 Section 21. Effective upon this act becoming a law,
1127 paragraph (e) of subsection (1) and subsections (2) and (3) of
1128 section 40 of chapter 2019-140, Laws of Florida, are amended to



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1129 read:

1130 Section 40. (1) The Legislature finds that:

1131 (e) It is in the public interest to establish a Florida
1132 Financial Technology and Blockchain Task Force comprised of
1133 government and industry representatives to study the ways in
1134 which state, county, and municipal governments can benefit from
1135 a transition to a blockchain-based system for recordkeeping,
1136 security, and service delivery and to develop and submit
1137 recommendations to the Governor and the Legislature concerning
1138 the potential for implementation of blockchain-based systems
1139 that promote government efficiencies, better services for
1140 citizens, economic development, and safer cyber-secure
1141 interaction between government and the public.

1142 (2) The Florida Financial Technology and Blockchain Task
1143 Force, a task force as defined in s. 20.03, Florida Statutes, is
1144 established within the Department of Financial Services to
1145 explore and develop a master plan for fostering the expansion of
1146 financial technology and the blockchain industry in the state,
1147 to recommend policies and state investments to help make this
1148 state a leader in financial and blockchain technologies
1149 ~~technology~~, and to issue a report to the Governor and the
1150 Legislature. The task force shall study if and how state,
1151 county, and municipal governments can benefit from a transition
1152 to a blockchain-based system for recordkeeping, data security,
1153 financial transactions, and service delivery and identify ways
1154 to improve government interaction with businesses and the
1155 public. The task force shall also consider financial technology
1156 innovations related to money transmitters and payment instrument
1157 sellers, as defined in s. 560.103, Florida Statutes, including



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1158 mediums of exchange which are in electronic or digital form, and
1159 identify new products and services that could lead to business
1160 growth in this state.

1161 (a) The master plan shall:

1162 1. Identify the economic growth and development
1163 opportunities presented by financial and blockchain technologies
1164 technology.

1165 2. Assess the existing blockchain industry in the state.

1166 3. Identify innovative and successful blockchain
1167 applications currently used by industry and other governments to
1168 determine viability for state applications.

1169 4. Review workforce needs and academic programs required to
1170 build blockchain technology expertise across all relevant
1171 industries.

1172 5. Make recommendations to the Governor and the Legislature
1173 that will promote innovation and economic growth by reducing
1174 barriers to and expediting the expansion of the state's
1175 financial technology and blockchain industries ~~industry.~~

1176 (b) The task force shall consist of 13 members. Membership
1177 shall be as follows:

1178 1. Three agency heads or executive directors of cabinet
1179 agencies, or their designees, appointed by the Governor.

1180 2. Four members of the public or private sector with
1181 knowledge and experience in blockchain technology, appointed by
1182 the Governor.

1183 3. Three members from the public or private sector with
1184 knowledge and experience in blockchain technology, appointed by
1185 the Chief Financial Officer.

1186 4. One member from the private sector with knowledge and



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1187 experience in blockchain technology, appointed by the President
1188 of the Senate.

1189 5. One member from the private sector with knowledge and
1190 experience in blockchain technology, appointed by the Speaker of
1191 the House of Representatives.

1192 6. One certified public accountant licensed pursuant to
1193 chapter 473 with knowledge and experience in blockchain
1194 technology, appointed by the Governor.

1195

1196 Members of the task force shall reflect the ethnic diversity of
1197 the state.

1198 (c) Within 90 days after the effective date of this act, a
1199 majority of the members of the task force must be appointed and
1200 the task force shall hold its first meeting. The task force
1201 shall elect one of its members to serve as chair. Members of the
1202 task force shall serve for the duration of the existence of the
1203 task force. Any vacancy that occurs shall be filled in the same
1204 manner as the original appointment. Task force members shall
1205 serve without compensation, and are not entitled to
1206 reimbursement for per diem or travel expenses.

