



(Original Signature of Member)

118TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To provide for a system of regulation of digital assets by the Commodity Futures Trading Commission and the Securities and Exchange Commission, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. THOMPSON of Pennsylvania (for himself, Mr. HILL, and Mr. JOHNSON of South Dakota) introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To provide for a system of regulation of digital assets by the Commodity Futures Trading Commission and the Securities and Exchange Commission, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Financial Innovation and Technology for the 21st Cen-  
6 tury Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for  
2 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; RULEMAKING; PROVISIONAL  
REGISTRATION

Sec. 101. Definitions under the Securities Act of 1933.

Sec. 102. Definitions under the Commodity Exchange Act.

Sec. 103. Definitions under this Act.

Sec. 104. Joint rulemakings.

Sec. 105. Notice of intent to register for digital commodity exchanges, brokers,  
and dealers.

Sec. 106. Notice of intent to register for digital asset brokers, dealers, and  
trading systems.

Sec. 107. Commodity Exchange Act savings provisions.

Sec. 108. International harmonization.

Sec. 109. Implementation.

TITLE II—DIGITAL ASSET EXEMPTIONS

Sec. 201. Exempted transactions in digital assets.

Sec. 202. Requirements to transact in certain digital assets.

Sec. 203. Enhanced disclosure requirements.

Sec. 204. Certification of certain digital assets.

Sec. 205. Effective date.

TITLE III—REGISTRATION FOR DIGITAL ASSET INTERMEDIARIES  
AT THE SECURITIES AND EXCHANGE COMMISSION

Sec. 301. Treatment of digital commodities and other digital assets.

Sec. 302. Antifraud authority over permitted payment stablecoins.

Sec. 303. Registration of digital asset trading systems.

Sec. 304. Requirements for digital asset trading systems.

Sec. 305. Registration of digital asset brokers and digital asset dealers.

Sec. 306. Requirements of digital asset brokers and digital asset dealers.

Sec. 307. Rules related to conflicts of interest.

Sec. 308. Treatment of certain digital assets in connection with federally regulated intermediaries.

Sec. 309. Dual registration.

Sec. 310. Exclusion for ancillary activities.

Sec. 311. Registration and requirements for notice-registered digital asset clearing agencies.

Sec. 312. Treatment of custody activities by banking institutions.

TITLE IV—REGISTRATION FOR DIGITAL ASSET INTERMEDIARIES  
AT THE COMMODITY FUTURES TRADING COMMISSION

Sec. 401. Commission jurisdiction over digital commodity transactions.

Sec. 402. Requiring futures commission merchants to use qualified digital commodity custodians.

Sec. 403. Trading certification and approval for digital commodities.

Sec. 404. Registration of digital commodity exchanges.

Sec. 405. Qualified digital commodity custodians.

Sec. 406. Registration and regulation of digital commodity brokers and dealers.

- Sec. 407. Registration of associated persons.
- Sec. 408. Registration of commodity pool operators and commodity trading advisors.
- Sec. 409. Exclusion for ancillary activities.
- Sec. 410. Effective date.

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Codification of the SEC Strategic Hub for Innovation and Financial Technology.
- Sec. 502. Codification of LabCFTC.
- Sec. 503. CFTC-SEC Joint Advisory Committee on Digital Assets.
- Sec. 504. Modernization of the Securities and Exchange Commission mission.
- Sec. 505. Study on decentralized finance.
- Sec. 506. Study on non-fungible digital assets.
- Sec. 507. Study on financial market infrastructure improvements.

1 **TITLE I—DEFINITIONS; RULE-**  
 2 **MAKING; PROVISIONAL REG-**  
 3 **ISTRATION**

4 **SEC. 101. DEFINITIONS UNDER THE SECURITIES ACT OF**  
 5 **1933.**

6 Section 2(a) of the Securities Act of 1933 (15 U.S.C.  
 7 77b(a)) is amended by adding at the end the following:

8 “(20) AFFILIATED PERSONS.—The term ‘affili-  
 9 ated person’ means a person (including a related  
 10 person) that—

11 “(A) with respect to a digital asset  
 12 issuer—

13 “(i) directly, or indirectly through one  
 14 or more intermediaries, controls, or is con-  
 15 trolled by, or is under common control  
 16 with, such digital asset issuer; and

1           “(ii) was described under clause (i) at  
2           any point in the previous 3-month period;  
3           or

4           “(B) with respect to any digital asset—

5           “(i) beneficially owns 5 percent or  
6           more of the units of such digital asset that  
7           are then outstanding; and

8           “(ii) was described under clause (i) at  
9           any point in the previous 3-month period.

10           “(21) BLOCKCHAIN.—The term ‘blockchain’  
11           means any technology—

12           “(A) where data is—

13           “(i) shared across a network to create  
14           a public ledger of verified transactions or  
15           information among network participants;

16           “(ii) linked using cryptography to  
17           maintain the integrity of the public ledger  
18           and to execute other functions; and

19           “(iii) distributed among network par-  
20           ticipants in an automated fashion to con-  
21           currently update network participants on  
22           the state of the public ledger and any other  
23           functions; and

24           “(B) composed of source code that is pub-  
25           licly available.

1           “(22) BLOCKCHAIN PROTOCOL.—The term  
2           ‘blockchain protocol’ means any executable software  
3           deployed to a blockchain composed of source code  
4           that is publicly available and accessible, including a  
5           smart contract or any network of smart contracts.

6           “(23) BLOCKCHAIN SYSTEM.—The term  
7           ‘blockchain system’ means any blockchain or  
8           blockchain protocol.

9           “(24) DECENTRALIZED NETWORK.—With re-  
10          spect to a blockchain system to which a digital asset  
11          relates, the term ‘decentralized network’ means the  
12          following conditions are met:

13                 “(A) During the previous 12-month period,  
14                 no person—

15                         “(i) had the unilateral authority, di-  
16                         rectly or indirectly, through any contract,  
17                         arrangement, understanding, relationship,  
18                         or otherwise, to control or materially alter  
19                         the functionality or operation of the  
20                         blockchain system; or

21                         “(ii) had the unilateral authority to  
22                         restrict or prohibit any person who is not  
23                         a digital asset issuer, related person, or an  
24                         affiliated person from—

1                   “(I) using, earning, or transmit-  
2                   ting the digital asset;

3                   “(II) deploying software that  
4                   uses or integrates with the blockchain  
5                   system;

6                   “(III) participating in a decen-  
7                   tralized governance system with re-  
8                   spect to the blockchain system; or

9                   “(IV) operating a node, validator,  
10                  or other form of computational infra-  
11                  structure with respect to the  
12                  blockchain system.

13                  “(B) During the previous 12-month pe-  
14                  riod—

15                  “(i) no digital asset issuer or affiliated  
16                  person beneficially owned, in the aggre-  
17                  gate, 20 percent or more of the total  
18                  amount of units of such digital asset  
19                  that—

20                  “(I) can be created, issued, or  
21                  distributed in such blockchain system;  
22                  and

23                  “(II) were freely transferrable or  
24                  otherwise used or available to be used

1 for the purposes of such blockchain  
2 network;

3 “(ii) no digital asset issuer or affli-  
4 ated person had the unilateral authority to  
5 direct the voting, in the aggregate, of 20  
6 percent or more of the outstanding voting  
7 power of such digital asset or related de-  
8 centralized governance system; or

9 “(iii) the digital asset did not include  
10 voting power.

11 “(C) During the previous 3-month period,  
12 the digital asset issuer, any affiliated person, or  
13 any related person has not implemented or con-  
14 tributed any intellectual property to the source  
15 code of the blockchain system that materially  
16 alters the functionality or operation of the  
17 blockchain system, unless such implementation  
18 or contribution to the source code—

19 “(i) addressed vulnerabilities, errors,  
20 regular maintenance, cybersecurity risks,  
21 or other technical improvements to the  
22 blockchain system; or

23 “(ii) were adopted through the con-  
24 sensus or agreement of a decentralized  
25 governance system.

1           “(D) During the previous 3-month period,  
2           neither any digital asset issuer nor any affili-  
3           ated person described under paragraph (20)(A)  
4           has marketed to the public the digital assets as  
5           an investment.

6           “(E) During the previous 12-month period,  
7           all issuances of units of such digital asset were  
8           end user distributions made through the pro-  
9           grammatic functioning of the blockchain sys-  
10          tem.

11          “(25) DECENTRALIZED GOVERNANCE SYS-  
12          TEM.—

13                 “(A) IN GENERAL.—The term ‘decentral-  
14                 ized governance system’ means, with respect to  
15                 a blockchain system, any rules-based system  
16                 permitting persons using the blockchain system  
17                 or the digital assets related to such blockchain  
18                 system to form consensus or reach agreement  
19                 in the development, provision, publication, man-  
20                 agement, or administration of such blockchain  
21                 system.

22                 “(B) RELATIONSHIP OF PERSONS TO DE-  
23                 CENTRALIZED GOVERNANCE SYSTEMS.—Per-  
24                 sons acting through a decentralized governance



1 system shall be treated as separate persons un-  
2 less such persons are under common control.

3 “(C) EXCLUSION.—The term ‘decentral-  
4 ized governance system’ does not include a sys-  
5 tem in which—

6 “(i) a person or group of persons  
7 under common control have the ability  
8 to—

9 “(I) unilaterally alter the rules of  
10 consensus or agreement for the  
11 blockchain system; or

12 “(II) determine the final outcome  
13 of decisions related to the develop-  
14 ment, provision, publication, manage-  
15 ment, or administration of such  
16 blockchain system;

17 “(ii) a person or group of persons is  
18 directly engaging in an activity that re-  
19 quires registration with the Commission or  
20 the Commodity Futures Trading Commis-  
21 sion other than—

22 “(I) developing, providing, pub-  
23 lishing, managing, or administering a  
24 blockchain system; or

1                   “(II) an activity with respect to  
2                   which the organization is exempt from  
3                   such registration; or

4                   “(iii) a person or group of persons  
5                   seeking to knowingly evade the require-  
6                   ments imposed on a digital asset issuer, a  
7                   related person, an affiliated person, or any  
8                   other person registered (or required to be  
9                   registered) under this Act, the Financial  
10                  Innovation and Technology for the 21st  
11                  Century Act, or the Commodity Exchange  
12                  Act.

13                  “(26) DIGITAL ASSET.—

14                  “(A) IN GENERAL.—The term ‘digital  
15                  asset’ means any fungible digital representation  
16                  of value that can be exclusively possessed and  
17                  transferred, person to person, without necessary  
18                  reliance on an intermediary, and is recorded on  
19                  a cryptographically secured public distributed  
20                  ledger.

21                  “(B) EXCLUSIONS.—The term ‘digital  
22                  asset’ does not include—

23                  “(i) any note, stock, treasury stock,  
24                  security future, security-based swap, bond,  
25                  debenture, evidence of indebtedness, cer-

1 tificate of interest or participation in any  
2 profit-sharing agreement, collateral-trust  
3 certificate, preorganization certificate or  
4 subscription, or transferable share; or

5 “(ii) any asset which represents, oper-  
6 ates as the functional equivalent of, or oth-  
7 erwise has embedded functionality or char-  
8 acteristics which make it an agreement,  
9 contract, or transaction that is—

10 “(I) a contract of sale of a com-  
11 modity (as defined under section 1a of  
12 the Commodity Exchange Act) for fu-  
13 ture delivery or an option thereon;

14 “(II) a security futures product;

15 “(III) a swap;

16 “(IV) an agreement, contract, or  
17 transaction described in section  
18 2(c)(2)(C)(i) or 2(c)(2)(D)(i) of the  
19 Commodity Exchange Act;

20 “(V) a commodity option author-  
21 ized under section 4c of the Com-  
22 modity Exchange Act; or

23 “(VI) a leverage transaction au-  
24 thorized under section 19 of the Com-  
25 modity Exchange Act.

1           “(C) RELATIONSHIP TO A BLOCKCHAIN  
2 SYSTEM.—A digital asset is considered to relate  
3 to a blockchain system if the digital asset is in-  
4 trinsically linked to the blockchain system, in-  
5 cluding—

6           “(i) where the digital asset’s value is  
7 reasonably expected to be generated by the  
8 programmatic functioning of the  
9 blockchain system;

10           “(ii) where the asset has voting rights  
11 with respect to the blockchain system; or

12           “(iii) where the digital asset is issued  
13 through the programmatic functioning of  
14 the blockchain system.

15           “(D) TREATMENT OF CERTAIN DIGITAL  
16 ASSETS SOLD PURSUANT TO AN INVESTMENT  
17 CONTRACT.—A digital asset sold or transferred  
18 or intended to be sold or transferred pursuant  
19 to an investment contract is not and does not  
20 become a security as a result of being sold or  
21 otherwise transferred pursuant to that invest-  
22 ment contract.

23           “(27) DIGITAL ASSET ISSUER.—With respect to  
24 a digital asset, the term ‘digital asset issuer’—

25           “(A) means—

1 “(i) any person that, in exchange for  
2 any consideration—

3 “(I) issues or causes to be issued  
4 a unit of such digital asset to a per-  
5 son; or

6 “(II) offers or sells a right to a  
7 future issuance of a unit of such dig-  
8 ital asset to a person; or

9 “(ii) any person who seeks to know-  
10 ingly evade classification as a ‘digital asset  
11 issuer’ and facilitate an arrangement for  
12 the primary purpose of effecting a sale,  
13 distribution, or other issuance of such dig-  
14 ital asset, by—

15 “(I) the granting of a license or  
16 assignment of intellectual property;

17 “(II) the making available of free  
18 software or open source licenses; or

19 “(III) the granting of other  
20 rights or transfer of assets material to  
21 execution of such sale, distribution, or  
22 other issuance; and

23 “(B) does not include any person solely be-  
24 cause such person, for the purpose of such per-  
25 son participating in operations of a blockchain

1 system, deploys source code to create units of a  
2 digital asset which are incentive-based re-  
3 wards—

4 “(i) to users of the digital asset or  
5 any blockchain system to which the digital  
6 asset relates; or

7 “(ii) for activities directly related to  
8 the operation of the blockchain system,  
9 such as mining, validating, staking, or  
10 other activity directly tied to the operation  
11 of the blockchain system.

12 “(28) DIGITAL ASSET MATURITY DATE.—The  
13 term ‘digital asset maturity date’ means, with re-  
14 spect to any units of a digital asset, the first date  
15 on which 20 percent or more of the total units of  
16 such digital asset that are then outstanding as of  
17 such date are—

18 “(A) digital commodities; or

19 “(B) digital assets that have been reg-  
20 istered with the Commission.

21 “(29) DIGITAL COMMODITY.—The term ‘digital  
22 commodity’ has the meaning given that term under  
23 section 1a of the Commodity Exchange Act (7  
24 U.S.C. 1a).

1           “(30) END USER DISTRIBUTION.—The term  
2           ‘end user distribution’ means an issuance of a unit  
3           of a digital asset that—

4                   “(A) does not involve an exchange of more  
5                   than a nominal value of cash, property, or other  
6                   assets; and

7                   “(B) is distributed in a broad, equitable,  
8                   and non-discretionary manner based on condi-  
9                   tions capable of being satisfied by any partici-  
10                  pant in the blockchain system, including, as in-  
11                  centive-based rewards—

12                           “(i) to users of the digital asset or  
13                           any blockchain system to which the digital  
14                           asset relates;

15                           “(ii) for activities directly related to  
16                           the operation of the blockchain system,  
17                           such as mining, validating, staking, or  
18                           other activity directly tied to the operation  
19                           of the blockchain system; or

20                           “(iii) to the existing holders of an-  
21                           other digital asset, in proportion to the  
22                           total units of such other digital asset as  
23                           are held by each person.

24           “(31) FUNCTIONAL NETWORK.—With respect  
25           to a blockchain system to which a digital asset re-

1       lates, the term ‘functional network’ means the net-  
2       work allows network participants to use such digital  
3       asset for—

4               “(A) the transmission and storage of value  
5       on the blockchain system;

6               “(B) the participation in services provided  
7       by or an application running on the blockchain  
8       system; or

9               “(C) the participation in governance of the  
10      blockchain system.

11              “(32) PERMITTED PAYMENT STABLECOIN.—  
12      The term ‘permitted payment stablecoin’—

13              “(A) means a digital asset—

14                      “(i) that is or is designed to be used  
15      as a means of payment or settlement;

16                      “(ii) the issuer of which—

17                              “(I) is obligated to convert, re-  
18      deem, or repurchase for a fixed  
19      amount of monetary value; and

20                              “(II) represents will maintain or  
21      creates the reasonable expectation  
22      that it will maintain a stable value rel-  
23      ative to the value of a fixed amount of  
24      monetary value; and



1           “(iii) that is subject to regulation by  
2           a Federal or State regulator with authority  
3           over entities that issue payment  
4           stablecoins; and

5           “(B) that is not—

6                 “(i) a national currency; or

7                 “(ii) a security issued by an invest-  
8           ment company registered under section  
9           8(a) of the Investment Company Act of  
10          1940 (15 U.S.C. 80a–8(a)).

11          “(33) RELATED PERSON.—With respect to a  
12          digital asset issuer, the term ‘related person’  
13          means—

14                 “(A) a founder, promoter, employee, con-  
15           sultant, advisor, or person serving in a similar  
16           capacity;

17                 “(B) any person that is or was in the pre-  
18           vious 6-month period an executive officer, direc-  
19           tor, trustee, general partner, advisory board  
20           member, or person serving in a similar capacity;

21                 “(C) any equity holder or other security  
22           holder of a digital asset issuer; or

23                 “(D) any other person that received a unit  
24           of digital asset from such digital asset issuer  
25           through—

1           “(i) an exempt offering, other than an  
2           offering made in reliance on section  
3           4(a)(8); or

4           “(ii) a distribution that is not an end  
5           user distribution described under section  
6           42(d)(1) of the Securities Exchange Act of  
7           1934.

8           “(34) RESTRICTED DIGITAL ASSET.—

9           “(A) IN GENERAL.—The term ‘restricted  
10          digital asset’ means—

11          “(i) any unit of a digital asset held by  
12          a person, other than a digital asset issuer,  
13          a related person, or an affiliated person,  
14          prior to the first date on which each  
15          blockchain system to which the digital  
16          asset relates is a functional network and  
17          certified to be a decentralized network  
18          under section 44 of the Securities Ex-  
19          change Act of 1934, that was—

20          “(I) issued to such person  
21          through a distribution, other than an  
22          end user distribution described under  
23          section 42(d)(1) of the Securities Ex-  
24          change Act of 1934;or

1                   “(II) acquired by such person in  
2                   a transaction that was not executed  
3                   on a digital commodity exchange;

4                   “(ii) any digital asset held by a re-  
5                   lated person or an affiliated person during  
6                   any period when any blockchain system to  
7                   which the digital asset relates is not a  
8                   functional network or not certified to be a  
9                   decentralized network under section 44 of  
10                  the Securities Exchange Act of 1934; or

11                  “(iii) any unit of a digital asset held  
12                  by the digital asset issuer.

13                  “(B) EXCLUSION.—The term ‘restricted  
14                  digital asset’ does not include a permitted pay-  
15                  ment stablecoin.

16                  “(35) SECURITIES LAWS.—The term ‘securities  
17                  laws’ has the meaning given that term under section  
18                  3(a) of the Securities Exchange Act of 1934 (15  
19                  U.S.C. 78c(a)).

20                  “(36) SOURCE CODE.—With respect to a  
21                  blockchain system, the term ‘source code’ means a  
22                  listing of commands to be compiled or assembled  
23                  into an executable computer program.”.

1 **SEC. 102. DEFINITIONS UNDER THE COMMODITY EX-**  
2 **CHANGE ACT.**

3 Section 1a of the Commodity Exchange Act (7 U.S.C.  
4 1a) is amended—

5 (1) in paragraph (10)(A)—

6 (A) by redesignating clauses (iii) and (iv)  
7 as clauses (iv) and (v), respectively; and

8 (B) by inserting after clause (ii) the fol-  
9 lowing:

10 “(iii) digital commodity;”;

11 (2) in paragraph (11)—

12 (A) in subparagraph (A)(i)—

13 (i) by redesignating subclauses (III)  
14 and (IV) as subclauses (IV) and (V), re-  
15 spectively; and

16 (ii) by inserting after subclause (II)  
17 the following:

18 “(III) digital commodity;” and

19 (B) by redesignating subparagraph (B) as  
20 subparagraph (C) and inserting after subpara-  
21 graph (A) the following:

22 “(B) EXCLUSION.—The term ‘commodity  
23 pool operator’ does not include—

24 “(i) a decentralized governance sys-  
25 tem; or

1 “(ii) ancillary activities, as defined in  
2 section 4v.”;

3 (3) in paragraph (12)(A)(i)—

4 (A) in subclause (II), by adding at the end  
5 a semicolon;

6 (B) by redesignating subclauses (III) and  
7 (IV) as subclauses (IV) and (V), respectively;  
8 and

9 (C) by inserting after subclause (II) the  
10 following:

11 “(III) a digital commodity;”;

12 (4) in paragraph (40)—

13 (A) by striking “and” at the end of sub-  
14 paragraph (E);

15 (B) by striking the period at the end of  
16 subparagraph (F) and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(G) a digital commodity exchange reg-  
19 istered under section 5i.”; and

20 (5) by adding at the end the following:

21 “(52) ASSOCIATED PERSON OF A DIGITAL COM-  
22 MODITY BROKER.—

23 “(A) IN GENERAL.—Except as provided in  
24 subparagraph (B), the term ‘associated person  
25 of a digital commodity broker’ means a person

1 who is associated with a digital commodity  
2 broker as a partner, officer, employee, or agent  
3 (or any person occupying a similar status or  
4 performing similar functions) in any capacity  
5 that involves—

6 “(i) the solicitation or acceptance of a  
7 contract for sale of a digital commodity; or

8 “(ii) the supervision of any person en-  
9 gaged in the solicitation or acceptance of a  
10 contract for sale of a digital commodity.

11 “(B) EXCLUSION.—The term ‘associated  
12 person of a digital commodity broker’ does not  
13 include any person associated with a digital  
14 commodity broker the functions of which are  
15 solely clerical or ministerial.

16 “(53) ASSOCIATED PERSON OF A DIGITAL COM-  
17 MODITY DEALER.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), the term ‘associated person  
20 of a digital commodity dealer’ means a person  
21 who is associated with a digital commodity deal-  
22 er as a partner, officer, employee, or agent (or  
23 any person occupying a similar status or per-  
24 forming similar functions) in any capacity that  
25 involves—

1 “(i) the solicitation or acceptance of a  
2 contract for sale of a digital commodity; or

3 “(ii) the supervision of any person en-  
4 gaged in the solicitation or acceptance of a  
5 contract for sale of a digital commodity.

6 “(B) EXCLUSION.—The term ‘associated  
7 person of a digital commodity dealer’ does not  
8 include any person associated with a digital  
9 commodity dealer the functions of which are  
10 solely clerical or ministerial.

11 “(54) BANK SECRECY ACT.—The term ‘Bank  
12 Secrecy Act’ means—

13 “(A) section 21 of the Federal Deposit In-  
14 surance Act (12 U.S.C. 1829b);

15 “(B) chapter 2 of title I of Public Law 91–  
16 508 (12 U.S.C. 1951 et seq.); and

17 “(C) subchapter II of chapter 53 of title  
18 31, United States Code.

19 “(55) DIGITAL COMMODITY.—

20 “(A) IN GENERAL.—The term ‘digital com-  
21 modity’ means—

22 “(i) any unit of a digital asset held by  
23 a person, other than a digital asset issuer,  
24 a related person, or an affiliated person,  
25 before the first date on which each

1 blockchain system to which the digital  
2 asset relates is a functional network and  
3 certified to be a decentralized network  
4 under section 44 of the Securities Ex-  
5 change Act of 1934, that was—

6 “(I) issued to the person through  
7 an end user distribution described  
8 under section 42(d)(1) of the Securi-  
9 ties Exchange Act of 1934; or

10 “(II) acquired by such person in  
11 a transaction that was executed on a  
12 digital commodity exchange; or

13 “(ii) any unit of a digital asset held  
14 by a person, other than a digital asset  
15 issuer, a related person, or an affiliated  
16 person, after the first date on which each  
17 blockchain system to which the digital  
18 asset relates is a functional network and  
19 certified to be a decentralized network  
20 under section 44 of the Securities Ex-  
21 change Act of 1934; and

22 “(iii) any unit of a digital asset held  
23 by a related person or an affiliated person  
24 during any period when any blockchain  
25 system to which the digital asset relates is



1 a functional network and certified to be a  
2 decentralized network under section 44 of  
3 the Securities Exchange Act of 1934.

4 “(B) EXCLUSION.—The term ‘digital com-  
5 modity’ does not include a permitted payment  
6 stablecoin.

7 “(56) DIGITAL COMMODITY BROKER.—

8 “(A) IN GENERAL.—The term ‘digital com-  
9 modity broker’ means any person who, in a dig-  
10 ital commodity cash or spot market, is—

11 “(i) engaged in soliciting or accepting  
12 orders for the purchase or sale of a unit of  
13 a digital commodity from a customer that  
14 is not an eligible contract participant;

15 “(ii) engaged in soliciting or accepting  
16 orders for the purchase or sale of a unit of  
17 a digital commodity from a customer on or  
18 subject to the rules of a registered entity;  
19 or

20 “(iii) registered with the Commission  
21 as a digital commodity broker.

22 “(B) EXCEPTIONS.—The term ‘digital  
23 commodity broker’ does not include a person  
24 solely because the person—

1                   “(i) enters into a digital commodity  
2                   transaction the primary purpose of which  
3                   is to make, send, receive, or facilitate pay-  
4                   ments, whether involving a payment service  
5                   provider or on a peer-to-peer basis; or

6                   “(ii) validates a digital commodity  
7                   transaction, operates a node, or engages in  
8                   similar activity to participate in facili-  
9                   tating, operating, or securing a blockchain  
10                  system.

11                  “(57) DIGITAL COMMODITY CUSTODIAN.—The  
12                  term ‘digital commodity custodian’ means a bank or  
13                  trust company in the business of holding, maintain-  
14                  ing, or safeguarding digital commodities.

15                  “(58) DIGITAL COMMODITY DEALER.—

16                  “(A) IN GENERAL.—The term ‘digital com-  
17                  modity dealer’ means any person who—

18                         “(i) in digital commodity cash or spot  
19                         markets—

20                                 “(I) holds itself out as a dealer in  
21                                 a digital commodity;

22                                 “(II) makes a market in a digital  
23                                 commodity;

24                                 “(III) regularly enters into dig-  
25                                 ital commodity transactions with

1                   counterparties as an ordinary course  
2                   of business for its own account; or

3                   “**(IV)** engages in any activity  
4                   causing the person to be commonly  
5                   known in the trade as a dealer or  
6                   market maker in a digital commodity;

7                   “(ii) regularly enters into any agree-  
8                   ment, contract, or transaction described in  
9                   subsection (c)(2)(D)(i) involving a digital  
10                  commodity; or

11                  “(iii) is registered with the Commis-  
12                  sion as a digital commodity dealer.

13                  “(B) **EXCEPTION.**—The term ‘digital com-  
14                  modity dealer’ does not include a person solely  
15                  because the person—

16                  “(i) enters into a digital commodity  
17                  transaction with an eligible contract partic-  
18                  ipant;

19                  “(ii) enters into a digital commodity  
20                  transaction on or through a registered dig-  
21                  ital commodity exchange;

22                  “(iii) enters into a digital commodity  
23                  transaction for the person’s own account,  
24                  either individually or in a fiduciary capac-  
25                  ity, but not as a part of a regular business;

1                   “(iv) enters into a digital commodity  
2                   transaction the primary purpose of which  
3                   is to make, send, receive, or facilitate pay-  
4                   ments, whether involving a payment service  
5                   provider or on a peer-to-peer basis; or

6                   “(v) validates a digital commodity  
7                   transaction, operates a node, or engages in  
8                   similar activity to participate in facili-  
9                   tating, operating, or securing a blockchain  
10                  system.

