

[DISCUSSION DRAFT]

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “[to be added Act of 2025]”.

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

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

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

Sec. 102. Definitions under the Securities Exchange Act of 1934.

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

Sec. 106. Notice of intent to register for digital commodity exchanges, brokers,
and dealers.

Sec. 107. Commodity Exchange Act and securities laws savings provisions.

Sec. 108. Administrative requirements.

Sec. 109. International cooperation.

Sec. 110. Implementation.

Sec. 111. Application of the Bank Secrecy Act.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. Treatment of secondary transactions in digital commodities.

Sec. 203. Exempted transactions in digital commodities.

Sec. 204. Requirements for offers and sales of digital commodities by related
and affiliated persons.

Sec. 205. Mature blockchain system requirements.

Sec. 206. Effective date.

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

Sec. 301. Treatment of digital commodities.

Sec. 302. Anti-fraud authority over permitted payment stablecoins and certain
digital commodity transactions.

Sec. 303. Eligibility of alternative trading systems.

Sec. 304. Operation of alternative trading systems.

Sec. 305. Modernization of recordkeeping requirements.

Sec. 306. Exemptive authority.

- Sec. 307. Additional registrations with the Commodity Futures Trading Commission.
- Sec. 308. Treatment of certain digital commodities in connection with federally regulated intermediaries.
- Sec. 309. Exclusion for decentralized finance activities.
- Sec. 310. Treatment of custody activities by banking institutions.
- Sec. 311. Digital commodity activities that are financial in nature.
- Sec. 312. Effective date; administration.
- Sec. 313. Studies on foreign adversary participation.

TITLE IV—REGISTRATION FOR DIGITAL COMMODITY 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 decentralized finance activities.
- Sec. 410. Funding for implementation and enforcement.
- Sec. 411. Digital commodity activities by SEC-registered entities.
- Sec. 412. Effective date.
- Sec. 413. Sense of the Congress.

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Findings; sense of Congress.
- Sec. 502. Incorporation of Offices of Financial Innovation.
- Sec. 503. Codification of LabCFTC.
- Sec. 504. Study on decentralized finance.
- Sec. 505. Study on non-fungible digital commodities.
- Sec. 506. Study on expanding financial literacy amongst digital commodity holders.
- Sec. 507. Study on financial market infrastructure improvements.

1 TITLE I—DEFINITIONS; RULE-
2 MAKING; NOTICE OF INTENT
3 TO REGISTER

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:

1 “(20) AFFILIATED PERSON.—The term ‘affili-
2 ated person’ means a person (including a related
3 person) that, with respect to any digital com-
4 modity—

5 “(A) acquires more than 1 percent or more
6 of the total outstanding units of such digital
7 commodity from a digital commodity issuer; or

8 “(B) was described under subparagraph
9 (A) at any point in the previous 6-month pe-
10 riod.

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

13 “(A) where data is—

14 “(i) shared across a network to create
15 a distributed ledger of independently
16 verifiable transactions or information
17 among network participants;

18 “(ii) linked using cryptography to
19 maintain the integrity of the distributed
20 ledger and to execute other functions; and

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

1 “(B) composed of source code that is pub-
2 licly available.

3 “(22) BLOCKCHAIN APPLICATION.—The term
4 ‘blockchain application’ means any executable soft-
5 ware deployed to a blockchain composed of source
6 code that is publicly available, including a smart
7 contract or any network of smart contracts.

8 “(23) BLOCKCHAIN PROTOCOL.—The term
9 ‘blockchain protocol’ means the freely and publicly
10 available source code of a blockchain that is executed
11 by the network participants of a blockchain to facili-
12 tate its functioning.

13 “(24) BLOCKCHAIN SYSTEM.—The term
14 ‘blockchain system’ means any blockchain, together
15 with its blockchain protocol or any blockchain appli-
16 cation or network of blockchain applications.

17 “(25) DECENTRALIZED GOVERNANCE SYS-
18 TEM.—

19 “(A) IN GENERAL.—The term ‘decentral-
20 ized governance system’ means, with respect to
21 a blockchain system, any rules-based system
22 permitting persons to form consensus or reach
23 agreement in the development, provision, publi-
24 cation, management, or administration of such
25 blockchain system, where participation is not

1 limited to, or under the effective control of, any
2 person or group of persons under common con-
3 trol.

4 “(B) RELATIONSHIP OF PERSONS TO DE-
5 CENTRALIZED GOVERNANCE SYSTEMS.—With
6 respect to a decentralized governance system,
7 the decentralized governance system and any
8 persons participating in the decentralized gov-
9 ernance system shall be treated as separate per-
10 sons unless such persons are under common
11 control.

12 “(26) DIGITAL ASSET.—The term ‘digital asset’
13 means any digital representation of value which is
14 recorded on a cryptographically-secured distributed
15 ledger.

16 “(27) DIGITAL ASSET CUSTODIAN.—The term
17 ‘digital asset custodian’ means an entity in the busi-
18 ness of holding, maintaining, or safeguarding digital
19 assets for another person.

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

1 “(29) DIGITAL COMMODITY ISSUER.—With re-
2 spect to a digital commodity, the term ‘digital com-
3 modity issuer’ means any person that—

4 “(A) issues or causes to be issued a unit
5 of such digital commodity to a person; or

6 “(B) offers or sells a right to a future
7 issuance of a unit of such digital commodity to
8 a person.

9 “(30) END USER DISTRIBUTION.—

10 “(A) IN GENERAL.—The term ‘end user
11 distribution’ means a distribution of a unit of
12 a digital commodity that—

13 “(i) does not involve an exchange of
14 more than a nominal value of cash, prop-
15 erty, or other assets; and

16 “(ii) is distributed in a broad and eq-
17 uitable manner based on conditions capable
18 of being satisfied by any participant in the
19 blockchain system, including, as incentive-
20 based rewards—

21 “(I) to users of the digital com-
22 modity or any blockchain system to
23 which the digital commodity relates;

24 “(II) for activities directly related
25 to the operation of the blockchain sys-

1 tem, such as mining, validating, stak-
2 ing, or other activity directly tied to
3 the operation of the blockchain sys-
4 tem; or

5 “(III) to the existing holders of
6 another digital commodity, in propor-
7 tion to the total units of such other
8 digital commodity as are held by each
9 person.

10 “(B) NOT AN OFFER OR SALE OF A DIG-
11 ITAL COMMODITY.—An end user distribution
12 does not involve the offer or sale of a digital
13 commodity.

14 “(C) NOT AN OFFER OR SALE OF A SECUR-
15 ITY.—An end user distribution does not in-
16 volve the offer or sale of a security.

17 “(31) MATURE BLOCKCHAIN SYSTEM.—The
18 term ‘mature blockchain system’ means a blockchain
19 system, together with its related digital commodity,
20 that is not controlled by any person or group of per-
21 sons under common control.

22 “(32) PERMITTED PAYMENT STABLECOIN.—

23 “(A) IN GENERAL.—The term ‘permitted
24 payment stablecoin’ means a digital asset—

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

3 “(ii) that is denominated in a national
4 currency;

5 “(iii) the issuer of which is subject to
6 the regulatory and supervisory authority of
7 a State or Federal agency;

8 “(iv) the issuer of which—

9 “(I) is obligated to convert, re-
10 deem, or repurchase for a fixed
11 amount of monetary value; or

12 “(II) represents that the digital
13 asset will maintain or creates the rea-
14 sonable expectation that the digital
15 asset will maintain a stable value rel-
16 ative to the value of a fixed amount of
17 monetary value; and

18 “(v) that is not—

19 “(I) a national currency;

20 “(II) a security issued by—

21 “(aa) an investment com-
22 pany registered under section
23 8(a) of the Investment Company
24 Act of 1940 (15 U.S.C. 80a-
25 8(a)); or

1 “(bb) a person that would
2 be an investment company under
3 the Investment Company Act of
4 1940 but for paragraphs (1) and
5 (7) of section 3(c) of that Act
6 (15 U.S.C. 80a-3(c));

7 “(III) a deposit (as defined under
8 section 3 of the Federal Deposit In-
9 surance Act (12 U.S.C. 1813)), re-
10 gardless of the technology used to
11 record such deposit; or

12 “(IV) an account (as defined in
13 section 101 of the Federal Credit
14 Union Act (12 U.S.C. 1752)), regard-
15 less of the technology used to record
16 such account.

17 “(B) MONETARY VALUE DEFINED.—The
18 term ‘monetary value’—

19 “(i) means—

20 “(I) a national currency;

21 “(II) a deposit (as defined in sec-
22 tion 3 of the Federal Deposit Insur-
23 ance Act (12 U.S.C. 1813)) that is
24 denominated in a national currency;
25 or

1 “(III) an account (as defined in
2 section 101 of the Federal Credit
3 Union Act (12 U.S.C. 1752)); and

4 “(ii) does not include any agricultural
5 or other physical commodity (as defined in
6 section 1a of the Commodity Exchange Act
7 (7 U.S.C. 1a)).

8 “(33) RELATED PERSON.—With respect to a
9 digital commodity issuer, the term ‘related person’
10 means—

11 “(A) a founder, promoter, employee, con-
12 sultant, advisor, or person serving in a similar
13 capacity;

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

19 “(C) any equity holder or other security
20 holder.

21 “(34) SECURITIES LAWS.—The term ‘securities
22 laws’ has the meaning given that term under section
23 3(a) of the Securities Exchange Act of 1934 (15
24 U.S.C. 78c(a)).

1 “(35) SOURCE CODE.—With respect to a
2 blockchain system, the term ‘source code’ means a
3 listing of commands to be compiled or assembled
4 into an executable computer program.”.

5 **SEC. 102. DEFINITIONS UNDER THE SECURITIES EX-**
6 **CHANGE ACT OF 1934.**

7 Section 3(a) of the Securities Exchange Act of 1934
8 (15 U.S.C. 78c(a)) is amended—

9 (1) by redesignating the second paragraph (80)
10 (relating to funding portals) as paragraph (81); and

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

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

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

16 “(B) chapter 2 of title I of Public Law 91–
17 508 (12 U.S.C. 1951 et seq.); and

18 “(C) subchapter II of chapter 53 of title
19 31, United States Code.

20 “(83) ADDITIONAL DIGITAL COMMODITY-RE-
21 LATED TERMS.—

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

1 commodity issuer’, ‘end user distribution’, ‘mature
2 blockchain system’, ‘permitted payment
3 stablecoin’, ‘related person’, and ‘source code’
4 have the meaning given those terms, respec-
5 tively, under section 2(a) of the Securities Act
6 of 1933 (15 U.S.C. 77b(a)).

7 “(B) COMMODITY EXCHANGE ACT.—The
8 terms ‘digital commodity’, ‘digital commodity
9 broker’, ‘digital commodity dealer’, ‘digital com-
10modity exchange’, ‘decentralized finance mes-
11saging system’, and ‘decentralized finance trad-
12ing protocol’ have the meaning given those
13 terms, respectively, under section 1a of the
14 Commodity Exchange Act (7 U.S.C. 1a).”.

15 **SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-**
16 **CHANGE ACT.**

17 Section 1a of the Commodity Exchange Act (7 U.S.C.
18 1a) is amended—

19 (1) in paragraph (10)(A)—

20 (A) by redesignating clauses (iii) and (iv)
21 as clauses (iv) and (v), respectively; and

22 (B) by inserting after clause (ii) the fol-
23 lowing:

24 “(iii) digital commodity;”;

25 (2) in paragraph (11)—

1 (A) in subparagraph (A)(i)—

2 (i) by redesignating subclauses (III)
3 and (IV) as subclauses (IV) and (V), re-
4 spectively; and

5 (ii) by inserting after subclause (II)
6 the following:

7 “(III) digital commodity;”; and

8 (B) by redesignating subparagraph (B) as
9 subparagraph (C) and inserting after subpara-
10 graph (A) the following:

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

13 “(i) a decentralized governance sys-
14 tem; or

15 “(ii) any excluded activity, as de-
16 scribed in section 4v.”;

17 (3) in paragraph (12)(A)(i)—

18 (A) in subclause (II), by adding at the end
19 a semicolon;

20 (B) by redesignating subclauses (III) and
21 (IV) as subclauses (IV) and (V), respectively;
22 and

23 (C) by inserting after subclause (II) the
24 following:

25 “(III) a digital commodity;”;

1 (4) in paragraph (40)—

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

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

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

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

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

10 “(52) ASSOCIATED PERSON OF A DIGITAL COM-
11 MODITY BROKER.—

12 “(A) IN GENERAL.—Except as provided in
13 subparagraph (B), the term ‘associated person
14 of a digital commodity broker’ means a person
15 who is associated with a digital commodity
16 broker as a partner, officer, employee, or agent
17 (or any person occupying a similar status or
18 performing similar functions) in any capacity
19 that involves—

20 “(i) the solicitation or acceptance of
21 an order for the purchase or sale of a dig-
22 ital commodity; or

23 “(ii) the supervision of any person en-
24 gaged in the solicitation or acceptance of

1 an order for the purchase or sale of a dig-
2 ital commodity.

