Chapter 1

General Provisions

Section 1. Authority. These rules are promulgated by the Wyoming Stable Token Commission, herein referred to as the Commission, in accordance with W.S. 40-31-105(a)-(b).

Section 2. Purpose. These rules are adopted to safeguard the management of the Wyoming Stable Token ("WYST"), in a manner consistent with W.S. 40-31-104 to W.S. 40-31-109.

Section 3. Definitions. In addition to the definitions provided in W.S. 17-32-102; 34-29-101; 34-29-106; and 40-31-102, the following definitions are used in these rules:

(a) "Burn" or "Burning" means the process of permanently removing WYST in Circulation from a Blockchain network approved by the Commission.

(b) "Commission Staff" means a senior resource retained by the Commission to support the Director, including but not limited to, the Chief Financial Officer, Chief Information and Security Officer, Chief Risk and Compliance Officer, or any other senior officer duly appointed by the Commission.

(c) "Final Lawful Legal Directive" means a final judgment issued by a judicial, administrative, or regulatory body having jurisdiction over the Commission.

(d) "Freeze" or "Freezing" means temporarily blocking or denying the ability of a Digital Asset wallet address to send or receive WYST on any Blockchain network approved by the Commission.

(e) "Gas Fee" means a Blockchain network transaction fee, typically paid in the native token on a Blockchain network.

(f) "Issuance Request" means a request received from a Licensed Service Provider by the Commission, or other representative authorized by the Commission, to purchase an amount of WYST for its notional value, in United States Dollars.

(g) "Issue" or "Issuance" means the process by which the Commission, or other representative authorized by the Commission, distributes WYST to a Licensed Service Provider in exchange for the amount of United States Dollars received following an Issuance Request.

(h) "Key Holder" means any of the Commissioners, Director, Commission Staff, or employees of the Stable Token Commission, or other personnel employed by the Wyoming State government who has been authorized by the Commission, to custody and operate private keys as part of a Multi-Signature or Multi-Party Computation digital wallet.

(i) "Licensed Service Provider" means any entity which has executed an agreement with the Commission to offer or support the purchase and sale of WYST on its platform or application, following a compliance review that includes at a minimum the successful completion of "Know Your Business" checks or other compliance requirements deemed necessary by the Commission.

(j) "Mint" or "Minting" means generating new WYST on a Blockchain network approved by the Commission.

(k) "Multi-Party Computation" or "MPC" means a subfield of cryptography with the goal of creating methods for parties to jointly compute a function over their inputs while keeping those inputs private.

(l) "Multi-Signature" or "Multi-Sig" means a digital wallet configuration that requires two or more independent private keys, held by authorized parties, to approve and authorize a single transaction. Multi-Signature wallets are used to enhance operational security by distributing signing authority and requiring multiple approvals before execution.

(m) "Permitted Investments" means the assets in which the Commission, Financial Institution(s), or other representative authorized by the Commission, can invest, per W.S. 40-31-106(a), in either cash, United States treasury securities with a maturity of three hundred sixty-five (365) days or less, or United States treasury security repurchase agreements with a term of thirty (30) days or less.

(n) "Redeem" or "Redemption" means the process by which a Licensed Service Provider returns WYST to the Commission, or other representative authorized by the Commission, in exchange for the notional value of WYST, denominated in United States Dollars, on the date of the Redemption Request.

(o) "Redemption Request" means a request received from a Licensed Service Provider by the Commission, or other recipient as authorized by the Commission, to Redeem an amount of WYST for its notional value, in United States Dollars.

(p) "Seize" or "Seizure" means the permanent confiscation of WYST by the Commission following a Final Lawful Legal Directive directing such confiscation.

(q) "Temporary Lawful Legal Directive" means a temporary or otherwise time-limited official and binding proclamation, such as temporary restraining orders, preliminary injunctions, or cease and desist orders, issued by a judicial body having jurisdiction over the Commission.

(r) "Token Holder" means any person or entity who is the lawful owner of WYST.

(s) "Trust Account" means an account, or accounts, held in a Financial Institution(s) for the purpose of holding Permitted Investments on behalf of a Token Holder. The Trust Account(s) excludes monies in excess of the notional value of the WYST.

(t) "Unsolicited Assets" means digital assets, coins, tokens, or other cryptographically-secured property that are transferred by third parties to the Commission's publicly-disclosed digital wallet addresses without any prior request, solicitation, agreement, or intent by the Commission to receive them. These assets originate from external digital wallets or exchanges and are recorded on the Blockchain as confirmed transactions.

(u) "Wyoming Stable Token" or "WYST" means the virtual currency, pursuant to W.S. 34-29-101, et seq. and W.S. 40-31-101, et seq., Issued by the Commission on a Blockchain network or other distributed ledger, representing a right to Redeem United States Dollars confirmed to be received by the Commission, or other representative(s) authorized by the Commission, in the Trust Account(s).

(v) "WYST in Circulation" means the total WYST supply that the Commission has a special obligation to Redeem, on Blockchains approved by the Commission.

Section 4. Limited Delegation of Technical Authority.