11                 “(59) DIGITAL COMMODITY EXCHANGE.—The  
12                 term ‘digital commodity exchange’ means a trading  
13                 facility that offers or seeks to offer a cash or spot  
14                 market in at least 1 digital commodity.

15                 “(60) DIGITAL ASSET-RELATED DEFINI-  
16                 TIONS.—

17                 “(A) SECURITIES ACT OF 1933.—The  
18                 terms ‘affiliated person’, ‘blockchain system’,  
19                 ‘decentralized governance system’ ‘decentralized  
20                 network’, ‘digital asset’, ‘digital asset issuer’,  
21                 ‘end user distribution’, ‘functional network’,  
22                 ‘permitted payment stablecoin’, ‘related person’,  
23                 and ‘restricted digital asset’ have the meaning  
24                 given the terms, respectively, under section 2(a)

1 of the Securities Act of 1933 (15 U.S.C.  
2 77b(a)).

3 “(B) SECURITIES EXCHANGE ACT OF  
4 1934.—The terms ‘digital asset broker’ and ‘dig-  
5 ital asset dealer’ have the meaning given those  
6 terms, respectively, under section 3(a) of the  
7 Securities Exchange Act of 1934 (15 U.S.C.  
8 78c(a)).

9 “(61) MIXED DIGITAL ASSET TRANSACTION.—  
10 The term ‘mixed digital asset transaction’ has the  
11 meaning given that term under section 3(a) of the  
12 Securities Exchange Act of 1934 (15 U.S.C.  
13 78c(a)).”.

14 **SEC. 103. DEFINITIONS UNDER THIS ACT.**

15 In this Act:

16 (1) ALTERNATIVE TRADING SYSTEM.—The  
17 term “alternative trading system” has the meaning  
18 given that term under section 242.300 of title 17,  
19 Code of Federal Regulations.

20 (2) DEFINITIONS UNDER THE COMMODITY EX-  
21 CHANGE ACT.—The terms “digital commodity”,  
22 “digital commodity broker”, and “digital commodity  
23 exchange” have the meaning given those terms, re-  
24 spectively, under section 1a of the Commodity Ex-  
25 change Act (7 U.S.C. 1a).

1           (3) DEFINITIONS UNDER THE SECURITIES ACT  
2           OF 1933.—The terms “affiliated person”,  
3           “blockchain”, “blockchain system”, “blockchain pro-  
4           tocol”, “decentralized network”, “digital asset”,  
5           “digital asset issuer”, “digital asset maturity date”,  
6           “digital asset trading system”, “end user distribu-  
7           tion”, “functional network”, “permitted payment  
8           stablecoin”, “restricted digital asset”, “securities  
9           laws”, and “source code” have the meaning given  
10          those terms, respectively, under section 2(a) of the  
11          Securities Act of 1933 (15 U.S.C. 77b(a)).

12          (4) DEFINITIONS UNDER THE SECURITIES EX-  
13          CHANGE ACT OF 1934.—The terms “digital asset  
14          broker”, “digital asset dealer”, “digital asset trading  
15          system”, “mixed digital asset transaction”, and  
16          “self-regulatory organization” have the meaning  
17          given those terms, respectively, under section 3(a) of  
18          the Securities Exchange Act of 1934 (15 U.S.C.  
19          78c(a)).

20       **SEC. 104. JOINT RULEMAKINGS.**

21          (a) DEFINITIONS.—The Commodity Futures Trading  
22          Commission and the Securities and Exchange Commission  
23          shall, jointly, issue rules to further define the following  
24          terms:

1           (1) The terms “affiliated person”,  
2           “blockchain”, “blockchain system”, “blockchain pro-  
3           tocol”, “decentralized network”, “decentralized gov-  
4           ernance system”, “digital asset”, “digital asset  
5           issuer”, “digital asset maturity date”, “end user dis-  
6           tribution”, “functional network”, “related person”,  
7           “restricted digital asset”, and “source code”, as de-  
8           fined under section 2(a) of the Securities Act of  
9           1933.

10           (2) The term “mixed digital asset transaction”,  
11           as defined under section 3(a) of the Securities Ex-  
12           change Act of 1934.

13           (3) The term “digital commodity”, as defined  
14           under section 1a of the Commodity Exchange Act.

15           (b) JOINT RULEMAKING FOR EXCHANGES.—The  
16           Commodity Futures Trading Commission and the Securi-  
17           ties and Exchange Commission shall, jointly, issue rules  
18           to exempt persons dually registered with the Commodity  
19           Futures Trading Commission as a digital commodity ex-  
20           change and with the Securities and Exchange Commission  
21           as a digital asset trading system from duplicative, con-  
22           flicting, or unduly burdensome provisions of this Act, the  
23           securities laws, and the Commodity Exchange Act and the  
24           rules thereunder, to the extent such exemption would fos-  
25           ter the development of fair and orderly markets in digital

1 assets, be necessary or appropriate in the public interest,  
2 and be consistent with the protection of investors.

3 (c) JOINT RULEMAKING FOR MIXED DIGITAL ASSET  
4 TRANSACTIONS.—The Commodity Futures Trading Com-  
5 mission and the Securities and Exchange Commission  
6 shall, jointly, issue rules applicable to mixed digital asset  
7 transactions under this Act and the amendments made by  
8 this Act.

9 (d) PROHIBITION.—The Securities Exchange Com-  
10 mission and the Commodity Futures Trading Commission  
11 shall not issue a rule, a regulation, an order, or guidance,  
12 or take any other administrative action, which would re-  
13 strict the ability of an individual to use hardware or soft-  
14 ware to facilitate the custody or safekeeping by the indi-  
15 vidual of any digital asset of the individual.

16 **SEC. 105. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
17 **COMMODITY EXCHANGES, BROKERS, AND**  
18 **DEALERS.**

19 (a) IN GENERAL.—

20 (1) NOTICE OF INTENT TO REGISTER.—Any  
21 person may file a notice of intent to register with  
22 the Commodity Futures Trading Commission (in  
23 this subsection referred to as the “Commission”) as  
24 a—



1 (A) digital commodity exchange, for a per-  
2 son intending to register as a digital commodity  
3 exchange under section 5i of the Commodity  
4 Exchange Act;

5 (B) digital commodity broker, for a person  
6 intending to register as a digital commodity  
7 broker under section 4u of such Act; or

8 (C) digital commodity dealer, for a person  
9 intending to register as a digital commodity  
10 dealer under section 4u of such Act.

11 (2) FILING.—A person desiring to file a notice  
12 of intent to register under paragraph (1) shall be in  
13 compliance with this section if the person submits to  
14 the Commission—

15 (A) a statement of the nature of the reg-  
16 istrations the filer intends to pursue;

17 (B) the information required by sub-  
18 sections (b) and (c).

19 (b) DISCLOSURE OF GENERAL INFORMATION.—A  
20 person filing a notice of intent to register under subsection  
21 (a) shall disclose to the Commission the following:

22 (1) Information concerning the management of  
23 the person, including information describing—

24 (A) the ownership and management of the  
25 person;

1 (B) the financial condition of the person;

2 (C) affiliated entities; and

3 (D) potential conflicts of interest.

4 (2) Information concerning the operations of  
5 the person, including—

6 (A) any rulebook or other customer order  
7 fulfilment rules;

8 (B) risk management procedures; and

9 (C) a description of the product listing  
10 process.

11 (c) LISTING INFORMATION.—A person filing a notice  
12 of intent to register under subsection (a) shall provide to  
13 the Commission and the Securities and Exchange Com-  
14 mission a detailed description of the product listing deter-  
15 mination made by the person for each asset listed or of-  
16 fered for trading by the person.

17 (d) REQUIREMENTS.—A person filing a notice of in-  
18 tent to register under subsection (a) shall comply with the  
19 following requirements:

20 (1) BOOKS AND RECORDS.—The person shall  
21 keep their books and records open to inspection and  
22 examination by the Commission.

23 (2) CUSTOMER DISCLOSURES.—The person  
24 shall disclose to consumers—

1 (A) information about the material risks  
2 and characteristics of the assets listed for trad-  
3 ing on the person; and

4 (B) information about the material risks  
5 and characteristics of the transactions facili-  
6 tated by the person.

7 (3) CUSTOMER ASSETS.—

8 (A) IN GENERAL.—The person shall—

9 (i) hold customer money, assets, and  
10 property in a manner to minimize the risk  
11 of loss to the customer or unreasonable  
12 delay in customer access to money, assets,  
13 and property of the customer;

14 (ii) treat and deal with all money, as-  
15 sets, and property, including any rights as-  
16 sociated with any such money, assets, or  
17 property, of any customer received as be-  
18 longing to the customer;

19 (iii) segregate all money, assets, and  
20 property received from any customer of the  
21 person from the funds of the person, ex-  
22 cept that—

23 (I) the money, assets, and prop-  
24 erty of any customer may be commin-

1                   gled with that of any other customer,  
2                   if separately accounted for; and

3                   (II) the share of the money, as-  
4                   sets, and property, as in the normal  
5                   course of business are necessary to  
6                   margin, guarantee, secure, transfer,  
7                   adjust, or settle a contract of sale of  
8                   a commodity asset, may be withdrawn  
9                   and applied to do so, including the  
10                  payment of commissions, brokerage,  
11                  interest, taxes, storage, and other  
12                  charges lawfully accruing in connec-  
13                  tion with the contract of sale of a dig-  
14                  ital commodity.

15                  (B) ADDITIONAL RESOURCES.—

16                  (i) IN GENERAL.—This section shall  
17                  not prevent or be construed to prevent the  
18                  person from adding to the customer  
19                  money, assets, and property required to be  
20                  segregated under subparagraph (A), addi-  
21                  tional amounts of money, assets, or prop-  
22                  erty from the account of the person as the  
23                  person determines necessary to prevent the  
24                  account of a customer from becoming  
25                  under-segregated.

1 (ii) TREATMENT AS CUSTOMER  
2 FUNDS.—Any money, assets, or property  
3 deposited pursuant to clause (i) shall be  
4 considered customer property within the  
5 meaning of this subsection.

6 (e) COMPLIANCE AND ENFORCEMENT.—

7 (1) IN GENERAL.—A person who has filed a no-  
8 tice of intent to register under this section and is in  
9 compliance with this section shall not be subject to  
10 an enforcement action by the Securities and Ex-  
11 change Commission for—

12 (A) listing or offering a digital asset  
13 deemed a security; or

14 (B) failing to register as a national securi-  
15 ties exchange, broker, dealer, or clearing agen-  
16 cy, for activities related to digital assets deemed  
17 a security.

18 (2) NONCOMPLIANCE.—Paragraph (1) shall not  
19 apply if, after notice from the Commission and a  
20 reasonable opportunity to correct the deficiency, a  
21 person who has submitted a notice of intent to reg-  
22 ister is not in compliance with this section.

23 (3) ANTI-FRAUD AND ANTI-MANIPULATION.—  
24 Paragraph (1) shall not be construed to limit any  
25 anti-manipulation, anti-fraud, or false reporting en-

1 enforcement authority of the Commission or the Secu-  
2 rities and Exchange Commission.

3 (4) DELISTING.—Paragraph (1) shall not be  
4 construed to limit the authority of the Commission  
5 or the Securities and Exchange Commission to re-  
6 quire a person to delist an asset for trading if the  
7 Commission or the Securities and Exchange Com-  
8 mission determines that the listing is inconsistent  
9 with the Commodity Exchange Act, the securities  
10 laws (including regulations under those laws), or this  
11 Act.

12 (f) FINAL REGISTRATION.—

13 (1) IN GENERAL.—A person may not file a no-  
14 tice of intent to register with the Commission after  
15 the Commission has finalized its rules for the reg-  
16 istration of digital commodity exchanges, digital  
17 commodity brokers, or digital commodity dealers, as  
18 appropriate.

19 (2) TRANSITION TO FINAL REGISTRATION.—

20 (A) ONGOING DEFERRAL FOR ENTITIES  
21 REGISTERED WITH THE COMMISSION.—Sub-  
22 section (e)(1) shall continue to apply to a per-  
23 son who has submitted a notice of intent to reg-  
24 ister while the person is registered with the  
25 Commission as a digital commodity exchange, a

1 digital commodity broker, or a digital com-  
2 modity dealer, as appropriate.

3 (B) END OF DEFERRAL.—Subsection  
4 (e)(1) shall not apply to a person who has sub-  
5 mitted a notice of intent to register if—

6 (i) the Commission—

7 (I) determines that the person  
8 has failed to comply with the require-  
9 ments of this section; or

10 (II) denies the application of the  
11 person to register; or

12 (ii) the digital commodity exchange,  
13 digital commodity broker, or digital com-  
14 modity dealer that filed a notice of intent  
15 to register failed to register as such with  
16 the Commission within 180 days after the  
17 Commission finalized the rules of the Com-  
18 mission for the registration of digital com-  
19 modity exchanges, digital commodity bro-  
20 kers, or digital commodity dealers, as ap-  
21 propriate.

22 (g) LIABILITY OF THE FILER.—It shall be unlawful  
23 for any person to provide false information in support of  
24 a filing under this section if the person knowingly or rea-  
25 sonably should have known that the information was false.

1 **SEC. 106. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
2 **ASSET BROKERS, DEALERS, AND TRADING**  
3 **SYSTEMS.**

4 (a) IN GENERAL.—

5 (1) NOTICE OF INTENT TO REGISTER.—Any  
6 person may file a notice of intent to register with  
7 the Securities and Exchange Commission (in this  
8 subsection referred to as the “Commission”) as a—

9 (A) digital asset trading system, for a per-  
10 son intending to register as a digital asset trad-  
11 ing system under section 6(m) of the Securities  
12 Exchange Act of 1934;

13 (B) digital asset broker, for a person in-  
14 tending to register as a digital asset broker  
15 under section 15H of the Securities Exchange  
16 Act of 1934; or

17 (C) digital asset dealer, for a person in-  
18 tending to register as a digital asset dealer  
19 under section 15H of the Securities Exchange  
20 Act of 1934.

21 (2) FILING.—A person desiring to file a notice  
22 of intent to register under paragraph (1) shall be in  
23 compliance with this section if the person submits to  
24 the Commission—

25 (A) a statement of the nature of the reg-  
26 istrations the filer intends to pursue;



1 (B) the information required by sub-  
2 sections (b) and (c).

3 (b) DISCLOSURE OF GENERAL INFORMATION.—A  
4 person filing a notice of intent to register under subsection  
5 (a) shall disclose to the Commission the following:

6 (1) Information concerning the management of  
7 the person, including information describing—

8 (A) the ownership and management of the  
9 person;

10 (B) the financial condition of the person;

11 (C) affiliated entities; and

12 (D) potential conflicts of interest.

13 (2) Information concerning the operations of  
14 the person, including—

15 (A) any rulebook or other customer order  
16 fulfilment rules;

17 (B) risk management procedures; and

18 (C) a description of the product listing  
19 process.

20 (c) LISTING INFORMATION.—A person filing a notice  
21 of intent to register under subsection (a) shall provide to  
22 the Commission and the Commodity Futures Trading  
23 Commission a detailed description of the product listing  
24 determination made by the person for each asset listed or  
25 offered for trading by the person.

1 (d) REQUIREMENTS.—A person filing a notice of in-  
2 tent to register under subsection (a) shall comply with the  
3 following requirements:

4 (1) BOOKS AND RECORDS.—The person shall  
5 keep their books and records open to inspection and  
6 examination by the Commission.

7 (2) CUSTOMER DISCLOSURES.—The person  
8 shall disclose to consumers—

9 (A) information about the material risks  
10 and characteristics of the assets listed for trad-  
11 ing on the person; and

12 (B) information about the material risks  
13 and characteristics of the transactions facili-  
14 tated by the person.

15 (3) CUSTOMER ASSETS.—

16 (A) IN GENERAL.—The person shall—

17 (i) hold customer money, assets, and  
18 property in a manner to minimize the risk  
19 of loss to the customer or unreasonable  
20 delay in customer access to money, assets,  
21 and property of the customer;

22 (ii) treat and deal with all money, as-  
23 sets, and property, including any rights as-  
24 sociated with any such money, assets, or

1 property, of any customer received as be-  
2 longing to the customer;

3 (iii) segregate all money, assets, and  
4 property received from any customer of the  
5 person from the funds of the person, ex-  
6 cept that—

7 (I) the money, assets, and prop-  
8 erty of any customer may be commin-  
9 gled with that of any other customer,  
10 if separately accounted for; and

11 (II) the share of the money, as-  
12 sets, and property, as in the normal  
13 course of business are necessary to  
14 margin, guarantee, secure, transfer,  
15 adjust, or settle a contract of sale of  
16 a commodity asset, may be withdrawn  
17 and applied to do so, including the  
18 payment of commissions, brokerage,  
19 interest, taxes, storage, and other  
20 charges lawfully accruing in connec-  
21 tion with the contract of sale of a dig-  
22 ital commodity.

23 (B) ADDITIONAL RESOURCES.—

24 (i) IN GENERAL.—This section shall  
25 not prevent or be construed to prevent the

1 person from adding to the customer  
2 money, assets, and property required to be  
3 segregated under subparagraph (A) addi-  
4 tional amounts of money, assets, or prop-  
5 erty from the account of the person as the  
6 person determines necessary to prevent the  
7 account of a customer from becoming  
8 under-segregated.

9 (ii) TREATMENT AS CUSTOMER  
10 FUNDS.—Any money, assets, or property  
11 deposited pursuant to clause (i) shall be  
12 considered customer property within the  
13 meaning of this subsection.

14 (e) COMPLIANCE AND ENFORCEMENT.—

15 (1) IN GENERAL.—A person who has filed a no-  
16 tice of intent to register under this section and is in  
17 compliance with this section shall not be subject to  
18 an enforcement action by the Commission for—

19 (A) listing or offering a digital asset  
20 deemed a security; or

21 (B) failing to register as a national securi-  
22 ties exchange, alternative trading system,  
23 broker, dealer, or clearing agency, for activities  
24 related to digital assets deemed a security.

1           (2) NONCOMPLIANCE.—Paragraph (1) shall not  
2           apply if, after notice from the Commission and a  
3           reasonable opportunity to correct the deficiency, a  
4           person who has submitted a notice of intent to reg-  
5           ister is not in compliance with this section.

6           (3) ANTI-FRAUD AND ANTI-MANIPULATION.—  
7           Paragraph (1) shall not be construed to limit any  
8           anti-manipulation, anti-fraud, or false reporting en-  
9           forcement authority of the Commission or the Com-  
10          modity Futures Trading Commission.

11          (4) DELISTING.—Paragraph (1) shall not be  
12          construed to limit the authority of the Commission  
13          or the Commodity Futures Trading Commission to  
14          require a person to a delist an asset for trading if  
15          the Commission or the Commodity Futures Trading  
16          Commission determines that the listing is incon-  
17          sistent with the Commodity Exchange Act, the secu-  
18          rities laws (including regulations under those laws),  
19          or this Act.

20          (f) FINAL REGISTRATION.—

21                 (1) IN GENERAL.—A person may not file a no-  
22                 tice of intent to register with the Commission after  
23                 the Commission has finalized its rules for the reg-  
24                 istration of digital asset brokers, digital asset deal-

1       ers, and digital asset trading systems, as appro-  
2       priate.

3           (2) TRANSITION TO FINAL REGISTRATION.—

4               (A) ONGOING DEFERRAL FOR ENTITIES  
5       REGISTERED WITH THE COMMISSION.—Sub-  
6       section (e)(1) shall continue to apply to a per-  
7       son who has submitted a notice of intent to reg-  
8       ister while the person is registered with the  
9       Commission as a digital asset broker, digital  
10      asset dealer, or digital asset trading system, as  
11      appropriate.

12           (B) END OF DEFERRAL.—Subsection  
13      (e)(1) shall not apply to a person who has sub-  
14      mitted a notice of intent to register if—

15               (i) the Commission—

16                   (I) determines that the person  
17                   has failed to comply with the require-  
18                   ments of this section; or

19                   (II) denies the application of the  
20                   person to register; or

21               (ii) the digital asset broker, digital  
22      asset dealer, or digital asset trading sys-  
23      tem that filed a notice of intent to register  
24      failed to register as such with the Commis-  
25      sion within 180 days after the Commission

1            finalized the rules of the Commission for  
2            the registration of digital asset brokers,  
3            digital asset dealers, and digital asset trad-  
4            ing systems, as appropriate.

5            (g) LIABILITY OF THE FILER.—It shall be unlawful  
6 for any person to provide false information in support of  
7 a filing under this section if the person knowingly or rea-  
8 sonably should have known that the information was false.

9            **SEC. 107. COMMODITY EXCHANGE ACT SAVINGS PROVI-**  
10            **SIONS.**

11            (a) IN GENERAL.—Nothing in this Act shall affect  
12 or apply to, or be interpreted to affect or apply to—

13            (1) any agreement, contract, or transaction that  
14            is subject to regulation under the Commodity Ex-  
15            change Act as—

16            (A) a contract of sale of a commodity for  
17            future delivery or an option on such a contract;

18            (B) a swap;

19            (C) a security futures product;

20            (D) an option authorized under section 4c  
21            of such Act;

22            (E) an agreement, contract, or transaction  
23            described in section 2(c)(2)(C)(i) of such Act;

24            or

1 (F) a leverage transaction authorized  
2 under section 19 of such Act; or

3 (2) the activities of any person with respect to  
4 any such agreement, contract, or transaction.

5 (b) PROHIBITIONS ON SPOT DIGITAL COMMODITY  
6 ENTITIES.—Nothing in this Act authorizes, or shall be in-  
7 terpreted to authorize, a digital commodity exchange, dig-  
8 ital commodity broker, or digital commodity dealer to en-  
9 gage in any activities involving any transaction, contract,  
10 or agreement described in subsection (a)(1), solely by vir-  
11 tue of being registered or filing notice of intent to register  
12 as a digital commodity exchange, digital commodity  
13 broker, or digital commodity dealer.

14 (c) DEFINITIONS.—In this section, each term shall  
15 have the meaning provided in the Commodity Exchange  
16 Act or the regulations prescribed under such Act.

17 **SEC. 108. INTERNATIONAL HARMONIZATION.**

18 In order to promote effective and consistent global  
19 regulation of digital assets, the Commodity Futures Trad-  
20 ing Commission and the Securities and Exchange Com-  
21 mission, as appropriate—

22 (1) shall consult and coordinate with foreign  
23 regulatory authorities on the establishment of con-  
24 sistent international standards with respect to the



1 regulation of digital assets, restricted digital assets,  
2 and digital commodities; and

3 (2) may agree to such information-sharing ar-  
4 rangements as may be deemed to be necessary or  
5 appropriate in the public interest or for the protec-  
6 tion of investors, customers, and users of digital as-  
7 sets.

8 **SEC. 109. IMPLEMENTATION.**

9 (a) GLOBAL RULEMAKING TIMEFRAME.—Unless oth-  
10 erwise provided in this Act or an amendment made by this  
11 Act, the Commodity Futures Trading Commission and the  
12 Securities and Exchange Commission, or both, shall indi-  
13 vidually, and jointly where required, promulgate rules and  
14 regulations required of each Commission under this Act  
15 or an amendment made by this Act not later than 360  
16 days after the date of enactment of this Act.

17 (b) RULES AND REGISTRATION BEFORE FINAL EF-  
18 FECTIVE DATES.—

19 (1) IN GENERAL.—In order to prepare for the  
20 implementation of this Act, the Commodity Futures  
21 Trading Commission and the Securities and Ex-  
22 change Commission may, before any effective date  
23 provided in this Act—

24 (A) promulgate rules, regulations, or or-  
25 ders permitted or required by this Act;

1 (B) conduct studies and prepare reports  
2 and recommendations required by this Act;

3 (C) register persons under this Act; and

4 (D) exempt persons, agreements, contracts,  
5 or transactions from provisions of this Act,  
6 under the terms contained in this Act.

7 (2) LIMITATION ON EFFECTIVENESS.—An ac-  
8 tion by the Commodity Futures Trading Commission  
9 or the Securities and Exchange Commission under  
10 paragraph (1) shall not become effective before the  
11 effective date otherwise applicable to the action  
12 under this Act.

## 13 **TITLE II—DIGITAL ASSET** 14 **EXEMPTIONS**

### 15 **SEC. 201. EXEMPTED TRANSACTIONS IN DIGITAL ASSETS.**

16 (a) IN GENERAL.—The Securities Act of 1933 (15  
17 U.S.C. 77a et seq.) is amended—

18 (1) in section 4(a), by adding at the end the  
19 following:

20 “(8) transactions involving the offer or sale of  
21 units of a digital asset by a digital asset issuer, if—

22 “(A) the aggregate amount of units of the  
23 digital asset sold by the digital asset issuer in  
24 reliance on the exemption provided under this  
25 paragraph, during the 12-month period pre-

1 ceding the date of such transaction, including  
2 the amount sold in such transaction, is not  
3 more than \$75,000,000 (as such amount is an-  
4 nually adjusted by the Commission to reflect  
5 the change in the Consumer Price Index for All  
6 Urban Consumers published by the Bureau of  
7 Labor Statistics of the Department of Labor);

8 “(B) with respect to a transaction involv-  
9 ing the purchase of units of a digital asset by  
10 a person who is not an accredited investor, the  
11 aggregate amount of all units of digital assets  
12 purchased by such person during the 12-month  
13 period preceding the date of such transaction,  
14 including the unit of a digital asset purchased  
15 in such transaction, does not exceed the greater  
16 of—

17 “(i) 10 percent of the person’s annual  
18 income or joint income with that person’s  
19 spouse or spousal equivalent ; or

20 “(ii) 10 percent of the person’s net  
21 worth or joint net worth with the person’s  
22 spouse or spousal equivalent;

23 “(C) after the completion of the trans-  
24 action, the purchaser does not own more than  
25 10 percent of the total amount of the units of

1 the digital asset sold in reliance on the exemp-  
2 tion under this paragraph;

3 “(D) the transaction does not involve the  
4 offer or sale of any digital asset not offered as  
5 part of an investment contract;

6 “(E) the transaction does not involve the  
7 offer or sale of a unit of a digital asset by a  
8 digital asset issuer that—

9 “(i) is not organized under the laws of  
10 a State, a territory of the United States or  
11 the District of Columbia;

12 “(ii) is a development stage company  
13 that either—

14 “(I) has no specific business plan  
15 or purpose; or

16 “(II) has indicated that the busi-  
17 ness plan of the company is to merge  
18 with or acquire an unidentified com-  
19 pany;

20 “(iii) is an investment company, as  
21 defined in section 3 of the Investment  
22 Company Act of 1940 (15 U.S.C. 80a-3),  
23 or is excluded from the definition of invest-  
24 ment company by section 3(b) or section

1 3(c) of that Act (15 U.S.C. 80a-3(b) or  
2 80a-3(c));

3 “(iv) is issuing fractional undivided  
4 interests in oil or gas rights, or a similar  
5 interest in other mineral rights;

6 “(v) is, or has been, subject to any  
7 order of the Commission entered pursuant  
8 to section 12(j) of the Securities Exchange  
9 Act of 1934 during the 5-year period be-  
10 fore the filing of the offering statement; or

11 “(vi) is disqualified pursuant to sec-  
12 tion 230.262 of title 17, Code of Federal  
13 Regulations; and

14 “(F) the issuer meets the requirements of  
15 section 4B(a).”; and

16 (2) by inserting after section 4A the following:

17 **“SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIG-**  
18 **ITAL ASSET TRANSACTIONS.**

19 “(a) REQUIREMENTS FOR DIGITAL ASSET  
20 ISSUERS.—

21 “(1) INFORMATION REQUIRED IN STATE-  
22 MENT.—A digital asset issuer offering or selling a  
23 unit of digital asset in reliance on section 4(a)(8)  
24 shall file with the Commission a statement con-  
25 taining the following information:

1           “(A) The name, legal status (including the  
2 jurisdiction in which the issuer is organized and  
3 the date of organization), and website of the  
4 digital asset issuer.

5           “(B) A certification that the digital asset  
6 issuer meets the relevant requirements de-  
7 scribed under section 4(a)(8).

8           “(C) An overview of the material aspects  
9 of the offering.

10          “(D) A description of the purpose and in-  
11 tended use of the offering proceeds.

