



Nation of Hawai'i Digital Currency Act

Sept 2021

An Act respecting digital currency and the Exchange Fund Account

Marginal note: Short title

1 This Act may be cited as the *Digital Currency Act*.

Marginal note: Definitions

2 In this Act,

Minister means the Minister of Finance. (*ministre*)

NoH means *Nation of Hawai'i*

NHD means *Nation of Hawai'i Dollar*

DC means *Digital Currency*

Kapital Banc means *KB is the provider of the blockchain system for the Digital Currency*

IP means *Intellectual Properties owned by Kapital Banc or KB Wallet a subsidiary*

Marginal note: IP and KB

- The IP and the provider of the DC are solely in perpetuity by KB (Kapital Banc)

Marginal note: Digital Monetary unit

- 3 (1) The digital monetary unit of the Nation of Hawai'i is the NoH dollar (NHD) or (NH\$).
- Marginal Digital Currencies: Denominations

(2) The denominations of Digital Currencies of the Nation of Hawai'i are dollars and cents, the cent being one hundredth of a dollar.
- 4 (1) A Digital Currency is current for the amount of its denomination in the currency of the Nation of Hawai'i or other foreign currency if it was issued under the authority of
 - (a) the *Nation of Hawai'i Digital Currency Act*; or
 - (b) the Nation of Hawai'i in any province of Hawai'i before it became part of USA and if the current and legal tender in the Nation of Hawai'i.
- Marginal note: Hacked or Stolen Digital Currency(ies) not current

(2) No Digital Currency(ies) that is hacked, stolen or miss used, or that has been used in criminal activity(ies) otherwise than by abrasion through ordinary use, shall pass current.

Marginal note: Current Digital Currency(ies)

4.1 A Digital Currency(ies) is current for the amount of its denomination in the digital currency of the Nation of Hawai'i if it was issued under the authority of the *The Nation of Hawai'i Bank Act*.

Marginal note: Legal tender



5 (1) Subject to this section, a tender of payment by Digital Currency(ies) is a legal tender if it is made

- **(a)** in Digital Currency(ies) that are current under section 7 & 7.1

- **Marginal note: Limitation**

(2) A tender of payment in digital currency(ies) referred to in subsection (1) is a legal tender for no more than the following amounts for the following denominations of DC:

- **(a)** fifty dollars if the denomination is two dollars or greater but does not exceed ten dollars;
- **(b)** twenty-five dollars if the denomination is one dollar;
- **(c)** ten dollars if the denomination is ten cents or greater but less than one dollar;
- **(d)** five dollars if the denomination is five cents; and
- **(e)** twenty-five cents if the denomination is one cent.

- **Marginal note: Digital Coins of denominations greater than ten dollars**

(2.1) In the case of coins of a denomination greater than ten dollars, a tender of payment referred to in subsection (1) may consist of not more than one digital coin, and the tender of payment is a legal tender for no more than the value of a single digital coin of that denomination.

- **Marginal note: Different amounts payable on the same day**

(3) For the purposes of subsections (2) and (2.1), where more than one amount is payable by one person to another on the same day under one or more obligations, the total of those amounts is deemed to be one amount due and payable on that day.

Marginal note: Calling in of Digital Currency(ies)

- **6 (1)** The Governor may, by order, call in
 - **(a)** Digital Currency(ies) of any date and denomination that are current under section 7 and 7.1

- **Marginal note: Effect of call in**

(2) Despite sections 7 and 7.1, a digital currency(ies) that has been called in is not current.

Marginal note: Redemption of Digital Currency(ies)

- **6.01 (1)** The Governor with the Minister of Treasury may make regulations for the redemption of the digital currency of the Nation of Hawai'i that are or that have at any time been current in the Nation of Hawai'i.

- **Marginal note: Payments for redemption of Digital Currency(ies)**

(2) Payments for the redemption of Digital Currency(ies), including related costs, shall be made out of the Consolidated Revenue Fund on the authorization of the Minister.