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

8 “(53) ASSOCIATED PERSON OF A DIGITAL COM-
9 MODITY DEALER.—

10 “(A) IN GENERAL.—Except as provided in
11 subparagraph (B), the term ‘associated person
12 of a digital commodity dealer’ means a person
13 who is associated with a digital commodity deal-
14 er as a partner, officer, employee, or agent (or
15 any person occupying a similar status or per-
16 forming similar functions) in any capacity that
17 involves—

18 “(i) the solicitation or acceptance of a
19 contract for the purchase or sale of a dig-
20 ital commodity; or

21 “(ii) the supervision of any person en-
22 gaged in the solicitation or acceptance of a
23 contract for the purchase or sale of a dig-
24 ital commodity.

1 “(B) EXCLUSION.—The term ‘associated
2 person of a digital commodity dealer’ does not
3 include any person associated with a digital
4 commodity dealer the functions of which are
5 solely clerical or ministerial.

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

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

10 “(B) chapter 2 of title I of Public Law 91–
11 508 (12 U.S.C. 1951 et seq.); and

12 “(C) subchapter II of chapter 53 of title
13 31, United States Code.

14 “(55) DIGITAL COMMODITY.—

15 “(A) IN GENERAL.—The term ‘digital com-
16 modity’ means a commodity the value of which
17 is, or is reasonably expected to be, derived from
18 the relationship of the commodity with the
19 blockchain system to which the commodity re-
20 lates.

21 “(B) RELATIONSHIP TO A BLOCKCHAIN
22 SYSTEM.—For purposes of subparagraph (A), a
23 digital commodity is considered to relate to a
24 blockchain system if the digital commodity is

1 intrinsically linked to the blockchain system, in-
2 cluding—

3 “(i) where the value of the digital
4 commodity is, or is reasonably expected to
5 be, generated by the programmatic func-
6 tioning of the blockchain system;

7 “(ii) where the digital commodity has
8 voting rights with respect to the decentral-
9 ized governance system of the blockchain
10 system;

11 “(iii) where the digital commodity is
12 issued through the programmatic func-
13 tioning of the blockchain system; or

14 “(iv) where the digital commodity is
15 used or removed from circulation in whole
16 or in part to pay fees or otherwise verify
17 or validate transactions on the blockchain
18 system.

19 “(C) EXCLUSION.—The term ‘digital com-
20 modity’ does not include—

21 “(i) a security;

22 “(ii) a digital asset that is a permitted
23 payment stablecoin;

24 “(iii) any asset which, based on its
25 terms and other characteristics, is, rep-

1 resents, or is functionally equivalent to an
2 agreement, contract, or transaction that
3 is—

4 “(I) a contract of sale of a com-
5 modity for future delivery or an op-
6 tion thereon;

7 “(II) a security futures product;

8 “(III) a swap;

9 “(IV) an agreement, contract, or
10 transaction described in section
11 2(c)(2)(C)(i) or 2(c)(2)(D)(i);

12 “(V) a commodity option author-
13 ized under section 4c; or

14 “(VI) a leverage transaction au-
15 thorized under section 19;

16 “(iv) a digital asset that references,
17 represents an interest in, or is functionally
18 equivalent to—

19 “(I) an agricultural commodity;

20 “(II) an excluded commodity; or

21 “(III) an exempt commodity,
22 other than the digital commodity
23 itself, as shall be further defined by
24 the Commission;

1 “(v) a digital asset that references,
2 represents an interest in, or is functionally
3 equivalent to—

4 “(I) a commodity pool as defined
5 in this Act; or

6 “(II) a pooled investment vehicle;
7 or

8 “(vi) a digital asset that has inherent
9 value or is reasonably expected to have
10 value other than by reason of being a dig-
11 ital commodity, including the digital equiv-
12 alent of a tangible or intangible good.

13 “(56) DIGITAL COMMODITY BROKER.—

14 “(A) IN GENERAL.—The term ‘digital com-
15 modity broker’ means any person who, as a reg-
16 ular business—

17 “(i) is engaged in—

18 “(I) soliciting or accepting an
19 order from a customer for—

20 “(aa) the purchase or sale of
21 a digital commodity; or

22 “(bb) an agreement, con-
23 tract, or transaction described in
24 section 2(c)(2)(D)(ii); and

1 “(II) in conjunction with the ac-
2 tivities in subclause (I)—

3 “(aa) accepting and main-
4 taining control of the customer
5 funds; or

6 “(bb) exercising discretion
7 over the quantity, quality, timing,
8 routing, counterparty, or other
9 any other attribute or fulfilment
10 requirement of the order of the
11 customer;

12 “(ii) is engaged in soliciting or accept-
13 ing orders from a customer for the pur-
14 chase or sale of a unit of a digital com-
15 modity on or subject to the rules of a reg-
16 istered entity; or

17 “(iii) is registered with the Commis-
18 sion as a digital commodity broker.

19 “(B) EXCEPTIONS.—The term ‘digital
20 commodity broker’ does not include a person
21 solely because the person—

22 “(i) solicits or accepts an order de-
23 scribed in subparagraph (A)(i)(I) from a
24 customer who is an eligible contract partic-
25 ipant;

1 “(ii) 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;

6 “(iii) 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; or

11 “(iv) is a bank (as defined under sec-
12 tion 3(a) of the Securities Exchange Act of
13 1934) engaging in certain banking activi-
14 ties with respect to a digital commodity in
15 the same manner as a bank is excluded
16 from the definition of a broker under such
17 section.

18 “(C) FURTHER DEFINITION.—The Com-
19 mission, by rule or regulation, may exclude
20 from the term ‘digital commodity broker’ any
21 person or class of persons if the Commission
22 determines that the rule or regulation will effec-
23 tuate the purposes of this Act.

24 “(57) DIGITAL COMMODITY CUSTODIAN.—The
25 term ‘digital commodity custodian’ means an entity

1 in the business of holding, maintaining, or safe-
2 guarding digital commodities for another person.

3 “(58) DIGITAL COMMODITY DEALER.—

4 “(A) IN GENERAL.—The term ‘digital com-
5 modity dealer’ means any person who, as a reg-
6 ular business—

7 “(i) is, or offers to be—

8 “(I) a counter party to a person
9 for—

10 “(aa) the purchase or sale of
11 a digital commodity; or

12 “(bb) an agreement, con-
13 tract, or transaction described in
14 section 2(c)(2)(D)(ii); and

15 “(II) in conjunction with the ac-
16 tivities in subclause (I)—

17 “(aa) accepts and maintains
18 control of the funds of the cus-
19 tomer; or

20 “(bb) exercises discretion
21 over the quantity, quality, timing,
22 routing, counterparty, or other
23 any other attribute or fulfilment
24 requirement of the order of the
25 person; or

1 “(ii) is registered with the Commis-
2 sion as a digital commodity dealer.

3 “(B) EXCEPTION.—The term ‘digital com-
4 modity dealer’ does not include a person solely
5 because the person—

6 “(i) is or offers to be a counterparty
7 to a person who is an eligible contract par-
8 ticipant;

9 “(ii) enters into a digital commodity
10 transaction with an eligible contract partic-
11 ipant;

12 “(iii) enters into a digital commodity
13 transaction on or through a registered dig-
14 ital commodity exchange;

15 “(iv) enters into a digital commodity
16 transaction for the person’s own account,
17 either individually or in a fiduciary capac-
18 ity, but not as a part of a regular business;

19 “(v) enters into a digital commodity
20 transaction the primary purpose of which
21 is to make, send, receive, or facilitate pay-
22 ments, whether involving a payment service
23 provider or on a peer-to-peer basis;

24 “(vi) validates a digital commodity
25 transaction, operates a node, or engages in

1 similar activity to participate in facili-
2 tating, operating, or securing a blockchain
3 system; or

4 “(vii) is a bank (as defined under sec-
5 tion 3(a) of the Securities Exchange Act of
6 1934) engaging in certain banking activi-
7 ties with respect to a digital commodity in
8 the same manner as a bank is excluded
9 from the definition of a dealer under sec-
10 tion 3(a)(5) of such Act.

11 “(C) FURTHER DEFINITION.—The Com-
12 mission, by rule or regulation, may exclude
13 from the term ‘digital commodity dealer’ any
14 person or class of persons if the Commission
15 determines that the rule or regulation will effec-
16 tuate the purposes of this Act.

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

21 “(60) DIGITAL COMMODITY-RELATED DEFINI-
22 TIONS.—The terms ‘affiliated person’, ‘blockchain
23 system’, ‘decentralized governance system’, ‘digital
24 asset’, ‘digital asset issuer’, ‘end user distribution’,
25 ‘functional system’, ‘mature blockchain system’,

1 ‘permitted payment stablecoin’, and ‘related person’
2 have the meaning given the terms, respectively,
3 under section 2(a) of the Securities Act of 1933 (15
4 U.S.C. 77b(a)).

5 “(61) DECENTRALIZED FINANCE TRADING PRO-
6 TOCOL.—The term ‘decentralized finance trading
7 protocol’ means a blockchain system that enables
8 users to engage in a financial transaction in a self-
9 directed manner so that no other person is necessary
10 to execute the financial transaction or take custody
11 of the digital assets of the user during any part of
12 the financial transactions.

13 “(62) DECENTRALIZED FINANCE MESSAGING
14 SYSTEM.—

15 “(A) IN GENERAL.—The term ‘decentral-
16 ized finance messaging system’ means a soft-
17 ware application that provides a user with the
18 ability to create or submit an instruction, com-
19 munication, or message to a decentralized fi-
20 nance trading protocol for the purpose of exe-
21 cuting a transaction by the user.

22 “(B) ADDITIONAL REQUIREMENTS.—The
23 term ‘decentralized finance messaging system’
24 does not include any system that provides any
25 person other than the user with—

1 “(i) custody of assets of the user; or

2 “(ii) discretion on the quantity, qual-
3 ity, timing, routing, counterparty, or other
4 any other attribute or fulfilment require-
5 ment of a transaction of the user.

6 “(63) MIXED DIGITAL ASSET TRANSACTION.—

7 The term ‘mixed digital asset transaction’ means an
8 agreement, contract, or transaction involving a dig-
9 ital commodity and a security.”.

10 **SEC. 104. DEFINITIONS UNDER THIS ACT.**

11 In this Act:

12 (1) DEFINITIONS UNDER THE COMMODITY EX-
13 CHANGE ACT.—The terms “digital commodity”,
14 “digital commodity broker”, “digital commodity
15 dealer”, “digital commodity exchange”, and “mixed
16 digital asset transaction” have the meaning given
17 those terms, respectively, under section 1a of the
18 Commodity Exchange Act (7 U.S.C. 1a).

19 (2) DEFINITIONS UNDER THE SECURITIES ACT
20 OF 1933.—The terms “affiliated person”,
21 “blockchain”, “blockchain system”, “blockchain pro-
22 tocol”, “digital asset”, “digital commodity issuer”,
23 “end user distribution”, “mature blockchain sys-
24 tem”, “permitted payment stablecoin”, “securities
25 laws”, and “source code” have the meaning given

1 those terms, respectively, under section 2(a) of the
2 Securities Act of 1933 (15 U.S.C. 77b(a)).

3 (3) DEFINITIONS UNDER THE SECURITIES EX-
4 CHANGE ACT OF 1934.—The terms “Bank Secrecy
5 Act”, “securities laws”, and “self-regulatory organi-
6 zation” have the meaning given those terms, respec-
7 tively, under section 3(a) of the Securities Exchange
8 Act of 1934 (15 U.S.C. 78c(a)).

9 **SEC. 105. RULEMAKINGS.**

10 (a) DEFINITIONS.—The Commodity Futures Trading
11 Commission and the Securities and Exchange Commission
12 shall jointly issue rules to further define the following
13 terms:

14 (1) The terms—

15 (A) “affiliated person”, “blockchain”,
16 “blockchain system”, “blockchain protocol”,
17 “decentralized governance system”, “digital
18 commodity issuer”, “end user distribution”,
19 “mature blockchain system”, “related person”,
20 and “source code”, as defined under section
21 2(a) of the Securities Act of 1933; and

22 (B) “unilateral authority” and “pro-
23 grammatic functioning”, as such terms are used
24 in section 2(a)(25) of the Securities Act of
25 1933.

1 (2) The terms “digital commodity”, “decentral-
2 ized finance messaging system”, and “decentralized
3 finance trading protocol” as defined under section
4 1a of the Commodity Exchange Act.

5 (b) RULEMAKING FOR MIXED DIGITAL ASSET
6 TRANSACTIONS.—The Securities and Exchange Commis-
7 sion may issue rules applicable to mixed digital asset
8 transactions under this Act and the amendments made by
9 this Act, including by further defining such term.