1207 (d) The task force shall study blockchain technology,
1208 including, but not limited to, the following:

1209 1. Opportunities and risks associated with using blockchain
1210 and distributed ledger technology for state and local
1211 governments.

1212 2. Different types of blockchains, both public and private,
1213 and different consensus algorithms.

1214 3. Projects and cases currently under development in other
1215 states and local governments, and how these cases could be



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1216 applied in this state.

1217 4. Ways the Legislature can modify general law to support
1218 secure paperless recordkeeping, increase cybersecurity, improve
1219 interactions with citizens, and encourage blockchain innovation
1220 for businesses in the state.

1221 5. Identifying potential economic incentives for companies
1222 investing in blockchain technologies in collaboration with the
1223 state.

1224 6. Recommending projects for potential blockchain
1225 solutions, including, but not limited to, use cases for state
1226 agencies that would improve services for citizens or businesses.

1227 7. Identifying the technical skills necessary to develop
1228 blockchain technology and ensuring that instruction in such
1229 skills is available at secondary and postsecondary educational
1230 institutions in this state.

1231 (3) The task force shall submit a report to the Governor,
1232 the President of the Senate, and the Speaker of the House of
1233 Representatives and present its findings to the appropriate
1234 legislative committees in each house of the Legislature by
1235 January 31, 2021 ~~within 180 days after the initial meeting of~~
1236 ~~the task force~~. The report must include:

1237 (a) A general description of the costs and benefits of
1238 state and local government agencies using blockchain technology.

1239 (b) Recommendations concerning the feasibility of
1240 implementing blockchain technology in the state and the best
1241 approach to finance the cost of implementation.

1242 (c) Recommendations for specific implementations to be
1243 developed by relevant state agencies.

1244 (d) Any draft legislation the task force deems appropriate



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1245 to implement such blockchain technologies.

1246 (e) Identification of one pilot project that may be
1247 implemented in the state.

1248 (f) Any other information deemed relevant by the task
1249 force.

1250 Section 22. Except as otherwise expressly provided in this
1251 act and except for this section, which shall take effect upon
1252 this act becoming a law, this act shall take effect July 1,
1253 2020.

TAB 4

Discussion of Final Report



special districts that have firesafety enforcement responsibilities may jointly employ or contract with a firesafety inspector.

Section 40. (1) The Legislature finds that:

(a) Blockchain technology and distributed ledger technology allow the secure recording of transactions through cryptographic algorithms and distributed record sharing, and such technology has reached a point where the opportunities for efficiency, cost savings, and cybersecurity deserve study.

(b) Blockchain technology is a promising way to facilitate more efficient government service delivery models and economies of scale, including facilitating safe paperless transactions and recordkeeping that are nearly impervious to cyberattacks and data destruction.

(c) Blockchain technology can reduce the prevalence of disparate government computer systems, databases, and custom-built software interfaces; reduce costs associated with maintenance and implementation; streamline information sharing; and allow more areas of the state to electronically participate in government services.

(d) Nations, other states, and municipalities across the world are studying and implementing governmental reforms that bolster trust and reduce bureaucracy through verifiable open source blockchain technology in a variety of areas, including, but not limited to, medical and health records, land records, banking, tax and fee payments, smart contracts, professional accrediting, and property auctions.

(e) It is in the public interest to establish a Florida Blockchain Task Force comprised of government and industry representatives to study the ways in which state, county, and municipal governments can benefit from a transition to a blockchain-based system for recordkeeping, security, and service delivery and to develop and submit recommendations to the Governor and the Legislature concerning the potential for implementation of blockchain-based systems that promote government efficiencies, better services for citizens, economic development, and safer cyber-secure interaction between government and the public.

(2) The Florida Blockchain Task Force, a task force as defined in s. 20.03, Florida Statutes, is established within the Department of Financial Services to explore and develop a master plan for fostering the expansion of the blockchain industry in the state, to recommend policies and state investments to help make this state a leader in blockchain technology, and to issue a report to the Governor and the Legislature. The task force shall study if and how state, county, and municipal governments can benefit from a transition to a blockchain-based system for recordkeeping, data security, financial transactions, and service delivery and identify ways to improve government interaction with businesses and the public.