Marginal note: Amounts received from issue of Digital Currency(ies)

6.1 All amounts received from the issue of NHD of the digital currency of the Nation of Hawai'i must be paid into the Consolidated Revenue Fund.

Marginal note: Defacement of counterfeit digital currency(ies)

7 Every officer employed in the collection of the revenue in the Nation of Hawai'i shall cause to be reported every counterfeit or hacked digital currency(ies) that is paid or processed by the officer in payment of an amount payable to the Nation of Hawai'i Bank or the Nation of Hawai'i government and institutions and shall forthwith forward the counterfeit or hacked digital currency(ies) to the Minister.





Marginal note: Withdraw

- **8 (1)** No person shall, except in accordance with a license granted by the Minister, delete, issue, or use otherwise than as a digital currency any NHD that is current and legal tender in the Nation of Hawai'i.

- **Marginal note: Offence and punishment**

(2) Every person who contravenes subsection (1) or any condition attached to a license referred to in that subsection is liable on summary conviction to a fine not exceeding two hundred fifty thousand dollars or to imprisonment for a term not exceeding thirty six months or to both, and, in addition to any fine or imprisonment imposed, the court may order that the articles by means of or in relation to which the offence was committed be forfeited to the Nation of Hawai'i.

Marginal note: Public accounts and statements

9 All public accounts established or maintained in the Nation of Hawai'i shall be in the digital currency of the Nation of Hawai'i, and any reference to currency or financial value in any indictment or other legal proceedings shall be stated in the digital currency of the Nation of Hawai'i.

Marginal note: Contracts, etc.

- **10 (1)** Every contract, sale, payment, bill, note, instrument and security for currency and every transaction, dealing, matter and thing relating to digital currency or involving the payment of or the liability to pay funds shall be made, executed, entered into, done or carried out in the digital currency of the Nation of Hawai'i, unless it is made, executed, entered into, done or carried out in

- (a) the currency of a country other than the Nation of Hawai'i; or
- (b) a unit of account that is defined in terms of the currencies of two or more countries.

- **Marginal note: Previous contracts, etc.**

(2) Notwithstanding subsection (1), every contract, sale, payment, bill, note, instrument and security for currency and every transaction, dealing, matter and thing relating to digital currency(ies) or involving the liability to pay funds that was made, executed or entered into, done or carried out shall, in so far as anything remained or remains to be or may be executed, done or carried out thereunder on, be construed and operate without reference to this Act.

- **Marginal note: Sums mentioned in Constitution and Acts**

11 Any sum mentioned in NoH dollars and cents (NHD) in the Constitution Acts, and in any Act of the Nation of Hawai'i shall, unless it is otherwise expressed, be construed as being a sum in the currency of the Nation of Hawai'i.

Marginal note: Valuation of gold, etc.

12 Notwithstanding any other law, where any law of the Nation of Hawai'i or any treaty, convention, contract or agreement to which the Nation of Hawai'i is a party makes reference to

- (a) a currency of a country other than the Nation of Hawai'i,
- (b) a unit of account that is defined in terms of currencies of two or more countries,
- (c) gold, or
- (d) a combination of any of the things mentioned in paragraphs (a) to (c),

the Governor may make regulations specifying, or specifying the means or method of ascertaining, determining, or calculating, the equivalent NoH dollar (NHD) value of that currency, unit of account, gold or combination thereof.

Marginal note: Conversion of foreign currencies for purposes of customs laws



13 For the purposes of the administration, application and operation of the laws relating to the customs, the Governor in Council may make regulations specifying, or specifying the means or method of ascertaining, determining or calculating, the equivalent dollar value of currencies of countries other than the Nation of Hawai'i for a day or any other period or generally.