(a) The Commission delegates to the Director limited authority to, in accordance with control procedures established by the Commission:

(i) Manage the supply and transfer of WYST;

(ii) Onboard Licensed Service Providers, Token Holders, or other authenticated partners to technical infrastructure maintained by the Commission;

(iii) Offer a Gas Fee subsidy as a means of facilitating distribution of WYST; and

(iv) Purchase and manage Digital Assets for the purpose of paying Blockchain network Gas Fees, and engage with vendors for the management of Gas Fees:

(A) For the purposes of deploying smart contracts and effectuating any on-chain transaction(s) on behalf of the Commission; and

(B) Facilitating on-chain transactions on behalf of Token Holders.

(b) The Director may delegate any and all of the responsibilities listed in subsection 4(a) above, in whole in part, to one (1) or more members of the Commission Staff following written communication to the Commission with no less than twenty-four (24) hours advance notice.

(c) Any authority granted in this Section of this Chapter may be limited by the Commission pursuant to control procedures established by the Commission to ensure appropriate safeguards for Commission assets and WYST.

(d) Any authority granted in this Section of this Chapter may be altered, amended, or rescinded by the Commission at any time by majority vote of the Commission.

(e) Any actions taken under the delegated authority within this Section shall be reported to the Commission at its next regular meeting.

Chapter 2

Cryptographic Asset Management

Section 1. **Authority**. These rules are adopted to implement the Commission's authority granted by W.S. 40-31-105(b)-(c).

Section 2. **Cryptographic Key and Seed Generation and Storage.**

(a) The Director or Commission Staff shall:

(i) Generate all cryptographic keys and seeds using cryptographically secure industry standards;

(ii) Generate Multi-Signature or Multi-Party-Computation wallets requiring multiple signers for authorizing transactions, for which the Director or Commission Staff shall establish a key signing ceremony process for generating and distributing multiple keys;

(iii) Maintain a redundant key for recovery purposes in case of primary key loss or compromise;

(iv) Maintain a secure facility or facilities or engage third-party vendors to securely store recovery keys, seeds, storage media, and hardware devices;

(v) Develop procedures pertaining to the custody, transfer, and management of cryptographic keys; and

(vi) Perform periodic key rotation to ensure access is appropriately provisioned amongst signers and removed as necessary and appropriate.

Section 3. **Cryptographic Key Usage.**

(a) The Director or Commission Staff shall:

(i) Create an internal training program for Key Holders;

(ii) Create an agreement for Key Holders specifying the terms and conditions of managing keys exerting control over WYST, including the engagement of third-party custodians;

(iii) Procure devices and physical media necessary for storing cryptographic keys; and

(iv) Define key signing ceremony procedures and determine key signing thresholds for authorizing minting, burning, token transfers, compliance actions, and smart contract updates or changes.

Section 4. **Incident Response Authority.**

(a) The Director or Commission Staff shall:

(i) Create an incident response plan and a disaster recovery plan;

(ii) Be authorized to suspend all smart contract operations during an incident response or disaster, as defined in said policy or plan; and

(iii) Be authorized to engage vendors for the purposes of incident response.

Chapter 3

Token Supply Management

Section 1. Authority. These rules are adopted to implement the Commission's authority granted by W.S. 40-31-105(b)-(c).

Section 2. Minting and Burning.

(a) The Director or Commission Staff shall:

(i) Designate Key Holders to the role of supply manager and determine authorization thresholds;

(ii) Be authorized to create Minting and Burning procedures subsequent to a valid Issuance Request (as described in Chapter 2, Section 3 of the Reserves Management Rules) and Redemption Request (as described in Chapter 4, Sections 2 and 3 of the Reserves Management Rules), respectively; and

(iii) Create a Minting and Burning exception policy covering exceptions to the Minting and Burning request procedures, such as Minting and Burning operations pursuant to compliance operations.

Section 3. Cryptocurrency Operations.

(a) The Director or Commission Staff shall:

(i) Conduct regular security audits of cryptocurrency operations to identify and address potential vulnerabilities, and periodically engage security auditors to conduct independent assessments of cryptographic asset management policies;

(ii) Implement an audit logging system for tracking all token supply operations and smart contract changes;

(iii) Implement procedures for token transfers and Blockchain network bridging operations;

(iv) Implement emergency pause procedures for halting operations;

(v) Manage smart contract upgrades and versioning, create change management procedures and manage source code repositories; and

(vi) Issue tokens on any Blockchain approved by the Commission.

Chapter 4

Interdiction of WYST

Section 1. Authority. These rules are promulgated by the Commission, in accordance with W.S. 40-31-105(b)-(c).

Section 2. Responsibility.

(a) The Director or the Chief Risk and Compliance Officer shall develop and update internal policies and procedures related to this Chapter, subject to initial approval from the Commission.

Section 3. Freezing of WYST.

(a) The Director or Commission Staff, on behalf of the Commission, has the authority to Freeze WYST subject to subsections (b)-(d) of this Section.