12          “(E) A description of the plan of distribu-  
13 tion of any unit of a digital asset that is to be  
14 offered.

15          “(F) A description of the material risks  
16 surrounding ownership of a unit of a digital  
17 asset.

18          “(G) A description of exempt offerings  
19 conducted within the past three years by the  
20 digital asset issuer.

21          “(H) A description of the digital asset  
22 issuer and the current number of employees of  
23 the digital asset issuer.

1           “(I) A description of any material trans-  
2           actions or relationships between the digital  
3           asset issuer and affiliated persons.

4           “(J) A description of exempt offerings con-  
5           ducted within the past three years.

6           “(2) INFORMATION REQUIRED FOR PUR-  
7           CHASERS.—A digital asset issuer shall disclose the  
8           information described under section 43 of the Secu-  
9           rities Exchange Act of 1934 on a freely accessible  
10          public website.

11          “(3) ONGOING DISCLOSURE REQUIREMENTS.—  
12          A digital asset issuer that has filed a statement  
13          under paragraph (1) to offer and sell a unit of a dig-  
14          ital asset in reliance on section 4(a)(8) shall file the  
15          following with the Commission:

16                 “(A) ANNUAL REPORTS.—An annual re-  
17                 port that includes any material changes to the  
18                 information described under paragraph (2) for  
19                 the current fiscal year and for any fiscal year  
20                 thereafter, unless the issuer is no longer obli-  
21                 gated to file such annual report pursuant to  
22                 paragraph (4).

23                 “(B) SEMIANNUAL REPORTS.—Along with  
24                 each annual report required under subpara-

1 graph (A), and separately six months there-  
2 after, a report containing—

3 “(i) an updated description of the cur-  
4 rent state and timeline for the development  
5 of the blockchain system to which the dig-  
6 ital asset relates, showing how and when  
7 the blockchain system intends or intended  
8 to be considered a functional network and  
9 a decentralized network;

10 “(ii) the amount of money raised by  
11 the digital asset issuer in reliance on sec-  
12 tion 4(a)(8), how much of that money has  
13 been spent, and the general categories and  
14 amounts on which that money has been  
15 spent; and

16 “(iii) any material changes to the in-  
17 formation in the most recent annual re-  
18 port.

19 “(C) CURRENT REPORTS.—A current re-  
20 port shall be filed with the Commission reflect-  
21 ing any material changes to the information  
22 previously reported to the Commission by the  
23 digital asset issuer.

24 “(4) TERMINATION OF REPORTING REQUIRE-  
25 MENTS.—



1           “(A) IN GENERAL.—The ongoing reporting  
2 requirements under paragraph (3) shall not  
3 apply to a digital asset issuer 180 days after  
4 the end of the covered fiscal year.

5           “(B) COVERED FISCAL YEAR DEFINED.—  
6 In this paragraph, the term ‘covered fiscal year’  
7 means the first fiscal year of an issuer in which  
8 the blockchain system to which the digital asset  
9 relates is a functional network and certified to  
10 be a decentralized network under section 44 of  
11 the Securities Exchange Act of 1934.

12       “(b) REQUIREMENTS FOR INTERMEDIARIES.—

13           “(1) IN GENERAL.—A person acting as an  
14 intermediary in a transaction involving the offer or  
15 sale of a unit of a digital asset in reliance on section  
16 4(a)(8) shall—

17           “(A) register with the Commission as a  
18 broker under section 15(b) of the Securities Ex-  
19 change Act of 1934 (15 U.S.C. 78o(b)); and

20           “(B) be a member of a national securities  
21 association registered under section 15A of the  
22 Securities Exchange Act of 1934 (15 U.S.C.  
23 78o–3).

24       “(2) PURCHASER QUALIFICATION.—

1           “(A) IN GENERAL.—Each time, before ac-  
2           cepting any commitment (including any addi-  
3           tional commitment from the same person), an  
4           intermediary or digital asset issuer shall have a  
5           reasonable basis for believing that the pur-  
6           chaser satisfies the requirements of section  
7           4(a)(8).

8           “(B) RELIANCE ON PURCHASER’S REP-  
9           RESENTATIONS.—For purposes of subpara-  
10          graph (A), an intermediary or digital asset  
11          issuer may rely on a purchaser’s representa-  
12          tions concerning the purchaser’s annual income  
13          and net worth and the amount of the pur-  
14          chaser’s other investments made, unless the  
15          intermediary or digital asset issuer has reason  
16          to question the reliability of the representation.

17          “(C) RELIANCE ON INTERMEDIARY.—For  
18          purposes of determining whether a transaction  
19          meets the requirements described under sub-  
20          paragraph (A) through (C) of section 4(a)(8), a  
21          digital asset issuer may rely on the efforts of an  
22          intermediary.

23          “(c) ADDITIONAL PROVISIONS.—

24                 “(1) ACCEPTANCE OF WRITTEN OFFERS;  
25                 SALES.—After an issuer files a statement under

1 paragraph (1) to offer and sell a digital asset in reli-  
2 ance on section 4(a)(8)—

3 “(A) written offers of the digital asset may  
4 be made; and

5 “(B) the issuer may sell the digital assets  
6 in reliance on section 4(a)(8), if such sales meet  
7 all other requirements.

8 “(2) SOLICITATION OF INTEREST.—

9 “(A) IN GENERAL.—At any time before  
10 the filing of a statement under paragraph (1),  
11 a digital asset issuer may communicate orally  
12 or in writing to determine whether there is any  
13 interest in a contemplated offering. Such com-  
14 munications are deemed to be an offer of a unit  
15 of a digital asset for sale for purposes of the  
16 antifraud provisions of the Federal securities  
17 laws. No solicitation or acceptance of money or  
18 other consideration, nor of any commitment,  
19 binding or otherwise, from any person is per-  
20 mitted until the statement is filed.

21 “(B) CONDITIONS.—In any communication  
22 described under subparagraph (A), the digital  
23 asset issuer shall—

1           “(i) state that no money or other con-  
2           sideration is being solicited, and if sent in  
3           response, will not be accepted;

4           “(ii) state that no offer to buy a unit  
5           of a digital asset can be accepted and no  
6           part of the purchase price can be received  
7           until the statement is filed and then only  
8           through an intermediary; and

9           “(iii) state that a person’s indication  
10          of interest involves no obligation or com-  
11          mitment of any kind.

12          “(C) INDICATIONS OF INTEREST.—Any  
13          written communication described under sub-  
14          paragraph (A) may include a means by which  
15          a person may indicate to the digital asset issuer  
16          that such person is interested in a potential of-  
17          fering. A digital asset issuer may require a  
18          name, address, telephone number, or email ad-  
19          dress in any response form included with a  
20          communication described under subparagraph  
21          (A).

22          “(3) DISQUALIFICATION PROVISIONS.—The  
23          Commission shall issue rules to apply the disquali-  
24          fication provisions under section 230.262 of title 17,

1 Code of Federal Regulations, to the exemption pro-  
2 vided under section 4(a)(8).

3 “(4) DIGITAL ASSETS DEEMED RESTRICTED  
4 DIGITAL ASSET.—A unit of a digital asset acquired  
5 directly or indirectly from the digital asset issuer in  
6 reliance on the exemption provided under section  
7 4(a)(8) is deemed a restricted digital asset.”.

8 (b) ADDITIONAL EXEMPTIONS.—

9 (1) CERTAIN REGISTRATION REQUIREMENTS.—  
10 Section 12(g)(6) of the Securities Exchange Act of  
11 1934 (15 U.S.C. 78l(g)(6)) is amended by striking  
12 “under section 4(6)” and inserting “under section  
13 4(a)(6) or 4(a)(8)”.

14 (2) EXEMPTION FROM STATE REGULATION.—  
15 Section 18(b)(4) of the Securities Act of 1933 (15  
16 U.S.C. 77r(b)(4)) is amended—

17 (A) in section (B), by striking “section  
18 4(4)” and inserting “section 4(a)(4)”;

19 (B) in section (C), by striking “section  
20 4(6)” and inserting “section 4(a)(6)”;

21 (C) in subparagraph (F)—

22 (i) by striking “section 4(2)” each  
23 place such term appears and inserting  
24 “section 4(a)(2)”;

25 (ii) by striking “or” at the end;

1 (D) in subparagraph (G), by striking the  
2 period and inserting “; or”; and

3 (E) by adding at the end the following:

4 “(H) section 4(a)(8).”.

5 **SEC. 202. REQUIREMENTS TO TRANSACT IN CERTAIN DIG-**  
6 **ITAL ASSETS.**

7 Title I of the Securities Exchange Act of 1934 (15  
8 U.S.C. 78a et seq.) is amended by adding at the end the  
9 following:

10 **“SEC. 42. REQUIREMENTS TO TRANSACT IN CERTAIN DIG-**  
11 **ITAL ASSETS.**

12 “(a) TRANSACTIONS IN CERTAIN RESTRICTED DIG-  
13 ITAL ASSETS.—

14 “(1) IN GENERAL.—Notwithstanding any other  
15 provision of law, subject to paragraph (2), a re-  
16 stricted digital asset may be offered and sold on an  
17 alternative trading system by any person other than  
18 a digital asset issuer if, at the time of such offer or  
19 sale, any blockchain system to which the restricted  
20 digital asset relates is a functional network and the  
21 information described in section 43 has been cer-  
22 tified and made publicly available for any blockchain  
23 system to which the restricted digital asset relates.

24 “(2) ADDITIONAL RULES FOR RELATED AND  
25 AFFILIATED PERSONS.—A restricted digital asset

1 owned by a related person or an affiliated person  
2 may only be offered or sold after 12 months after  
3 the later of—

4 “(A) the date on which such restricted dig-  
5 ital asset was acquired; or

6 “(B) the digital asset maturity date.

7 “(b) TRANSACTIONS IN CERTAIN DIGITAL COMMOD-  
8 ITIES.—

9 “(1) IN GENERAL.—Subject to paragraph (2), a  
10 digital commodity may be offered and sold by any  
11 person other than a digital asset issuer.

12 “(2) RULES FOR RELATED AND AFFILIATED  
13 PERSONS.—A digital commodity may only be offered  
14 or sold by a related person or an affiliated person  
15 if—

16 “(A) the holder of the digital commodity  
17 owned the digital commodity while it was a re-  
18 stricted digital asset for 12 months after the  
19 later of—

20 “(i) the date on which such restricted  
21 digital asset was acquired; or

22 “(ii) the digital asset maturity date;

23 “(B) any blockchain system to which the  
24 digital commodity relates is certified to be a de-  
25 centralized network under section 44; and

1           “(C) the digital commodity is offered or  
2 sold on or subject to the rules of a digital com-  
3 modity exchange registered under section 5i of  
4 the Commodity Exchange Act.

5           “(3) NOT A SECURITY.—

6           “(A) IN GENERAL.—Except as provided  
7 under subparagraph (B), for purposes of the se-  
8 curities laws, a transaction in a digital com-  
9 modity made in compliance with paragraph (1)  
10 or (2) shall not be a transaction in a security.

11           “(B) EXCEPTION.—Subparagraph (A)  
12 does not apply to a transaction in a digital com-  
13 modity if the transaction—

14           “(i) is a mixed digital asset trans-  
15 action; or

16           “(ii) is made pursuant to an invest-  
17 ment contract or in conjunction with any  
18 other security.

19           “(c) SALES RESTRICTIONS FOR AFFILIATED PER-  
20 SONS.—A digital asset may be offered or sold by an affili-  
21 ated person under subsection (a) or (b) if—

22           “(1) the aggregate amount of such digital as-  
23 sets sold in any 3-month period by the affiliated per-  
24 son is not greater than one percent of the digital as-  
25 sets then outstanding; or



1           “(2) the affiliated person promptly, following  
2           the placement of an order to sell one percent of the  
3           digital assets then outstanding during any 3-month  
4           period, reports the sale to—

5                   “(A) the Commodity Futures Trading  
6           Commission, in the case of an order to sell a  
7           digital commodity on or subject to the rules of  
8           a digital commodity exchange; or

9                   “(B) the Securities and Exchange Commis-  
10          sion, in the case of a sell order for a restricted  
11          digital asset placed with an alternative trading  
12          system.

13          “(d) TREATMENT OF CERTAIN END USER DISTRIBUTI-  
14          ONS UNDER THE SECURITIES LAWS.—

15                   “(1) IN GENERAL.—With respect to a digital  
16          asset, an end user distribution is described under  
17          this paragraph if—

18                           “(A) each blockchain system to which such  
19          digital asset relates is a functional network; and

20                           “(B) with respect to the digital asset and  
21          each blockchain system to which such digital  
22          asset relates, the information described in sec-  
23          tion 43 has been certified and made publicly  
24          available.

1           “(2) NOT A SECURITY.—For purposes of the  
2 securities laws, an end user distribution described  
3 under paragraph (1) shall not be a transaction in a  
4 security.

5           “(3) EXEMPTION.—Section 5 of the Securities  
6 Act of 1933 (15 U.S.C. 77e) shall not apply to an  
7 end user distribution described under paragraph (1)  
8 or a transaction in a unit of digital asset issued in  
9 such a distribution.”.

10 **SEC. 203. ENHANCED DISCLOSURE REQUIREMENTS.**

11       Title I of the Securities Exchange Act of 1934 (15  
12 U.S.C. 78a et seq.), as amended by section 202, is further  
13 amended by adding at the end the following:

14 **“SEC. 43. ENHANCED DISCLOSURE REQUIREMENTS WITH**  
15 **RESPECT TO DIGITAL ASSETS.**

16       “(a) DISCLOSURE INFORMATION.—With respect to a  
17 digital asset and any blockchain system to which the dig-  
18 ital asset relates, the information described under this sec-  
19 tion is as follows:

20           “(1) SOURCE CODE.—The source code for any  
21 blockchain system to which the digital asset relates.

22           “(2) TRANSACTION HISTORY.—A description of  
23 the steps necessary to independently access, search,  
24 and verify the transaction history of any blockchain  
25 system to which the digital asset relates.

1           “(3) DIGITAL ASSET ECONOMICS.—A descrip-  
2           tion of the purpose of any blockchain system to  
3           which the digital asset relates and the operation of  
4           any such blockchain system, including—

5                   “(A) information explaining the launch  
6                   and supply process, including the number of  
7                   digital assets to be issued in an initial alloca-  
8                   tion, the total number of digital assets to be  
9                   created, the release schedule for the digital as-  
10                  sets, and the total number of digital assets then  
11                  outstanding;

12                  “(B) information on any applicable con-  
13                  sensus mechanism or process for validating  
14                  transactions, method of generating or mining  
15                  digital assets, and any process for burning or  
16                  destroying digital assets on the blockchain sys-  
17                  tem;

18                  “(C) an explanation of governance mecha-  
19                  nisms for implementing changes to the  
20                  blockchain system or forming consensus among  
21                  holders of such digital assets; and

22                  “(D) sufficient information for a third  
23                  party to create a tool for verifying the trans-  
24                  action history of the digital asset.

1           “(4) PLAN OF DEVELOPMENT.—The current  
2           state and timeline for the development of any  
3           blockchain system to which the digital asset relates,  
4           showing how and when the blockchain system in-  
5           tends or intended to be considered a functional net-  
6           work and decentralized network.

7           “(5) DEVELOPMENT DISCLOSURES.—A list of  
8           all persons who are related persons or affiliated per-  
9           sons who have been issued a unit of a digital asset  
10          by a digital asset issuer or have a right to a unit of  
11          a digital asset from a digital asset issuer.

12          “(6) RISK FACTOR DISCLOSURES.—Where ap-  
13          propriate, provide under the caption ‘Risk Factors’  
14          a description of the material risks surrounding own-  
15          ership of a unit of a digital asset. This discussion  
16          shall be organized logically with relevant headings  
17          and each risk factor shall be set forth under a sub-  
18          caption that adequately describes the risk.

19          “(b) CERTIFICATION.—With respect to a digital asset  
20          and any blockchain system to which the digital asset re-  
21          lates, the information required to be made available under  
22          this section has been certified if the digital asset issuer,  
23          an affiliated person, or a decentralized governance system  
24          (or, if no digital asset issuer, affiliated person, or decen-  
25          tralized governance system are identifiable, an alternative

1 trading system or digital commodity exchange) certifies on  
2 a quarterly basis to the Securities and Exchange Commis-  
3 sion and Commodity Futures Trading Commission that  
4 the information is true and correct.”.

5 **SEC. 204. CERTIFICATION OF CERTAIN DIGITAL ASSETS.**

6 Title I of the Securities Exchange Act of 1934 (15  
7 U.S.C. 78a et seq.), as amended by section 203, is further  
8 amended by adding at the end the following:

9 **“SEC. 44. CERTIFICATION OF CERTAIN DIGITAL ASSETS.**

10 “(a) CERTIFICATION.—Any person may certify to the  
11 Securities and Exchange Commission that the blockchain  
12 system to which a digital asset relates is a decentralized  
13 network.

14 “(b) FILING REQUIREMENTS.—A certification de-  
15 scribed under subsection (a) shall be filed with the Com-  
16 mission, and include—

17 “(1) information regarding the person making  
18 the certification;

19 “(2) a description of the blockchain system and  
20 the digital asset which relates to such blockchain  
21 system, including—

22 “(A) the operation of the blockchain sys-  
23 tem;

24 “(B) the functionality of the related digital  
25 asset;

1           “(C) any decentralized governance system  
2           which relates to the blockchain system; and

3           “(D) the process to develop consensus or  
4           agreement within such decentralized governance  
5           system;

6           “(3) a description of the development of the  
7           blockchain system and the digital asset which relates  
8           to the blockchain system, including—

9           “(A) a history of the development of the  
10          blockchain system and the digital asset which  
11          relates to such blockchain system;

12          “(B) a description of the issuance process  
13          for the digital asset which relates to the  
14          blockchain system;

15          “(C) information identifying the digital  
16          asset issuer of the digital asset which relates to  
17          the blockchain system; and

18          “(D) a list of any affiliated person related  
19          to the digital asset issuer;

20          “(4) an analysis of the factors on which such  
21          person based the certification that the blockchain  
22          system is a decentralized network, including—

23          “(A) an explanation of the protections and  
24          prohibitions available during the previous 12  
25          months against any one person being able to—

1                   “(i) control or materially alter the  
2                   blockchain system;

3                   “(ii) exclude any other person from  
4                   using or participating on the blockchain  
5                   system; and

6                   “(iii) exclude any other person from  
7                   participating in a decentralized governance  
8                   system;

9                   “(B) information regarding the beneficial  
10                  ownership of the digital asset which relates to  
11                  such blockchain system and any the distribution  
12                  of voting power in any decentralized governance  
13                  system during the previous 12 months;

14                  “(C) information regarding the history of  
15                  upgrades to the source code for such blockchain  
16                  system during the previous 3 months, includ-  
17                  ing—

18                         “(i) a description of any consensus or  
19                         agreement process utilized to process or  
20                         approve changes to the source code;

21                         “(ii) a list of any material changes to  
22                         the source code, the purpose and effect of  
23                         the changes, and the contributor of the  
24                         changes, if known; and

1                   “(iii) any changes to the source code  
2                   made by the digital asset issuer, a related  
3                   person, or an affiliated person;

4                   “(D) information regarding any activities  
5                   conducted to market the digital asset which re-  
6                   lates to the blockchain system during the pre-  
7                   vious 3 months by the digital asset issuer or an  
8                   affiliated person of the digital asset issuer; and

9                   “(E) information regarding any issuance of  
10                  a unit of the digital asset which relates to such  
11                  blockchain system during the previous 12  
12                  months;

13                  “(5) with respect to a blockchain system for  
14                  which a certification has previously been rebutted or  
15                  withdrawn under this section, specific information  
16                  relating to the analysis provided in subsection (f)(2)  
17                  or (g)(3), as applicable, in connection with such re-  
18                  buttal or withdrawal.

19                  “(c) REBUTTABLE PRESUMPTION.—The Commission  
20                  may rebut a certification described under subsection (a)  
21                  with respect to a blockchain system if the Commission,  
22                  within 30 days of receiving such certification, determines  
23                  that the blockchain system is not a decentralized network.

24                  “(d) CERTIFICATION REVIEW.—



1           “(1) IN GENERAL.—Any blockchain system that  
2           relates to a digital asset for which a certification has  
3           been made under subsection (a) shall be considered  
4           a decentralized network 30 days after the date on  
5           which the Commission receives a certification under  
6           subsection (a), unless the Commission notifies the  
7           person who made the certification within such time  
8           that the Commission is staying the certification due  
9           to—

10                   “(A) an inadequate explanation by the per-  
11                   son making the certification; or

12                   “(B) any novel or complex issues which re-  
13                   quire additional time to consider.

14           “(2) PUBLIC NOTICE.—The Commission shall  
15           make the following available to the public and pro-  
16           vide a copy to the Commodity Futures Trading  
17           Commission:

18                   “(A) Each certification received under sub-  
19                   section (a).

20                   “(B) Each stay of the Commission under  
21                   this section, and the reasons therefore.

22                   “(C) Any response from a person making  
23                   a certification under subsection (a) to a stay of  
24                   the certification by the Commission.

1           “(3) CONSOLIDATION.—The Commission may  
2           consolidate and treat as one submission multiple cer-  
3           tifications made under subsection (a) for the same  
4           blockchain system which relates to a digital asset  
5           which are received during the review period provided  
6           under this subsection.

7           “(e) STAY OF CERTIFICATION.—

8           “(1) IN GENERAL.—A notification by the Com-  
9           mission pursuant to subsection (d)(1) shall stay the  
10          certification once for up to an additional 90 days  
11          from the date of the notification.

12          “(2) PUBLIC COMMENT PERIOD.—Before the  
13          end of the 30-day period described under subsection  
14          (d)(1), the Commission may begin a public comment  
15          period of at least 30 days in conjunction with a stay  
16          under this section.

17          “(f) DISPOSITION OF CERTIFICATION.—

18          “(1) IN GENERAL.—A certification made under  
19          subsection (a) shall—

20                 “(A) become effective—

21                         “(i) upon the publication of a notifica-  
22                         tion from the Commission to the person  
23                         who made the certification that the Com-  
24                         mission does not object to the certification;  
25                         or

1                   “(ii) at the expiration of the certifi-  
2                   cation review period; and

3                   “(B) not become effective upon the publi-  
4                   cation of a notification from the Commission to  
5                   the person who made the certification that the  
6                   Commission has rebutted the certification.

7                   “(2) DETAILED ANALYSIS INCLUDED WITH RE-  
8                   BUTTAL.—The Commission shall include, with each  
9                   publication of a notification of rebuttal described  
10                  under paragraph (1)(B), a detailed analysis of the  
11                  factors on which the decision was based.

12                  “(g) WITHDRAWAL OF CERTIFICATION.—

13                  “(1) DETERMINATION BY A DIGITAL COM-  
14                  MODITY EXCHANGE.—With respect to a certification  
15                  of a blockchain system that becomes effective pursu-  
16                  ant to subsection (f), if a digital commodity ex-  
17                  change determines that the blockchain system may  
18                  not be a decentralized network, the digital com-  
19                  modity exchange shall notify the Commodity Futures  
20                  Trading Commission of such determination.

21                  “(2) WITHDRAWAL PROCESS.—With respect to  
22                  each notification received under paragraph (1), the  
23                  Commodity Futures Trading Commission shall ini-  
24                  tiate a withdrawal process under which the Com-  
25                  modity Futures Trading Commission shall—

1           “(A) publish a notice announcing the pro-  
2           posed withdrawal;

3           “(B) provide a 30 day comment period  
4           with respect to the proposed withdrawal; and

5           “(C) after the end of the 30-day comment  
6           required under subparagraph (B), publish ei-  
7           ther—

8                   “(i) a notification of withdrawal of the  
9                   applicable certification; or

10                   “(ii) a notice that the Commodity Fu-  
11                   tures Trading Commission is not with-  
12                   drawing the certification.

13           “(3) DETAILED ANALYSIS REQUIRED.—The  
14           Commodity Futures Trading Commission shall in-  
15           clude, with each publication of a notification of with-  
16           drawal described under paragraph (2)(C)(i), a de-  
17           tailed analysis of the factors on which the decision  
18           was based.

19           “(h) RECERTIFICATION.—With respect to a  
20           blockchain system for which a certification has been rebut-  
21           ted or withdrawn under this section, no person may make  
22           a certification under subsection (a) with respect to such  
23           blockchain system during the 90-day period beginning on  
24           the date of such rebuttal or withdrawal.

25           “(i) APPEAL OF REBUTTAL OR WITHDRAWAL.—

1           “(1) IN GENERAL.—If a certification is rebut-  
2           ted or withdrawn under this section, the person  
3           making such certification may appeal the decision to  
4           the United States Court of Appeals for the District  
5           of Columbia, not later than 60 days after the notice  
6           of rebuttal or withdrawal is made.

7           “(2) REVIEW.—In an appeal under paragraph  
8           (1), the court shall have de novo review of the deter-  
9           mination to rebut or withdraw the certification.

10          “(j) LIABILITY FOR PROVIDING FALSE INFORMA-  
11          TION.—It shall be unlawful for any person to provide false  
12          information in support of a certification under this section  
13          if such person knowingly or reasonably should have known  
14          such information was false.”.

15          **SEC. 205. EFFECTIVE DATE.**

16          Unless otherwise provided in this title, this title and  
17          the amendments made by this title shall take effect 360  
18          days after the date of enactment of this Act, except that,  
19          to the extent a provision of this title requires a rule-  
20          making, the provision shall take effect on the later of—

21                  (1) 360 days after the date of enactment of this  
22          Act; or

23                  (2) 60 days after the publication in the Federal  
24          Register of the final rule implementing the provision.

1 **TITLE III—REGISTRATION FOR**  
2 **DIGITAL ASSET INTER-**  
3 **MEDIARIES AT THE SECURI-**  
4 **TIES AND EXCHANGE COM-**  
5 **MISSION**

6 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND**  
7 **OTHER DIGITAL ASSETS.**

8 (a) SECURITIES ACT OF 1933.—Section 2(a)(1) of  
9 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is  
10 amended by adding at the end the following: “The term  
11 does not include a digital commodity or permitted pay-  
12 ment stablecoin.”.

13 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
14 3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
15 78c(a)) is amended—

16 (1) in paragraph (1), by adding at the end the  
17 following: “The term ‘exchange’ does not include a  
18 digital asset trading system, blockchain protocol, or  
19 any person or group of persons solely because of  
20 their development of a blockchain protocol.”;

21 (2) in paragraph (2), by adding at the end the  
22 following: “A digital asset trading system is not a  
23 ‘facility’ of an exchange.”;

24 (3) in paragraph (4)(A), by inserting “, other  
25 than restricted digital assets,” after “securities”;

1 (4) in paragraph (5)(A), by inserting “re-  
2 stricted digital assets or” after “not including”;

3 (5) in paragraph (26) by inserting “(other than  
4 a notice-registered digital asset clearing agency)”  
5 after “or registered clearing agency”;

6 (6) in paragraph (28) by inserting “(other than  
7 a notice-registered digital asset clearing agency)”  
8 after “registered clearing agency”;

9 (7) in paragraph (10), by adding at the end the  
10 following: “Subject to subsection (i), the term does  
11 not include a digital commodity or permitted pay-  
12 ment stablecoin.”;

13 (8) by redesignating the second paragraph (80)  
14 (relating to funding portals) as paragraph (81); and

15 (9) by adding at the end the following:

16 “(81) BANK SECRECY ACT.—The term ‘Bank  
17 Secrecy Act’ means—

18 “(A) section 21 of the Federal Deposit In-  
19 surance Act (12 U.S.C. 1829b);

20 “(B) chapter 2 of title I of Public Law 91–  
21 508 (12 U.S.C. 1951 et seq.); and

22 “(C) subchapter II of chapter 53 of title  
23 31, United States Code.

24 “(82) DIGITAL ASSET BROKER.—The term ‘dig-  
25 ital asset broker’—

1           “(A) means any person engaged in the  
2           business of effecting transactions in restricted  
3           digital assets for the account of others; and

4           “(B) does not include a blockchain protocol  
5           or a person or group of persons solely because  
6           of their development of a blockchain protocol.

