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## Draft law No. 246 relating to the use of a digital recording device on a shared registry for the stocks and shares of non-listed companies

Draft law No. 246 (16 articles) of the National Council, adopted in Public Session on 4 December 2019, is an extension of the [Extended Monaco](#) "multifaceted" programme, which "is intended, among other things, to strengthen Monaco's attractiveness", which "must also be made concrete to project leaders and investors".<sup>1</sup>

It amends the provisions of the Commercial Code relating to *sociétés anonymes* (S.A., public limited companies) and *sociétés à responsabilité limitée* (S.A.R.L., limited liability companies), and is intended to be complementary to [Draft Law No. 995 on blockchain technology](#), which focuses on Initial Coin Offerings.

Draft law No. 246 aims to allow the dematerialisation of the issue and transfer of stocks (S.A.) and shares (S.A.R.L.), historically recorded on paper, by means of a "digital recording system on a (private) shared registry" guaranteeing "the availability, authentication, traceability, integrity, confidentiality and conservation of transactions"<sup>2</sup>. It also provides for the use of smart contracts.

*The Government has a period of 6 months (4 June 2020) to announce its intention to transform, or not, the proposed law into a governmental draft law.*

For the other aspects of the Principality's digital development, see the [Legislation for a Digital Principality](#) and the [Legislation on Digital Identity](#), adopted on the same day.

The proposed system would ensure that entrepreneurs "have legal tools at least equivalent to those they use in other countries", as in France.<sup>3</sup>

The concept of "digital recording system on a shared registry" covers the essential features of Blockchain technology, while being broader, which has the advantage of not limiting the application of the dematerialisation to this technology.

As a reminder, Blockchain technology allows the maintenance of a dematerialised and decentralised registry, shared among its users, which integrates the trace of all transactions carried out by them from the creation of the registry. With encryption processes, the Blockchain ensures the security and authentication of transactions. The registry set up shall be deemed difficult to falsify.

<sup>1</sup> Commission for the Development of Digital Technology, Report on the draft law No. 246, 25/11/2019, p. 3.

<sup>2</sup> Article 1 of Draft Law No. 246.

<sup>3</sup> Op. cit. Quote 1.