10 (c) PROTECTION OF SELF-CUSTODY.—

11 (1) IN GENERAL.—The Secretary of the Treas-
12 ury and the Financial Crimes Enforcement Network
13 may not issue any rule or order that would prohibit
14 a U.S. individual from—

15 (A) maintaining a hardware wallet, soft-
16 ware wallet, or other means to facilitate such
17 individual’s own custody of digital assets; or

18 (B) conducting transactions with and self-
19 custody of digital assets for any lawful purpose.

20 (2) RULE OF CONSTRUCTION.—Paragraph (1)
21 may not be construed to limit the ability of the Sec-
22 retary of the Treasury or the Financial Crimes En-
23 forcement Network to carry out any enforcement ac-
24 tion.

1 (d) JOINT RULEMAKING, PROCEDURES, OR GUID-
2 ANCE FOR DELISTING.—Not later than 30 days after the
3 date of the enactment of this Act, the Commodity Futures
4 Trading Commission and the Securities and Exchange
5 Commission shall jointly issue rules, procedures, or guid-
6 ance (as determined appropriate by the Commissions) re-
7 garding the process to delist an asset for trading under
8 section 106 of this Act if the Commissions determine that
9 the listing is inconsistent with the Commodity Exchange
10 Act, the securities laws (including regulations under those
11 laws), or this Act.

12 **SEC. 106. NOTICE OF INTENT TO REGISTER FOR DIGITAL**
13 **COMMODITY EXCHANGES, BROKERS, AND**
14 **DEALERS.**

15 (a) IN GENERAL.—

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

21 (A) digital commodity exchange, for a per-
22 son intending to register as a digital commodity
23 exchange under section 5i of the Commodity
24 Exchange Act;

1 (B) digital commodity broker, for a person
2 intending to register as a digital commodity
3 broker under section 4u of such Act; or

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

7 (2) CONDITIONS.—

8 (A) NON-REGISTERED PERSONS.—A per-
9 son, other than a registered person, who files a
10 notice of intent to register under paragraph (1)
11 shall be considered to be in compliance with
12 this section if the person—

13 (i) is a member of a futures associa-
14 tion registered under section 17 of the
15 Commodity Exchange Act, and complies
16 with the rules of the association, including
17 the rules of the association pertaining to
18 customer disclosures and protection of cus-
19 tomer assets;

20 (ii) submits to the Commission and
21 continues to materially update a statement
22 of the nature of the registrations the filer
23 intends to pursue;

24 (iii) submits to the Commission and
25 continues to materially update the infor-

1 mation required by subsections (b) and (c)
2 of this section;

3 (iv) complies with subsection (d) of
4 this section; and

5 (v) pays all fees and penalties imposed
6 on the person under section 510 of this
7 Act.

8 (B) REGISTERED PERSONS.—

9 (i) IN GENERAL.—A registered person
10 who files a notice of intent to register
11 under paragraph (1) shall be considered to
12 be in compliance with this section if the
13 person—

14 (I) is in compliance with the
15 rules of any association referred to in
16 clause (ii) of which the person is a
17 member, including the rules per-
18 taining to customer disclosures and
19 protection of customer assets;

20 (II) submits to the Commission
21 (and the Securities and Exchange
22 Commission, if clause (ii)(II) de-
23 scribes the person), and continues to
24 materially update, a statement of the

1 nature of the registrations the filer in-
2 tends to pursue;

3 (III) submits, and continues to
4 materially update, the information re-
5 quired by subsection (c);

6 (IV) complies with subsection
7 (d); and

8 (V) pays all fees and penalties
9 imposed on the person under section
10 510.

11 (ii) DEFINITION.—In this paragraph,
12 the term “registered person” means a per-
13 son who is—

14 (I) registered with the Com-
15modity Futures Trading Commission
16 as a futures commission merchant or
17 an introducing broker, and a member
18 of a registered futures association; or

19 (II) registered with the Securities
20 and Exchange Commission as a
21 broker or dealer, and a member of a
22 national securities association.

23 (b) DISCLOSURE OF GENERAL INFORMATION.—A
24 person who files a notice of intent to register under sub-
25 section (a) shall disclose to the Commission the following:

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

3 (A) the ownership and management of the
4 person;

5 (B) the financial condition of the person;

6 (C) affiliated entities;

7 (D) potential conflicts of interest;

8 (E) the address of the person, including—

9 (i) the place of incorporation;

10 (ii) principal place of business; and

11 (iii) an address for service of process;

12 and

13 (F) a list of the States in which the person
14 has operations.

15 (2) Information concerning the operations of
16 the person, including—

17 (A) a general description of the person's
18 business and the terms of service for United
19 States customers;

20 (B) a description of the person's account
21 approval process;

22 (C) any rulebook or other customer order
23 fulfilment rules;

24 (D) risk management procedures;

1 (E) a description of the product listing
2 process; and

3 (F) policies and procedures for compliance
4 with the Bank Secrecy Act.

5 (c) LISTING INFORMATION.—A person who files a no-
6 tice of intent to register under subsection (a) shall make
7 publicly available—

8 (1) the specific characteristics of each digital
9 asset listed or offered by the person; and

10 (2) the product listing determination made by
11 the person for each asset listed or offered for trad-
12 ing by the person.

13 (d) REQUIREMENTS.—A person who files a notice of
14 intent to register under subsection (a) shall comply with
15 the following requirements:

16 (1) STATUTORY DISQUALIFICATIONS.—Except
17 to the extent otherwise specifically provided by Com-
18 mission or registered futures association rule, regu-
19 lation, or order, the person shall not permit an indi-
20 vidual who is subject to a statutory disqualification
21 under paragraph (2) or (3) of section 8a of the
22 Commodity Exchange Act or subject to a statutory
23 disqualification as defined in section 3(a) of the Se-
24 curities Exchange Act of 1934 (15 U.S.C. 78c(a)) to
25 effect or be involved in effecting transactions on be-

1 half of the person, if the person knew, or in the ex-
2 ercise of reasonable care should have known, of the
3 statutory disqualification.

4 (2) BOOKS AND RECORDS.—The person shall
5 keep their books and records open to inspection and
6 examination by the Commission and by any reg-
7 istered futures association or national securities as-
8 sociation of which the person is a member.

9 (3) CUSTOMER DISCLOSURES.—The person
10 shall disclose to customers—

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

14 (B) information about the legal entity that
15 custodies customer assets and the general man-
16 ner in which the digital assets of the customer
17 will be and are custodied;

18 (C) information concerning the policies and
19 procedures of the person that are related to the
20 protection of the data of customers of the per-
21 son, including information regarding any con-
22 flicts of interest or material affiliates; and

23 (D) in their disclosure documents, offering
24 documents, and promotional material—

1 (i) in a prominent manner, that they
2 are not registered with or regulated by the
3 Commission; and

4 (ii) the contact information for the
5 whistleblower, complaint, and reparation
6 programs of the Commission.

7 (4) 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) calculate the total digital asset
20 obligations of the person, and at all times
21 hold money, assets, or property equal to or
22 in excess of the total digital asset obliga-
23 tions; and

24 (iv) not commingle such money, assets
25 and property held to meet the total com-

1 modity obligation with the funds of the
2 person or use the money, assets, or prop-
3 erty to margin, secure, or guarantee any
4 trade or contract, or to secure or extend
5 the credit, of any customer or person other
6 than the one for whom the same are held,
7 except that—

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

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

24 (B) ADDITIONAL RESOURCES.—

1 (i) IN GENERAL.—This section shall
2 not prevent or be construed to prevent the
3 person from adding to the customer
4 money, assets, and property required to be
5 segregated under subparagraph (A), addi-
6 tional amounts of money, assets, or prop-
7 erty from the account of the person as the
8 person determines necessary to hold
9 money, assets, or property equal to or in
10 excess of the total digital asset obligations
11 of the person.

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

17 (e) DELISTING.—This section shall not be construed
18 to limit the authority of the Commission and the Securi-
19 ties and Exchange Commission to jointly require a person
20 to delist an asset for trading if the Commission and the
21 Securities and Exchange Commission determines that the
22 listing is inconsistent with the Commodity Exchange Act,
23 the securities laws (including regulations under those
24 laws), or this Act.

1 (f) REGISTRATION.—A person may not file a notice
2 of intent to register with the Commission after the Com-
3 mission has finalized its rules for the registration of digital
4 commodity exchanges, digital commodity brokers, or dig-
5 ital commodity dealers, as appropriate.

6 (g) RULEMAKING.—

7 (1) REGISTERED FUTURES ASSOCIATION.—

8 (A) IN GENERAL.—Within 180 days after
9 the date of the enactment of this Act, a reg-
10 istered futures association shall adopt and en-
11 force rules applicable to persons required by
12 subsection (a)(2) to be members of the associa-
13 tion.

14 (B) FEES.—The rules adopted under sub-
15 paragraph (A) of this paragraph may provide
16 for dues in accordance with section 17(b)(6) of
17 the Commodity Exchange Act.

18 (C) EFFECT.—A registered futures asso-
19 ciation shall submit to the Commission any rule
20 adopted under subparagraph (A) of this para-
21 graph, which shall take effect pursuant to the
22 requirements of section 17(j) of the Commodity
23 Exchange Act.

24 (2) NATIONAL SECURITIES ASSOCIATION.—

1 (A) IN GENERAL.—A national securities
2 association may adopt and enforce rules written
3 specifically for persons filing a notice of intent
4 to register under subsection (a), including rules
5 that prescribe reasonable fees and charges to
6 defray the costs of the national securities asso-
7 ciation related to overseeing the persons.

8 (B) APPROVAL BY THE COMMISSION.—
9 With respect to a provisional rule described
10 under subparagraph (A) filed with the Securi-
11 ties and Exchange Commission, the Securities
12 and Exchange Commission shall—

13 (i) not later than 90 days after the
14 date of the filing, approve the rule if the
15 Securities and Exchange Commission de-
16 termines that the rule effectuates the pur-
17 poses of this section; and

18 (ii) make the approval on a summary
19 basis pursuant to section 19(b)(3)(B) of
20 the Securities Exchange Act of 1934.

21 (h) LIABILITY OF THE FILER.—It shall be unlawful
22 for any person to provide false information in support of
23 a filing under this section if the person knew or reasonably
24 should have known that the information was false.

1 (i) WHISTLEBLOWER ENFORCEMENT.—For purposes
2 of section 23 of the Commodity Exchange Act, the term
3 “this Act” includes this section.

4 **SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES**

5 **LAWS SAVINGS PROVISIONS.**

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

8 (1) any agreement, contract, or transaction that
9 is subject to the Commodity Exchange Act as—

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

12 (B) a swap;

13 (C) a security futures product;

14 (D) an option authorized under section 4c
15 of such Act;

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

18 or

19 (F) a leverage transaction authorized
20 under section 19 of such Act;

21 (2) any agreement, contract, or transaction that
22 is subject to the securities laws as—

23 (A) a security-based swap;

24 (B) a security futures product; or

1 (C) an option on or based on the value of
2 a security; or

3 (3) 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. ADMINISTRATIVE REQUIREMENTS.**

18 Section 4c(a) of the Commodity Exchange Act (7
19 U.S.C. 6c(a)) is amended—

20 (1) in paragraph (3)—

21 (A) in subparagraph (B), by striking “or”
22 at the end;

23 (B) in subparagraph (C), by striking the
24 period and inserting “; or”; and

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

1 “(D) a contract of sale of a digital com-
2 modity.”;

3 (2) in paragraph (4)—

4 (A) in subparagraph (A)—

5 (i) in clause (ii), by striking “or” at
6 the end;

7 (ii) in clause (iii), by striking the pe-
8 riod and inserting “; or”; and

9 (iii) by adding at the end the fol-
10 lowing:

11 “(iv) a contract of sale of a digital
12 commodity.”;

13 (B) in subparagraph (B)—

14 (i) in clause (ii), by striking “or” at
15 the end;

16 (ii) in clause (iii), by striking the pe-
17 riod and inserting “; or”; and

18 (iii) by adding at the end the fol-
19 lowing:

20 “(iv) a contract of sale of a digital
21 commodity.”; and

22 (C) in subparagraph (C)—

23 (i) in clause (ii), by striking “or” at
24 the end;

1 (ii) by striking “(iii) a swap, provided
2 however,” and inserting the following:

3 “(iii) a swap; or

4 “(iv) a contract of sale of a digital
5 commodity,

6 provided, however,”; and

7 (iii) by striking “clauses (i), (ii), or
8 (iii)” and insert “any of clauses (i)
9 through (iv)”.

10 **SEC. 109. INTERNATIONAL COOPERATION.**

11 In order to promote greater consistency in effective
12 and consistent global regulation of digital commodities,
13 the Commodity Futures Trading Commission and the Se-
14 curities and Exchange Commission, as appropriate—

15 (1) shall consult and coordinate with foreign
16 regulatory authorities on the application of con-
17 sistent international standards with respect to the
18 regulation of digital commodities; and

19 (2) may enter into such information-sharing ar-
20 rangements as may be deemed to be necessary or
21 appropriate in the public interest or for the protec-
22 tion of investors, customers, and users of digital
23 commodities.