7           “(83) DIGITAL ASSET DEALER.—The term ‘dig-  
8           ital asset dealer’—

9           “(A) means any person engaged in the  
10          business of buying and selling digital assets for  
11          such person’s own account through a broker or  
12          otherwise; and

13          “(B) does not include—

14                 “(i) a person that buys or sells digital  
15                 assets for such person’s own account, ei-  
16                 ther individually or in a fiduciary capacity,  
17                 but not as a part of a regular business; or

18                 “(ii) a blockchain protocol or a person  
19                 or group of persons solely because of their  
20                 development of a blockchain protocol.

21          “(84) DIGITAL ASSET TRADING SYSTEM.—The  
22          term ‘digital asset trading system’—

23                 “(A) means any organization, association,  
24                 person, or group of persons, whether incor-  
25                 porated or unincorporated, that constitutes,



1 maintains, or provides a market place or facili-  
2 ties for bringing together purchasers and sellers  
3 of restricted digital assets or for otherwise per-  
4 forming with respect to digital assets the func-  
5 tions commonly performed by a stock exchange  
6 within the meaning of section 240.3b–16 of title  
7 17, Code of Federal Regulations, as in effect on  
8 the date of enactment of this paragraph; and

9 “(B) does not include a blockchain protocol  
10 or a person or group of persons solely because  
11 of their development of a blockchain protocol.

12 “(85) MIXED DIGITAL ASSET TRANSACTION.—  
13 The term ‘mixed digital asset transaction’ means an  
14 agreement, contract, or transaction involving a re-  
15 stricted digital asset and a digital commodity.

16 “(86) NOTICE-REGISTERED DIGITAL ASSET  
17 CLEARING AGENCY.—The term ‘notice-registered  
18 digital asset clearing agency’ means a clearing agen-  
19 cy that has registered with the Commission pursuant  
20 to section 17A(b)(9).

21 “(87) ADDITIONAL DIGITAL ASSET-RELATED  
22 TERMS.—

23 “(A) SECURITIES ACT OF 1933.—The  
24 terms ‘affiliated person’, ‘blockchain system’,  
25 ‘decentralized governance system’, ‘decentral-

1            ized network’, ‘digital asset’, ‘digital asset  
2            issuer’, ‘digital asset maturity date’, ‘end user  
3            distribution’, ‘functional network’, ‘mixed dig-  
4            ital asset transaction’, ‘permitted payment  
5            stablecoin’, ‘related person’, ‘restricted digital  
6            asset’, and ‘source code’ have the meaning  
7            given those terms, respectively, under section  
8            2(a) of the Securities Act of 1933 (15 U.S.C.  
9            77b(a)).

10            “(B) COMMODITY EXCHANGE ACT.—The  
11            terms ‘digital commodity’, ‘digital commodity  
12            broker’, ‘digital commodity dealer’, and ‘digital  
13            commodity exchange’ have the meaning given  
14            those terms, respectively, under section 1a of  
15            the Commodity Exchange Act (7 U.S.C. 1a).”.

16            (c) INVESTMENT ADVISERS ACT OF 1940.—Section  
17            202(a) of the Investment Advisers Act of 1940 (15 U.S.C.  
18            80b–2) is amended—

19            (1) in paragraph (18), by adding at the end the  
20            following: “The term does not include a digital com-  
21           modity or permitted payment stablecoin.”;

22            (2) by redesignating the second paragraph (29)  
23            (relating to commodity pools) as paragraph (31);

24            (3) by adding at the end, the following:

1           “(32) DIGITAL ASSET-RELATED TERMS.—The  
2 terms ‘digital commodity’ and ‘permitted payment  
3 stablecoin’ have the meaning given those terms, re-  
4 spectively, under section 2(a) of the Securities Act  
5 of 1933 (15 U.S.C. 77b(a)).”.

6           (d) INVESTMENT COMPANY ACT OF 1940.—Section  
7 2(a) of the Investment Company Act of 1940 (15 U.S.C.  
8 80a–2) is amended—

9           (1) in paragraph (36), by adding at the end the  
10 following: “The term does not include a digital com-  
11 modity or permitted payment stablecoin.”; and

12           (2) by adding at the end, the following:

13           “(55) DIGITAL ASSET-RELATED TERMS.—The  
14 terms ‘digital commodity’ and ‘permitted payment  
15 stablecoin’ have the meaning given those terms, re-  
16 spectively, under section 2(a) of the Securities Act  
17 of 1933 (15 U.S.C. 77b(a)).”.

18 **SEC. 302. ANTIFRAUD AUTHORITY OVER PERMITTED PAY-**  
19 **MENT STABLECOINS.**

20           Section 10 of the Securities Exchange Act of 1934  
21 (15 U.S.C. 78j) is amended—

22           (1) by moving subsection (c) so as to appear  
23 after subsection (b);

24           (2) by designating the undesignated matter at  
25 the end of that section as subsection (d); and

1           (3) by adding at the end the following:

2           “(e)(1) Rules promulgated under subsection (b) that  
3 prohibit fraud, manipulation, or insider trading (but not  
4 rules imposing or specifying reporting or recordkeeping re-  
5 quirements, procedures, or standards as prophylactic  
6 measures against fraud, manipulation, or insider trading),  
7 and judicial precedents decided under subsection (b) and  
8 rules promulgated thereunder that prohibit fraud, manip-  
9 ulation, or insider trading, shall apply to permitted pay-  
10 ment stablecoins with respect to those circumstances in  
11 which the permitted payment stablecoins are brokered,  
12 traded, or custodied by a broker, dealer, digital asset  
13 broker, or digital asset dealer or through an alternative  
14 trading system or digital asset trading platform to the  
15 same extent as they apply to securities.

16          “(2) Judicial precedents decided under section 17(a)  
17 of the Securities Act of 1933 and sections 9, 15, 16, 20,  
18 and 21A of this title, and judicial precedents decided  
19 under applicable rules promulgated under such sections,  
20 shall apply to permitted payment stablecoins with respect  
21 to those circumstances in which the permitted payment  
22 stablecoins are brokered, traded, or custodied by a digital  
23 asset broker, digital asset dealer, or digital asset trading  
24 platform to the same extent as they apply to securities.

1 “(3) Nothing in this subsection may be construed to  
2 provide the Commission authority to make any rule, regu-  
3 lation, requirement, or obligation on a permitted payment  
4 stablecoin issuer regarding the operations of a permitted  
5 payment stablecoin issuer or a permitted payment  
6 stablecoin, including requirements or obligations regard-  
7 ing—

8 “(A) design;

9 “(B) structure;

10 “(C) issuance;

11 “(D) redemption;

12 “(E) financial resources;

13 “(F) collateral; or

14 “(G) any other aspect of the operation of a per-  
15 mitted payment stablecoin issuer or permitted pay-  
16 ment stablecoin.”.

17 **SEC. 303. REGISTRATION OF DIGITAL ASSET TRADING SYS-**  
18 **TEMS.**

19 Section 6 of the Securities Exchange Act of 1934 (15  
20 U.S.C. 78f) is amended by adding at the end the following:

21 “(m) DIGITAL ASSET TRADING SYSTEM.—

22 “(1) IN GENERAL.—It shall be unlawful for any  
23 digital asset trading system to make use of the mails  
24 or any means or instrumentality of interstate com-  
25 merce within or subject to the jurisdiction of the

1 United States to effect any transaction in a digital  
2 asset, unless such digital asset trading system is reg-  
3 istered with the Commission.

4 “(2) APPLICATION.—A person desiring to reg-  
5 ister as a digital asset trading system shall submit  
6 to the Commission an application in such form and  
7 containing such information as the Commission may  
8 require for the purpose of making the determina-  
9 tions required for approval.

10 “(3) EXEMPTIONS.—A digital asset trading sys-  
11 tem that offers or seeks to offer at least one digital  
12 asset shall not be required to register under this sec-  
13 tion (and subparagraph (A) shall not apply to such  
14 digital asset trading system) if the trading system  
15 satisfies any of the exemptions set forth in section  
16 240.3b–16(b) of title 17, Code of Federal Regula-  
17 tions.”.

18 **SEC. 304. REQUIREMENTS FOR DIGITAL ASSET TRADING**  
19 **SYSTEMS.**

20 Title I of the Securities Exchange Act of 1934 (15  
21 U.S.C. 78a et seq.) is amended by inserting after section  
22 6 the following:

23 **“SEC. 6A. REQUIREMENTS FOR DIGITAL ASSET TRADING**  
24 **SYSTEMS.**

25 “(a) HOLDING OF CUSTOMER ASSETS.—

1           “(1) IN GENERAL.—Subject to paragraph (2), a  
2           digital asset trading system, in its capacity as such,  
3           may not hold custody of customer money, assets, or  
4           property.

5           “(2) CUSTODY IN OTHER CAPACITY.—Nothing  
6           in this Act shall prohibit a person registered as a  
7           digital asset trading system from holding custody of  
8           customer money, assets, or property in any other  
9           permitted capacity, including as a digital asset  
10          broker or digital asset dealer, in compliance with the  
11          requirements of section 15H.

12          “(b) RULEMAKING.—The Commission shall prescribe  
13          rules for digital asset trading systems relating to the fol-  
14          lowing:

15               “(1) NOTICE.—Notice to the Commission of the  
16               initial operation of a digital asset trading system or  
17               any material change to the operation of the digital  
18               asset trading system.

19               “(2) ORDER DISPLAY.—The thresholds at  
20               which a digital asset trading system is required to  
21               display the orders of the digital asset trading sys-  
22               tem, and the manner of such display.

23               “(3) FAIR ACCESS.—The thresholds at which a  
24               digital asset trading system is required to have poli-

1       cies regarding providing fair access to the digital  
2       asset trading system.

3               “(4) CAPACITY, INTEGRITY, AND SECURITY OF  
4       AUTOMATED SYSTEMS.—Policies and procedures rea-  
5       sonably designed to ensure the capacity, integrity,  
6       and security of the digital asset trading system, tak-  
7       ing into account the particular nature of digital  
8       asset trading systems.

9               “(5) EXAMINATIONS, INSPECTIONS, AND INVES-  
10       TIGATIONS.—The examination and inspection of the  
11       premises, systems, and records of the digital asset  
12       trading system by the Commission or by a self-regu-  
13       latory organization of which such digital asset trad-  
14       ing system is a member.

15              “(6) RECORDKEEPING.—The making, keeping  
16       current, and preservation of records related to trad-  
17       ing activity on the digital asset trading system.

18              “(7) REPORTING.—The reporting of trans-  
19       actions in digital assets that occur through the dig-  
20       ital asset trading system.

21              “(8) PROCEDURES.—The establishment of ade-  
22       quate written safeguards and written procedures to  
23       protect confidential trading information.

24              “(c) NAME REQUIREMENT.—A digital asset trading  
25       system may not use the word ‘exchange’ in the name of



1 the digital asset trading system, unless the digital asset  
2 trading system—

3 “(1) is operated by a registered national securi-  
4 ties exchange; and

5 “(2) is clearly indicated as being provided out-  
6 side of the system’s capacity as a national securities  
7 exchange.

8 “(d) TREATMENT UNDER THE BANK SECRECY  
9 ACT.—A digital asset trading system shall be treated as  
10 a financial institution for purposes of the Bank Secrecy  
11 Act.”.

12 **SEC. 305. REGISTRATION OF DIGITAL ASSET BROKERS AND**  
13 **DIGITAL ASSET DEALERS.**

14 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
15 et seq.) is amended by inserting after section 15G the fol-  
16 lowing:

17 **“SEC. 15H. REGISTRATION OF DIGITAL ASSET BROKERS**  
18 **AND DIGITAL ASSET DEALERS.**

19 “ (a) REGISTRATION.—

20 “(1) IN GENERAL.—It shall be unlawful for any  
21 digital asset broker or digital asset dealer (other  
22 than a natural person associated with a digital asset  
23 broker or digital asset dealer, and other than such  
24 a digital asset broker or digital asset dealer whose  
25 business is exclusively intrastate and who does not

1       make use of any facility of a digital asset trading  
2       platform) to make use of the mails or any means or  
3       instrumentality of interstate commerce to effect any  
4       transactions in, or to induce or attempt to induce  
5       the purchase or sale of, any digital asset unless such  
6       digital asset broker or digital asset dealer is reg-  
7       istered in accordance with this section.

8               “(2) APPLICATION.—A person desiring to reg-  
9       ister as a digital asset broker or digital asset dealer  
10      shall submit to the Commission an application in  
11      such form and containing such information as the  
12      Commission may require for the purpose of making  
13      the determinations required for approval.

14             “(b) NATIONAL SECURITIES ASSOCIATION MEMBER-  
15      SHIP.—

16             “(1) IN GENERAL.—A digital asset broker or  
17      digital asset dealer may not register or maintain reg-  
18      istration under this section unless such digital asset  
19      broker or digital asset dealer is a member of a na-  
20      tional securities association registered under section  
21      15A.

22             “(2) EXCEPTION.—A digital asset broker or  
23      digital asset dealer may register under this section  
24      without obtaining membership in a national securi-  
25      ties association until the end of the 360-day period

1 beginning on the date the first national securities as-  
2 sociation adopts rules to admit digital asset brokers  
3 or digital asset dealers as members.

4 “(c) **ADDITIONAL REGISTRATIONS WITH THE COM-**  
5 **MODITY FUTURES TRADING COMMISSION.**—A registered  
6 digital asset broker or digital asset dealer shall be per-  
7 mitted to maintain any other registration with the Com-  
8 modity Futures Trading Commission relating to the other  
9 activities of the registered digital asset broker or reg-  
10 istered digital asset dealer, including as a digital com-  
11 modity broker or digital commodity dealer, to list or trade  
12 contracts of sale for digital commodities.”.

13 **SEC. 306. REQUIREMENTS OF DIGITAL ASSET BROKERS**  
14 **AND DIGITAL ASSET DEALERS.**

15 Section 15H of the Securities Exchange Act of 1934,  
16 as added by section 205, is amended by adding at the end  
17 the following:

18 “(d) **ANTIFRAUD.**—No digital asset broker or digital  
19 asset dealer shall make use of the mails or any means or  
20 instrumentality of interstate commerce to effect any trans-  
21 action in, or to induce or attempt to induce the purchase  
22 or sale of, any digital asset that is not a digital commodity  
23 by means of any manipulative, deceptive, or other fraudu-  
24 lent device or contrivance.

25 “(e) **HOLDING OF CUSTOMER ASSETS.**—

1           “(1) IN GENERAL.—A digital asset broker or  
2 digital asset dealer shall hold customer money, as-  
3 sets, and property in a manner to minimize the risk  
4 of loss to the customer or unreasonable delay in the  
5 access to the money, assets, and property of the cus-  
6 tomer.

7           “(2) RULEMAKING.—Not later than 180 days  
8 after the date of enactment of this section, the Com-  
9 mission shall issue rules to provide that a registered  
10 digital asset broker or digital asset dealer will be  
11 considered to satisfy the requirements of paragraph  
12 (1), with respect to digital assets, so long as the dig-  
13 ital asset broker or digital asset dealer—

14           “(A) holds such digital asset at a bank  
15 that—

16           “(i) is recognized by the appropriate  
17 Federal banking agency or State bank su-  
18 pervisor (as such terms are defined, re-  
19 spectively, in section 3 of the Federal De-  
20 posit Insurance Act (12 U.S.C. 1813)) as  
21 having custody over such assets;

22           “(ii) delivers the digital asset to the  
23 digital asset broker or digital asset dealer  
24 without requiring the payment of money or  
25 value; and

1           “(iii) has acknowledged in writing  
2           that the digital asset in the custody or con-  
3           trol of the bank is free of charge, lien, or  
4           claim of any kind in favor of such bank or  
5           any person claiming through the bank;

6           “(B) establishes, maintains, and enforces  
7           written policies, procedures, and controls rea-  
8           sonably designed to demonstrate that the digital  
9           asset broker or digital asset dealer—

10           “(i) has control over the digital asset  
11           that the digital asset broker or digital  
12           asset dealer holds in custody to protect  
13           against the theft, loss, or unauthorized use  
14           of the private keys necessary to access and  
15           transfer such digital asset;

16           “(ii) has identified the steps that will  
17           be taken in the wake of certain events that  
18           could affect the custody of the digital as-  
19           sets by the digital asset broker or digital  
20           asset dealer;

21           “(iii) can comply with a court-ordered  
22           freeze or seizure; and

23           “(iv) has established arrangements to  
24           allow for the transfer of the digital asset  
25           held by such digital asset broker or digital

1           asset dealer to another digital asset broker  
2           or digital asset dealer, a trustee, receiver,  
3           liquidator, or person performing a similar  
4           function, or to another appropriate person,  
5           in the event such digital asset broker or  
6           digital asset dealer can no longer continue  
7           as a going concern and self-liquidates or is  
8           subject to a formal bankruptcy, receiver-  
9           ship, liquidation, or similar proceeding; or  
10          “(C) complies with such other require-  
11          ments as the Commission may permit.

12          “(3) SEGREGATION OF FUNDS.—

13                 “(A) IN GENERAL.—A digital asset broker  
14                 or digital asset dealer shall treat and deal with  
15                 all money, assets, and property held for a cus-  
16                 tomer of the digital asset broker or digital asset  
17                 dealer, or that accrues to a customer as a result  
18                 of trading in digital assets, as belonging to the  
19                 customer.

20                 “(B) COMMINGLING PROHIBITED.—Money,  
21                 assets, and property of a customer described in  
22                 subparagraph (A) shall be separately accounted  
23                 for and shall not be commingled with the funds  
24                 of the digital asset broker or digital asset dealer  
25                 or be used to margin, secure, or guarantee any

1 trades of any person other than the customer of  
2 the digital asset broker or digital asset dealer  
3 for whom the same are held.

4 “(4) EXCEPTIONS.—

5 “(A) USE OF FUNDS.—

6 “(i) IN GENERAL.—Notwithstanding  
7 paragraph (3), money, assets, and property  
8 of customers of a digital asset broker or  
9 digital asset dealer described in paragraph  
10 (3) may be maintained and deposited in  
11 the same account or accounts with any  
12 bank, trust company, digital asset broker,  
13 or digital asset dealer, if the money, assets,  
14 and property remain segregated from the  
15 money, assets, and property of the digital  
16 asset broker or digital asset dealer.

17 “(ii) WITHDRAWAL.—Notwithstanding  
18 paragraph (3), such share of the money,  
19 assets, and property described in para-  
20 graph (3) as in the normal course of busi-  
21 ness shall be necessary to transfer, adjust,  
22 or settle a digital asset transaction pursu-  
23 ant to a customer’s instruction (standing  
24 or otherwise) may be withdrawn and ap-  
25 plied to such purposes, including the with-

1 drawal and payment of commissions, bro-  
2 kerage, interest, taxes, storage, and other  
3 charges lawfully accruing in connection  
4 with a digital asset transaction.

5 “(iii) COMMISSION ACTION.—In ac-  
6 cordance with such terms and conditions  
7 as the Commission may prescribe by rule,  
8 regulation, or order, any money, assets, or  
9 property of a customer of a digital asset  
10 broker or digital asset dealer described in  
11 paragraph (3) may be commingled and de-  
12 posited as provided in this section with any  
13 other money, assets, or property received  
14 by the digital asset broker or digital asset  
15 dealer and required by the Commission to  
16 be separately accounted for and treated  
17 and dealt with as belonging to the cus-  
18 tomer of the digital asset broker or digital  
19 asset dealer.

20 “(B) PARTICIPATION IN BLOCKCHAIN  
21 SERVICES.—

22 “(i) IN GENERAL.—A customer shall  
23 have the right to waive the restrictions in  
24 paragraph (3) for any unit of a digital  
25 asset, by affirmatively electing, in writing



1 to the digital asset broker or digital asset  
2 dealer, to waive the restrictions.

3 “(ii) USE OF FUNDS.—Customer dig-  
4 ital assets removed from segregation under  
5 clause (i) may be pooled and used by the  
6 digital asset broker or digital asset dealer  
7 or its designee to provide a blockchain  
8 service for a blockchain system to which  
9 the unit of the digital asset removed from  
10 segregation under clause (i) relates.

11 “(iii) LIMITATIONS.—The Commission  
12 may, by rule, establish notice and disclo-  
13 sure requirements, and any other limita-  
14 tions and rules related to the waiving of  
15 any restrictions under this subparagraph  
16 that are reasonably necessary to protect  
17 customers.

18 “(iv) BLOCKCHAIN SERVICE DE-  
19 FINED.—In this subparagraph, the term  
20 ‘blockchain service’ means any activity re-  
21 lating to validating transactions on a  
22 blockchain system, providing security for a  
23 blockchain system, or other similar activity  
24 required for the ongoing operation of a  
25 blockchain system.

1           “(5) FURTHER LIMITATIONS.—No person shall  
2           treat or deal with a digital asset held on behalf of  
3           any customer pursuant to paragraph (3) by utilizing  
4           any unit of such digital asset to participate in a  
5           blockchain service (as defined in paragraph  
6           (4)(B)(iv)) or a decentralized governance system as-  
7           sociated with the digital asset or the blockchain sys-  
8           tem to which the digital asset relates in any manner  
9           other than that which is expressly directed by the  
10          customer from which such unit of a digital asset was  
11          received.

12          “(f) CAPITAL REQUIREMENTS.—

13                 “(1) IN GENERAL.—Each registered digital  
14                 asset broker and registered digital asset dealer shall  
15                 meet such minimum capital requirements as the  
16                 Commission may prescribe to ensure that the digital  
17                 asset broker or digital asset dealer is able to—

18                         “(A) conduct an orderly wind-down of the  
19                         activities of the digital asset broker or digital  
20                         asset dealer; and

21                         “(B) fulfill the customer obligations of the  
22                         digital asset broker or digital asset dealer.

23                 “(2) CALCULATION.—For purposes of any  
24                 Commission rule or order adopted under this section  
25                 or any interpretation thereof regulating a digital

1 asset broker or digital asset dealer’s financial re-  
2 sponsibility obligations and capital requirements, a  
3 registered digital asset broker or digital asset dealer  
4 that maintains control of customer digital assets in  
5 a manner that satisfies the rules issued by the Com-  
6 mission under subsection (e)(2) shall not be required  
7 to include the value of such digital assets as assets  
8 or liabilities of the digital asset broker or digital  
9 asset dealer.

10 “(3) COORDINATION OF CAPITAL REQUIRE-  
11 MENTS.—

12 “(A) COMMISSION RULE.—The Commis-  
13 sion shall, by rule, provide appropriate offsets  
14 to any applicable capital requirement for a per-  
15 son with multiple registrations, including as a  
16 broker, dealer, digital asset broker, or digital  
17 asset dealer.

18 “(B) JOINT RULE.—The Commission and  
19 the Commodity Futures Trading Commission  
20 shall jointly, by rule, provide appropriate offsets  
21 to any applicable capital requirement for a per-  
22 son with multiple registrations, including as a  
23 digital asset broker, digital asset dealer, digital  
24 asset trading system, digital commodity broker,

1 digital commodity dealer, or digital commodity  
2 exchange.

3 “(g) REPORTING AND RECORDKEEPING.—Each reg-  
4 istered digital asset broker and digital asset dealer—

5 “(1) shall make such reports as are required by  
6 the Commission by rule or regulation regarding the  
7 transactions, positions, and financial condition of the  
8 digital asset broker or digital asset dealer.

9 “(2) shall keep books and records in such form  
10 and manner and for such period as may be pre-  
11 scribed by the Commission by rule or regulation; and

12 “(3) shall keep the books and records open to  
13 inspection and examination by any representative of  
14 the Commission.

15 “(h) TREATMENT UNDER THE BANK SECRECY  
16 ACT.—A digital asset broker and a digital asset dealer  
17 shall be treated as a financial institution for purposes of  
18 the Bank Secrecy Act.”.

19 **SEC. 307. RULES RELATED TO CONFLICTS OF INTEREST.**

20 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
21 et seq.) is amended by inserting after section 10D the fol-  
22 lowing:

1 **“SEC. 10E. CONFLICTS OF INTEREST RELATED TO DIGITAL**  
2 **ASSETS.**

3 “Each registered digital asset trading system, reg-  
4 istered digital asset broker, registered digital asset dealer,  
5 and notice-registered digital asset clearing agency shall es-  
6 tablish, maintain, and enforce written policies and proce-  
7 dures reasonably designed, taking into consideration the  
8 nature of such person’s business, to mitigate any conflicts  
9 of interest and transactions or arrangements with affili-  
10 ates.”.

11 **SEC. 308. TREATMENT OF CERTAIN DIGITAL ASSETS IN**  
12 **CONNECTION WITH FEDERALLY REGULATED**  
13 **INTERMEDIARIES.**

14 Section 18(b) of the Securities Act of 1933 (15  
15 U.S.C. 77r(b)) is amended by adding at the end the fol-  
16 lowing:

17 “(5) EXEMPTION FOR CERTAIN DIGITAL ASSETS  
18 IN CONNECTION WITH FEDERALLY REGULATED  
19 INTERMEDIARIES.—A digital asset is a covered secu-  
20 rity with respect to a transaction that is exempt  
21 from registration under this Act when—

22 “(A) it is brokered, traded, custodied, or  
23 cleared by a digital asset broker or digital asset  
24 dealer registered under section 15H of the Se-  
25 curities Exchange Act of 1934; or

1                   “(B) traded through a digital asset trading  
2                   system (as defined under section 242.301 of  
3                   title 17, Code of Federal Regulations).”.

4 **SEC. 309. DUAL REGISTRATION.**

5           Any person that is registered with the Securities and  
6 Exchange Commission as a digital asset broker, digital  
7 asset dealer, or digital asset trading system may register  
8 with the Commodity Futures Trading Commission, as ap-  
9 propriate, as—

10                   (1) a digital commodity exchange under section  
11                   5i of the Commodity Exchange Act (7 U.S.C. 1 et  
12                   seq.), as added by this Act, if the person offers or  
13                   seeks to offer a cash or spot market in at least one  
14                   digital commodity;

15                   (2) a digital commodity broker under section 4u  
16                   of the Commodity Exchange Act, as added by this  
17                   Act, if the person is engaged in soliciting or accept-  
18                   ing orders in digital commodity cash or spot mar-  
19                   kets; or

20                   (3) a digital commodity dealer under section 4u  
21                   of the Commodity Exchange Act, as added by this  
22                   Act, if the person holds themself out as a dealer in  
23                   digital commodity cash or spot markets.

1 **SEC. 310. EXCLUSION FOR ANCILLARY ACTIVITIES.**

2 The Securities Exchange Act of 1934 (15 U.S.C. 78a  
3 et seq.) is amended by inserting after section 15G the fol-  
4 lowing:

5 **“SEC. 15H. EXCLUSION FOR ANCILLARY ACTIVITIES.**

6 “(a) IN GENERAL.—Notwithstanding any other pro-  
7 vision of this Act, a person shall not be subject to this  
8 Act and the regulations thereunder solely based on the  
9 person undertaking any ancillary activities.

10 “(b) EXCEPTIONS.—Subsection (a) shall not be con-  
11 strued to apply to the anti-manipulation and anti-fraud  
12 authorities of the Commission.

13 “(c) ANCILLARY ACTIVITIES DEFINED.—In this sec-  
14 tion, the term ‘ancillary activities’ means any of the fol-  
15 lowing activities related to the operation of a blockchain  
16 system:

17 “(1) Compiling network transactions, operating  
18 a pool, relaying, searching, sequencing, validating, or  
19 acting in a similar capacity with respect to a re-  
20 stricted digital asset.

21 “(2) Providing computational work, operating a  
22 node, or procuring, offering, or utilizing network  
23 bandwidth, or other similar incidental services with  
24 respect to a restricted digital asset.

25 “(3) Providing a user-interface that enables a  
26 user to read and access data about a blockchain sys-

1       tem, send messages, or otherwise interact with a  
2       blockchain system.

3           “(4) Developing, publishing, constituting, ad-  
4       ministering, maintaining, or otherwise distributing a  
5       blockchain system.

