



DIGITAL ASSETS REGULATION

Regulation 002-22

Adopted by the Zone Authority Commission
[6 July 2022]

Amended by Resolution No. 001 of August 12, 2022

PREAMBLE

- (1) Whereas Green Earth Zone is the legal name of the Catawba Digital Economic Zone;
- (2) Whereas the Green Earth Zone aims to offer all engaged in peaceful trade a safe haven for legal digital commerce;
- (3) Whereas existing regulations designed for traditional transactions are not optimally suited for the advent of technically innovative forms of commerce;
- (4) Whereas businesses using innovative technology for benign purposes should be treated equally to other businesses in similar sectors using traditional means of commerce;
- (5) Therefore this Digital Assets Regulation provides a framework for trade in intangible properties and services by clarifying their treatment under the Zone Civil Code.

SECTION 101. DIGITAL ASSET REGULATION IS A CONSUMER PROTECTION LAW.

This Regulation qualifies under Zone Civil Code Title VI, Ch. 9 § 9-201(b) as a law that establishes a different rule for consumers.

SECTION 102. DEFINITIONS. In this regulation:

- (1) “Blockchain” means a distributed ledger database that uses a consensus-based, decentralized, and mathematically verifiable process to reliably record an ordered sequence of transactions in Digital Assets.
- (2) “Digital Asset” means a machine-readable representation of rights to access, use, control, erase, or transfer information, and is either a Digital Consumer Asset, Digital Security, or Virtual Currency.
- (3) “Digital Consumer Asset” means a Digital Asset used, borrowed, or bought primarily for consumptive, personal or household purposes and that does not fall within the meaning of Digital Security or Virtual Currency under this section.



- (4) “Digital Security” means a Digital Asset that is a security, and that is not a Digital Consumer Asset or Virtual Currency.
- (5) “Virtual Currency” means a Digital Asset that is:
 - (A) Used as a medium of exchange, unit of account, or store of value;
 - (B) Not recognized as legal tender by the United States government; and
 - (C) Not a Digital Consumer Asset or Digital Security.
- (6) “Non-Fungible Token” or “NFT” means a type of indivisible Digital Asset verified by a Blockchain to have unique attributes and associated with an electronic signature.

SECTION 103. LEGAL CLASSIFICATION OF DIGITAL ASSETS

(a) Digital Assets are classified as follows:

- (1) Digital Consumer Assets are intangible personal property and shall be considered general intangibles, as defined in Zone Civil Code Title VI, Ch. 9 § 9-102(a)(42), only for the purposes of article 9 of the Uniform Commercial Code, as codified at Zone Civil Code Title VI, Ch. 9;
 - (2) Digital Securities are intangible personal property and shall be considered securities, as defined in Zone Civil Code Title VI, Ch. 8 § 8-102(a)(15), and investment property, as defined in Zone Civil Code Title VI, Ch. 9 § 9-102(a)(49), only for the purposes of articles 8 and 9 of the Uniform Commercial Code, as codified at Zone Civil Code Title VI, Ch. 8 § 8-9;
 - (3) *Repealed by Resolution 001 of Zone Authority Commission adopting the [Uniform Commercial Code Amendments \(2022\)](#) and [Article 12: Controllable Electronic Records](#).*
- (b) A Digital Asset may qualify as a financial asset under Zone Civil Code Title VI, Ch. 8 § 8-102(a)(9) pursuant to an agreement with the owner of the Digital Asset, in which case it shall remain intangible personal property.
- (c) A Non-Fungible Token may be classified as a Digital Consumer Asset or Digital Security, depending on the nature of its use under this Regulation.
- (d) A bank providing custodial services under a banking regulation of the Zone or of any other jurisdiction in the United States, including its possessions and territories, shall be considered to meet the requirements of Zone Civil Code Title VI, Ch. 8 § 8-102(a)(14).
- (e) The classification of Digital Assets under this section shall be construed in a manner to give the greatest effect to this Digital Assets Regulation, but shall not be construed to



apply to any other asset.

SECTION 104. PERFECTION OF SECURITY INTERESTS IN DIGITAL ASSETS

Repealed by Resolution 001 of Zone Authority Commission adopting the [Uniform Commercial Code Amendments \(2022\)](#) and [Article 12: Controllable Electronic Records](#).

SECTION 105. CUSTODIAL SERVICES

Repealed by Resolution 001 of Zone Authority Commission adopting the [Uniform Commercial Code Amendments \(2022\)](#) and [Article 12: Controllable Electronic Records](#).

SECTION 106. JURISDICTION OF COURTS

Judicial panels formed under Title IX of the Zone Civil Code shall have jurisdiction to hear claims in both law and equity relating to Digital Assets, including those arising from this Digital Assets Regulation, Title VI, Ch. 10 of the Zone Civil Code, and article 9 of the Uniform Commercial Code, as codified at Title VI, Ch. 9 of the Zone Civil Code.