1 **SEC. 110. IMPLEMENTATION.**

2 (a) GLOBAL RULEMAKING TIMEFRAME.—Unless oth-
3 erwise provided in this Act or an amendment made by this
4 Act, the Commodity Futures Trading Commission and the
5 Securities and Exchange Commission, or both, shall indi-
6 vidually, and jointly where required, promulgate rules and
7 regulations required of each Commission under this Act
8 or an amendment made by this Act not later than 360
9 days after the date of enactment of this Act.

10 (b) RULES AND REGISTRATION BEFORE FINAL EF-
11 FECTIVE DATES.—

12 (1) IN GENERAL.—In order to prepare for the
13 implementation of this Act, the Commodity Futures
14 Trading Commission and the Securities and Ex-
15 change Commission may, before any effective date
16 provided in this Act—

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

19 (B) conduct studies and prepare reports
20 and recommendations required by this Act;

21 (C) register persons under this Act; and

22 (D) exempt persons, agreements, contracts,
23 or transactions from provisions of this Act,
24 under the terms contained in this Act.

25 (2) LIMITATION ON EFFECTIVENESS.—An ac-
26 tion by the Commodity Futures Trading Commission

1 or the Securities and Exchange Commission under
2 paragraph (1) shall not become effective before the
3 effective date otherwise applicable to the action
4 under this Act.

5 **SEC. 111. APPLICATION OF THE BANK SECRECY ACT.**

6 (a) IN GENERAL.—Section 5312(c)(1)(A) of title 31,
7 United States Code, is amended—

8 (1) by inserting “digital commodity broker, dig-
9 ital commodity dealer,” after “futures commission
10 merchant,”; and

11 (2) by inserting before the period the following:
12 “and any digital commodity exchange registered, or
13 required to register, under the Commodity Exchange
14 Act which permits direct customer access”.

15 (b) GAO STUDY.—

16 (1) IN GENERAL.—The Comptroller General of
17 the United States, in consultation with the Secretary
18 of the Treasury, shall conduct a study to—

19 (A) assess the risks posed by centralized
20 intermediaries that are primarily located in for-
21 eign jurisdictions that provide services to U.S.
22 persons without regulatory requirements that
23 are substantially similar to the requirements of
24 the Bank Secrecy Act; and

1 (B) provide any regulatory or legislative
2 recommendations to address these risks under
3 subparagraph (A).

4 (2) REPORT.—Not later than 1 year after the
5 date of enactment of this Act, the Comptroller Gen-
6 eral shall issue a report to Congress containing all
7 findings and determinations made in carrying out
8 the study required under paragraph (1).

9 **TITLE II—OFFERS AND SALES OF** 10 **DIGITAL COMMODITIES**

11 **SEC. 201. TREATMENT OF INVESTMENT CONTRACT ASSETS.**

12 (a) SECURITIES ACT OF 1933.—Section 2(a) of the
13 Securities Act of 1933 (15 U.S.C. 77b(a)), as amended
14 by section 101, is further amended—

15 (1) in paragraph (1), by adding at the end the
16 following: “The term ‘investment contract’ does not
17 include an investment contract asset.”; and

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

19 “(36) The term ‘investment contract asset’
20 means a digital commodity—

21 “(A) that can be exclusively possessed and
22 transferred, person to person, without necessary
23 reliance on an intermediary, and is recorded on
24 a blockchain; and

1 “(B) sold or otherwise transferred, or in-
2 tended to be sold or otherwise transferred, pur-
3 suant to an investment contract issued in an of-
4 fering either registered under section 6 or con-
5 ducted in reliance on an available exemption
6 from the registration requirements of this
7 Act.”.

8 (b) INVESTMENT ADVISERS ACT OF 1940.—Section
9 202(a)(18) of the Investment Advisers Act of 1940 (15
10 U.S.C. 80b–2(a)(18)) is amended by adding at the end
11 the following: “The term ‘investment contract’ does not
12 include an investment contract asset (as such term is de-
13 fined under section 2(a) of the Securities Act of 1933).”.

14 (c) INVESTMENT COMPANY ACT OF 1940.—Section
15 2(a)(36) of the Investment Company Act of 1940 (15
16 U.S.C. 80a–2(a)(36)) is amended by adding at the end
17 the following: “The term ‘investment contract’ does not
18 include an investment contract asset (as such term is de-
19 fined under section 2(a) of the Securities Act of 1933).”.

20 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
21 3(a)(10) of the Securities Exchange Act of 1934 (15
22 U.S.C. 78c(a)(10)) is amended by adding at the end the
23 following: “The term ‘investment contract’ does not in-
24 clude an investment contract asset (as such term is de-
25 fined under section 2(a) of the Securities Act of 1933).”.

1 (e) SECURITIES INVESTOR PROTECTION ACT OF
2 1970.—Section 16(14) of the Securities Investor Protec-
3 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
4 ing at the end the following: “The term ‘investment con-
5 tract’ does not include an investment contract asset (as
6 such term is defined under section 2(a) of the Securities
7 Act of 1933).”.

8 **SEC. 202. TREATMENT OF SECONDARY TRANSACTIONS IN**
9 **DIGITAL COMMODITIES.**

10 Notwithstanding any other provision of law, the offer
11 or sale of a digital commodity by a person other than the
12 issuer of such digital commodity, or an agent thereof, that
13 does not represent or give the purchaser an ownership in-
14 terest or other interest in the revenues, profits, or assets
15 of the issuer of such digital commodity or another business
16 entity or person, or in assets acquired or to be acquired
17 by any such person, shall be deemed not to be an offer
18 or sale of an investment contract between the issuer of
19 such digital commodity, or an agent thereof, and the pur-
20 chaser of such digital commodity under—

21 (1) the Securities Act of 1933 (15 U.S.C. 77a
22 et seq.);

23 (2) the Investment Advisers Act of 1940 (15
24 U.S.C. 80b–1 et seq.);

1 (3) the Investment Company Act of 1940 (15
2 U.S.C. 80a-1 et seq.);

3 (4) the Securities Exchange Act of 1934 (15
4 U.S.C. 78a et seq.);

5 (5) the Securities Investor Protection Act of
6 1970 (15 U.S.C. 78aaa et seq.); and

7 (6) any applicable provisions of State law.

8 **SEC. 203. EXEMPTED TRANSACTIONS IN DIGITAL COMMOD-**
9 **ITIES.**

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

12 (1) in section 4(a), by adding at the end the
13 following:

14 “(8) the offer or sale of an investment contract
15 involving units of a digital commodity by a digital
16 commodity issuer, if—

17 “(A) the blockchain system to which the
18 digital commodity relates, together with the dig-
19 ital commodity, is certified as a mature
20 blockchain system under section 43 of the Secu-
21 rities Exchange Act of 1934 or the issuer in-
22 tends for the blockchain system to which the
23 digital commodity relates to be a mature
24 blockchain system not later than the later of—

1 “(i) the date that is four years after
2 the first sale of such digital commodity; or

3 “(ii) the date that is four years after
4 the effective date of this paragraph;

5 “(B) the aggregate amount of units of the
6 digital commodity sold by the digital commodity
7 issuer in reliance on the exemption provided
8 under this paragraph, during the 12-month pe-
9 riod preceding the date of such transaction, in-
10 cluding the amount sold in such transaction, is
11 not more than \$150,000,000 (as such amount
12 is annually adjusted by the Commission to re-
13 flect the change in the Consumer Price Index
14 for All Urban Consumers published by the Bu-
15 reau of Labor Statistics of the Department of
16 Labor);

17 “(C) after the completion of the trans-
18 action, a purchaser does not own more than 10
19 percent of the total amount of the outstanding
20 units of the digital commodity;

21 “(D) the transaction does not involve the
22 offer or sale of an investment contract involving
23 units of a digital commodity by a digital com-
24 modity issuer that—

1 “(i) is not organized under the laws of
2 a State, a territory of the United States,
3 or the District of Columbia;

4 “(ii) is a development stage company
5 that either—

6 “(I) has no specific business plan
7 or purpose; or

8 “(II) has indicated that the busi-
9 ness plan of the company is to merge
10 with or acquire an unidentified com-
11 pany;

12 “(iii) is an investment company, as
13 defined in section 3 of the Investment
14 Company Act of 1940 (15 U.S.C. 80a-3),
15 or is excluded from the definition of invest-
16 ment company by section 3(b) or section
17 3(c) of that Act (15 U.S.C. 80a-3(b) or
18 80a-3(c));

19 “(iv) is issuing fractional undivided
20 interests in oil or gas rights, or a similar
21 interest in other mineral rights;

22 “(v) is, or has been, subject to any
23 order of the Commission entered pursuant
24 to section 12(j) of the Securities Exchange

1 Act of 1934 during the 5-year period be-
2 fore the filing of the offering statement; or

3 “(vi) is disqualified pursuant to sec-
4 tion 230.262 of title 17, Code of Federal
5 Regulations; and

6 “(E) the issuer meets the requirements of
7 section 4B(a).”; and

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

9 **“SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIG-
10 ITAL COMMODITY TRANSACTIONS.**

11 **“(a) REQUIREMENTS FOR DIGITAL COMMODITY
12 ISSUERS.—**

13 **“(1) TERMS AND CONDITIONS.—**A digital com-
14 modity issuer offering or selling a unit of digital
15 commodity in reliance on section 4(a)(8) shall file
16 with the Commission an offering statement and any
17 related documents, in such form and with such con-
18 tent as prescribed by the Commission, including fi-
19 nancial information, a description of the issuer and
20 the operations of the issuer, the financial condition
21 of the issuer, a description of the plan of distribu-
22 tion of any unit of a digital commodity that is to be
23 offered as well as the intended use of the offering
24 proceeds, and a description of the development plan

1 for the blockchain system, and the related digital
2 commodity, to become a mature blockchain system.

3 “(2) INFORMATION REQUIRED FOR PUR-
4 CHASERS.—A digital commodity issuer that has filed
5 a statement under paragraph (1) to offer and sell a
6 unit of a digital commodity pursuant to an invest-
7 ment contract in reliance on section 4(a)(8) shall in-
8 clude in such statement the following information
9 with the Commission:

10 “(A) SOURCE CODE.—The source code for
11 any blockchain system to which the digital com-
12 modity relates, including whether the source
13 code was sourced from an external third party,
14 if there are any existing external dependencies,
15 and whether the code underwent a third-party
16 security audit.

17 “(B) TRANSACTION HISTORY.—A descrip-
18 tion of the steps necessary to independently ac-
19 cess, search, and verify the transaction history
20 of any blockchain system to which the digital
21 commodity relates.

22 “(C) DIGITAL COMMODITY ECONOMICS.—A
23 description of the purpose of any blockchain
24 system to which the digital commodity relates

1 and the operation of any such blockchain sys-
2 tem, including—

3 “(i) information explaining the launch
4 and supply process, including the number
5 of units of the digital commodity to be
6 issued in an initial allocation, the total
7 number of units of the digital commodity
8 to be created, the release schedule for the
9 units of the digital commodity, and the
10 total number of units of the digital com-
11 modity outstanding;

12 “(ii) information explaining the tech-
13 nical requirements for holding, accessing,
14 and transferring the digital commodity;

15 “(iii) information on any applicable
16 consensus mechanism or process for vali-
17 dating transactions, method of generating
18 or mining digital commodities, and any
19 process for burning or destroying units of
20 the digital commodity on the blockchain
21 system;

22 “(iv) an explanation of governance
23 mechanisms for implementing changes to
24 the blockchain system or forming con-

1 sensus among holders of units of such dig-
2 ital commodity; and

3 “(v) sufficient information for a third
4 party to create a tool for verifying the
5 transaction history of the digital com-
6 modity.

7 “(D) PLAN OF DEVELOPMENT.—The cur-
8 rent state and timeline for the development of
9 any blockchain system to which the digital com-
10 modity relates, detailing how and when the
11 blockchain system is intended to be a mature
12 blockchain system, and the various roles that
13 exist or are intended to exist in connection with
14 the blockchain system, such as users, service
15 providers, developers, transaction validators,
16 and governance participants.

17 “(E) DEVELOPMENT DISCLOSURES.—A
18 list of all persons who are related persons or af-
19 filiated persons who have been issued a unit of
20 the digital commodity by the digital commodity
21 issuer or have a right to a unit of the digital
22 commodity from the digital commodity issuer.

23 “(F) RISK FACTOR DISCLOSURES.—A de-
24 scription of the material risks surrounding own-
25 ership of a unit of a digital commodity.

1 “(3) ONGOING DISCLOSURE REQUIREMENTS.—
2 A digital commodity issuer that has filed a state-
3 ment under paragraph (1) to offer and sell a unit
4 of a digital commodity in reliance on section 4(a)(8)
5 shall file the following with the Commission:

6 “(A) SEMIANNUAL REPORTS.—Every 6
7 months, a report containing—

8 “(i) an updated description of the cur-
9 rent state and timeline for the development
10 of the blockchain system to which the dig-
11 ital commodity relates, showing how and
12 when the blockchain is intended to be a
13 mature blockchain system;

14 “(ii) a description of the efforts of the
15 issuer and related persons in developing
16 the blockchain system to which the digital
17 commodity relates; and

18 “(iii) the amount of money raised by
19 the digital commodity issuer in reliance on
20 section 4(a)(8), how much of that money
21 has been spent, and the general categories
22 and amounts on which that money has
23 been spent.