6           “(5) Developing, publishing, constituting, ad-  
7       ministering, maintaining, or otherwise distributing  
8       software or systems that create or deploy a hard-  
9       ware or software wallet or other system facilitating  
10      an individual user’s own personal ability to keep,  
11      safeguard, or custody the user’s restricted digital as-  
12      sets or related private keys.”.

13 **SEC. 311. REGISTRATION AND REQUIREMENTS FOR NO-**  
14 **TICE-REGISTERED DIGITAL ASSET CLEARING**  
15 **AGENCIES.**

16       Section 17A(b) of the Securities Exchange Act of  
17 1934 (15 U.S.C. 78q-1(b)) is amended—

18           (1) in subsection (1), by inserting “(other than  
19       a notice-registered digital asset clearing agency)”  
20       after “unlawful for any clearing agency”; and

21           (2) by adding at the end, the following:

22           “(9) REGISTRATION AND REQUIREMENTS FOR  
23       NOTICE-REGISTERED DIGITAL ASSET CLEARING  
24       AGENCY.—



1           “(A) ELIGIBILITY.—A person may register  
2 with the Commission as a notice-registered dig-  
3 ital asset clearing agency if the person—

4           “(i) is otherwise registered as a digital  
5 asset broker or digital asset dealer with the  
6 Commission and is engaging in a business  
7 involving digital assets that are not digital  
8 commodities, in compliance with Commis-  
9 sion rules pursuant to section 15H(e); or

10           “(ii) is a bank engaging in a business  
11 involving digital assets, in compliance with  
12 applicable banking law and regulation re-  
13 lating to the custody and safekeeping of  
14 such assets

15           “(B) REGISTRATION.—A person may reg-  
16 ister with the Commission as a notice-registered  
17 digital asset clearing agency by providing the  
18 Commission with notice of the activities of the  
19 person or planned activities in such form as the  
20 Commission determines appropriate.

21           “(C) RULEMAKING.—The Commission may  
22 adopt rules, which may not take effect until at  
23 least 360 days following the date of enactment  
24 of this paragraph, with regard to the activities  
25 of notice-registered digital asset clearing agen-

1           cies, taking into account the nature of digital  
2           assets.”.

3 **SEC. 312. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**  
4 **ING INSTITUTIONS.**

5           (a) TREATMENT OF CUSTODY ACTIVITIES.—The ap-  
6           propriate Federal banking agency (as defined under sec-  
7           tion 3 of the Federal Deposit Insurance Act (12 U.S.C.  
8           1813)), the National Credit Union Administration (in the  
9           case of a credit union), and the Securities and Exchange  
10          Commission may not require a depository institution, na-  
11          tional bank, Federal credit union, State credit union, or  
12          trust company, or any affiliate thereof—

13               (1) to include assets held in custody as a liabil-  
14               ity on any financial statement or balance sheet, in-  
15               cluding payment stablecoin custody or safekeeping  
16               activities;

17               (2) to hold additional regulatory capital against  
18               assets in custody or safekeeping, except as necessary  
19               to mitigate against operational risks inherent with  
20               the custody or safekeeping services, as determined  
21               by—

22                       (A) the appropriate Federal banking agen-  
23                       cy;

24                       (B) the National Credit Union Administra-  
25                       tion (in the case of a credit union);

1 (C) a State bank supervisor (as defined  
2 under section 3 of the Federal Deposit Insur-  
3 ance Act (12 U.S.C. 1813)); or

4 (D) a State credit union supervisor (as de-  
5 fined under section 6003 of the Anti-Money  
6 Laundering Act of 2020);

7 (3) to recognize a liability for any obligations  
8 related to activities or services performed for digital  
9 assets that the entity does not own if that liability  
10 would exceed the expense recognized in the income  
11 statement as a result of the corresponding obliga-  
12 tion.

13 (b) DEFINITIONS.—In this section:

14 (1) DEPOSITORY INSTITUTION.—The terms  
15 “depository institution” has the meaning given that  
16 term under section 3 of the Federal Deposit Insur-  
17 ance Act.

18 (2) CREDIT UNION TERMS.—The terms “Fed-  
19 eral credit union” and “State credit union” have the  
20 meaning given those terms, respectively, under sec-  
21 tion 101 of the Federal Credit Union Act.

1 **TITLE IV—REGISTRATION FOR**  
2 **DIGITAL ASSET INTER-**  
3 **MEDIARIES AT THE COM-**  
4 **MODITY FUTURES TRADING**  
5 **COMMISSION**

6 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**  
7 **MODITY TRANSACTIONS.**

8 (a) IN GENERAL.—Section 2(a)(1) of the Commodity  
9 Exchange Act (7 U.S.C. 2(a)(1)) is amended by adding  
10 at the end the following:

11 “(J) Except as expressly provided in this  
12 Act, nothing in the Financial Innovation and  
13 Technology for the 21st Century Act shall af-  
14 fect or apply to, or be interpreted to affect or  
15 apply to—

16 “(i) any agreement, contract, or  
17 transaction that is subject to regulation  
18 under this Act as—

19 “(I) a contract of sale of a com-  
20 modity for future delivery or an op-  
21 tion on such a contract;

22 “(II) a swap;

23 “(III) a security futures product;

24 “(IV) an option authorized under  
25 section 4c of this Act;

1                   “(V) an agreement, contract, or  
2                   transaction described in subparagraph  
3                   (C)(i) or (D)(i) of subsection (c)(2) of  
4                   this section; or

5                   “(VI) a leverage transaction au-  
6                   thorized under section 19 of this Act;  
7                   or

8                   “(ii) the activities of any person with  
9                   respect to any such an agreement, con-  
10                  tract, or transaction.”.

11           (b) IN GENERAL.—Section 2(c)(1) of the Commodity  
12 Exchange Act (7 U.S.C. 2(c)(1)) is amended—

13           (1) in subparagraph (F), by striking “or” at  
14           the end;

15           (2) in subparagraph (G), by striking the period  
16           and inserting “; or”; and

17           (3) by adding at the end the following:

18                   “(H) permitted payment stablecoins.”.

19           (c) IN GENERAL.—Section 2(c)(2) of the Commodity  
20 Exchange Act (7 U.S.C. 2(c)(2)) is amended—

21           (1) in subparagraph (D)(ii)—

22                   (A) in subclause (III), in the matter that  
23                   precedes item (aa), by inserting “of a com-  
24                   modity, other than a digital commodity,” before  
25                   “that”; and

1 (B) by redesignating subclauses (IV) and  
2 (V) as subclauses (V) and (VI) and inserting  
3 after subclause (III) the following:

4 “(IV) a contract of sale of a dig-  
5 ital commodity that—

6 “(aa) results in actual deliv-  
7 ery, as the Commission shall by  
8 rule determine, within 2 days or  
9 such other period as the Commis-  
10 sion may determine by rule or  
11 regulation based upon the typical  
12 commercial practice in cash or  
13 spot markets for the digital com-  
14 modity involved; or

15 “(bb) is executed with a reg-  
16 istered digital commodity deal-  
17 er—

18 “(AA) directly;

19 “(BB) through a reg-  
20 istered digital commodity  
21 broker; or

22 “(CC) on or subject to  
23 the rules of a registered dig-  
24 ital commodity exchange;”;  
25 and

1 (2) by adding at the end the following:

2 “(F) COMMISSION JURISDICTION WITH RESPECT TO  
3 DIGITAL COMMODITY TRANSACTIONS.—

4 “(i) IN GENERAL.—Subject to sections 6d and  
5 12(e), the Commission shall have exclusive jurisdic-  
6 tion with respect to any account, agreement, con-  
7 tract, or transaction involving a contract of sale of  
8 a digital commodity in interstate commerce, includ-  
9 ing in a digital commodity cash or spot market, that  
10 is offered, solicited, traded, facilitated, executed,  
11 cleared, reported, or otherwise dealt in—

12 “(I) on or subject to the rules of a reg-  
13 istered entity or an entity that is required to be  
14 registered as a registered entity; or

15 “(II) by any other entity registered, or re-  
16 quired to be registered, with the Commission.

17 “(ii) LIMITATIONS.—Clause (i) shall not apply  
18 with respect to custodial or depository activities for  
19 a digital commodity, or custodial or depository ac-  
20 tivities for any promise or right to a future digital  
21 commodity, of an entity regulated by an appropriate  
22 Federal banking agency or a State bank supervisor  
23 (within the meaning of section 3 of the Federal De-  
24 posit Insurance Act).

25 “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

1           “(I) IN GENERAL.—Clause (i) shall not  
2 apply to a mixed digital asset transaction.

3           “(II) OVERSIGHT OF MIXED DIGITAL  
4 ASSET TRANSACTIONS.—

5           “(aa) ON A CFTC REGULATED PLAT-  
6 FORM.—A mixed digital asset transaction  
7 that occurs on or subject to the rules of a  
8 registered entity or by any other entity  
9 registered with the Commission—

10           “(AA) shall not occur except on  
11 or subject to the rules of a registered  
12 entity or by any other entity that is  
13 dually registered with the Commission  
14 and the Securities and Exchange  
15 Commission; and

16           “(BB) shall be subject to the ju-  
17 risdiction of the Commission and the  
18 Securities and Exchange Commission.

19           “(bb) OFF EXCHANGE.—A mixed dig-  
20 ital asset transaction that does not occur  
21 on or subject to the rules of a registered  
22 entity or by any other entity registered  
23 with the Commission shall be subject to  
24 the exclusive jurisdiction of the Securities  
25 and Exchange Commission.



1           “(III) REPORTS ON MIXED DIGITAL ASSET  
2           TRANSACTIONS.—A digital asset issuer, related  
3           person, affiliated person, or other person reg-  
4           istered with the Securities and Exchange Com-  
5           mission that engages in a mixed digital asset  
6           transaction, shall, on request, open to inspec-  
7           tion and examination by the Commodity Fu-  
8           tures Trading Commission all books and  
9           records relating to the mixed digital asset  
10          transaction, subject to the confidentiality and  
11          disclosure requirements of section 8.

12          “(G) AGREEMENTS, CONTRACTS, AND TRANS-  
13          ACTIONS IN STABLECOINS.—

14                 “(i) TREATMENT OF PERMITTED PAYMENT  
15                 STABLECOINS ON COMMISSION-REGISTERED ENTI-  
16                 TIES.—Except as provided in clauses (ii) and (iii),  
17                 the Commission shall only have jurisdiction over a  
18                 cash or spot agreement, contract, or transaction in  
19                 a permitted payment stablecoin that is offered, of-  
20                 fered to enter into, entered into, executed, confirmed  
21                 the execution of, solicited, or accepted—

22                         “(I) on or subject to the rules of a reg-  
23                         istered entity; or

24                         “(II) by any other entity registered by the  
25                         Commission.

1           “(ii) PERMITTED PAYMENT STABLECOIN  
2 TRANSACTION RULES.—This Act shall only apply to  
3 a transaction described in clause (i) for the purposes  
4 of regulating the offer, execution, solicitation, or ac-  
5 ceptance of a cash or spot permitted payment  
6 stablecoin transaction on a registered entity or other  
7 entity registered by the Commission with respect to  
8 requirements imposed with respect to—  
9           “(I) recordkeeping;  
10           “(II) custody;  
11           “(III) segregation;  
12           “(IV) reporting;  
13           “(V) trading procedures and trade proc-  
14           essing requirements;  
15           “(VI) information-sharing;  
16           “(VII) conflicts of interest;  
17           “(VIII) anti-fraud, anti-manipulation, or  
18           false reporting; or  
19           “(IX) any other transaction level-require-  
20           ment imposed on the registered entity or other  
21           entity registered by the Commission that the  
22           Commission by rule determines would foster the  
23           development of fair and orderly cash or spot  
24           markets in digital commodities, be necessary or

1 appropriate in the public interest, and be con-  
2 sistent with the protection of customers.

3 “(iii) NO AUTHORITY OVER PERMITTED PAY-  
4 MENT STABLECOINS.—Notwithstanding clause (ii),  
5 the Commission shall not make a rule or regulation,  
6 impose a requirement or obligation on a on reg-  
7 istered entity or other entity registered by the Com-  
8 mission, or impose a requirement or obligation on a  
9 permitted payment stablecoin issuer, regarding the  
10 operation of a permitted payment stablecoin issuer  
11 or a permitted payment stablecoin, including a re-  
12 quirement or obligation regarding—

13 “(I) design;

14 “(II) structure;

15 “(III) issuance;

16 “(IV) redemption;

17 “(V) financial resources;

18 “(VI) collateral; or

19 “(VII) any other aspect of such an oper-  
20 ation or such a stablecoin.”.

21 (d) CONFORMING AMENDMENT.—Section 2(a)(1)(A)  
22 of such Act (7 U.S.C. 2(a)(1)(A)) is amended in the 1st  
23 sentence by inserting “subsection (c)(2)(F) of this section  
24 or” before “section 19”.

1 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**  
2 **TO USE QUALIFIED DIGITAL COMMODITY**  
3 **CUSTODIANS.**

4 Section 4d of the Commodity Exchange Act (7 U.S.C.  
5 6d) is amended—

6 (1) in subsection (a)(2)—

7 (A) in the 1st proviso, by striking “any  
8 bank or trust company” and inserting “any  
9 bank, trust company, or qualified digital com-  
10 modity custodian”; and

11 (B) by inserting “: *Provided further*, That  
12 any such property that is a digital commodity  
13 shall be held in a qualified digital commodity  
14 custodian” before the period at the end; and

15 (2) in subsection (f)(3)(A)(i), by striking “any  
16 bank or trust company” and inserting “any bank,  
17 trust company, or qualified digital commodity custo-  
18 dian”.

19 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**  
20 **DIGITAL COMMODITIES.**

21 Section 5c of the Commodity Exchange Act (7 U.S.C.  
22 7a–2) is amended—

23 (1) in subsection (a), by striking “5(d) and  
24 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

25 (2) in subsection (b)—

1 (A) in each of paragraphs (1) and (2), by  
2 inserting “digital commodity exchange,” before  
3 “derivatives”; and

4 (B) in paragraph (3), by inserting “digital  
5 commodity exchange,” before “derivatives” each  
6 place it appears;

7 (3) in subsection (c)—

8 (A) in paragraph (2), by inserting “or par-  
9 ticipants” before “(in”;

10 (B) in paragraph (4)(B), by striking  
11 “1a(10)” and inserting “1a(9)”; and

12 (C) in paragraph (5), by adding at the end  
13 the following:

14 “(D) SPECIAL RULES FOR DIGITAL COM-  
15 MODITY CONTRACTS.—In certifying any new  
16 rule or rule amendment, or listing any new con-  
17 tract or instrument, in connection with a con-  
18 tract of sale of a commodity for future delivery,  
19 option, swap, or other agreement, contract, or  
20 transaction, that is based on or references a  
21 digital commodity, a registered entity shall  
22 make or rely on a certification under subsection  
23 (d) for the digital commodity.”; and

24 (4) by inserting after subsection (c) the fol-  
25 lowing:

1       “(d) CERTIFICATIONS FOR DIGITAL COMMODITY  
2 TRADING.—

3           “(1) IN GENERAL.—Notwithstanding subsection  
4 (c), for the purposes of listing or offering a digital  
5 commodity for trading in a digital commodity cash  
6 or spot market, an eligible entity shall issue a writ-  
7 ten certification that the digital commodity meets  
8 the requirements of this Act (including regulations  
9 thereunder).

10          “(2) CONTENTS OF THE CERTIFICATION.—

11           “(A) IN GENERAL.—In making a written  
12 certification under this paragraph, the eligible  
13 entity shall furnish to the Commission—

14                   “(i) an analysis of how the digital  
15 commodity meets the requirements of sec-  
16 tion 5i(c)(3);

17                   “(ii) information about the digital  
18 commodity regarding—

19                           “(I) its purpose and use;

20                           “(II) its unit creation or release  
21 process;

22                           “(III) its consensus mechanism;

23                           “(IV) its governance structure;

24                           “(V) its participation and dis-  
25 tribution; and

1                   “(VI) its current and proposed  
2                   functionality; and

3                   “(iii) any other information, analysis,  
4                   or documentation the Commission may, by  
5                   rule, require.

6                   “(B) RELIANCE ON PRIOR DISCLO-  
7                   SURES.—In making a certification under this  
8                   subsection, an eligible entity may rely on the  
9                   records and disclosures of any relevant person  
10                  registered with the Securities and Exchange  
11                  Commission or other State or Federal agency.

12                  “(3) MODIFICATIONS.—

13                  “(A) IN GENERAL.—An eligible entity shall  
14                  modify a certification made under paragraph  
15                  (1) to—

16                  “(i) account for significant changes in  
17                  any information provided to the Commis-  
18                  sion under paragraph (2)(A)(ii); or

19                  “(ii) permit or restrict trading in  
20                  units of a digital commodity asset held by  
21                  a related person or an affiliated person.

22                  “(B) RECERTIFICATION.—Modifications  
23                  required by this subsection shall be subject to  
24                  the same disapproval and review process as a  
25                  new certification under paragraphs (4) and (5).

1           “(4) DISAPPROVAL.—

2                   “(A) IN GENERAL.—The written certifi-  
3 cation described in paragraph (1) shall become  
4 effective unless the Commission finds that the  
5 digital asset does not meet the requirements of  
6 this Act or the rules and regulations there-  
7 under.

8                   “(B) ANALYSIS REQUIRED.—The Commis-  
9 sion shall include, with any findings referred to  
10 in subparagraph (A), a detailed analysis of the  
11 factors on which the decision was based.

12                   “(C) PUBLIC FINDINGS.—The Commission  
13 shall make public any disapproval decision, and  
14 any related findings and analysis, made under  
15 this paragraph.

16           “(5) REVIEW.—

17                   “(A) IN GENERAL.—Unless the Commis-  
18 sion makes a disapproval decision under para-  
19 graph (4), the written certification described in  
20 paragraph (1) shall become effective, pursuant  
21 to the certification by the eligible entity and no-  
22 tice of the certification to the public (in a man-  
23 ner determined by the Commission) on the date  
24 that is—



1           “(i) 20 business days after the date  
2           the Commission receives the certification  
3           (or such shorter period as determined by  
4           the Commission by rule or regulation), in  
5           the case of a digital commodity that has  
6           not been certified under this section or for  
7           which a certification is being modified  
8           under paragraph (3); or

9           “(ii) 2 business days after the date  
10          the Commission receives the certification  
11          (or such shorter period as determined by  
12          the Commission by rule or regulation) for  
13          any digital commodity that has been cer-  
14          tified under this section.

15          “(B) EXTENSIONS.—The time for consid-  
16          eration under subparagraph (A) may be ex-  
17          tended through notice to the eligible entity that  
18          there are novel or complex issues that require  
19          additional time to analyze, that the explanation  
20          by the submitting eligible entity is inadequate,  
21          or of a potential inconsistency with this Act—

22                 “(i) once, for 30 business days,  
23                 through written notice to the eligible entity  
24                 by the Chairman; and

1           “(ii) once, for an additional 30 busi-  
2           ness days, through written notice to the  
3           digital commodity exchange from the Com-  
4           mission that includes a description of any  
5           deficiencies with the certification, including  
6           any—

7                       “(I) novel or complex issues  
8                       which require additional time to ana-  
9                       lyze;

10                      “(II) missing information or in-  
11                      adequate explanations; or

12                      “(III) potential inconsistencies  
13                      with this Act.

14           “(6) CERTIFICATION REQUIRED.—Notwith-  
15           standing any other requirement of this Act, a reg-  
16           istered entity or other entity registered with the  
17           Commission shall not list for trading, accept for  
18           clearing, offer to enter into, enter into, execute, con-  
19           firm the execution of, or conduct any office or busi-  
20           ness anywhere in the United States, its territories or  
21           possessions, for the purpose of soliciting, or accept-  
22           ing any order for, or otherwise dealing in, any trans-  
23           action in, or in connection with, a digital asset, un-  
24           less a certification has been made under this section  
25           for the digital asset.

1           “(7) ELIGIBLE ENTITY DEFINED.—In this sub-  
2           section, the term ‘eligible entity’ means a registered  
3           entity or group of registered entities acting jointly.”.

4   **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**  
5           **CHANGES.**

6           The Commodity Exchange Act (7 U.S.C. 1 et seq.)  
7   is amended by inserting after section 5h the following:

8   **“SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-**  
9           **CHANGES.**

10          “(a) IN GENERAL.—

11               “(1) REGISTRATION.—

12                       “(A) IN GENERAL.—A trading facility that  
13                       offers or seeks to offer a cash or spot market  
14                       in at least 1 digital commodity shall register  
15                       with the Commission as a digital commodity ex-  
16                       change.

17                       “(B) APPLICATION.—A person desiring to  
18                       register as a digital commodity exchange shall  
19                       submit to the Commission an application in  
20                       such form and containing such information as  
21                       the Commission may require for the purpose of  
22                       making the determinations required for ap-  
23                       proval.

24                       “(C) EXEMPTIONS.—A trading facility  
25                       that offers or seeks to offer a cash or spot mar-

1 ket in at least 1 digital commodity shall not be  
2 required to register under this section if the  
3 trading facility—

4 “(i) permits no more than a de mini-  
5 mis amount of trading activity; or

6 “(ii) serves only customers in a single  
7 State or territory.

8 “(2) ADDITIONAL REGISTRATIONS.—

9 “(A) WITH THE COMMISSION.—

10 “(i) IN GENERAL.—A registered dig-  
11 ital commodity exchange may also register  
12 as—

13 “(I) a designated contract mar-  
14 ket; or

15 “(II) a swap execution facility.

16 “(ii) RULES.—For an entity with  
17 multiple registrations under clause (i), the  
18 Commission—

19 “(I) shall prescribe rules to ex-  
20 empt the entity from duplicative, con-  
21 flicting, or unduly burdensome provi-  
22 sions of this Act and the rules under  
23 this Act, to the extent such an exemp-  
24 tion would foster the development of  
25 fair and orderly cash or spot markets

1 in digital commodities, be necessary or  
2 appropriate in the public interest, and  
3 be consistent with the protection of  
4 customers; and

5 “(II) may, after an analysis of  
6 the risks and benefits, prescribe rules  
7 to provide for portfolio margining, as  
8 may be necessary to protect market  
9 participants, promote fair and equi-  
10 table trading in digital commodity  
11 markets, and promote responsible eco-  
12 nomic or financial innovation.

13 “(B) WITH THE SECURITIES AND EX-  
14 CHANGE COMMISSION.—A registered digital  
15 commodity exchange may register with the Se-  
16 curities and Exchange Commission as a digital  
17 asset trading system to list or trade contracts  
18 of sale for digital assets deemed securities.

19 “(C) WITH A REGISTERED FUTURES ASSO-  
20 CIATION.—

21 “(i) IN GENERAL.—A registered dig-  
22 ital commodity exchange shall also be a  
23 member of a registered futures association  
24 and comply with rules related to such ac-  
25 tivity, if the registered digital commodity

1 exchange accepts customer funds required  
2 to be segregated under subsection (d).

3 “(ii) RULEMAKING REQUIRED.—The  
4 Commission shall require any registered  
5 futures association with a digital com-  
6 modity exchange as a member to provide  
7 such rules as may be necessary to further  
8 compliance with subsection (d), protect  
9 customers, and promote the public interest.

10 “(D) REGISTRATION REQUIRED.—A per-  
11 son required to be registered as a digital com-  
12 modity exchange under this section shall reg-  
13 ister with the Commission as such regardless of  
14 whether the person is registered as such with  
15 another State or Federal regulator.

16 “(b) TRADING.—

17 “(1) PROHIBITION ON CERTAIN TRADING PRAC-  
18 TICES.—

19 “(A) Section 4b shall apply to any agree-  
20 ment, contract, or transaction in a digital com-  
21 modity as if the agreement, contract, or trans-  
22 action were a contract of sale of a commodity  
23 for future delivery.

24 “(B) Section 4c shall apply to any agree-  
25 ment, contract, or transaction in a digital com-

1           modity as if the agreement, contract, or trans-  
2           action were a transaction involving the purchase  
3           or sale of a commodity for future delivery.

4           “(2) PROHIBITION ON ACTING AS A  
5           COUNTERPARTY.—A registered digital commodity  
6           exchange or any affiliate of such an exchange shall  
7           not act as counterparty to any transaction executed  
8           on or subject to the rules of the registered digital  
9           commodity exchange.

10          “(3) TRADING SECURITIES.—A registered dig-  
11          ital commodity exchange that is also registered with  
12          the Securities and Exchange Commission may offer  
13          a contract of sale of a digital asset deemed a secu-  
14          rity.

15          “(4) RULES FOR CERTAIN DIGITAL ASSET  
16          SALES.—The digital commodity exchange shall have  
17          in place such rules as may be necessary to reason-  
18          ably ensure the orderly sale of any unit of a digital  
19          commodity sold by a related person or an affiliated  
20          person.

21          “(c) CORE PRINCIPLES FOR DIGITAL COMMODITY  
22          EXCHANGES.—

23                 “(1) COMPLIANCE WITH CORE PRINCIPLES.—

24                         “(A) IN GENERAL.—To be registered, and  
25                         maintain registration, as a digital commodity

1 exchange, a digital commodity exchange shall  
2 comply with—

3 “(i) the core principles described in  
4 this subsection; and

5 “(ii) any requirement that the Com-  
6 mission may impose by rule or regulation  
7 pursuant to section 8a(5).

8 “(B) REASONABLE DISCRETION OF A DIG-  
9 ITAL COMMODITY EXCHANGE.—Unless other-  
10 wise determined by the Commission by rule or  
11 regulation, a digital commodity exchange de-  
12 scribed in subparagraph (A) shall have reason-  
13 able discretion in establishing the manner in  
14 which the digital commodity exchange complies  
15 with the core principles described in this sub-  
16 section.

17 “(2) COMPLIANCE WITH RULES.—A digital  
18 commodity exchange shall—

19 “(A) establish and enforce compliance with  
20 any rule of the digital commodity exchange, in-  
21 cluding—

22 “(i) the terms and conditions of the  
23 trades traded or processed on or through  
24 the digital commodity exchange; and



1                   “(ii) any limitation on access to the  
2                   digital commodity exchange;

3                   “(B) establish and enforce trading, trade  
4                   processing, and participation rules that will  
5                   deter abuses and have the capacity to detect,  
6                   investigate, and enforce those rules, including  
7                   means—

8                   “(i) to provide market participants  
9                   with impartial access to the market; and

10                   “(ii) to capture information that may  
11                   be used in establishing whether rule viola-  
12                   tions have occurred; and

13                   “(C) establish rules governing the oper-  
14                   ation of the exchange, including rules specifying  
15                   trading procedures to be used in entering and  
16                   executing orders traded or posted on the facil-  
17                   ity.

18                   “(3) LISTING STANDARDS FOR DIGITAL COM-  
19                   MODITIES.—

20                   “(A) IN GENERAL.—A digital commodity  
21                   exchange shall permit trading only in a digital  
22                   commodity that is not readily susceptible to ma-  
23                   nipulation.

24                   “(B) PUBLIC INFORMATION REQUIRE-  
25                   MENTS.—

1           “(i) IN GENERAL.—A digital com-  
2           modity exchange shall permit trading only  
3           in a digital commodity if the information  
4           required in clause (ii) is correct, current,  
5           and available to the public.

6           “(ii) REQUIRED INFORMATION.—  
7           With respect to a digital commodity and  
8           each blockchain system to which the digital  
9           commodity relates for which the digital  
10          commodity exchange will make the digital  
11          commodity available to the customers of  
12          the digital commodity exchange, the infor-  
13          mation required in this clause is as follows:

14               “(I) SOURCE CODE.—The source  
15               code for any blockchain system to  
16               which the digital commodity relates.

17               “(II) TRANSACTION HISTORY.—A  
18               narrative description of the steps nec-  
19               essary to independently access, search,  
20               and verify the transaction history of  
21               any blockchain system to which the  
22               digital commodity relates.