(b) The Director or Commission Staff shall Freeze WYST in compliance with the Commission Staff's internal policies and procedures under the following circumstances:

(i) When directed to do so pursuant to a Temporary Lawful Legal Directive;

(ii) When the Director or Commission Staff confirms WYST are owned, held, or used by a prohibited person or entity on a sanctions list maintained by the Office of Foreign Assets Control ("OFAC"), in a geography prohibited by OFAC, similar lists maintained by applicable governmental authorities, or otherwise must be frozen to comply with global sanctions lists; or

(iii) If the Director otherwise reasonably believes, based on the advice of the Commission Staff, Licensed Service Providers, legal counsel, government officials, or entities who are contractually supporting WYST on behalf of the Commission, that WYST is being used for illegal purposes under federal or State of Wyoming laws, rules, or regulations.

(c) Unless prohibited by the Temporary Lawful Legal Directive or applicable law and at the Director's or Commission Staff's discretion, once the Freezing of WYST has been completed, the Director or Commission Staff shall communicate to the affected party that respective funds have been frozen in accordance with the time period specified in the Temporary Lawful Legal Directive, or thirty (30) days if no time period is specified.

(i) The Director or Commission Staff shall inform the sender of the legal directive that the freeze may be extended beyond thirty (30) days upon receipt of additional legal directive, but that absent further directive, the freeze shall be released at the conclusion of the thirty (30) days.

(d) The Director or Commission Staff shall deny a governmental or regulatory body any request to Freeze WYST absent a Temporary Lawful Legal Directive.

Section 4. Seizure of WYST.

(a) The Director or Commission Staff, on behalf of the Commission, has the authority to Seize WYST subject to subsections (b)-(f) of this Section.

(b) WYST may be subject to Seizure if the Commission is instructed to Seize WYST from the affected party, or Seize and custody a portion of Reserves associated with WYST subject to such a Seizure, by a Final Lawful Legal Directive from a federal regulator, or from a judicial body having jurisdiction over the Commission.

(c) The Commission shall not Seize WYST from the affected party, nor Seize any portion of Reserves associated with WYST subject to such a request, absent a Final Lawful Legal Directive.

(d) Upon receipt of a Final Lawful Legal Directive, the Director or Commission Staff shall also analyze the relevant information in the Final Lawful Legal Directive to determine if additional action is required by the Director or Commission Staff, including but not limited to, communicating with other government bodies or discontinuing business relationships.

(e) If the Commission receives a Final Lawful Legal Directive, the Director or Commission Staff shall promptly transfer via on-chain transaction the affected WYST to a segregated digital wallet controlled by the Commission, and shall Seize WYST consistent with state statute, rules promulgated, and adopted agency procedures.

(f) If the Final Lawful Legal Directive does not include instructions as to what entity should receive the Seized WYST, the Director or Commission Staff shall determine the resolution of the Seized WYST consistent with state statute, rules promulgated, and adopted agency procedures.

Chapter 5

Development Operations & Smart Contract Lifecycle

Section 1. Authority. These rules are adopted to implement the Commission's authority granted by W.S. 40-31-105(b)-(c).

Section 2. Contract Upgrades and Blockchain Launch Procedures.

(a) The Director or Commission Staff shall implement and maintain procedures for:

(i) Deploying and upgrading smart contracts and Blockchain-related software, subject to the approval from the Commission; and

(ii) Launching WYST on a new Blockchain network approved by the Commission through the recurring quarterly Blockchain selection exercise.

Section 3. Version Control & Change Management.

(a) The Director or Commission Staff shall implement and maintain:

(i) A change management procedure, including business justification, testing certification, version management, and Commission authorization; and

(ii) A version control system for the management and historic archival of all publicly released software versions.

Chapter 6

Management of Other Digital Assets

Section 1. Authority. These rules are adopted to implement the Commission's authority granted by W.S. 40-31-105(b)-(c).

Section 2. Transaction Fee Management (Gas Fees).

(a) The Director or Commission Staff shall create a policy regarding the payment of Gas Fees for stable token transactions.

Section 3. Unsolicited Assets.

(a) In the event that the Commission receives Unsolicited Assets, the Commission Staff shall:

(i) Segregate all Unsolicited Assets and hold them in a designated wallet controlled by the Commission;

(ii) Not return any Unsolicited Assets unless:

(A) Directed by a Final Lawful Legal Directive; or

(B) If the digital wallet from which the Unsolicited Asset(s) was sent is associated with a Licensed Service Provider with whom the Commission has an existing business relationship with, and there is no indication of illicit activity associated with those funds; and

(iii) In the event the digital wallet from which the Unsolicited Asset was sent is attributed with illicit or illegal activity, the Commission shall coordinate with the appropriate law enforcement agency for instructions on the appropriate treatment and disposition of digital assets or cryptocurrency received.

(b) The Commission Staff shall develop a policy to address the management and control of Unsolicited Asset consistent with Section 3(a).

(c) Absent a Final Lawful Legal Directive, the Commission or Commission Staff shall not be responsible for the Burn and re-Issuance of WYST to a Licensed Service Provider or Token Holder who has sent WYST to a digital wallet other than the intended recipient.