24 “(B) CURRENT REPORTS.—A current re-
25 port reflecting any material changes to the in-

1 formation previously reported to the Commis-
2 sion by the digital commodity issuer, which
3 shall be filed as soon as practicable after the
4 material change occurred, in accordance with
5 such rules as the Commission may prescribe as
6 necessary or appropriate in the public interest
7 or for the protection of investors.

8 “(4) RULEMAKING.—Not later than 360 days
9 after the date of the enactment of this section, the
10 Commission shall prescribe rules on requirements
11 applicable to issuers of digital commodities in reli-
12 ance on section 4(a)(8).

13 “(5) TERMINATION OF REPORTING REQUIRE-
14 MENTS.—

15 “(A) IN GENERAL.—The ongoing reporting
16 requirements under paragraph (3) shall not
17 apply to a digital commodity issuer 180 days
18 after the end of the covered fiscal year, if the
19 information with respect to the digital com-
20 modity and the blockchain system to which is
21 relates described in subparagraphs (A) through
22 (C) of paragraph (2) is made publicly available
23 by a digital commodity exchange registered pur-
24 suant to 5i of the Commodity Exchange Act.

1 “(B) COVERED FISCAL YEAR DEFINED.—

2 In this paragraph, the term ‘covered fiscal year’
3 means the first fiscal year of a digital com-
4 modity issuer in which the blockchain system to
5 which the digital commodity relates is certified
6 as a mature blockchain system under section 43
7 of the Securities Exchange Act of 1934.

8 “(b) REQUIREMENTS FOR INTERMEDIARIES.—A per-
9 son acting as an intermediary in connection with the offer
10 or sale of an investment contract involving units of a dig-
11 ital commodity in reliance on section 4(a)(8) shall—

12 “(1) register with the Commission as a broker
13 or dealer; and

14 “(2) be a member of a national securities asso-
15 ciation registered under section 15A of the Securi-
16 ties Exchange Act of 1934 (15 U.S.C. 78o–3).

17 “(c) DISQUALIFICATION PROVISIONS.—The Commis-
18 sion shall issue rules to apply the disqualification provi-
19 sions under section 230.262 of title 17, Code of Federal
20 Regulations, to the exemption provided under section
21 4(a)(8).

22 “(d) FAILURE TO MATURE.—Not later than 270
23 days after the date of the enactment of this section, the
24 Commission shall issue rules applying such additional obli-
25 gations and disclosures for the digital commodity issuers,

1 related persons, and affiliated persons of a blockchain sys-
2 tem described under paragraph (1) that does not become
3 a mature blockchain system within the time period de-
4 scribed in section 4(a)(8)(A) as are necessary or appro-
5 priate in the public interest or for the protection of inves-
6 tors.”.

7 (b) ADDITIONAL EXEMPTIONS.—

8 (1) CERTAIN REGISTRATION REQUIREMENTS.—

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

13 (2) EXEMPTION FROM STATE REGULATION.—

14 Section 18(b)(4) of the Securities Act of 1933 (15
15 U.S.C. 77r(b)(4)) is amended—

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

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

20 (C) in subparagraph (F)—

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

24 (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 (c) USE OF OTHER EXEMPTIONS.—

6 (1) RULE OF CONSTRUCTION.—Nothing in this
7 section or the amendments made by this section may
8 be construed as prohibiting the offer or sale of a
9 unit of a digital commodity in reliance on an exemp-
10 tion provided under section 4(a) of the Securities
11 Act of 1933 other than that provided under section
12 4(a)(8) of the Securities Act of 1933.

13 (2) RULEMAKING.—The Securities and Ex-
14 change Commission may issue rules—

15 (A) to require disclosures in connection
16 with the offer or sale of a unit of a digital com-
17 modity described in paragraph (1) that are
18 comparable to the disclosures required in con-
19 nection with the offer or sale of a unit of a dig-
20 ital commodity made in reliance on the exemp-
21 tion provided under section 4(a)(8) of the Secu-
22 rities Act of 1933; and

23 (B) to establish the comparable set of re-
24 ports described under section 42(b)(1)(A)(i) of
25 the Securities Exchange Act of 1934.

1 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
2 **ITAL COMMODITIES BY RELATED AND AF-**
3 **FILIATED PERSONS.**

4 (a) IN GENERAL.—Title I of the Securities Exchange
5 Act of 1934 (15 U.S.C. 78a et seq.) is amended by adding
6 at the end the following:

7 **“SEC. 42. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
8 **ITAL COMMODITIES BY RELATED AND AF-**
9 **FILIATED PERSONS.**

10 “(a) IN GENERAL.—It shall be a violation of this Act
11 for an affiliated person or a related person to transact in
12 a digital commodity other than as provided in this section.

13 “(b) RESTRICTIONS ON RELATED PERSONS AND AF-
14 FILIATED PERSONS.—

15 “(1) PRIOR TO BEING A MATURE BLOCKCHAIN
16 SYSTEM.—Prior to the blockchain system to which a
17 digital commodity relates being certified as a mature
18 blockchain system under section 43, units of the dig-
19 ital commodity may be—

20 “(A) offered or sold by a related person or
21 affiliated person if—

22 “(i) reports with respect to such dig-
23 ital commodity required under section
24 4B(a)(3) of the Securities Act of 1933 (or,
25 with respect a digital commodity not issued
26 in reliance on section 4(a)(8) of the Securi-

1 ties Act of 1933, a comparable set of re-
2 ports specified by the Commission) have
3 been filed with the Commission;

4 “(ii) the related person or affiliated
5 person has held the units for not less than
6 12 months from the date the units were re-
7 ceived;

8 “(iii) the units of the digital com-
9 modity are offered or sold through a dig-
10 ital commodity exchange; and

11 “(iv) the aggregate amount of the
12 units of the digital commodity offered or
13 sold in any 3-month period is not greater
14 than the lesser of—

15 “(I) 5 percent of the total held
16 by the related person or affiliated per-
17 son; or

18 “(II) 1 percent of the average
19 weekly volume of trading in such dig-
20 ital commodity; and

21 “(B) used by a related person or affiliated
22 in the programmatic functioning of the
23 blockchain system.

24 “(2) AFTER BECOMING A MATURE BLOCKCHAIN
25 SYSTEM.—After the blockchain system to which a

1 digital commodity relates is certified as a mature
2 blockchain system under section 43, units of the dig-
3 ital commodity may be—

4 “(A) offered, sold, or otherwise transferred
5 by a related person or affiliated person if—

6 “(i) the related person has held the
7 units for not less than the earlier of—

8 “(I) 12 months from the date the
9 units were received; or

10 “(II) 3 months following the date
11 on which the blockchain system is cer-
12 tified as a mature blockchain system
13 under section 43; and

14 “(ii) the aggregate amount of the
15 units of the digital commodity offered or
16 sold by the related person or affiliated per-
17 son in any 3-month period does not exceed
18 the greater of—

19 “(I) 1 percent of the total out-
20 standing amount of the digital com-
21 modity; or

22 “(II) 1 percent of the average
23 weekly volume of trading in such dig-
24 ital commodity; and

1 “(B) used by a related person or affiliated
2 person in the programmatic functioning of the
3 blockchain system.

4 “(c) MANIPULATIVE AND DECEPTIVE DEVICES.—

5 “(1) IN GENERAL.—It shall be unlawful for any
6 digital commodity issuer, related person, or affiliated
7 person, directly or indirectly, by the use of any
8 means or instrumentality of interstate commerce or
9 of the mails, to use or employ, in connection with
10 the purchase or sale of any digital commodity any
11 manipulative or deceptive device or contrivance in
12 contravention of such rules and regulations as the
13 Commission may prescribe as necessary or appro-
14 priate in the public interest or for the protection of
15 investors.

16 “(2) RULEMAKING.—Not later than 270 days
17 after the date of the enactment of this section, the
18 Commission shall issue rules to implement para-
19 graph (1), including by providing any affirmative de-
20 fenses to an enforcement action thereunder as the
21 Commission may prescribe as necessary or appro-
22 priate in the public interest or for the protection of
23 investors.

24 “(3) DIFFERENTIATION BETWEEN PERSONS.—

25 In issuing rules required under paragraph (2), the

1 Commission shall differentiate between digital com-
2 modity issuers, related persons, and affiliated per-
3 sons as necessary or appropriate in the public inter-
4 est or for the protection of investors.

5 “(d) RULEMAKING ON PREVIOUSLY-ISSUED DIGITAL
6 COMMODITIES.—

7 “(1) IN GENERAL.—With respect to a digital
8 commodity issued before the date of enactment of
9 this section, the Commission shall issue rules to ex-
10 empt, unconditionally or on stated terms or condi-
11 tions, a related person or an affiliated person from
12 the requirements of this section.

13 “(2) CONSIDERATIONS.—In making an exemp-
14 tion under this subsection, the Commission shall
15 consider—

16 “(A) if the blockchain system to which the
17 digital commodity relates has reached some or
18 all of the criteria to be a mature blockchain sys-
19 tem;

20 “(B) if the information described in section
21 43 or similar information is publicly available
22 and for how long such information has been
23 publicly available;

24 “(C) the distribution of the digital com-
25 modity;

1 “(D) any ongoing development efforts of
2 the issuer;

3 “(E) whether or not the issuer, related
4 persons, and affiliated persons are known or
5 able to be known; and

6 “(F) any other relevant factor determined
7 by the Commission.”.

8 (b) **RULE OF CONSTRUCTION.**—Nothing in this Act
9 or the amendments made by this Act may be construed
10 to restrict the use of a digital commodity, except as ex-
11 pressly provided in connection with—

12 (1) the offer or sale of an investment contract
13 involving units of a digital commodity; or

14 (2) the custody of a digital commodity by a
15 third party.

16 **SEC. 205. MATURE BLOCKCHAIN SYSTEM REQUIREMENTS.**

17 Title I of the Securities Exchange Act of 1934 (15
18 U.S.C. 78a et seq.), as amended by section 205, is further
19 amended by adding at the end the following:

20 **“SEC. 43. MATURE BLOCKCHAIN SYSTEMS.**

21 “(a) **CERTIFICATION OF BLOCKCHAIN SYSTEMS.**—

22 “(1) **CERTIFICATION.**—For purposes of section
23 42 of this Act and sections 4(a)(8) and 4B of the
24 Securities Act of 1933 any digital commodity issuer,
25 related person, or affiliated person may certify to

1 the Securities and Exchange Commission that the
2 blockchain system to which a digital commodity re-
3 lates is a mature blockchain system.

4 “(2) FILING REQUIREMENTS.—A certification
5 described under paragraph (1) shall be filed with the
6 Commission, and include such information that is
7 reasonably necessary to establish that the blockchain
8 system is not controlled by any person or group of
9 persons under common control, which may include
10 information regarding—

11 “(A) the operation of the blockchain sys-
12 tem;

13 “(B) the functionality of the related digital
14 commodity;

15 “(C) how the market value of the digital
16 commodity is substantially derived from the
17 programmatic functioning of such blockchain
18 system;

19 “(D) any decentralized governance system
20 which relates to the blockchain system; and

21 “(E) the current roles, if any, of the digital
22 commodity issuer, affiliated persons, and re-
23 lated persons with respect to such blockchain
24 system or the decentralized governance system
25 of such blockchain system.

1 “(3) REBUTTABLE PRESUMPTION.—The Com-
2 mission may rebut a certification described under
3 paragraph (1) with respect to a blockchain system if
4 the Commission, within 60 days of receiving such
5 certification, determines that the blockchain system
6 is not a mature blockchain system.

7 “(4) CERTIFICATION REVIEW.—

8 “(A) IN GENERAL.—Any blockchain sys-
9 tem that relates to a digital commodity for
10 which a certification has been made under para-
11 graph (1) shall be considered a mature
12 blockchain system 60 days after the date on
13 which the Commission receives a certification
14 under paragraph (1) , unless the Commission
15 notifies the person who made the certification
16 within such time that the Commission is stay-
17 ing the certification due to—

18 “(i) an inadequate explanation by the
19 person making the certification; or

20 “(ii) any novel or complex issues
21 which require additional time to consider.

22 “(B) PUBLIC NOTICE.—The Commission
23 shall make the following available to the public
24 and provide a copy to the Commodity Futures
25 Trading Commission:

1 “(i) Each certification received under
2 paragraph (1) .

3 “(ii) Each stay of the Commission
4 under this subsection, and the reasons
5 therefor.

6 “(iii) Any response from a person
7 making a certification under paragraph (1)
8 to a stay of the certification by the Com-
9 mission.