23               “(III) DIGITAL ASSET ECONOM-  
24               ICS.—A narrative description of the  
25               purpose of any blockchain system to

1 which the digital asset relates and the  
2 operation of any such blockchain sys-  
3 tem, including—

4 “(aa) information explaining  
5 the launch and supply process,  
6 including the number of digital  
7 assets to be issued in an initial  
8 allocation, the total number of  
9 digital assets to be created, the  
10 release schedule for the digital  
11 assets, and the total number of  
12 digital assets then outstanding;

13 “(bb) information detailing  
14 any applicable consensus mecha-  
15 nism or process for validating  
16 transactions, method of gener-  
17 ating or mining digital assets,  
18 and any process for burning or  
19 destroying digital assets on the  
20 blockchain system;

21 “(cc) an explanation of gov-  
22 ernance mechanisms for imple-  
23 menting changes to the  
24 blockchain system or forming

1 consensus among holders of the  
2 digital assets; and

3 “(dd) sufficient information  
4 for a third party to create a tool  
5 for verifying the transaction his-  
6 tory of the digital asset.

7 “(IV) ADDITIONAL INFORMA-  
8 TION.—Such additional information  
9 as the Commission may, by rule, de-  
10 termine to be necessary for a cus-  
11 tomer to understand the financial and  
12 operational risks of a digital com-  
13 modity, and to be in the public inter-  
14 est or in furtherance of the require-  
15 ments of this Act.

16 “(C) ADDITIONAL LISTING CONSIDER-  
17 ATIONS.—In addition to the requirements of  
18 subparagraphs (A) and (B), a digital com-  
19 modity exchange shall consider—

20 “(i) if a sufficient percentage of the  
21 units of the digital asset are units of a dig-  
22 ital commodity to permit robust price dis-  
23 covery;

24 “(ii) if it is reasonably unlikely that  
25 the transaction history can be fraudulently

1 altered by any person or group of persons  
2 acting collectively;

3 “(iii) if the operating structure and  
4 system of the digital commodity is secure  
5 from cybersecurity threats;

6 “(iv) if the functionality of the digital  
7 commodity will protect holders from oper-  
8 ational failures;

9 “(v) if sufficient public information  
10 about the operation, functionality, and use  
11 of the digital commodity is available; and

12 “(vi) any other factor which the Com-  
13 mission has, by rule, determined to be in  
14 the public interest or in furtherance of the  
15 requirements of this Act.

16 “(D) RESTRICTED DIGITAL ASSETS.—A  
17 digital commodity exchange shall not permit the  
18 trading of a unit of a digital asset that is a re-  
19 stricted digital asset.

20 “(4) TREATMENT OF CUSTOMER ASSETS.—A  
21 digital commodity exchange shall establish standards  
22 and procedures that are designed to protect and en-  
23 sure the safety of customer money, assets, and prop-  
24 erty.

1           “(5) MONITORING OF TRADING AND TRADE  
2           PROCESSING.—

3           “(A) IN GENERAL.—A digital commodity  
4           exchange shall provide a competitive, open, and  
5           efficient market and mechanism for executing  
6           transactions that protects the price discovery  
7           process of trading on the exchange.

8           “(B) PROTECTION OF MARKETS AND MAR-  
9           KET PARTICIPANTS.—A digital commodity ex-  
10          change shall establish and enforce rules—

11          “(i) to protect markets and market  
12          participants from abusive practices com-  
13          mitted by any party, including abusive  
14          practices committed by a party acting as  
15          an agent for a participant; and

16          “(ii) to promote fair and equitable  
17          trading on the exchange.

18          “(C) TRADING PROCEDURES.—A digital  
19          commodity exchange shall—

20          “(i) establish and enforce rules or  
21          terms and conditions defining, or specifica-  
22          tions detailing—

23                  “(I) trading procedures to be  
24                  used in entering and executing orders

1 traded on or through the facilities of  
2 the digital commodity exchange; and

3 “(II) procedures for trade proc-  
4 essing of digital commodities on or  
5 through the facilities of the digital  
6 commodity exchange; and

7 “(ii) monitor trading in digital com-  
8 modities to prevent manipulation, price  
9 distortion, and disruptions of the delivery  
10 or cash settlement process through surveil-  
11 lance, compliance, and disciplinary prac-  
12 tices and procedures, including methods  
13 for conducting real-time monitoring of  
14 trading and comprehensive and accurate  
15 trade reconstructions.

16 “(6) ABILITY TO OBTAIN INFORMATION.—A  
17 digital commodity exchange shall—

18 “(A) establish and enforce rules that will  
19 allow the facility to obtain any necessary infor-  
20 mation to perform any of the functions de-  
21 scribed in this section;

22 “(B) provide the information to the Com-  
23 mission on request; and

1           “(C) have the capacity to carry out such  
2 international information-sharing agreements as  
3 the Commission may require.

4           “(7) EMERGENCY AUTHORITY.—A digital com-  
5 modity exchange shall adopt rules to provide for the  
6 exercise of emergency authority, in consultation or  
7 cooperation with the Commission or a registered en-  
8 tity, as is necessary and appropriate, including the  
9 authority to facilitate the liquidation or transfer of  
10 open positions in any digital commodity or to sus-  
11 pend or curtail trading in a digital commodity.

12           “(8) TIMELY PUBLICATION OF TRADING INFOR-  
13 MATION.—

14           “(A) IN GENERAL.—A digital commodity  
15 exchange shall make public timely information  
16 on price, trading volume, and other trading  
17 data on digital commodities to the extent pre-  
18 scribed by the Commission.

19           “(B) CAPACITY OF DIGITAL COMMODITY  
20 EXCHANGE.—A digital commodity exchange  
21 shall have the capacity to electronically capture  
22 and transmit trade information with respect to  
23 transactions executed on the exchange.

24           “(9) RECORDKEEPING AND REPORTING.—



1           “(A) IN GENERAL.—A digital commodity  
2 exchange shall—

3           “(i) maintain records of all activities  
4 relating to the business of the facility, in-  
5 cluding a complete audit trail, in a form  
6 and manner acceptable to the Commission  
7 for a period of 5 years;

8           “(ii) report to the Commission, in a  
9 form and manner acceptable to the Com-  
10 mission, such information as the Commis-  
11 sion determines to be necessary or appro-  
12 priate for the Commission to perform the  
13 duties of the Commission under this Act;  
14 and

15           “(iii) keep any such records of digital  
16 commodities which relate to a security  
17 open to inspection and examination by the  
18 Securities and Exchange Commission.

19           “(B) INFORMATION-SHARING.—Subject to  
20 section 8, and on request, the Commission shall  
21 share information collected under subparagraph  
22 (A) with—

23           “(i) the Board;

24           “(ii) the Securities and Exchange  
25 Commission;

1 “(iii) each appropriate Federal bank-  
2 ing agency;

3 “(iv) each appropriate State bank su-  
4 pervisor (within the meaning of section 3  
5 of the Federal Deposit Insurance Act);

6 “(v) the Financial Stability Oversight  
7 Council;

8 “(vi) the Department of Justice; and

9 “(vii) any other person that the Com-  
10 mission determines to be appropriate, in-  
11 cluding—

12 “(I) foreign financial supervisors  
13 (including foreign futures authorities);

14 “(II) foreign central banks; and

15 “(III) foreign ministries.

16 “(C) CONFIDENTIALITY AGREEMENT.—Be-  
17 fore the Commission may share information  
18 with any entity described in subparagraph (B),  
19 the Commission shall receive a written agree-  
20 ment from the entity stating that the entity  
21 shall abide by the confidentiality requirements  
22 described in section 8 relating to the informa-  
23 tion on digital commodities that is provided.

24 “(D) PROVIDING INFORMATION.—A digital  
25 commodity exchange shall provide to the Com-

1 mission (including any designee of the Commis-  
2 sion) information under subparagraph (A) in  
3 such form and at such frequency as is required  
4 by the Commission.

5 “(10) ANTITRUST CONSIDERATIONS.—Unless  
6 necessary or appropriate to achieve the purposes of  
7 this Act, a digital commodity exchange shall not—

8 “(A) adopt any rules or take any actions  
9 that result in any unreasonable restraint of  
10 trade; or

11 “(B) impose any material anticompetitive  
12 burden on trading.

13 “(11) CONFLICTS OF INTEREST.—A registered  
14 digital commodity exchange shall implement conflict-  
15 of-interest systems and procedures that—

16 “(A) establish structural and institutional  
17 safeguards—

18 “(i) to minimize conflicts of interest  
19 that might potentially bias the judgment or  
20 supervision of the digital commodity ex-  
21 change and contravene the principles of  
22 fair and equitable trading and the business  
23 conduct standards described in this Act,  
24 including conflicts arising out of trans-  
25 actions or arrangements with affiliates (in-

1 including affiliates engaging in digital com-  
2 modity activities) which may include infor-  
3 mation partitions and the legal separation  
4 of different persons or entities involved in  
5 digital commodity activities; and

6 “(ii) to ensure that the activities of  
7 any person within the digital commodity  
8 exchange or any affiliated entity relating to  
9 research or analysis of the price or market  
10 for any digital commodity or acting in a  
11 role of providing dealing, brokering, or ad-  
12 vising activities are separated by appro-  
13 priate informational partitions within the  
14 digital commodity exchange or any affili-  
15 ated entity from the review, pressure, or  
16 oversight of persons whose involvement in  
17 pricing, trading, exchange, or clearing ac-  
18 tivities might potentially bias their judg-  
19 ment or supervision and contravene the  
20 core principles of open access and the busi-  
21 ness conduct standards described in this  
22 Act; and

23 “(B) address such other issues as the  
24 Commission determines to be appropriate.

25 “(12) FINANCIAL RESOURCES.—

1           “(A) IN GENERAL.—A digital commodity  
2 exchange shall have adequate financial, oper-  
3 ational, and managerial resources, as deter-  
4 mined by the Commission, to discharge each re-  
5 sponsibility of the digital commodity exchange.

6           “(B) MINIMUM AMOUNT OF FINANCIAL RE-  
7 SOURCES.—A digital commodity exchange shall  
8 possess financial resources that, at a minimum,  
9 exceed the total amount that would enable the  
10 digital commodity exchange to conduct an or-  
11 derly wind-down of its activities.

12          “(13) DISCIPLINARY PROCEDURES.—A digital  
13 commodity exchange shall establish and enforce dis-  
14 ciplinary procedures that authorize the digital com-  
15 modity exchange to discipline, suspend, or expel  
16 members or market participants that violate the  
17 rules of the digital commodity exchange, or similar  
18 methods for performing the same functions, includ-  
19 ing delegation of the functions to third parties.

20          “(14) GOVERNANCE FITNESS STANDARDS.—

21           “(A) GOVERNANCE ARRANGEMENTS.—A  
22 digital commodity exchange shall establish gov-  
23 ernance arrangements that are transparent to  
24 fulfill public interest requirements.

1           “(B) FITNESS STANDARDS.—A digital  
2 commodity exchange shall establish and enforce  
3 appropriate fitness standards for—

4                   “(i) directors; and

5                   “(ii) any individual or entity with di-  
6 rect access to, or control of, customer as-  
7 sets.

8           “(15) SYSTEM SAFEGUARDS.—A digital com-  
9 modity exchange shall—

10                   “(A) establish and maintain a program of  
11 risk analysis and oversight to identify and mini-  
12 mize sources of operational and security risks,  
13 through the development of appropriate controls  
14 and procedures, and automated systems, that—

15                           “(i) are reliable and secure; and

16                           “(ii) have adequate scalable capacity;

17                   “(B) establish and maintain emergency  
18 procedures, backup facilities, and a plan for dis-  
19 aster recovery that allow for—

20                           “(i) the timely recovery and resump-  
21 tion of operations; and

22                           “(ii) the fulfillment of the responsibil-  
23 ities and obligations of the digital com-  
24 modity exchange; and

1           “(C) periodically conduct tests to verify  
2           that the backup resources of the digital com-  
3           modity exchange are sufficient to ensure contin-  
4           ued—

5                   “(i) order processing and trade  
6                   matching;

7                   “(ii) price reporting;

8                   “(iii) market surveillance; and

9                   “(iv) maintenance of a comprehensive  
10                  and accurate audit trail.

11          “(d) HOLDING OF CUSTOMER ASSETS.—

12                  “(1) IN GENERAL.—A digital commodity ex-  
13                  change shall hold customer money, assets, and prop-  
14                  erty in a manner to minimize the risk of loss to the  
15                  customer or unreasonable delay in the access to the  
16                  money, assets, and property of the customer.

17                  “(A) SEGREGATION OF FUNDS.—

18                          “(i) IN GENERAL.—A digital com-  
19                          modity exchange shall treat and deal with  
20                          all money, assets, and property that is re-  
21                          ceived by the digital commodity exchange,  
22                          or accrues to a customer as the result of  
23                          trading in digital commodities, as belong-  
24                          ing to the customer.

1           “(ii) COMMINGLING PROHIBITED.—  
2 Money, assets, and property of a customer  
3 described in clause (i) shall be separately  
4 accounted for and shall not be commingled  
5 with the funds of the digital commodity ex-  
6 change or be used to margin, secure, or  
7 guarantee any trades or accounts of any  
8 customer or person other than the person  
9 for whom the same are held.

10           “(B) EXCEPTIONS.—

11           “(i) USE OF FUNDS.—

12           “(I) IN GENERAL.—Notwith-  
13 standing subparagraph (A), money,  
14 assets, and property of customers of a  
15 digital commodity exchange described  
16 in subparagraph (A) may, for conven-  
17 ience, be commingled and deposited in  
18 the same account or accounts with  
19 any bank, trust company, derivatives  
20 clearing organization, or qualified dig-  
21 ital commodity custodian.

22           “(II) WITHDRAWAL.—Notwith-  
23 standing subparagraph (A), such  
24 share of the money, assets, and prop-  
25 erty described in item (aa) as in the



1 normal course of business shall be  
2 necessary to margin, guarantee, se-  
3 cure, transfer, adjust, or settle a con-  
4 tract of sale of a digital commodity  
5 with a registered entity may be with-  
6 drawn and applied to such purposes,  
7 including the payment of commis-  
8 sions, brokerage, interest, taxes, stor-  
9 age, and other charges, lawfully ac-  
10 cruing in connection with the contract  
11 of sale of a digital commodity.

12 “(ii) COMMISSION ACTION.—Notwith-  
13 standing subparagraph (A), in accordance  
14 with such terms and conditions as the  
15 Commission may prescribe by rule, regula-  
16 tion, or order, any money, assets, or prop-  
17 erty of the customers of a digital com-  
18 modity exchange described in subpara-  
19 graph (A) may be commingled and depos-  
20 ited in customer accounts with any other  
21 money, assets, or property received by the  
22 digital commodity exchange and required  
23 by the Commission to be separately ac-  
24 counted for and treated and dealt with as

1           belonging to the customer of the digital  
2           commodity exchange.

3           “(2) PERMITTED INVESTMENTS.—Money de-  
4           scribed in subparagraph (A) may be invested in obli-  
5           gations of the United States, in general obligations  
6           of any State or of any political subdivision of a  
7           State, and in obligations fully guaranteed as to prin-  
8           cipal and interest by the United States, or in any  
9           other investment that the Commission may by rule  
10          or regulation prescribe, and such investments shall  
11          be made in accordance with such rules and regula-  
12          tions and subject to such conditions as the Commis-  
13          sion may prescribe.

14          “(3) CUSTOMER PROTECTION DURING BANK-  
15          RUPTCY.—

16                 “(A) CUSTOMER PROPERTY.—All assets  
17                 held on behalf of a customer by a digital com-  
18                 modity exchange, and all money, assets, and  
19                 property of any customer received by a digital  
20                 commodity exchange registered under section 5i  
21                 of this Act for trading or custody, or to facili-  
22                 tate, margin, guarantee, or secure contracts of  
23                 sale of a digital commodity (including money,  
24                 assets, or property accruing to the customer as  
25                 the result of the transactions), shall be consid-

1           ered customer property for purposes of section  
2           761 of title 11, United States Code.

3           “(B) TRANSACTIONS.—A transaction in-  
4           volving a unit of a digital commodity occurring  
5           on or subject to the rules of a digital com-  
6           modity exchange shall be considered a ‘contract  
7           for the purchase or sale of a commodity for fu-  
8           ture delivery, on or subject to the rules of, a  
9           contract market or board of trade’ for the pur-  
10          poses of the definition of a ‘commodity con-  
11          tract’ in section 761 of title 11, United States  
12          Code.

13          “(C) EXCHANGES.—A digital commodity  
14          exchange shall be considered a futures commis-  
15          sion merchant for purposes of section 761 of  
16          title 11, United States Code.

17          “(4) MISUSE OF CUSTOMER PROPERTY.—

18                 “(A) IN GENERAL.—It shall be unlawful—

19                         “(i) for any digital commodity ex-  
20                         change that has received any customer  
21                         money, assets, or property for custody to  
22                         dispose of, or use any such money, assets,  
23                         or property as belonging to the digital  
24                         commodity exchange; or

1           “(ii) for any other person, including  
2           any depository, other digital commodity ex-  
3           change, or digital commodity custodian  
4           that has received any customer money, as-  
5           sets, or property for deposit, to hold, dis-  
6           pose of, or use any such money, assets, or  
7           property, or property, as belonging to the  
8           depositing digital commodity exchange or  
9           any person other than the customers of the  
10          digital commodity exchange.

11          “(B) USE FURTHER DEFINED.—For pur-  
12          poses of this section, ‘use’ of a digital com-  
13          modity includes utilizing any unit of a digital  
14          asset to participate in a blockchain service de-  
15          fined in paragraph (5) or a decentralized gov-  
16          ernance system associated with the digital com-  
17          modity or the blockchain system to which the  
18          digital commodity relates in any manner other  
19          than that expressly directed by the customer  
20          from whom the unit of a digital commodity was  
21          received.

22          “(5) PARTICIPATION IN BLOCKCHAIN SERV-  
23          ICES.—

24          “(A) IN GENERAL.—A customer shall have  
25          the right to waive the restrictions in paragraph

1 (1) for any unit of a digital commodity, by af-  
2 firmatively electing, in writing to the digital  
3 commodity exchange, to waive the restrictions.

4 “(B) USE OF FUNDS.—Customer digital  
5 commodities removed from segregation under  
6 subparagraph (A) may be pooled and used by  
7 the digital commodity exchange or its designee  
8 to provide a blockchain service for a blockchain  
9 system to which the unit of the digital asset re-  
10 moved from segregation in subparagraph (A)  
11 relates.

12 “(C) LIMITATIONS.—The Commission  
13 may, by rule, establish notice and disclosure re-  
14 quirements, and any other limitations and rules  
15 related to the waiving of any restrictions under  
16 this paragraph that are reasonably necessary to  
17 protect customers, including eligible contract  
18 participants, non-eligible contract participants,  
19 or any other class of customers.

20 “(D) BLOCKCHAIN SERVICE DEFINED.—In  
21 this subparagraph, the term ‘blockchain service’  
22 means any activity relating to validating trans-  
23 actions on a blockchain system, providing secu-  
24 rity for a blockchain system, or other similar

1 activity required for the ongoing operation of a  
2 blockchain system.

3 “(e) MARKET ACCESS REQUIREMENTS.—

4 “(1) IN GENERAL.—A digital commodity ex-  
5 change shall require any person who is not an eligi-  
6 ble contract participant to access trading on the ex-  
7 change through a digital commodity broker.

8 “(2) AFFILIATED COMMODITY BROKERS.—A  
9 registered digital commodity exchange may maintain  
10 an affiliated digital commodity broker to facilitate  
11 access to the digital commodity exchange, if—

12 “(A) no other digital commodity brokers  
13 are permitted to facilitate access to the ex-  
14 change;

15 “(B) the affiliated digital commodity  
16 broker limits its activities only to providing cus-  
17 tomer access to the digital commodity exchange;  
18 and

19 “(C) the affiliated digital commodity  
20 broker is not also registered as a digital com-  
21 modity dealer.

22 “(3) DIRECT ACCESS FOR ELIGIBLE CONTRACT  
23 PARTICIPANTS.—Nothing in this section shall pro-  
24 hibit a digital commodity exchange in compliance

1 with this section from permitting direct access for  
2 eligible contract participants.

3 “(4) ADDITIONAL REQUIREMENTS.—

4 “(A) IN GENERAL.—The Commission may,  
5 by rule, impose any additional requirements re-  
6 lated to the operations and activities of the dig-  
7 ital commodity exchange and the affiliated dig-  
8 ital commodity broker necessary to protect mar-  
9 ket participants, promote fair and equitable  
10 trading on the digital commodity exchange, and  
11 promote responsible economic or financial inno-  
12 vation.

13 “(B) DELEGATION OF AUTHORITY.—The  
14 Commission may delegate to a registered fu-  
15 tures association such oversight and regulatory  
16 requirements as the Commission determines are  
17 necessary to—

18 “(i) supervise the activities of the dig-  
19 ital commodity exchange and an affiliated  
20 digital commodity broker; and

21 “(ii) protect market participants, pro-  
22 mote fair and equitable trading on the dig-  
23 ital commodity exchange, and promote re-  
24 sponsible economic or financial innovation.

1       “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
2 CER.—

3           “(1) IN GENERAL.—A digital commodity ex-  
4 change shall designate an individual to serve as a  
5 chief compliance officer.

6           “(2) DUTIES.—The chief compliance officer  
7 shall—

8           “(A) report directly to the board or to the  
9 senior officer of the exchange;

10          “(B) review compliance with the core prin-  
11 ciples in this subsection;

12          “(C) in consultation with the board of the  
13 exchange, a body performing a function similar  
14 to that of a board, or the senior officer of the  
15 exchange, resolve any conflicts of interest that  
16 may arise;

17          “(D) establish and administer the policies  
18 and procedures required to be established pur-  
19 suant to this section;

20          “(E) ensure compliance with this Act and  
21 the rules and regulations issued under this Act,  
22 including rules prescribed by the Commission  
23 pursuant to this section; and

24          “(F) establish procedures for the remedi-  
25 ation of noncompliance issues found during



1 compliance office reviews, look backs, internal  
2 or external audit findings, self-reported errors,  
3 or through validated complaints.

4 “(3) REQUIREMENTS FOR PROCEDURES.—In  
5 establishing procedures under paragraph (2)(F), the  
6 chief compliance officer shall design the procedures  
7 to establish the handling, management response, re-  
8 mediation, retesting, and closing of noncompliance  
9 issues.

10 “(4) ANNUAL REPORTS.—

11 “(A) IN GENERAL.—In accordance with  
12 rules prescribed by the Commission, the chief  
13 compliance officer shall annually prepare and  
14 sign a report that contains a description of—

15 “(i) the compliance of the digital com-  
16 modity exchange with this Act; and

17 “(ii) the policies and procedures, in-  
18 cluding the code of ethics and conflict of  
19 interest policies, of the digital commodity  
20 exchange.

21 “(B) REQUIREMENTS.—The chief compli-  
22 ance officer shall—

23 “(i) submit each report described in  
24 subparagraph (A) with the appropriate fi-  
25 nancial report of the digital commodity ex-

1 change that is required to be submitted to  
2 the Commission pursuant to this section;  
3 and

4 “(ii) include in the report a certifi-  
5 cation that, under penalty of law, the re-  
6 port is accurate and complete.

7 “(g) APPOINTMENT OF TRUSTEE.—

8 “(1) IN GENERAL.—If a proceeding under sec-  
9 tion 5e results in the suspension or revocation of the  
10 registration of a digital commodity exchange, or if a  
11 digital commodity exchange withdraws from registra-  
12 tion, the Commission, on notice to the digital com-  
13 modity exchange, may apply to the appropriate  
14 United States district court where the digital com-  
15 modity exchange is located for the appointment of a  
16 trustee.

17 “(2) ASSUMPTION OF JURISDICTION.—If the  
18 Commission applies for appointment of a trustee  
19 under paragraph (1)—

20 “(A) the court may take exclusive jurisdic-  
21 tion over the digital commodity exchange and  
22 the records and assets of the digital commodity  
23 exchange, wherever located; and

24 “(B) if the court takes jurisdiction under  
25 subparagraph (A), the court shall appoint the

1 Commission, or a person designated by the  
2 Commission, as trustee with power to take pos-  
3 session and continue to operate or terminate  
4 the operations of the digital commodity ex-  
5 change in an orderly manner for the protection  
6 of customers subject to such terms and condi-  
7 tions as the court may prescribe.

8 “(h) QUALIFIED DIGITAL COMMODITY CUSTO-  
9 DIAN.—A digital commodity exchange shall hold in a  
10 qualified digital commodity custodian each unit of a digital  
11 commodity that is—

12 “(1) the property of a customer of the digital  
13 commodity exchange;

14 “(2) required to be held by the digital com-  
15 modity exchange under subsection (c)(12) of this  
16 section; or

17 “(3) otherwise so required by the Commission  
18 to reasonably protect customers or promote the pub-  
19 lic interest.

20 “(i) EXEMPTIONS.—In order to promote responsible  
21 economic or financial innovation and fair competition, or  
22 protect customers, the Commission may (on its own initia-  
23 tive or on application of the registered digital commodity  
24 exchange) exempt, either unconditionally or on stated  
25 terms or conditions or for stated periods and either retro-

1 actively or prospectively, or both, a registered digital com-  
2 modity exchange from the requirements of this section, if  
3 the Commission determines that—

4 “(1)(A) the exemption would be consistent with  
5 the public interest and the purposes of this Act; and

6 “(B) the exemption will not have a material ad-  
7 verse effect on the ability of the Commission or the  
8 digital commodity exchange to discharge regulatory  
9 or self-regulatory duties under this Act; or

10 “(2) the digital commodity exchange is subject  
11 to comparable, comprehensive supervision and regu-  
12 lation by the appropriate government authorities in  
13 the home country of the exchange.

14 “(j) CUSTOMER DEFINED.—In this section, the term  
15 ‘customer’ means any person that maintains an account  
16 for the trading of digital commodities directly with a dig-  
17 ital commodity exchange (other than a person that is  
18 owned or controlled, directly or indirectly, by the digital  
19 commodity exchange) for its own behalf or on behalf of  
20 other any person.

21 “(k) FEDERAL PREEMPTION.—Notwithstanding any  
22 other provision of law, the Commission shall have exclusive  
23 jurisdiction over any digital commodity exchange reg-  
24 istered under this section.

1       “(1) TREATMENT UNDER THE BANK SECRECY  
2 ACT.—A registered digital commodity exchange shall be  
3 treated as a financial institution for purposes of the Bank  
4 Secrecy Act.”.

5 **SEC. 405. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

6       The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
7 as amended by the preceding provisions of this Act, is  
8 amended by inserting after section 5i the following:

9 **“SEC. 5j. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

10       “(a) IN GENERAL.—For purposes of this Act, a  
11 qualified digital commodity custodian is a digital com-  
12 modity custodian who meets the following conditions:

13               “(1) SUPERVISION.—The digital commodity  
14 custodian is subject to adequate supervision and ap-  
15 propriate regulation.

16               “(2) NO PROHIBITION.—The digital commodity  
17 custodian is—

18                       “(A) subject to the supervision of—

19                               “(i) an appropriate Federal banking  
20 agency;

21                               “(ii) a State bank supervisor (within  
22 the meaning of section 3 of the Federal  
23 Deposit Insurance Act); or

1                   “(iii) an appropriate foreign govern-  
2                   mental authority in the home country of  
3                   the digital commodity custodian; and

4                   “(B) not prohibited by the applicable su-  
5                   pervisor referred to in subparagraph (A) from  
6                   engaging in any activity with respect to the  
7                   holding of digital commodities.

8                   “(3) INFORMATION-SHARING.—

9                   “(A) IN GENERAL.—The digital commodity  
10                  custodian agrees to such periodic sharing of in-  
11                  formation regarding customer accounts the dig-  
12                  ital commodity custodian holds on behalf of an  
13                  entity registered with the Commission, as the  
14                  Commission determines by rule shall be reason-  
15                  ably necessary to effectuate any of the provi-  
16                  sions, or to accomplish any of the purposes, of  
17                  this Act.

18                  “(B) PROVISION OF INFORMATION.—Any  
19                  person that is subject to regulation and exam-  
20                  ination by a prudential regulator may satisfy  
21                  any information request described in subpara-  
22                  graph (A), by providing the Commission with a  
23                  detailed listing, in writing, of the digital com-  
24                  modities of a customer within the custody or  
25                  use of the person.