(a) The master plan shall:

1. Identify the economic growth and development opportunities presented by blockchain technology.

2. Assess the existing blockchain industry in the state.

3. Identify innovative and successful blockchain applications currently used by industry and other governments to determine viability for state applications.

4. Review workforce needs and academic programs required to build blockchain technology expertise across all relevant industries.

5. Make recommendations to the Governor and the Legislature that will promote innovation and economic growth by reducing barriers to and expediting the expansion of the state's blockchain industry.

(b) The task force shall consist of 13 members. Membership shall be as follows:

1. Three agency heads or executive directors of cabinet agencies, or their designees, appointed by the Governor.

2. Four members of the public or private sector with knowledge and experience in blockchain technology, appointed by the Governor.

3. Three members from the public or private sector with knowledge and experience in blockchain technology, appointed by the Chief Financial Officer.

4. One member from the private sector with knowledge and experience in blockchain technology, appointed by the President of the Senate.

5. One member from the private sector with knowledge and experience in blockchain technology, appointed by the Speaker of the House of Representatives.

6. One certified public accountant licensed pursuant to chapter 473 with knowledge and experience in blockchain technology, appointed by the Governor.

Members of the task force shall reflect the ethnic diversity of the state.

(c) Within 90 days after the effective date of this act, a majority of the members of the task force must be appointed and the task force shall hold its first meeting. The task force shall elect one of its members to serve as chair. Members of the task force shall serve for the duration of the existence of the task force. Any vacancy that occurs shall be filled in the same manner as the original appointment. Task force members shall serve without compensation, and are not entitled to reimbursement for per diem or travel expenses.

(d) The task force shall study blockchain technology, including, but not limited to, the following:

1. Opportunities and risks associated with using blockchain and distributed ledger technology for state and local governments.

2. Different types of blockchains, both public and private, and different consensus algorithms.

3. Projects and cases currently under development in other states and local governments, and how these cases could be applied in this state.

4. Ways the Legislature can modify general law to support secure paperless recordkeeping, increase cybersecurity, improve interactions with citizens, and encourage blockchain innovation for businesses in the state.

5. Identifying potential economic incentives for companies investing in blockchain technologies in collaboration with the state.

6. Recommending projects for potential blockchain solutions, including, but not limited to, use cases for state agencies that would improve services for citizens or businesses.

7. Identifying the technical skills necessary to develop blockchain technology and ensuring that instruction in such skills is available at secondary and postsecondary educational institutions in this state.

(3) The task force shall submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives and present its findings to the appropriate legislative committees in each house of the Legislature within 180 days after the initial meeting of the task force. The report must include:

(a) A general description of the costs and benefits of state and local government agencies using blockchain technology.

(b) Recommendations concerning the feasibility of implementing blockchain technology in the state and the best approach to finance the cost of implementation.

(c) Recommendations for specific implementations to be developed by relevant state agencies.

(d) Any draft legislation the task force deems appropriate to implement such blockchain technologies.

(e) Identification of one pilot project that may be implemented in the state.

(f) Any other information deemed relevant by the task force.

(4) The task force is entitled to the assistance and services of any state agency, board, bureau, or commission as necessary and available for the purposes of this section.

(5) The Department of Financial Services shall provide support staff for the task force and any relevant studies, data, and materials in its possession to assist the task force in the performance of its duties.

(6) The task force shall terminate upon submission of the report and the presentation of findings.

(7) This section shall take effect upon this act becoming a law.

Section 41. Except as otherwise expressly provided in this act and except for this section, which shall take effect upon this act becoming a law, this act shall take effect July 1, 2019.

Approved by the Governor June 25, 2019.

Filed in Office Secretary of State June 25, 2019.