10 “(C) CONSOLIDATION.—The Commission
11 may consolidate and treat as one submission
12 multiple certifications made under paragraph
13 (1) for the same blockchain system which re-
14 lates to a digital commodity which are received
15 during the review period provided under this
16 paragraph.

17 “(5) STAY OF CERTIFICATION.—

18 “(A) IN GENERAL.—A notification by the
19 Commission pursuant to paragraph (4)(A) shall
20 stay the certification once for up to an addi-
21 tional 120 days from the date of the notifica-
22 tion.

23 “(B) PUBLIC COMMENT PERIOD.—Before
24 the end of the 60-day period described under
25 paragraph (4)(A), the Commission may begin a

1 public comment period of at least 30 days in
2 conjunction with a stay under this subsection.

3 “(6) DISPOSITION OF CERTIFICATION.—A cer-
4 tification made under paragraph (1) shall—

5 “(A) become effective—

6 “(i) upon the publication of a notifica-
7 tion from the Commission to the person
8 who made the certification that the Com-
9 mission does not object to the certification;
10 or

11 “(ii) at the expiration of the certifi-
12 cation review period; and

13 “(B) not become effective upon the publi-
14 cation of a notification from the Commission to
15 the person who made the certification that the
16 Commission has rebutted the certification.

17 “(7) RECERTIFICATION.—With respect to a
18 blockchain system for which a certification has been
19 rebutted under this subsection, no person may make
20 a certification under paragraph (1) with respect to
21 such blockchain system during the 90-day period be-
22 ginning on the date of such rebuttal.

23 “(8) APPEAL OF REBUTTAL.—

24 “(A) IN GENERAL.—If a certification is re-
25 butted under this section, the person making

1 such certification may appeal the decision to
2 the United States Court of Appeals for the Dis-
3 trict of Columbia, not later than 60 days after
4 the notice of rebuttal is made.

5 “(B) REVIEW.—In an appeal under sub-
6 paragraph (A), the court shall have de novo re-
7 view of the determination to rebut the certifi-
8 cation.

9 “(b) MATURITY CRITERIA.—

10 “(1) IN GENERAL.—The Commission may issue
11 rules identifying conditions by which a blockchain
12 system, together with its related digital commodity,
13 may be considered as a mature blockchain system,
14 consistent with the protection of investors, mainte-
15 nance of fair, orderly, and efficient markets, and the
16 facilitation of capital formation.

17 “(2) RULE OF CONSTRUCTION.—Nothing in
18 this subsection may be construed to permit the Com-
19 mission to impose additional criteria to the criteria
20 in subsection (c).

21 “(c) DEEMED MATURE.—For the purposes of sub-
22 section (a), a digital commodity issuer, related person, or
23 affiliated person may establish that a blockchain system,
24 together with its related digital commodity, is not con-
25 trolled by any person or group of persons under common

1 control, if the blockchain system, together with its related
2 digital asset, meets the following requirements:

3 “(1) SYSTEM VALUE.—

4 “(A) MARKET VALUE.—The digital com-
5 modity has a market value that is substantially
6 derived from the programmatic functioning of
7 the blockchain system.

8 “(B) DEVELOPMENT OF VALUE MECHA-
9 NISM SUBSTANTIALLY COMPLETED.—Where the
10 digital commodity issuer has made public a de-
11 velopment plan describing how the digital com-
12 modity’s value is reasonably expected to be de-
13 rived from the programmatic functioning of the
14 blockchain system, the development of such
15 mechanisms has been substantially completed.

16 “(2) FUNCTIONAL SYSTEM.—The blockchain
17 system allows network participants to engage in the
18 activities the blockchain system is intended to pro-
19 vide, including—

20 “(A) using, transmitting, or storing value,
21 or otherwise executing transactions, on the
22 blockchain system;

23 “(B) deploying, executing, or accessing
24 software or services, or otherwise offering or

1 participating in services, deployed on or inte-
2 grated with the blockchain system;

3 “(C) participating in the consensus mecha-
4 nism, transaction validation process, or decen-
5 tralized governance system of the blockchain
6 system; or

7 “(D) operating any client, node, validator,
8 sequencer, or other form of computational in-
9 frastructure with respect to the blockchain sys-
10 tem.

11 “(3) OPEN SYSTEM.—The blockchain system—

12 “(A) is composed of source code that is
13 open source; and

14 “(B) does not restrict or prohibit based on
15 the exercise of unilateral authority any person
16 who is not a digital commodity issuer, related
17 person, or an affiliated person from engaging in
18 the activities the blockchain system is intended
19 to provide, including the activities described in
20 paragraph (2).

21 “(4) PROGRAMMATIC SYSTEM.—The blockchain
22 system’s operations and functions are rules-based,
23 determined by the system’s source code, and do not
24 involve necessary reliance on any person.

1 “(5) SYSTEM GOVERNANCE.—No person or
2 group of persons under common control—

3 “(A) has the unilateral authority, directly
4 or indirectly, through any contract, arrange-
5 ment, understanding, relationship, or otherwise,
6 to control or materially alter the functionality,
7 operation, or rules of consensus or agreement of
8 the blockchain system;

9 “(B) beneficially owns, in the aggregate,
10 20 percent or more of the total amount of units
11 of the digital commodity; or

12 “(C) where such blockchain system can be
13 altered by voting power, has the unilateral au-
14 thority to direct the voting, in the aggregate, of
15 20 percent or more of the outstanding voting
16 power of such blockchain system by means of a
17 related digital commodity, nodes or validators, a
18 decentralized governance system, or otherwise.

19 “(6) IMPARTIAL SYSTEM.—The digital com-
20 modity issuer, any affiliated person, or any related
21 person does not possess a unique permission or
22 privilege to alter the functionality or operation of the
23 blockchain system, unless such alteration—

24 “(A) addresses, according to a rules-based
25 process, vulnerabilities, errors, regular mainte-

1 nance, or cybersecurity risks of the blockchain
2 system that affect the programmatic func-
3 tioning of the blockchain system; or

4 “(B) is adopted through the consensus or
5 agreement of a decentralized governance sys-
6 tem.

7 “(d) DECENTRALIZED GOVERNANCE SYSTEM.—In
8 issuing any rules and conditions pursuant to subsection
9 (b), a blockchain system, together with its digital com-
10 modity, shall not be precluded from being considered a
11 mature blockchain system solely based on a functional, ad-
12 ministrative, clerical, or ministerial action of a decentral-
13 ized governance system, including any such action taken
14 by a person acting on behalf of and at the direction of
15 the decentralized governance system, as determined by the
16 Commission and consistent with the protection of inves-
17 tors, maintenance of fair, orderly, and efficient markets,
18 and the facilitation of capital formation.

19 “(e) CONTROL PERSON.—The Commission shall sub-
20 ject any person that asserts control of a blockchain sys-
21 tem, together with its related digital commodity, following
22 any certification of such system as a mature blockchain
23 system, to reporting requirements and restrictions that
24 are substantially similar to the restrictions applicable to
25 related persons set forth section 42.

1 “(f) RULEMAKING.—Not more than 270 days after
2 the date of enactment of this section, the Commission
3 shall issue rules to carry out this section.”.

4 **SEC. 206. EFFECTIVE DATE.**

5 Unless otherwise provided in this title, this title and
6 the amendments made by this title shall take effect 360
7 days after the date of enactment of this Act, except that,
8 to the extent a provision of this title requires a rule-
9 making, the provision shall take effect on the later of—
10 (1) 360 days after the date of enactment of this

11 Act; or

12 (2) 60 days after the publication in the Federal
13 Register of the final rule implementing the provision.

14 **TITLE III—REGISTRATION FOR**
15 **INTERMEDIARIES AT THE SE-**
16 **CURITIES AND EXCHANGE**
17 **COMMISSION**

18 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES.**

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

24 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
25 3(a)(10) of the Securities Exchange Act of 1934 (15

1 U.S.C. 78c(a)) is amended by adding at the end the fol-
2 lowing: “The term does not include a digital commodity
3 or permitted payment stablecoin.”

4 (c) INVESTMENT ADVISERS ACT OF 1940.—Section
5 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.
6 80b–2) is amended—

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

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

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

13 “(32) DIGITAL COMMODITY-RELATED TERMS.—
14 The terms ‘digital commodity’ and ‘permitted pay-
15 ment stablecoin’ have the meaning given those
16 terms, respectively, under section 2(a) of the Securi-
17 ties Act of 1933 (15 U.S.C. 77b(a)).”.

18 (d) INVESTMENT COMPANY ACT OF 1940.—Section
19 2(a) of the Investment Company Act of 1940 (15 U.S.C.
20 80a–2) is amended—

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

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

1 “(55) DIGITAL COMMODITY-RELATED TERMS.—
2 The terms ‘digital commodity’ and ‘permitted pay-
3 ment stablecoin’ have the meaning given those
4 terms, respectively, under section 2(a) of the Securi-
5 ties Act of 1933 (15 U.S.C. 77b(a)).”.

6 **SEC. 302. ANTI-FRAUD AUTHORITY OVER PERMITTED PAY-**
7 **MENT STABLECOINS AND CERTAIN DIGITAL**
8 **COMMODITY TRANSACTIONS.**

9 (a) IN GENERAL.—Section 10 of the Securities Ex-
10 change Act of 1934 (15 U.S.C. 78j) is amended—

11 (1) by moving subsection (c) so as to appear
12 after subsection (b);

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

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

16 “(e)(1) Rules promulgated under subsection (b) that
17 prohibit fraud, manipulation, or insider trading (but not
18 rules imposing or specifying reporting or recordkeeping re-
19 quirements, procedures, or standards as prophylactic
20 measures against fraud, manipulation, or insider trading),
21 and judicial precedents decided under subsection (b) and
22 rules promulgated thereunder that prohibit fraud, manip-
23 ulation, or insider trading, shall apply with respect to per-
24 mitted payment stablecoin and digital commodity trans-
25 actions engaged in by a broker or dealer or through an

1 alternative trading system or, as applicable, a national se-
2 curities exchange to the same extent as they apply to secu-
3 rities transactions.

4 “(2) Judicial precedents decided under section 17(a)
5 of the Securities Act of 1933 and sections 9, 15, 16, 20,
6 and 21A of this title, and judicial precedents decided
7 under applicable rules promulgated under such sections,
8 shall apply to permitted payment stablecoins and digital
9 commodities with respect to those circumstances in which
10 the permitted payment stablecoins and digital commodities
11 are brokered, traded, or custodied by a broker or dealer
12 or through an alternative trading system or, as applicable,
13 a national securities exchange to the same extent as they
14 apply to securities.

15 “(3) Nothing in this subsection may be construed to
16 provide the Commission authority to make any rule, regu-
17 lation, or requirement or impose any obligation or limita-
18 tion on a permitted payment stablecoin issuer regarding
19 any aspect of the operations of a permitted payment
20 stablecoin issuer.”.

21 (b) TREATMENT OF PERMITTED PAYMENT
22 STABLECOINS.—Title I of the Securities Exchange Act of
23 1934 (15 U.S.C. 78a et seq.) is amended by inserting after
24 section 6 the following:

1 **“SEC. 6A. TREATMENT OF TRANSACTIONS IN PERMITTED**
2 **PAYMENT STABLECOINS.**

3 “(a) **AUTHORITY TO BROKER, TRADE, AND CUSTODY**
4 **PERMITTED PAYMENT STABLECOINS.**—Permitted pay-
5 ment stablecoins may be brokered, traded, or custodied by
6 a broker, dealer or through an alternative trading system
7 or national securities exchange.

8 “(b) **COMMISSION JURISDICTION.**—The Commission
9 shall only have jurisdiction over a transaction in a per-
10 mitted payment stablecoin with respect to those cir-
11 cumstances in which a permitted payment stablecoin is
12 brokered, traded, or custodied—

13 “(1) by a broker or dealer;

14 “(2) through a national securities exchange; or

15 “(3) through an alternative trading system.

16 “(c) **LIMITATION.**—Subsection (b) shall only apply to
17 a transaction described in subsection (b) for the purposes
18 of regulating the offer, execution, solicitation, or accept-
19 ance of a permitted payment stablecoin in those cir-
20 cumstances in which the permitted payment stablecoin is
21 brokered, traded, or custodied—

22 “(1) by a broker or dealer;

23 “(2) through a national securities exchange; or

24 “(3) through an alternative trading system.”.

1 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**
2 **TEMS.**

3 (a) IN GENERAL.—Section 5 of the Securities Ex-
4 change Act of 1934 (15 U.S.C. 78e) is amended—

5 (1) by striking “It” and inserting the following:

6 “(a) IN GENERAL.—It”;

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

8 “(b) DIGITAL COMMODITY PROTECTIONS.—

9 “(1) IN GENERAL.—The Commission may not
10 preclude a trading platform from operating pursuant
11 to a covered exemption on the basis that the assets
12 traded or to be traded on such platform are digital
13 commodities or permitted payment stablecoins.