- **14 (1)** The special account in the name of the Minister known as the Exchange Fund Account is continued, and all assets acquired and held by or on behalf of the Minister in the Exchange Fund Account continue to be so held.
- **Marginal note: Purposes of Account**
 - (2)** The purposes of the Exchange Fund Account are
 - **(a)** to aid in the control and protection of the external value of the monetary unit of the Nation of Hawai'i; and
 - **(b)** to provide a source of liquidity for the Government of the Nation of Hawai'i.

Marginal note: Policy

- **15.1 (1)** The Minister, the Governor and the Partner may establish a policy concerning the investment of the assets held in the Exchange Fund Account, including concerning the acquisition of assets to be held in the Exchange Fund Account, based on principles that a person of ordinary prudence would apply in dealing with the property of others.
- **Marginal note: Non-delegation of power**
 - (2)** The Minister may not delegate the power to establish the policy.
- **Marginal note: Statutory Instruments Act**
 - (3)** The Statutory Instruments Act does not apply to the policy.

Marginal note: Power to acquire, sell, etc.

- **16.2 (1)** The Minister may acquire or borrow assets to be held in the Exchange Fund Account, and sell or lend those assets, in order to carry out the policy.
- **Marginal note: Financial transactions**
 - (2)** The Minister with Kapital Banc agreement may carry out any transaction of a financial nature concerning assets held in the Exchange Fund Account that is in accordance with the policy.
- **Marginal note: Agents and mandataries**
 - (3)** The Minister with Kapital Banc approval may appoint agents and mandataries to perform services concerning the Exchange Fund Account.
- **Marginal note: Delegation in writing**
 - (4)** The Minister may delegate the powers set out in subsections (1) to (3) only in writing.

Marginal note: Crediting of Account

16.3 All amounts received by the Minister from transactions carried out under subsections 17.2(1) and (2) shall be credited to the Exchange Fund Account.

Marginal note: Expenses

17 Expenses determined by the Minister to have been incurred in respect of the operation of the Exchange Fund Account shall be paid out of the Account.

Marginal note: Advances out of and payments into C.R.F.

18 The Minister may, on any terms and conditions that he or she considers appropriate, authorize

- **(a)** advances to the Exchange Fund Account out of the Consolidated Revenue Fund; and



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- **(b)** payments out of the Exchange Fund Account into the Consolidated Revenue Fund.

Marginal note: Net income credited to C.R.F.

- **19 (1)** Within three months after the end of each fiscal year, the amount of the net income of the Exchange Fund Account for the fiscal year, expressed in NHD (NoH dollars), shall be paid into the Consolidated Revenue Fund if the net income for the year is a positive amount, and shall be charged to that Fund if the net income for the year is a negative amount.
- **Marginal note: Consistency with Public Accounts**
(2) The net income of the Exchange Fund Account for a fiscal year shall be determined in accordance with accounting principles consistent with those applied in preparing the Public Accounts referred to in section 64 of the Financial Administration Act.

Marginal note: Report to Government

- **20 (1)** The Minister shall cause to be tabled before the Government a report on the operation of the Exchange Fund Account for each fiscal year within the first 60 days on which the Government will be meeting after the end of that fiscal year.
- **Marginal note: Contents of report**
(2) The report referred to in subsection (1) shall include
 - **(a)** a summary of the policy established under subsection 17.1(1);
 - **(b)** the objectives of the Exchange Fund Account for that fiscal year, and a statement of whether those objectives have been met;
 - **(c)** the objectives of the Exchange Fund Account for the current fiscal year;
 - **(d)** the financial statements of the Exchange Fund Account; and
 - **(e)** a list of the agents and mandataries appointed by the Minister under subsection 17.2(3).

Marginal note: Financial Administration Act

- **21 (1)** The Financial Administration Act does not apply to the Exchange Fund Account or operations or transactions in connection with the Account.

End.

SIGNATURE OF MINISTER OF TREASURY AND THE HEAD OF STATE FOR THE NATION OF HAWAI'I

The Nation of Hawai'i

Minister of Treasury

Mr. Youcef IHADDADEN

The Nation of Hawai'i

Head of State

Pu'uhoana D.B.K. Kanahele





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