



Blockchain Terrain

Protecting Personal Data: Vermont Blockchain Legislation Authorizes Personal Information Protection Companies

Few people in the United States could hear the name “Equifax” and not immediately think “data breach.” With growing concern over frequent breaches, protecting personal data has become a top priority among U.S. and international governments, numerous industries, and consumers. Repairing the damage done by a breach can take months, with many consumers permanently losing trust in the companies and institutions they’ve valued in the past.

Recognizing the current landscape, the State of Vermont—known for its encouragement of blockchain technology—has taken a critical step toward protecting consumer data.

In a law that implements several new legal initiatives in support of blockchain technology, the Vermont Legislature created a new type of business entity to hold and disclose personal information called a Personal Information Protection Company (a “PIPC”).

The law, signed by the Vermont Governor on May 30, aims to create a legal structure that appeals to companies handling personal information by offering assurances to both consumers and third parties engaged with a PIPC. Under the new law, a PIPC will be required to elevate the interests of consumers providing public information above its own interests. In contrast, the current system involves long and extremely complex “contracts” between consumers and the entities receiving their personal information—with those consumers having limited awareness of understanding of the contract provisions. Vermont’s legislation creates a new framework where individuals providing information to PIPCs have assurances through statute and regulation as to the proper use of their personal information.

Legislation Details

The legislation defines a number of critical terms, including:

- **Personal information:** data capable of being associated with a particular natural person, such as gender identification, birth information, biometric records, government identification designations and personal histories.
- **Personal information protection company:** a company that accepts personal information under a written agreement to provide personal information protection services
- **Personal information protection service:** receiving, holding and managing the disclosure or use of personal information under a written agreement and in the best interests and for the protection and benefit of the consumer.

The law also defines the responsibilities and requirements of a PIPC. A PIPC must develop, implement and maintain a comprehensive information security program that contains administrative, technical and physical safeguards sufficient to protect personal information. Those safeguards may—but do not have to—include blockchain technology. PIPCs also must qualify to conduct business under rules that will be adopted by the Vermont Department of Financial Regulation (“DFR”). We anticipate that the DFR will solicit substantial input during development of those rules from businesses active in this area.

The legislation authorizes PIPCs to operate through remote interaction with individuals inside and outside of Vermont and to provide elements of personal information to third parties with whom the individual seeks to have a transaction, service relationship or other particular interaction.

As attorneys and members of the Vermont Bar Association, we have testified on and been actively engaged in bringing this law to life, recognizing that Vermont’s adoption of this cutting-edge legislation will provide a competitive advantage to PIPC companies with a presence in the state. [Contact us if you have any questions.](#)