14 “(2) COVERED EXEMPTION.—In this sub-
15 section, the term ‘covered exemption’ means an ex-
16 emption—

17 “(A) described in subsection (a)(2); or

18 “(B) with respect to any other rule of the
19 Commission relating to the definition of ‘ex-
20 change’.”.

21 (b) RULEMAKING.—

22 (1) IN GENERAL.—Not later than 270 days
23 after the date of the enactment of this Act, the Se-
24 curities and Exchange Commission shall revise the
25 covered regulations to accommodate the trading of
26 digital commodities and permitted payment

1 stablecoins and permit real-time settlement through
2 custody of digital commodities or permitted payment
3 stablecoins without registration with the Commission
4 as a clearing agency under section 17A of the Secu-
5 rities Exchange Act of 1934 (15 U.S.C. 78e).

6 (2) COVERED REGULATIONS DEFINED.—In this
7 subsection, the term “covered regulations” means
8 sections 242.301, 242.302, 242.303, and 242.304 of
9 title 17, Code of Federal Regulations.

10 (c) SECURITIES EXCHANGE ACT OF 1934.—Section
11 3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C.
12 78c(a)(2)) is amended by adding at the end the following:
13 “An alternative trading system primarily facilitating the
14 trading of digital commodities, permitted payment
15 stablecoins, or both is not a ‘facility’ of an exchange.”

16 **SEC. 304. OPERATION OF ALTERNATIVE TRADING SYSTEMS.**

17 (a) COMMISSION AUTHORITY.—The Securities and
18 Exchange Commission shall have jurisdiction over digital
19 commodity activities and transactions engaged in by a
20 broker, dealer, or national securities exchange registered
21 with the Securities and Exchange Commission that is also
22 registered with the Commodity Futures Trading Commis-
23 sion pursuant to section 15(p) of the Securities Exchange
24 Act of 1934 and section 5k of the Commodity Exchange
25 Act. The Commission shall have authority to promulgate

1 rules governing any digital commodity activities and trans-
2 actions engaged in by such a broker, dealer, or national
3 securities exchange registered with the Securities and Ex-
4 change Commission, consistent with this section and what
5 is necessary or appropriate in the public interest or for
6 the protection of investors.

7 (b) NATIONAL SECURITIES EXCHANGES.—Not later
8 than 270 days after the date of the enactment of this Act,
9 the Securities and Exchange Commission shall revise the
10 covered regulations to permit a national securities ex-
11 change or affiliate thereof to operate an alternative trad-
12 ing system that permits the trading of digital commod-
13 ities, permitted payment stablecoins, or both by registered
14 brokers or registered dealers that are also registered with
15 the Commodity Futures Trading Commission pursuant to
16 section 15(p) of the Securities Exchange Act of 1934 and
17 section 5k of the Commodity Exchange Act, consistent
18 with this section and what is necessary or appropriate in
19 the public interest or for the protection of investors.

20 (c) REGISTERED BROKERS AND REGISTERED DEAL-
21 ERS.—Not later than 270 days after the date of the enact-
22 ment of this Act, the Securities and Exchange Commission
23 shall revise the covered regulations to permit a registered
24 broker or registered dealer that is also registered with the
25 Commodity Futures Trading Commission pursuant to sec-

1 tion 15(p) of the Securities Exchange Act of 1934 and
2 section 5k of the Commodity Exchange Act to operate an
3 alternative trading system that permits the trading of dig-
4 ital commodities, permitted payment stablecoins, or both,
5 consistent with this section and what is necessary or ap-
6 propriate in the public interest or for the protection of
7 investors.

8 (d) PERMITTED TRADING.—

9 (1) IN GENERAL.—An alternative trading sys-
10 tem operated pursuant to this section and the regu-
11 lations promulgated hereunder shall be permitted to
12 trade upon notice to the Securities and Exchange
13 Commission in a manner prescribed by the Securi-
14 ties and Exchange Commission any digital com-
15 modity that is in compliance with section 5i(e)(3) of
16 the Commodity Exchange Act.

17 (2) COMMISSION AUTHORITY.—Digital com-
18 modity transactions offered on an alternative trading
19 system operating pursuant to this section shall be
20 subject to the jurisdiction of the Securities and Ex-
21 change Commission. The Securities and Exchange
22 Commission shall have authority to promulgate rules
23 governing such digital commodity transactions of al-
24 ternative trading systems, consistent with this sec-

1 tion and what is necessary or appropriate in the
2 public interest or for the protection of investors.

3 (3) SUSPENSION OF TRADING.—The Securities
4 and Exchange Commission may suspend the trading
5 of a digital commodity by an alternative trading sys-
6 tem operating pursuant to this section only if such
7 digital commodity is not in compliance with section
8 5i(e)(3) of the Commodity Exchange Act and such
9 action is necessary or appropriate in the public in-
10 terest and is consistent with the protection of inves-
11 tors.

12 (e) ORDER DISPLAY AND EXECUTION.—Not later
13 than 270 days after the date of the enactment of this Act,
14 the Securities and Exchange Commission shall issue and
15 revise rules, as necessary or appropriate in the public in-
16 terest or for the protection of investors, regarding whether
17 alternative trading systems operating pursuant to sub-
18 sections (a) and (b) have an obligation to—

19 (1) provide the prices and sizes of orders dis-
20 played to more than one person in such alternative
21 trading system of digital commodities to self-regu-
22 latory organizations with members who trade in digi-
23 tal commodities or permitted payment stablecoins;
24 or

25 (2) disseminate last sale data or information.

1 (f) PRINCIPLES OF TRADE.—Not later than 270 days
2 after the date of the enactment of this Act, the Securities
3 and Exchange Commission shall issue and revise rules, as
4 necessary or appropriate in the public interest or for the
5 protection of investors, to—

6 (1) apply the rules and standards promulgated
7 pursuant to paragraph (2) to the appropriate mar-
8 ket participants, including—

9 (A) national securities exchanges operating
10 an alternative trading system pursuant to sub-
11 section (a);

12 (B) registered brokers and registered deal-
13 ers operating an alternative trading system pur-
14 suant to subsection (b); and

15 (C) subscribers of any alternative trading
16 system described under subparagraph (A) or
17 (B); and

18 (2) apply, as appropriate to the market partici-
19 pants described in subparagraph (1) and customers
20 thereof rules and standards to—

21 (A) prevent fraudulent and manipulative
22 acts and practices;

23 (B) foster cooperation and coordination
24 with persons engaged in regulating, settling,
25 processing information with respect to, and fa-

1 facilitating transactions in digital commodities or
2 permitted payment stablecoins traded, as appli-
3 cable, on or by any alternative trading system
4 operating pursuant to subsection (a) or (b), or
5 any registered broker or registered dealer;

6 (C) remove impediments to and perfect the
7 mechanism of a free and open market in digital
8 commodities or permitted payment stablecoins
9 traded, as applicable, on or by any alternative
10 trading system operating pursuant to sub-
11 section (a) or (b), or any registered broker or
12 registered dealer;

13 (D) in general, protect investors and the
14 public interest; and

15 (E) prohibit any unfair discrimination be-
16 tween—

17 (i) customers;

18 (ii) any market participants described
19 in subparagraphs (A) through (C) of para-
20 graph (1); or

21 (iii) issuers of digital commodities.

22 (g) IMPLEMENTING ORGANIZATIONS.—The Securi-
23 ties and Exchange Commission shall require any self-regu-
24 latory organization that has as a member a registered
25 broker or registered dealer that operates an alternative

1 trading system pursuant to subsection (b) or otherwise
2 transacts in digital commodities or permitted payment
3 stablecoins to adopt such rules as may be necessary to
4 further compliance with this section, including subsection
5 (e)(2), protect investors, maintain fair, orderly, and effi-
6 cient markets, and facilitate capital formation.

7 (h) RULE OF CONSTRUCTION.—The enumeration of
8 any category of rules or regulations in this section shall
9 not be construed to limit the authority of the Securities
10 and Exchange Commission to promulgate such rules as
11 may be necessary or appropriate in the public interest or
12 for the protection of investors to effect this section and
13 the purposes of this Act, including over—

14 (1) fees;

15 (2) system capacity, integrity, and security;

16 (3) examinations, inspections, and investiga-
17 tions;

18 (4) reporting; or

19 (5) written procedures for the confidential
20 treatment of trading information.

21 (i) MEMORANDUM OF UNDERSTANDING.—Consistent
22 with section 5k of the Commodity Exchange Act and to
23 carry out this Act, the Securities and Exchange Commis-
24 sion shall enter into a memorandum of understanding with
25 the Commodity Futures Trading Commission to ensure—

1 (1) requirements imposed on registered brokers
2 or registered dealers operating an alternative trading
3 system pursuant to subsection (b) or otherwise
4 transacting in digital commodities or permitted pay-
5 ment stablecoins are no less stringent than the sub-
6 stantive requirements under section 4u of the Com-
7 modity Exchange Act;

8 (2) requirements imposed on alternative trading
9 systems operating pursuant to subsection (a) or (b)
10 are not inconsistent with core principles of and no
11 less stringent than the other substantive require-
12 ments under section 5i of the Commodity Exchange
13 Act;

14 (3) consistent listing standards and practices;
15 and

16 (4) non-duplicative supervision and enforcement
17 with respect to registrants of the Securities and Ex-
18 change Commission notice registered with the Com-
19 modity Futures Trading Commission.

20 (j) COVERED REGULATIONS DEFINED.—In this sec-
21 tion, the term “covered regulations” means sections
22 242.300, 242.301, 242.302, 242.303, 242.304, and
23 242.1000 through 242.1007 of title 17, Code of Federal
24 Regulations.

1 **SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIRE-**
2 **MENTS.**

3 (a) IN GENERAL.—For purposes of books and
4 records requirements by brokers, dealers, and exchanges
5 under the Securities and Exchange Act of 1934 (15
6 U.S.C. 78a et seq.), a person may consider records from
7 a blockchain.

8 (b) REVISION OF RULES.—Not later than 180 days
9 after the date of enactment of this Act, the Securities and
10 Exchange Commission shall issue and revise such rules as
11 may be necessary to implement this section.

12 **SEC. 306. EXEMPTIVE AUTHORITY.**

13 Section 28 of the Securities Act of 1933 (15 U.S.C.
14 77z-3) is amended by striking “by rule or regulation” and
15 inserting “by rule, regulation, or order”.

16 **SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COM-**
17 **MODITY FUTURES TRADING COMMISSION.**

18 Section 15 of the Securities Exchange Act of 1934
19 (15 U.S.C. 78o) is amended by adding at the end the fol-
20 lowing:

21 “(p) ADDITIONAL REGISTRATIONS WITH THE COM-
22 MODITY FUTURES TRADING COMMISSION.—A registered
23 broker or registered dealer shall be permitted to maintain
24 a registration with the Commodity Futures Trading Com-
25 mission as a digital commodity broker or digital com-

1 modify dealer, to list or trade contracts of sale for digital
2 commodities.”.

3 **SEC. 308. TREATMENT OF CERTAIN DIGITAL COMMODITIES**
4 **IN CONNECTION WITH FEDERALLY REGU-**
5 **LATED INTERMEDIARIES.**

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

9 “(5) EXEMPTION FOR CERTAIN DIGITAL COM-
10 MODITIES IN CONNECTION WITH FEDERALLY REGU-
11 LATED INTERMEDIARIES.—A digital commodity is
12 treated as a covered security with respect to a trans-
13 action that is exempt from registration under this
14 Act when it is brokered, traded, or custodied by a
15 registered broker or registered dealer.”.

16 **SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
17 **TIVITIES.**

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

21 **“SEC. 15H. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
22 **JECT TO THIS ACT.**

23 “(a) IN GENERAL.—Notwithstanding any other pro-
24 vision of this Act, a person shall not be subject to this
25 Act and the regulations promulgated under this Act based

1 on the person directly or indirectly engaging in any of the
2 following activities, whether singly or in combination, in
3 relation to the operation of a blockchain system or in rela-
4 tion to a decentralized finance trading protocol:

5 “(1) Compiling network transactions or relay-
6 ing, searching, sequencing, validating, or acting in a
7 similar capacity with respect to a contract of sale of
8 a digital asset.

9 “(2) Providing computational work, operating a
10 node, or procuring, offering, or utilizing network
11 bandwidth, or providing other similar incidental
12 services, with respect to a contract of sale of a dig-
13 ital asset.

14 “(3) Providing a user-interface that enables a
15 user to read and access data about a blockchain sys-
16 tem, send messages, or otherwise interact with a
17 blockchain system.

18 “(4) Developing, publishing, constituting, ad-
19 ministering, maintaining, or otherwise distributing a
20 blockchain system or a decentralized finance trading
21 protocol.

22 “(5) Developing, publishing, constituting, ad-
23 ministering, maintaining, or otherwise distributing a
24 decentralized finance messaging system or operating
25 or participating in a liquidity pool for the purpose

1 of executing a contract of sale of a digital com-
2 modity.

