



Blockchain Has Come to New Jersey Corporations

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On September 28, 2021, Governor Phil Murphy signed into law a bill allowing New Jersey business corporations to maintain certain records, particularly records regarding stock ownership, using electronic networks or databases, including networks or databases that rely on blockchain technology.

While blockchain technology is often associated with digital currencies, it can be used to record any type of financial or proprietary transaction. The advantage of blockchain technology is that, unlike traditional records or networks that are stored or based in one place (e.g., a bank vault, or a computer server), making them susceptible to casualty, records on a blockchain are distributed among numerous computer systems in far reaching places. As a result, damage to or an attack on one of those computer systems does not compromise the quality of the records.

New Jersey is hardly the first state to dive into the world of blockchain. Delaware amended its General Corporation Law in 2017 to permit records to be kept on “distributed electronic networks or databases.”

The New Jersey legislation, P.L. 2021, c. 238, defines an “electronic network” as one or more electronic networks or databases, including one or more distributed electronic networks or databases that utilize blockchain technology, administered by or on the behalf of the corporation. It amends the New Jersey Business Corporation Act to explicitly allow records containing the names and addresses of shareholders, the number, class, and series of the shares of the corporation’s stock that they own, and the dates on which they acquired those shares to be kept on such an electronic network. Prior to this amendment, such records had to be physically located at the corporation’s registered office, or alternatively the office of its transfer agent.

Upon the written request of anyone entitled to access the corporation’s records (typically shareholders and their

agents), the new law requires that a corporation must convert any records kept on such an electronic network “into a clearly legible form” within five days of the request.

In addition, the new law expands the definition of “electronic transmission” to include the use of, or participation in, an electronic network as defined above. Thus, certain notices to shareholders that could previously be delivered electronically may now be transmitted using blockchain-enabled technology.

For more information about this new law, please contact [Jason D. Navarino](mailto:jnavarino@riker.com) at jnavarino@riker.com or any member of Riker Danzig's [Corporate](#) Group.

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