1       “(b) ADEQUATE SUPERVISION AND APPROPRIATE  
2 REGULATION FURTHER DEFINED.—

3           “(1) IN GENERAL.—In subsection (a), the  
4 terms ‘adequate supervision’ and ‘appropriate regu-  
5 lation’ mean such minimum standards for super-  
6 vision and regulation as are reasonably necessary to  
7 protect the digital commodities of customers of an  
8 entity registered with the Commission, including  
9 minimum standards relating to—

10           “(A) accessibility of customer assets;

11           “(B) financial resources;

12           “(C) risk management requirements;

13           “(D) governance arrangements;

14           “(E) fitness standards;

15           “(F) recordkeeping;

16           “(G) information-sharing; and

17           “(H) conflicts of interest.

18           “(2) DEEMED COMPLIANCE.—For purposes of  
19 subsection (a), a bank subject to the supervision of  
20 an appropriate Federal banking agency or a State  
21 bank supervisor (within the meaning of section 3 of  
22 the Federal Deposit Insurance Act) is deemed to be  
23 subject to adequate supervision and appropriate reg-  
24 ulation.

1           “(3) RULEMAKING AUTHORITY.—For purposes  
2 of subsection (a), the Commission, by rule or order,  
3 may further define the terms ‘adequate supervision’  
4 and ‘appropriate regulation’ as necessary in the pub-  
5 lic interest, as appropriate for the protection of cus-  
6 tomers, and consistent with the purposes of this Act.

7           “(c) AUTHORITY TO TEMPORARILY SUSPEND STAND-  
8 ARDS.—The Commission may, by rule or order, tempo-  
9 rarily suspend, in whole or in part, any requirement im-  
10 posed under, or any standard referred to in, this section  
11 if the Commission determines that the suspension would  
12 be consistent with the public interest and the purposes of  
13 this Act.”.

14 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**  
15 **COMMODITY BROKERS AND DEALERS.**

16           The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
17 as amended by the preceding provisions of this Act, is  
18 amended by inserting after section 4t the following:

19 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**  
20 **COMMODITY BROKERS AND DEALERS.**

21           “(a) REGISTRATION.—It shall be unlawful for any  
22 person to act as a digital commodity broker or digital com-  
23 modity dealer unless the person is registered as such with  
24 the Commission.

25           “(b) REQUIREMENTS.—



1           “(1) IN GENERAL.—A person shall register as  
2 a digital commodity broker or digital commodity  
3 dealer by filing a registration application with the  
4 Commission.

5           “(2) CONTENTS.—

6           “(A) IN GENERAL.—The application shall  
7 be made in such form and manner as is pre-  
8 scribed by the Commission, and shall contain  
9 such information as the Commission considers  
10 necessary concerning the business in which the  
11 applicant is or will be engaged.

12           “(B) CONTINUAL REPORTING.—A person  
13 that is registered as a digital commodity broker  
14 or digital commodity dealer shall continue to  
15 submit to the Commission reports that contain  
16 such information pertaining to the business of  
17 the person as the Commission may require.

18           “(3) TRANSITION.—Within 180 days after the  
19 date of the enactment of this section, the Commis-  
20 sion shall prescribe rules providing for the registra-  
21 tion of digital commodity brokers and digital com-  
22 modity dealers under this section.

23           “(4) STATUTORY DISQUALIFICATION.—Except  
24 to the extent otherwise specifically provided by rule,  
25 regulation, or order, it shall be unlawful for a digital

1 commodity broker or digital commodity dealer to  
2 permit any person who is associated with a digital  
3 commodity broker or a digital commodity dealer and  
4 who is subject to a statutory disqualification to ef-  
5 fect or be involved in effecting a contract for sale of  
6 a digital commodity on behalf of the digital com-  
7 modity broker or the digital commodity dealer, re-  
8 spectively, if the digital commodity broker or digital  
9 commodity dealer, respectively, knew, or in the exer-  
10 cise of reasonable care should have known, of the  
11 statutory disqualification.

12 “(5) LIMITATIONS ON CERTAIN ASSETS.—A  
13 registered digital commodity broker or registered  
14 digital commodity dealer shall not offer, offer to  
15 enter into, enter into, or facilitate any contract for  
16 sale of a digital commodity that has not been cer-  
17 tified under section 5c(d).

18 “(c) ADDITIONAL REGISTRATIONS.—

19 “(1) WITH THE COMMISSION.—Any person re-  
20 quired to be registered as a digital commodity  
21 broker or digital commodity dealer may also be reg-  
22 istered as a futures commission merchant, intro-  
23 ducing broker, or swap dealer.

24 “(2) WITH THE SECURITIES AND EXCHANGE  
25 COMMISSION.—Any person required to be registered

1 as a digital commodity broker or digital commodity  
2 dealer under this section may register with the Secu-  
3 rities and Exchange Commission as a digital asset  
4 broker or digital asset dealer, pursuant to section  
5 15(b) of the Securities Exchange Act of 1934, as ap-  
6 plicable, if the digital asset broker or digital asset  
7 dealer limits its solicitation of orders, acceptance of  
8 orders, or execution of orders, or placing of orders  
9 on behalf of others involving any contract of sale of  
10 digital assets.

11 “(3) WITH MEMBERSHIP IN A REGISTERED FU-  
12 TURES ASSOCIATION.—Any person required to be  
13 registered as a digital commodity broker or digital  
14 commodity dealer under this section shall be a mem-  
15 ber of a registered futures association.

16 “(4) REGISTRATION REQUIRED.—Any person  
17 required to be registered as a digital commodity  
18 broker or digital commodity dealer under this sec-  
19 tion shall register with the Commission as such re-  
20 gardless of whether the person is registered as such  
21 with another State or Federal regulator.

22 “(d) RULEMAKING.—

23 “(1) IN GENERAL.—The Commission shall pre-  
24 scribe such rules applicable to registered digital com-  
25 modity brokers and registered digital commodity

1 dealers as are appropriate to carry out this section,  
2 including rules in the public interest that limit the  
3 activities of digital commodity brokers and digital  
4 commodity dealers.

5 “(2) MULTIPLE REGISTRANTS.—The Commis-  
6 sion shall prescribe rules or regulations permitting,  
7 or may otherwise authorize, exemptions or additional  
8 requirements applicable to persons with multiple reg-  
9 istrations under this Act, including as futures com-  
10 mission merchants, introducing brokers, digital com-  
11 modity brokers, digital commodity dealers, or swap  
12 dealers, as may be in the public interest to reduce  
13 compliance costs and promote customer protection.

14 “(e) CAPITAL REQUIREMENTS.—

15 “(1) IN GENERAL.—Each registered digital  
16 commodity broker and registered digital commodity  
17 dealer shall meet such minimum capital require-  
18 ments as the Commission may prescribe to ensure  
19 that the digital commodity broker or digital com-  
20 modity dealer, respectively, is able to—

21 “(A) meet, and continue to meet, at all  
22 times, the obligations of such a registrant;

23 “(B) conduct an orderly wind-down of the  
24 activities of the digital commodity broker or  
25 digital commodity dealer, respectively; and

1           “(C) in the case of a digital commodity  
2           dealer, fulfill the customer obligations of the  
3           digital commodity dealer for any margined, le-  
4           veraged, or financed transactions.

5           “(2) RULE OF CONSTRUCTION.—Nothing in  
6           this section shall limit, or be construed to limit, the  
7           authority of the Securities and Exchange Commis-  
8           sion to set financial responsibility rules for a broker  
9           or dealer registered pursuant to section 15(b) of the  
10          Securities Exchange Act of 1934 (15 U.S.C. 78o(b))  
11          (except for section 15(b)(11) of such Act (15 U.S.C.  
12          78o(b)(11)) in accordance with section 15(c)(3) of  
13          such Act (15 U.S.C. 78o(c)(3)).

14          “(3) FUTURES COMMISSION MERCHANTS AND  
15          OTHER DEALERS.—

16          “(A) IN GENERAL.—Each futures commis-  
17          sion merchant, introducing broker, digital com-  
18          modity broker, digital commodity dealer,  
19          broker, and dealer shall maintain sufficient cap-  
20          ital to comply with the stricter of any applicable  
21          capital requirements to which the futures com-  
22          mission merchant, introducing broker, digital  
23          commodity broker, digital commodity dealer,  
24          broker, or dealer, respectively, is subject under

1           this Act or the Securities Exchange Act of 1934  
2           (15 U.S.C. 78a et seq.).

3           “(B) COORDINATION OF CAPITAL RE-  
4           QUIREMENTS.—

5           “(i) COMMISSION RULE.—The Com-  
6           mission shall, by rule, provide appropriate  
7           offsets to any applicable capital require-  
8           ment for a person with multiple registra-  
9           tions as a digital commodity dealer, digital  
10          commodity broker, futures commission  
11          merchant, or introducing broker.

12          “(ii) JOINT RULE.—The Commission  
13          and the Securities and Exchange Commis-  
14          sion shall jointly, by rule, provide appro-  
15          priate offsets to any applicable capital re-  
16          quirement for a person with multiple reg-  
17          istrations as a digital commodity dealer,  
18          digital commodity broker, futures commis-  
19          sion merchant, introducing broker, broker,  
20          or dealer.

21          “(f) REPORTING AND RECORDKEEPING.—Each reg-  
22          istered digital commodity broker and registered digital  
23          commodity dealer—

24                  “(1) shall make such reports as are required by  
25          the Commission by rule or regulation regarding the

1 transactions, positions, and financial condition of the  
2 digital commodity broker or digital commodity deal-  
3 er, respectively;

4 “(2) shall keep books and records in such form  
5 and manner and for such period as may be pre-  
6 scribed by the Commission by rule or regulation; and

7 “(3) shall keep the books and records open to  
8 inspection and examination by any representative of  
9 the Commission.

10 “(g) DAILY TRADING RECORDS.—

11 “(1) IN GENERAL.—Each registered digital  
12 commodity broker and registered digital commodity  
13 dealer shall maintain daily trading records of the  
14 transactions of the digital commodity broker or dig-  
15 ital commodity dealer, respectively, and all related  
16 records (including related forward or derivatives  
17 transactions) and recorded communications, includ-  
18 ing electronic mail, instant messages, and recordings  
19 of telephone calls, for such period as the Commission  
20 may require by rule or regulation.

21 “(2) INFORMATION REQUIREMENTS.—The daily  
22 trading records shall include such information as the  
23 Commission shall require by rule or regulation.

24 “(3) COUNTERPARTY RECORDS.—Each reg-  
25 istered digital commodity broker and registered dig-

1       ital commodity dealer shall maintain daily trading  
2       records for each customer or counterparty in a man-  
3       ner and form that is identifiable with each digital  
4       commodity transaction.

5           “(4) AUDIT TRAIL.—Each registered digital  
6       commodity broker and registered digital commodity  
7       dealer shall maintain a complete audit trail for con-  
8       ducting comprehensive and accurate trade recon-  
9       structions.

10       “(h) BUSINESS CONDUCT STANDARDS.—

11           “(1) IN GENERAL.—Each registered digital  
12       commodity broker and registered digital commodity  
13       dealer shall conform with such business conduct  
14       standards as the Commission, by rule or regulation,  
15       prescribes related to—

16           “(A) fraud, manipulation, and other abu-  
17       sive practices involving spot or margined, lever-  
18       aged, or financed digital commodity trans-  
19       actions (including transactions that are offered  
20       but not entered into);

21           “(B) diligent supervision of the business of  
22       the registered digital commodity broker or dig-  
23       ital commodity dealer, respectively; and

24           “(C) such other matters as the Commis-  
25       sion deems appropriate.



1           “(2) BUSINESS CONDUCT REQUIREMENTS.—

2           The Commission shall, by rule, prescribe business  
3           conduct requirements which—

4                   “(A) require disclosure by a registered dig-  
5           ital commodity broker and registered digital  
6           commodity dealer to any counterparty to the  
7           transaction (other than an eligible contract par-  
8           ticipant) of—

9                           “(i) information about the material  
10                           risks and characteristics of the digital com-  
11                           modity;

12                           “(ii) information about the material  
13                           risks and characteristics of the transaction;

14                   “(B) establish a duty for such a digital  
15           commodity broker and such a digital commodity  
16           dealer to communicate in a fair and balanced  
17           manner based on principles of fair dealing and  
18           good faith;

19                   “(C) establish standards governing digital  
20           commodity platform marketing and advertising,  
21           including testimonials and endorsements; and

22                   “(D) establish such other standards and  
23           requirements as the Commission may determine  
24           are—

25                           “(i) in the public interest;

1                   “(ii) appropriate for the protection of  
2                   customers; or

3                   “(iii) otherwise in furtherance of the  
4                   purposes of this Act.

5                   “(3) PROHIBITION ON FRAUDULENT PRAC-  
6                   TICES.—It shall be unlawful for a registered digital  
7                   commodity broker or registered digital commodity  
8                   dealer to—

9                   “(A) employ any device, scheme, or artifice  
10                  to defraud any customer or counterparty;

11                  “(B) engage in any transaction, practice,  
12                  or course of business that operates as a fraud  
13                  or deceit on any customer or counterparty; or

14                  “(C) engage in any act, practice, or course  
15                  of business that is fraudulent, deceptive, or ma-  
16                  nipulative.

17                  “(i) DUTIES.—

18                  “(1) RISK MANAGEMENT PROCEDURES.—Each  
19                  registered digital commodity broker and registered  
20                  digital commodity dealer shall establish robust and  
21                  professional risk management systems adequate for  
22                  managing the day-to-day business of the digital com-  
23                  modity broker or digital commodity dealer, respec-  
24                  tively.

1           “(2) DISCLOSURE OF GENERAL INFORMA-  
2           TION.—Each registered digital commodity broker  
3           and registered digital commodity dealer shall dis-  
4           close to the Commission information concerning—

5                   “(A) the terms and conditions of the trans-  
6                   actions of the digital commodity broker or dig-  
7                   ital commodity dealer, respectively;

8                   “(B) the trading operations, mechanisms,  
9                   and practices of the digital commodity broker  
10                  or digital commodity dealer, respectively;

11                  “(C) financial integrity protections relating  
12                  to the activities of the digital commodity broker  
13                  or digital commodity dealer, respectively; and

14                  “(D) other information relevant to trading  
15                  in digital commodities by the digital commodity  
16                  broker or digital commodity dealer, respectively.

17           “(3) ABILITY TO OBTAIN INFORMATION.—Each  
18           registered digital commodity broker and registered  
19           digital commodity dealer shall—

20                   “(A) establish and enforce internal systems  
21                   and procedures to obtain any necessary infor-  
22                   mation to perform any of the functions de-  
23                   scribed in this section; and

24                   “(B) provide the information to the Com-  
25                   mission, on request.

1           “(4) CONFLICTS OF INTEREST.—Each reg-  
2           istered digital commodity broker and digital com-  
3           modity dealer shall implement conflict-of-interest  
4           systems and procedures that—

5                   “(A) establish structural and institutional  
6           safeguards—

7                           “(i) to minimize conflicts of interest  
8                           that might potentially bias the judgment or  
9                           supervision of the digital commodity broker  
10                          or digital commodity dealer, respectively,  
11                          and contravene the principles of fair and  
12                          equitable trading and the business conduct  
13                          standards described in this Act, including  
14                          conflicts arising out of transactions or ar-  
15                          rangements with affiliates (including affili-  
16                          ates acting as digital asset issuers, digital  
17                          commodity dealers, or qualified digital  
18                          commodity custodians), which may include  
19                          information partitions and the legal sepa-  
20                          ration of different digital commodity trans-  
21                          action intermediaries; and

22                           “(ii) to ensure that the activities of  
23                           any person within the digital commodity  
24                           broker or digital commodity dealer relating  
25                           to research or analysis of the price or mar-

1 ket for any digital commodity or acting in  
2 a role of providing exchange activities or  
3 making determinations as to accepting ex-  
4 change customers are separated by appro-  
5 priate informational partitions within the  
6 digital commodity broker or digital com-  
7 modity dealer from the review, pressure, or  
8 oversight of persons whose involvement in  
9 pricing, trading, exchange, or clearing ac-  
10 tivities might potentially bias their judg-  
11 ment or supervision and contravene the  
12 core principles of open access and the busi-  
13 ness conduct standards described in this  
14 Act; and

15 “(B) address such other issues as the  
16 Commission determines to be appropriate.

17 “(5) ANTITRUST CONSIDERATIONS.—Unless  
18 necessary or appropriate to achieve the purposes of  
19 this Act, a digital commodity broker or digital com-  
20 modity dealer shall not—

21 “(A) adopt any process or take any action  
22 that results in any unreasonable restraint of  
23 trade; or

24 “(B) impose any material anticompetitive  
25 burden on trading or clearing.

1       “(j) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
2 CER.—

3           “(1) IN GENERAL.—Each registered digital  
4 commodity broker and registered digital commodity  
5 dealer shall designate an individual to serve as a  
6 chief compliance officer.

7           “(2) DUTIES.—The chief compliance officer  
8 shall—

9           “(A) report directly to the board or to the  
10 senior officer of the registered digital com-  
11 modity broker or registered digital commodity  
12 dealer;

13           “(B) review the compliance of the reg-  
14 istered digital commodity broker or registered  
15 digital commodity dealer with respect to the  
16 registered digital commodity broker and reg-  
17 istered digital commodity dealer requirements  
18 described in this section;

19           “(C) in consultation with the board of di-  
20 rectors, a body performing a function similar to  
21 the board, or the senior officer of the organiza-  
22 tion, resolve any conflicts of interest that may  
23 arise;

1           “(D) be responsible for administering each  
2 policy and procedure that is required to be es-  
3 tablished pursuant to this section;

4           “(E) ensure compliance with this Act (in-  
5 cluding regulations), including each rule pre-  
6 scribed by the Commission under this section;

7           “(F) establish procedures for the remedi-  
8 ation of noncompliance issues identified by the  
9 chief compliance officer through any—

10                   “(i) compliance office review;

11                   “(ii) look-back;

12                   “(iii) internal or external audit find-  
13 ing;

14                   “(iv) self-reported error; or

15                   “(v) validated complaint; and

16           “(G) establish and follow appropriate pro-  
17 cedures for the handling, management response,  
18 remediation, retesting, and closing of non-  
19 compliance issues.

20           “(3) ANNUAL REPORTS.—

21           “(A) IN GENERAL.—In accordance with  
22 rules prescribed by the Commission, the chief  
23 compliance officer shall annually prepare and  
24 sign a report that contains a description of—

1           “(i) the compliance of the registered  
2           digital commodity broker or registered dig-  
3           ital commodity dealer with respect to this  
4           Act (including regulations); and

5           “(ii) each policy and procedure of the  
6           registered digital commodity broker or reg-  
7           istered digital commodity dealer of the  
8           chief compliance officer (including the code  
9           of ethics and conflict of interest policies).

10          “(B) REQUIREMENTS.—The chief compli-  
11          ance officer shall ensure that a compliance re-  
12          port under subparagraph (A)—

13               “(i) accompanies each appropriate fi-  
14               nancial report of the registered digital  
15               commodity broker or registered digital  
16               commodity dealer that is required to be  
17               furnished to the Commission pursuant to  
18               this section; and

19               “(ii) includes a certification that,  
20               under penalty of law, the compliance re-  
21               port is accurate and complete.

22          “(k) SEGREGATION OF DIGITAL COMMODITIES.—

23               “(1) HOLDING OF CUSTOMER ASSETS.—

24                       “(A) IN GENERAL.—Each registered dig-  
25                       ital commodity broker and registered digital



1 commodity dealer shall hold customer money,  
2 assets, and property in a manner to minimize  
3 the risk of loss to the customer or unreasonable  
4 delay in customer access to the money, assets,  
5 and property of the customer.

6 “(B) QUALIFIED DIGITAL COMMODITY  
7 CUSTODIAN.—Each registered digital com-  
8 modity broker and registered digital commodity  
9 dealer shall hold in a qualified digital com-  
10 modity custodian each unit of a digital com-  
11 modity that is—

12 “(i) the property of a customer or  
13 counterparty of the digital commodity  
14 broker or digital commodity dealer, respec-  
15 tively; or

16 “(ii) otherwise so required by the  
17 Commission to reasonably protect cus-  
18 tomers or promote the public interest.

19 “(2) SEGREGATION OF FUNDS.—

20 “(A) IN GENERAL.—Each registered dig-  
21 ital commodity broker and registered digital  
22 commodity dealer shall treat and deal with all  
23 money, assets, and property that is received by  
24 the registered digital commodity broker or reg-  
25 istered digital commodity dealer, or accrues to

1 a customer as the result of trading in digital  
2 commodities, as belonging to the customer.

3 “(B) COMMINGLING PROHIBITED.—

4 “(i) IN GENERAL.—Except as pro-  
5 vided in clause (ii), each registered digital  
6 commodity broker and registered digital  
7 commodity dealer shall separately account  
8 for money, assets, and property of a digital  
9 commodity customer, and shall not com-  
10 mingle any such money, assets, or property  
11 with the funds of the digital commodity  
12 broker or digital commodity dealer, respec-  
13 tively, or use any such money, assets, or  
14 property to margin, secure, or guarantee  
15 any trades or accounts of any customer or  
16 person other than the person for whom the  
17 money, assets, or property are held.

18 “(ii) EXCEPTIONS.—

19 “(I) USE OF FUNDS.—

20 “(aa) IN GENERAL.—A reg-  
21 istered digital commodity broker  
22 or registered digital commodity  
23 dealer may, for convenience, com-  
24 mingle and deposit in the same  
25 account or accounts with any

1 bank, trust company, derivatives  
2 clearing organization, or qualified  
3 digital commodity custodian  
4 money, assets, and property of  
5 customers.

6 “(bb) WITHDRAWAL.—The  
7 share of the money, assets, and  
8 property described in item (aa)  
9 as in the normal course of busi-  
10 ness shall be necessary to mar-  
11 gin, guarantee, secure, transfer,  
12 adjust, or settle a contract for  
13 sale of a digital commodity with  
14 a registered entity may be with-  
15 drawn and applied to such pur-  
16 poses, including the payment of  
17 commissions, brokerage, interest,  
18 taxes, storage, and other charges,  
19 lawfully accruing in connection  
20 with the contract.

21 “(II) COMMISSION ACTION.—In  
22 accordance with such terms and con-  
23 ditions as the Commission may pre-  
24 scribe by rule, regulation, or order,  
25 any money, assets, or property of the

1 customers of a registered digital com-  
2 modity broker or registered digital  
3 commodity dealer may be commingled  
4 and deposited in customer accounts  
5 with any other money, assets, or prop-  
6 erty received by the digital commodity  
7 broker or digital commodity dealer,  
8 respectively, and required by the Com-  
9 mission to be separately accounted for  
10 and treated and dealt with as belong-  
11 ing to the customer of the digital com-  
12 modity broker or digital commodity  
13 dealer, respectively.

14 “(3) PERMITTED INVESTMENTS.—Money de-  
15 scribed in paragraph (2) may be invested in obliga-  
16 tions of the United States, in general obligations of  
17 any State or of any political subdivision of a State,  
18 in obligations fully guaranteed as to principal and  
19 interest by the United States, or in any other invest-  
20 ment that the Commission may by rule or regulation  
21 allow.

22 “(4) CUSTOMER PROTECTION DURING BANK-  
23 RUPTCY.—

24 “(A) CUSTOMER PROPERTY.—All money,  
25 assets, or property described in paragraph (2)

1 shall be considered customer property for pur-  
2 poses of section 761 of title 11, United States  
3 Code.

4 “(B) TRANSACTIONS.—A transaction in-  
5 volving a unit of a digital commodity occurring  
6 with a digital commodity dealer shall be consid-  
7 ered a ‘contract for the purchase or sale of a  
8 commodity for future delivery, on or subject to  
9 the rules of, a contract market or board of  
10 trade’ for purposes of the definition of a ‘com-  
11 modity contract’ in section 761 of title 11,  
12 United States Code.

13 “(C) BROKERS AND DEALERS.—A reg-  
14 istered digital commodity dealer and a reg-  
15 istered digital commodity broker shall be con-  
16 sidered a futures commission merchant for pur-  
17 poses of section 761 of title 11, United States  
18 Code.

19 “(D) ASSETS REMOVED FROM SEGREGA-  
20 TION.—Assets removed from segregation due to  
21 a customer election under paragraph (5) shall  
22 not be considered customer property for pur-  
23 poses of section 761 of title 11, United States  
24 Code.

25 “(5) MISUSE OF CUSTOMER PROPERTY.—

1 “(A) IN GENERAL.—It shall be unlawful—

2 “(i) for any digital commodity broker  
3 or digital commodity dealer that has re-  
4 ceived any customer money, assets, or  
5 property for custody to dispose of, or use  
6 any such money, assets, or property as be-  
7 longing to the digital commodity broker or  
8 digital commodity dealer, respectively; or

9 “(ii) for any other person, including  
10 any depository, digital commodity ex-  
11 change, other digital commodity broker,  
12 other digital commodity dealer, or digital  
13 commodity custodian that has received any  
14 customer money, assets, or property for  
15 deposit, to hold, dispose of, or use any  
16 such money, assets, or property, as belong-  
17 ing to the depositing digital commodity  
18 broker or digital commodity dealer or any  
19 person other than the customers of the  
20 digital commodity broker or digital com-  
21 modity dealer, respectively.

22 “(B) USE FURTHER DEFINED.—For pur-  
23 poses of this section, ‘use’ of a digital com-  
24 modity includes utilizing any unit of a digital  
25 asset to participate in a blockchain service de-

1            fined in paragraph (5) or a decentralized gov-  
2            ernance system associated with the digital com-  
3            modity or the blockchain system to which the  
4            digital commodity relates in any manner other  
5            than that expressly directed by the customer  
6            from whom the unit of a digital commodity was  
7            received.

8            “(6) PARTICIPATION IN BLOCKCHAIN SERV-  
9            ICES.—

10           “(A) IN GENERAL.—A customer shall have  
11           the right to waive the restrictions in paragraph  
12           (1) for any unit of a digital commodity, by af-  
13           firmatively electing, in writing to the digital  
14           commodity broker or digital commodity dealer,  
15           to waive the restrictions.

16           “(B) USE OF FUNDS.—Customer digital  
17           commodities removed from segregation under  
18           subparagraph (A) may be pooled and used by  
19           the digital commodity broker or digital com-  
20           modity dealer, or one of their designees, to pro-  
21           vide a blockchain service for a blockchain sys-  
22           tem to which the unit of the digital asset re-  
23           moved from segregation in subparagraph (A)  
24           relates.

1           “(C) LIMITATIONS.—The Commission  
2           may, by rule, establish notice and disclosure re-  
3           quirements, and any other limitations and rules  
4           related to the waiving of any restrictions under  
5           this paragraph that are reasonably necessary to  
6           protect customers, including eligible contract  
7           participants, non-eligible contract participants,  
8           or any other class of customers.

9           “(D) BLOCKCHAIN SERVICE DEFINED.—In  
10          this subparagraph, the term ‘blockchain service’  
11          means any activity relating to validating trans-  
12          actions on a blockchain system, providing secu-  
13          rity for a blockchain system, or other similar  
14          activity required for the ongoing operation of a  
15          blockchain system.

16          “(l) FEDERAL PREEMPTION.—Notwithstanding any  
17          other provision of law, the Commission shall have exclusive  
18          jurisdiction over any digital commodity broker or digital  
19          commodity dealer registered under this section.

20          “(m) EXEMPTIONS.—In order to promote responsible  
21          economic or financial innovation and fair competition, or  
22          protect customers, the Commission may (on its own initia-  
23          tive or on application of the registered digital commodity  
24          broker or registered digital commodity dealer) exempt, un-  
25          conditionally or on stated terms or conditions, or for stat-



1 ed periods, and retroactively or prospectively, or both, a  
2 registered digital commodity broker or registered digital  
3 commodity dealer from the requirements of this section,  
4 if the Commission determines that—

5 “(1)(A) the exemption would be consistent with  
6 the public interest and the purposes of this Act; and

7 “(B) the exemption will not have a material ad-  
8 verse effect on the ability of the Commission or the  
9 digital commodity broker or digital commodity deal-  
10 er to discharge regulatory duties under this Act; or

11 “(2) the registered digital commodity broker or  
12 registered digital commodity dealer is subject to  
13 comparable, comprehensive supervision and regula-  
14 tion by the appropriate government authorities in  
15 the home country of the registered digital commodity  
16 broker or registered digital commodity dealer, re-  
17 spectively.

18 “(n) TREATMENT UNDER THE BANK SECRECY  
19 ACT.—A registered digital commodity broker and a reg-  
20 istered digital commodity dealer shall be treated as a fi-  
21 nancial institution for purposes of the Bank Secrecy Act.”.

22 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

23 (a) IN GENERAL.—Section 4k of the Commodity Ex-  
24 change Act (7 U.S.C. 6k) is amended—

1           (1) by redesignating subsections (4) through  
2           (6) as subsections (5) through (7), respectively; and

3           (2) by inserting after subsection (3) the fol-  
4           lowing:

5           “(4) It shall be unlawful for any person to act as an  
6           associated person of a digital commodity broker or an as-  
7           sociated person of a digital commodity dealer unless the  
8           person is registered with the Commission under this Act  
9           and such registration shall not have expired, been sus-  
10          pended (and the period of suspension has not expired),  
11          or been revoked. It shall be unlawful for a digital com-  
12          modity broker or a digital commodity dealer to permit  
13          such a person to become or remain associated with the  
14          digital commodity broker or digital commodity dealer if  
15          the digital commodity broker or digital commodity dealer  
16          knew or should have known that the person was not so  
17          registered or that the registration had expired, been sus-  
18          pended (and the period of suspension has not expired),  
19          or been revoked.”; and

20          (3) in subsection (5) (as so redesignated), by  
21          striking “or of a commodity trading advisor” and in-  
22          serting “of a commodity trading advisor, of a digital  
23          commodity broker, or of a digital commodity deal-  
24          er”.

1 (b) CONFORMING AMENDMENTS.—The Commodity  
2 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking  
3 “section 4k(6)” each place it appears and inserting “sec-  
4 tion 4k(7)”.

5 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**  
6 **TORS AND COMMODITY TRADING ADVISORS.**

7 Section 4m(3) of the Commodity Exchange Act (7  
8 U.S.C. 6m(3)) is amended—

9 (1) in subparagraph (A)—

10 (A) by striking “any commodity trading  
11 advisor” and inserting “a commodity pool oper-  
12 ator or commodity trading advisor”; and

13 (B) by striking “acting as a commodity  
14 trading advisor” and inserting “acting as a  
15 commodity pool operator or commodity trading  
16 advisor”; and

17 (2) in subparagraph (C), by inserting “digital  
18 commodities,” after “physical commodities,”.

19 **SEC. 409. EXCLUSION FOR ANCILLARY ACTIVITIES.**

20 The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
21 as amended by the preceding provisions of this Act, is  
22 amended by inserting after section 4u the following:

23 **“SEC. 4v. EXCLUSION FOR ANCILLARY ACTIVITIES.**

24 “(a) IN GENERAL.—Notwithstanding any other pro-  
25 vision of this Act, a person shall not be subject to this

1 Act and the regulations promulgated under this Act solely  
2 based on the person undertaking any ancillary activities.

3 “(b) EXCEPTIONS.—Subsection (a) shall not be con-  
4 strued to apply to the anti-manipulation, anti-fraud, or  
5 false reporting enforcement authorities of the Commission.

6 “(c) ANCILLARY ACTIVITIES DEFINED.—In this sec-  
7 tion, the term ‘ancillary activities’ means any of the fol-  
8 lowing activities related to the operation of a blockchain  
9 system:

10 “(1) Compiling network transactions, operating  
11 a pool, relaying, searching, sequencing, validating, or  
12 acting in a similar capacity with respect to a digital  
13 commodity transaction.

14 “(2) Providing computational work, operating a  
15 node, or procuring, offering, or utilizing network  
16 bandwidth, or other similar incidental services with  
17 respect to a digital commodity transaction.

18 “(3) Providing a user-interface that enables a  
19 user to read, and access data about a blockchain  
20 system, send messages, or otherwise interact with a  
21 blockchain system.

22 “(4) Developing, publishing, constituting, ad-  
23 ministering, maintaining, or otherwise distributing a  
24 blockchain system.

1           “(5) Developing, publishing, constituting, ad-  
2           ministering, maintaining, or otherwise distributing  
3           software or systems that create or deploy hardware  
4           or software, including wallets or other systems, fa-  
5           cilitating an individual user’s own personal ability to  
6           keep, safeguard, or custody a user’s digital commod-  
7           ities or related private keys.”.

8   **SEC. 410. EFFECTIVE DATE.**

9           Unless otherwise provided in this title, this title and  
10          the amendments made by this title shall take effect 360  
11          days after the date of enactment of this Act, except that,  
12          to the extent a provision of this title requires a rule-  
13          making, the provision shall take effect on the later of—

14                 (1) 360 days after the date of enactment of this  
15          Act; or

16                 (2) 60 days after the publication in the Federal  
17          Register of the final rule implementing the provision.

18           **TITLE V—INNOVATION AND**  
19           **TECHNOLOGY IMPROVEMENTS**

20   **SEC. 501. CODIFICATION OF THE SEC STRATEGIC HUB FOR**  
21           **INNOVATION AND FINANCIAL TECHNOLOGY.**

22          Section 4 of the Securities Exchange Act of 1934 (15  
23          U.S.C. 78d) is amended by adding at the end the fol-  
24          lowing:

1           “(1) STRATEGIC HUB FOR INNOVATION AND FINAN-  
2       CIAL TECHNOLOGY.—

3           “(1) OFFICE ESTABLISHED.—There is estab-  
4       lished within the Commission the Strategic Hub for  
5       Innovation and Financial Technology (referred to in  
6       this section as the ‘FinHub’).

7           “(2) PURPOSES.—The purposes of FinHub are  
8       as follows:

9           “(A) To assist in shaping the approach of  
10       the Commission to technological advancements  
11       in the financial industry.

12          “(B) To examine financial technology inno-  
13       vations within capital markets, market partici-  
14       pants, and investors.

15          “(C) To coordinate the response of the  
16       Commission to emerging technologies in finan-  
17       cial, regulatory, and supervisory systems.

18          “(3) DIRECTOR OF FINHUB.—FinHub shall  
19       have a Director who shall be appointed by the Com-  
20       mission, from among individuals having experience  
21       in both emerging technologies and Federal securities  
22       law and serve at the pleasure of the Commission.  
23       The Director shall report directly to the Commission  
24       and perform such functions and duties as the Com-  
25       mission may prescribe.

1 “(4) RESPONSIBILITIES.—FinHub shall—

2 “(A) foster responsible technological inno-  
3 vation and fair competition within the Commis-  
4 sion, including around financial technology, reg-  
5 ulatory technology, and supervisory technology;

6 “(B) provide internal education and train-  
7 ing to the Commission regarding financial tech-  
8 nology;

9 “(C) advise the Commission regarding fi-  
10 nancial technology that would serve the Com-  
11 mission’s oversight functions;

12 “(D) analyze technological advancements  
13 and the impact of regulatory requirements on  
14 financial technology companies;

15 “(E) advise the Commission with respect  
16 to rulemakings or other agency or staff action  
17 regarding financial technology;

18 “(F) provide businesses working in emerg-  
19 ing financial technology fields with information  
20 on the Commission, its rules and regulations;  
21 and

22 “(G) encourage firms working in emerging  
23 technology fields to engage with the Commis-  
24 sion and obtain feedback from the Commission  
25 on potential regulatory issues.

1           “(5) ACCESS TO DOCUMENTS.—The Commis-  
2           sion shall ensure that FinHub has full access to the  
3           documents and information of the Commission and  
4           any self-regulatory organization, as necessary to  
5           carry out the functions of FinHub.

6           “(6) REPORT TO CONGRESS.—

7                   “(A) IN GENERAL.—Not later than Octo-  
8                   ber 31 of each year after 2024, FinHub shall  
9                   submit to the Committee on Banking, Housing,  
10                  and Urban Affairs of the Senate and the Com-  
11                  mittee on Financial Services of the House of  
12                  Representatives a report on the activities of  
13                  FinHub during the immediately preceding fiscal  
14                  year.

15                  “(B) CONTENTS.—Each report required  
16                  under subparagraph (A) shall include—

17                          “(i) the total number of persons that  
18                          met with FinHub;

19                          “(ii) the total number of market par-  
20                          ticipants FinHub met with, including the  
21                          classification of those participants;

22                          “(iii) a summary of general issues dis-  
23                          cussed during meetings with persons;

24                          “(iv) information on steps FinHub  
25                          has taken to improve Commission services,



1 including responsiveness to the concerns of  
2 persons;

3 “(v) recommendations—

4 “(I) with respect to the regula-  
5 tions of the Commission and the guid-  
6 ance and orders of the Commission;  
7 and

8 “(II) for such legislative actions  
9 as the FinHub determines appro-  
10 priate; and

11 “(vi) any other information, as deter-  
12 mined appropriate by the Director of  
13 FinHub.

14 “(C) CONFIDENTIALITY.—A report under  
15 subparagraph (A) may not contain confidential  
16 information.

17 “(7) SYSTEMS OF RECORDS.—

18 “(A) IN GENERAL.—The Commission shall  
19 establish a detailed system of records (as de-  
20 fined under section 552a of title 5, United  
21 States Code) to assist FinHub in commu-  
22 nicating with interested parties.

23 “(B) ENTITIES COVERED BY THE SYS-  
24 TEM.—Entities covered by the system required  
25 under subparagraph (A) include entities or per-

1           sons submitting requests or inquiries and other  
2           information to Commission through FinHub.

3                   “(C) SECURITY AND STORAGE OF  
4           RECORDS.—FinHub shall store—

5                           “(i) electronic records—

6                                   “(I) in the system required under  
7                                   subparagraph (A); or

8                                   “(II) on the secure network or  
9                                   other electronic medium, such as  
10                                  encrypted hard drives or back-up  
11                                  media, of the Commission; and

12                                  “(ii) paper records in secure facilities.

13                   “(8) EFFECTIVE DATE.—This subsection shall  
14           take effect on the date that is 180 days after the  
15           date of the enactment of this subsection.”.

16 **SEC. 502. CODIFICATION OF LABCFTC.**

17           (a) IN GENERAL.—Section 18 of the Commodity Ex-  
18           change Act (7 U.S.C. 22) is amended by adding at the  
19           end the following:

20                   “(c) LABCFTC.—

21                           “(1) ESTABLISHMENT.—There is established in  
22                           the Commission LabCFTC.

23                           “(2) PURPOSE.—The purposes of LabCFTC  
24                           are to—

1           “(A) promote responsible financial tech-  
2           nology innovation and fair competition for the  
3           benefit of the American public;

4           “(B) serve as an information platform to  
5           inform the Commission about new financial  
6           technology innovation; and

7           “(C) provide outreach to financial tech-  
8           nology innovators to discuss their innovations  
9           and the regulatory framework established by  
10          this Act and the regulations promulgated there-  
11          under.

12          “(3) DIRECTOR.—LabCFTC shall have a Direc-  
13          tor, who shall be appointed by the Commission and  
14          serve at the pleasure of the Commission. Notwith-  
15          standing section 2(a)(6)(A), the Director shall re-  
16          port directly to the Commission and perform such  
17          functions and duties as the Commission may pre-  
18          scribe.

19          “(4) DUTIES.—LabCFTC shall—

20                 “(A) advise the Commission with respect  
21                 to rulemakings or other agency or staff action  
22                 regarding financial technology;

23                 “(B) provide internal education and train-  
24                 ing to the Commission regarding financial tech-  
25                 nology;

1           “(C) advise the Commission regarding fi-  
2           nancial technology that would bolster the Com-  
3           mission’s oversight functions;

4           “(D) engage with academia, students, and  
5           professionals on financial technology issues,  
6           ideas, and technology relevant to activities  
7           under this Act;

8           “(E) provide persons working in emerging  
9           technology fields with information on the Com-  
10          mission, its rules and regulations, and the role  
11          of a registered futures association; and

12          “(F) encourage persons working in emerg-  
13          ing technology fields to engage with the Com-  
14          mission and obtain feedback from the Commis-  
15          sion on potential regulatory issues.

16          “(5) ACCESS TO DOCUMENTS.—The Commis-  
17          sion shall ensure that LabCF'TC has full access to  
18          the documents and information of the Commission  
19          and any self-regulatory organization or registered fu-  
20          tures association, as necessary to carry out the func-  
21          tions of LabCF'TC.

22          “(6) REPORT TO CONGRESS.—

23                 “(A) IN GENERAL.—Not later than Octo-  
24                 ber 31 of each year after 2024, LabCF'TC shall  
25                 submit to the Committee on Agriculture of the

1 House of Representatives and the Committee  
2 on Agriculture, Nutrition, and Forestry of the  
3 Senate a report on its activities.

4 “(B) CONTENTS.—Each report required  
5 under paragraph (1) shall include—

6 “(i) the total number of persons that  
7 met with LabCFTC;

8 “(ii) a summary of general issues dis-  
9 cussed during meetings with the person;

10 “(iii) information on steps LabCFTC  
11 has taken to improve Commission services,  
12 including responsiveness to the concerns of  
13 persons;

14 “(iv) recommendations made to the  
15 Commission with respect to the regula-  
16 tions, guidance, and orders of the Commis-  
17 sion and such legislative actions as may be  
18 appropriate; and

19 “(v) any other information determined  
20 appropriate by the Director of LabCFTC.

21 “(C) CONFIDENTIALITY.—A report under  
22 paragraph (A) shall abide by the confidentiality  
23 requirements in section 8.

24 “(7) SYSTEMS OF RECORDS.—

1           “(A) IN GENERAL.—The Commission shall  
2           establish a detailed system of records (as de-  
3           fined in section 552a of title 5, United States  
4           Code) to assist LabCFTC in communicating  
5           with interested parties.

6           “(B) PERSONS COVERED BY THE SYS-  
7           TEM.—The persons covered by the system of  
8           records shall include persons submitting re-  
9           quests or inquiries and other information to the  
10          Commission through LabCFTC.

11          “(C) SECURITY AND STORAGE OF  
12          RECORDS.—The system of records shall store  
13          records electronically or on paper in secure fa-  
14          cilities, and shall store electronic records on the  
15          secure network of the Commission and on other  
16          electronic media, such as encrypted hard drives  
17          and back-up media, as needed.”.

18          (b)        CONFORMING        AMENDMENTS.—Section  
19          2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amend-  
20          ed—

21                (1) by striking “paragraph and in” and insert-  
22                ing “paragraph,”; and

23                (2) by inserting “and section 18(c)(3),” before  
24                “the executive”.

1 (c) EFFECTIVE DATE.—The Commodity Futures  
2 Trading Commission shall implement the amendments  
3 made by this section (including complying with section  
4 18(c)(7) of the Commodity Exchange Act) within 180  
5 days after the date of the enactment of this Act.

6 **SEC. 503. CFTC-SEC JOINT ADVISORY COMMITTEE ON DIG-**  
7 **ITAL ASSETS.**

8 (a) ESTABLISHMENT.—The Commodity Futures  
9 Trading Commission and the Securities and Exchange  
10 Commission (in this section referred to as the “Commis-  
11 sions”) shall jointly establish the Joint Advisory Com-  
12 mittee on Digital Assets (in this section referred to as the  
13 “Committee”).

14 (b) PURPOSE.—

15 (1) IN GENERAL.—The Committee shall—

16 (A) provide the Commissions with advice  
17 on the rules, regulations, and policies of the  
18 Commissions related to digital assets;

19 (B) further the regulatory harmonization  
20 of digital asset policy between the Commissions;

21 (C) examine and disseminate methods for  
22 describing, measuring, and quantifying digital  
23 asset—

24 (i) decentralization;

25 (ii) functionality;

1 (iii) information asymmetries; and

2 (iv) transaction and network security;

3 (D) examine the potential for digital as-  
4 sets, blockchain systems, and distributed ledger  
5 technology to improve efficiency in the oper-  
6 ation financial market infrastructure and better  
7 protect financial market participants, including  
8 services and systems which provide—

9 (i) greater transparency regarding  
10 customer funds;

11 (ii) reduced transaction cost; and

12 (iii) increased access to financial mar-  
13 ket services; and

14 (E) discuss the implementation by the  
15 Commissions of this Act and the amendments  
16 made by this Act.

17 (2) REVIEW BY AGENCIES.—Each Commission  
18 shall—

19 (A) review the findings and recommenda-  
20 tions of the Committee;

21 (B) each time the Committee submits a  
22 finding or recommendation to a Commission,  
23 promptly issue a public statement—

24 (i) assessing the finding or rec-  
25 ommendation of the Committee;



1 (ii) disclosing the action or decision  
2 not to take action made by the Commis-  
3 sion in response to a finding or rec-  
4 ommendation; and

5 (iii) the reasons for the action or deci-  
6 sion not to take action; and

7 (C) each time the Committee submits a  
8 finding or recommendation to a Commission,  
9 provide the Committee with a formal response  
10 to the finding or recommendation not later than  
11 3 months after the date of the submission of  
12 the finding or recommendation.

13 (c) MEMBERSHIP AND LEADERSHIP.—

14 (1) NON-FEDERAL MEMBERS.—

15 (A) IN GENERAL.—The Commissions shall  
16 appoint at least 20 nongovernmental stake-  
17 holders with a wide diversity of opinion and  
18 who represent a broad spectrum of interests  
19 representing the digital asset ecosystem, equally  
20 divided between the Commissions, to serve as  
21 members of the Committee. The appointees  
22 shall include—

23 (i) digital asset issuers;

1 (ii) persons registered with the Com-  
2 missions and engaged in digital asset re-  
3 lated activities;

4 (iii) individuals engaged in academic  
5 research relating to digital assets; and

6 (iv) digital asset users.

7 (B) MEMBERS NOT COMMISSION EMPLOY-  
8 EES.—Members appointed under subparagraph  
9 (A) shall not be deemed to be employees or  
10 agents of a Commission solely by reason of  
11 membership on the Committee.

12 (2) CO-DESIGNATED FEDERAL OFFICERS.—

13 (A) NUMBER; APPOINTMENT.—There shall  
14 be 2 co-designated Federal officers of the Com-  
15 mittee, as follows:

16 (i) The Director of LabCFTC of the  
17 Commodity Futures Trading Commission.

18 (ii) The Director of the Strategic Hub  
19 for Innovation and Financial Technology.

20 (B) DUTIES.—The duties required by  
21 chapter 10 of title 5, United States Code, to be  
22 carried out by a designated Federal officer with  
23 respect to the Committee shall be shared by the  
24 co-designated Federal officers of the Com-  
25 mittee.

1 (3) COMMITTEE LEADERSHIP.—

2 (A) COMPOSITION; ELECTION.—The Com-  
3 mittee members shall elect, from among the  
4 Committee members—

5 (i) a chair;

6 (ii) a vice chair;

7 (iii) a secretary; and

8 (iv) an assistant secretary.

9 (B) TERM OF OFFICE.—Each member  
10 elected under subparagraph (A) in a 2-year pe-  
11 riod referred to in section 1013(b)(2) of title 5,  
12 United States Code, shall serve in the capacity  
13 for which the member was so elected, until the  
14 end of the 2-year period.

15 (d) NO COMPENSATION FOR COMMITTEE MEM-  
16 BERS.—

17 (1) NON-FEDERAL MEMBERS.—All Committee  
18 members appointed under subsection (d)(1) shall—

19 (A) serve without compensation; and

20 (B) while away from the home or regular  
21 place of business of the member in the perform-  
22 ance of services for the Committee, be allowed  
23 travel expenses, including per diem in lieu of  
24 subsistence, in the same manner as persons em-  
25 ployed intermittently in the Government service

1           are allowed expenses under section 5703(b) of  
2           title 5, United States Code.

3           (2) NO COMPENSATION FOR CO-DESIGNATED  
4           FEDERAL OFFICERS.—The co-designated Federal of-  
5           ficers shall serve without compensation in addition  
6           to that received for their services as officers or em-  
7           ployees of the United States.

8           (e) FREQUENCY OF MEETINGS.—The Committee  
9           shall meet—

10           (1) not less frequently than twice annually; and

11           (2) at such other times as either Commission  
12           may request.

13           (f) DURATION.—Section 1013(a)(2) of title 5, United  
14           States Code, shall not apply to the Committee.

15           (g) TIME LIMITS.—The Commissions shall—

16           (1) adopt a joint charter for the Committee  
17           within 90 days after the date of the enactment of  
18           this section;

19           (2) appoint members to the Committee within  
20           120 days after such date of enactment; and

21           (3) hold the initial meeting of the Committee  
22           within 180 days after such date of enactment.

23           (h) FUNDING.—The Commissions may jointly fund  
24           the Committee.

1 **SEC. 504. MODERNIZATION OF THE SECURITIES AND EX-**  
2 **CHANGE COMMISSION MISSION.**

3 (a) SECURITIES ACT OF 1933.—Section 2(b) of the  
4 Securities Act of 1933 (15 U.S.C. 77(b)) is amended—

5 (1) in the heading, by inserting “INNOVATION,”  
6 after “EFFICIENCY,”; and

7 (2) by inserting “innovation,” after “effi-  
8 ciency,”.

9 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
10 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.  
11 78(c)) is amended—

12 (1) in the heading, by inserting “INNOVATION,”  
13 after “EFFICIENCY,”; and

14 (2) by inserting “innovation,” after “effi-  
15 ciency,”.

16 (c) INVESTMENT ADVISERS ACT OF 1940.—Section  
17 202(c) of the Investment Advisers Act of 1940 (15 U.S.C.  
18 80b–2) is amended—

19 (1) in the heading, by inserting “INNOVATION,”  
20 after “EFFICIENCY,”; and

21 (2) by inserting “innovation,” after “effi-  
22 ciency,”.

23 (d) INVESTMENT COMPANY ACT OF 1940.—Section  
24 2(c) of the Investment Company Act of 1940 (15 U.S.C.  
25 80a–2) is amended—

1 (1) in the heading, by inserting “INNOVATION,”  
2 after “EFFICIENCY,”; and

3 (2) by inserting “innovation,” after “effi-  
4 ciency,”.

5 **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

6 (a) IN GENERAL.—The Securities and Exchange  
7 Commission and the Commodity Futures Trading Com-  
8 mission shall jointly carry out a study on decentralized  
9 finance that analyzes—

10 (1) the nature, size, role, and use of decentral-  
11 ized finance blockchain protocols;

12 (2) the operation of blockchain protocols that  
13 comprise decentralized finance;

14 (3) the interoperability of blockchain protocols  
15 and blockchain systems;

16 (4) the interoperability of blockchain protocols  
17 and software-based systems, including websites and  
18 wallets;

19 (5) the decentralized governance systems  
20 through which blockchain protocols may be devel-  
21 oped, published, constituted, administered, main-  
22 tained, or otherwise distributed, including—

23 (A) whether the systems enhance or de-  
24 tract from—

1 (i) the decentralization of the decen-  
2 tralized finance; and

3 (ii) the inherent risks of the decentral-  
4 ized governance system; and

5 (B) any procedures or requirements that  
6 would mitigate the risks identified in subpara-  
7 graph (A)(ii);

8 (6) the benefits of decentralized finance, includ-  
9 ing—

10 (A) operational resilience and interoper-  
11 ability of blockchain-based systems;

12 (B) market competition and innovation;

13 (C) transaction efficiency;

14 (D) transparency and traceability of trans-  
15 actions; and

16 (E) disintermediation; and

17 (7) the risks of decentralized finance, includ-  
18 ing—

19 (A) pseudonymity of users and trans-  
20 actions;

21 (B) disintermediation; and

22 (C) cybersecurity vulnerabilities;

23 (8) the extent to which decentralized finance  
24 has integrated with the traditional financial markets  
25 and any potential risks to stability of the markets;

1           (9) how the levels of illicit activity in decentral-  
2           ized finance compare with the levels of illicit activity  
3           in traditional financial markets;

4           (10) how decentralized finance may increase the  
5           accessibility of cross-border transactions; and

6           (11) the feasibility of embedding self-executing  
7           compliance and risk controls into decentralized fi-  
8           nance.

9           (b) REPORT.—Not later than 1 year after the date  
10          of enactment of this Act, the Securities and Exchange  
11          Commission and the Commodity Futures Trading Com-  
12          mission shall jointly submit to the relevant congressional  
13          committees a report that includes the results of the study  
14          required by subsection (a).

15          (c) GAO STUDY.—The Comptroller General of the  
16          United States shall—

17               (1) carry out a study on decentralized finance  
18               that analyzes the information described under para-  
19               graphs (1) through (10) of subsection (a); and

20               (2) not later than 1 year after the date of en-  
21               actment of this Act, submit to the relevant congres-  
22               sional committees a report that includes the results  
23               of the study required by paragraph (1).

24          (d) DEFINITIONS.—In this section:

25               (1) DECENTRALIZED FINANCE.—



1           (A) IN GENERAL.—The term “decentral-  
2           ized finance” means blockchain protocols that  
3           allow users to engage in financial transactions  
4           in a self-directed manner so that a third-party  
5           intermediary does not effectuate the trans-  
6           actions or take custody of digital assets of a  
7           user during any part of the transactions.

8           (B) RELATIONSHIP TO ANCILLARY ACTIVI-  
9           TIES.—The term “decentralized finance” shall  
10          not be interpreted to limit or exclude any activ-  
11          ity from the meaning of “ancillary activities”,  
12          as defined in section 15H(c) of the Securities  
13          Exchange Act of 1934 or section 4v(c) of the  
14          Commodity Exchange Act.

15          (2) RELEVANT CONGRESSIONAL COMMIT-  
16          TEES.—The term “relevant congressional commit-  
17          tees” means—

18               (A) the Committees on Financial Services  
19               and Agriculture of the House of Representa-  
20               tives; and

21               (B) the Committees on Banking, Housing,  
22               and Urban Affairs and Agriculture, Nutrition,  
23               and Forestry of the Senate.

1 **SEC. 506. STUDY ON NON-FUNGIBLE DIGITAL ASSETS.**

2 (a) The Comptroller General of the United States  
3 shall carry out a study of non-fungible digital assets that  
4 analyzes—

5 (1) the nature, size, role, purpose, and use of  
6 non-fungible digital assets;

7 (2) the similarities and differences between non-  
8 fungible digital assets and other digital assets, in-  
9 cluding digital commodities and payments  
10 stablecoins, and how the markets for those digital  
11 assets intersect with each other;

12 (3) how non-fungible digital assets are minted  
13 by issuers and subsequently administered to pur-  
14 chasers;

15 (4) how non-fungible digital assets are stored  
16 after being purchased by a consumer;

17 (5) the interoperability of non-fungible digital  
18 assets between different blockchain systems;

19 (6) the scalability of different non-fungible dig-  
20 ital asset marketplaces;

21 (7) the benefits of non-fungible digital assets,  
22 including verifiable digital ownership;

23 (8) the risks of non-fungible tokens, including—

24 (A) intellectual property rights;

25 (B) cybersecurity risks; and

26 (C) market risks;



1 ment of fair and orderly financial markets, be necessary  
2 or appropriate in the public interest, and be consistent  
3 with the protection of investors.

4 (b) REPORT.—

5 (1) TIME LIMIT.—Not later than 1 year after  
6 the date of enactment of this Act, the Securities and  
7 Exchange Commission and the Commodity Futures  
8 Trading Commission shall jointly submit to the rel-  
9 evant congressional committees a report that in-  
10 cludes the results of the study required by sub-  
11 section (a).

12 (2) RELEVANT CONGRESSIONAL COMMITTEES  
13 DEFINED.—In this section, the term “relevant con-  
14 gressional committees” means—

15 (A) the Committees on Financial Services  
16 and on Agriculture of the House of Representa-  
17 tives; and

18 (B) the Committees on Banking, Housing,  
19 and Urban Affairs and on Agriculture, Nutri-  
20 tion, and Forestry of the Senate.