3 “(6) Developing, publishing, constituting, ad-
4 ministering, maintaining, or otherwise distributing
5 software or systems that create or deploy hardware
6 or software, including wallets or other systems, fa-
7 cilitating an individual user’s own personal ability to
8 keep, safeguard, or custody the user’s digital com-
9 modities or related private keys.

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

13 **SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**
14 **ING INSTITUTIONS.**

15 (a) TREATMENT OF CUSTODY ACTIVITIES.—The ap-
16 propriate Federal banking agency, the National Credit
17 Union Administration (in the case of a credit union), and
18 the Securities and Exchange Commission may not require
19 a depository institution, national bank, Federal credit
20 union, State credit union, or trust company, or any affil-
21 iate thereof (the “entity”)—

22 (1) to include assets held in custody that are
23 not owned by the entity as a liability on the financial
24 statement or balance sheet of the entity, including

1 digital commodity or permitted payment stablecoin
2 custody or safekeeping services;

3 (2) to hold regulatory capital against assets, in-
4 cluding reserves backing such assets, in custody or
5 safekeeping, except as necessary to mitigate against
6 operational risks inherent with the custody or safe-
7 keeping services, as determined by—

8 (A) the appropriate Federal banking agen-
9 cy;

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

12 (C) a State bank supervisor; or

13 (D) a State credit union supervisor (as de-
14 fined in section 6003 of the Anti-Money Laun-
15 dering Act of 2020 (31 U.S.C. 5311 note)); and

16 (3) to recognize a liability for any obligations
17 related to activities or services performed with re-
18 spect to digital commodities that the entity does not
19 own if that liability would exceed the expense recog-
20 nized in the income statement as a result of the cor-
21 responding obligation.

22 (b) DEFINITIONS.—In this section:

23 (1) BANKING TERMS.—The terms “appropriate
24 Federal banking agency”, “depository institution”,
25 “national bank”, and “State bank supervisor” have

1 the meaning given those terms, respectively, under
2 section 3 of the Federal Deposit Insurance Act (12
3 U.S.C. 1813).

4 (2) CREDIT UNION TERMS.—The terms “Fed-
5 eral credit union” and “State credit union” have the
6 meaning given those terms, respectively, under sec-
7 tion 101 of the Federal Credit Union Act (12 U.S.C.
8 1752).

9 **SEC. 311. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**
10 **NANCIAL IN NATURE.**

11 Section 4(k)(4) of the Bank Holding Company Act
12 of 1956 (12 U.S.C. 1843(k)(4)) is amended—

13 (1) in subparagraph (A), by striking “or securi-
14 ties” and inserting “securities, or digital commod-
15 ities”; and

16 (2) in subparagraph (E), by inserting “or dig-
17 ital commodities” before the period at the end.

18 **SEC. 312. EFFECTIVE DATE; ADMINISTRATION.**

19 Except as otherwise provided under this title, this
20 title and the amendments made by this title shall take ef-
21 fect 360 days after the date of enactment of this Act, ex-
22 cept that, to the extent a provision of this title requires
23 a rulemaking, the provision shall take effect on the later
24 of—

1 (1) IN GENERAL.—The Comptroller General
2 shall, not later than 1 year after date of the enact-
3 ment of this section, conduct a study and submit a
4 report to the relevant congressional committees
5 that—

6 (A) identifies any digital commodity reg-
7 istrants which are owned by governments of
8 foreign adversaries;

9 (B) determines whether any governments
10 of foreign adversaries are collecting personal
11 data or trading data about United States per-
12 sons in the digital commodity markets; and

13 (C) evaluates whether any proprietary in-
14 tellectual property of digital commodity reg-
15 istrants is being misused or stolen by any gov-
16 ernments of foreign adversaries.

17 (c) DEFINITIONS.—In this section:

18 (1) DIGITAL COMMODITY REGISTRANT.—The
19 term “digital commodity registrant” means any per-
20 son required to register as a digital commodity ex-
21 change, digital commodity broker, or digital com-
22 modity dealer under the Commodity Exchange Act.

23 (2) FOREIGN ADVERSARIES.—The term “for-
24 eign adversaries” means the foreign governments
25 and foreign non-government persons determined by

1 the Secretary of Commerce to be foreign adversaries
2 under section 7.4(a) of title 15, Code of Federal
3 Regulations.

4 (3) RELEVANT CONGRESSIONAL COMMIT-
5 TEES.—The term “relevant congressional commit-
6 tees” means—

7 (A) the Committees on Financial Services
8 and Agriculture of the House of Representa-
9 tives; and

10 (B) the Committees on Banking, Housing,
11 and Urban Affairs and Agriculture, Nutrition,
12 and Forestry of the Senate.

13 **TITLE IV—REGISTRATION FOR**
14 **DIGITAL COMMODITY INTER-**
15 **MEDIARIES AT THE COM-**
16 **MODITY FUTURES TRADING**
17 **COMMISSION**

18 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**
19 **MODITY TRANSACTIONS.**

20 (a) SAVINGS CLAUSE.—Section 2(a)(1) of the Com-
21 modity Exchange Act (7 U.S.C. 2(a)(1)) is amended by
22 adding at the end the following:

23 “(J) Except as expressly provided in this
24 Act, nothing in the [to be added Act of 2025]

1 shall affect or apply to, or be interpreted to af-
2 fect or apply to—

3 “(i) any agreement, contract, or
4 transaction that is subject to this Act as—

5 “(I) a contract of sale of a com-
6 modity for future delivery or an op-
7 tion on such a contract;

8 “(II) a swap;

9 “(III) a security futures product;

10 “(IV) an option authorized under
11 section 4e of this Act;

12 “(V) an agreement, contract, or
13 transaction described in subparagraph
14 (C)(i) or (D)(i) of subsection (c)(2) of
15 this section; or

16 “(VI) a leverage transaction au-
17 thorized under section 19; or

18 “(ii) the activities of any person with
19 respect to any such an agreement, con-
20 tract, or transaction.”.

21 (b) LIMITATION ON AUTHORITY OVER PERMITTED
22 PAYMENT STABLECOINS.—Section 2(c)(1) of the Com-
23 modity Exchange Act (7 U.S.C. 2(c)(1)) is amended—

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

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

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

4 “(H) permitted payment stablecoins.”.

5 (c) COMMISSION JURISDICTION OVER DIGITAL
6 ASSET TRANSACTIONS.—Section 2(c)(2) of the Com-
7modity Exchange Act (7 U.S.C. 2(c)(2)) is amended—

8 (1) in subparagraph (D)—

9 (A) in clause (ii)—

10 (i) in subclause (I) by inserting
11 “(other than an agreement, contract, or
12 transaction in a permitted payment
13 stablecoin)” after “paragraph (1)”;

14 (ii) in subclause (III)—

15 (I) in the matter that precedes
16 item (aa), by inserting “of a com-
17modity, other than a digital com-
18modity or a permitted payment
19stablecoin,” before “that”; and

20 (II) in item (bb), by striking
21 “or” at the end; and

22 (iii) by redesignating subclauses (IV)
23 and (V) as subclauses (VI) and (VII) and
24 inserting after subclause (III) the fol-
25 lowing:

1 “(IV) a contract of sale of a dig-
2 ital commodity or a permitted pay-
3 ment stablecoin that results in actual
4 delivery, as the Commission shall by
5 rule determine, within 2 days or such
6 other period as the Commission may
7 determine by rule or regulation based
8 upon the typical commercial practice
9 in cash or spot markets for the digital
10 commodity involved;

11 “(V) a contract of sale of a dig-
12 ital commodity or a permitted pay-
13 ment stablecoin that—

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

17 “(AA) directly;

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

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

1 “(bb) is not a contract of
2 sale of—

3 “(AA) a digital com-
4 modity or a permitted pay-
5 ment stablecoin that ref-
6 erences, represents an inter-
7 est in, or is functionally
8 equivalent to an agricultural
9 commodity, an excluded
10 commodity, or an exempt
11 commodity, other than the
12 digital commodity itself, as
13 shall be further defined by
14 the Commission; or

15 “(BB) a digital com-
16 modity or a permitted pay-
17 ment stablecoin to which the
18 Commission determines, by
19 rule or regulation, it is not
20 in the public interest for this
21 section to apply;” and

22 (B) by redesignating clause (iv) as clause
23 (v) and inserting after clause (iii) the following:

24 “(iv) The Commission shall adopt
25 rules and regulations applicable to digital

1 commodity dealers and digital commodity
2 brokers in connection with the agreements,
3 contracts or transactions in digital com-
4 modities or permitted payment stablecoins
5 described in clause (ii)(V) of this subpara-
6 graph, which shall set forth minimum re-
7 quirements related to disclosure, record-
8 keeping, margin and financing arrange-
9 ments, capital, reporting, business conduct,
10 documentation, and supervision of employ-
11 ees and agents. Except as prohibited in
12 subparagraph (G)(iii), the Commission
13 may also make, promulgate, and enforce
14 such rules and regulations as, in the judg-
15 ment of the Commission, are reasonably
16 necessary to effectuate any of the provi-
17 sions of, or to accomplish any of the pur-
18 poses of, this Act in connection with agree-
19 ments, contracts, or transactions described
20 in such clause (ii)(V), which may include,
21 without limitation, requirements regarding
22 registration with the Commission and
23 membership in a registered futures asso-
24 ciation.”; and

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

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

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

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

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

16 “(ii) LIMITATIONS.—Clause (i) shall not apply
17 with respect to—

18 “(I) custodial or depository activities for a
19 digital commodity of an entity regulated by an
20 appropriate Federal banking agency or a State
21 bank supervisor (within the meaning of section
22 3 of the Federal Deposit Insurance Act); or

23 “(II) an offer or sale of an investment con-
24 tract involving a digital commodity or of a secu-

1 curities offer or sale involving a digital com-
2 modity.

3 “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

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

6 “(II) REPORTS ON MIXED DIGITAL ASSET
7 TRANSACTIONS.—A digital commodity issuer,
8 related person, affiliated person, or other per-
9 son registered with the Securities and Exchange
10 Commission that engages in a mixed digital
11 asset transaction, shall, on request of the Com-
12 mission, open to inspection and examination by
13 the Commission all books and records relating
14 to the mixed digital asset transaction, subject to
15 the confidentiality and disclosure requirements
16 of section 8.

17 “(G) AGREEMENTS, CONTRACTS, AND TRANS-
18 ACTIONS IN STABLECOINS.—

19 “(i) TREATMENT OF PERMITTED PAYMENT
20 STABLECOINS ON COMMISSION-REGISTERED ENTI-
21 TIES.—Subject to clauses (ii) and (iii), the Commis-
22 sion shall have jurisdiction over a cash or spot
23 agreement, contract, or transaction in a permitted
24 payment stablecoin that is offered, offered to enter

1 into, entered into, executed, confirmed the execution
2 of, solicited, or accepted—

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

5 “(II) by any other entity registered with
6 the Commission.

7 “(ii) PERMITTED PAYMENT STABLECOIN
8 TRANSACTION RULES.—This Act shall apply to a
9 transaction described in clause (i) only for the pur-
10 pose of regulating the offer, execution, solicitation,
11 or acceptance of a cash or spot permitted payment
12 stablecoin transaction on a registered entity or by
13 any other entity registered with the Commission, as
14 if the permitted payment stablecoin were a digital
15 commodity.

16 “(iii) NO AUTHORITY OVER PERMITTED PAY-
17 MENT STABLECOINS.—Notwithstanding clauses (i)
18 and (ii), the Commission shall not make a rule or
19 regulation, impose a requirement or obligation on a
20 registered entity or other entity registered with the
21 Commission, or impose a requirement or obligation
22 on a permitted payment stablecoin issuer, regarding
23 the operation of a permitted payment stablecoin
24 issuer or a permitted payment stablecoin.”

1 (d) CONFORMING AMENDMENT.—Section 2(a)(1)(A)
2 of such Act (7 U.S.C. 2(a)(1)(A)) is amended in the 1st
3 sentence by inserting “subparagraphs (F) and (G) of sub-
4 section (c)(2) of this section or” before “section 19”.

5 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**
6 **TO USE QUALIFIED DIGITAL COMMODITY**
7 **CUSTODIANS.**

8 Section 4d of the Commodity Exchange Act (7 U.S.C.
9 6d) is amended—

10 (1) in subsection (a)(2)—

11 (A) in the 1st proviso, by striking “any
12 bank or trust company” and inserting “any
13 bank, trust company, or qualified digital com-
14 modity custodian”; and

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

19 (2) in subsection (f)(3)(A)(i), by striking “any
20 bank or trust company” and inserting “any bank,
21 trust company, or qualified digital commodity custo-
22 dian”.

1 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**
2 **DIGITAL COMMODITIES.**

3 Section 5c of the Commodity Exchange Act (7 U.S.C.
4 7a-2) is amended—

5 (1) in subsection (a), by striking “5(d) and
6 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

7 (2) in subsection (b)—

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

11 (B) in paragraph (3), by inserting “digital
12 commodity exchange,” before “derivatives” each
13 place it appears;

14 (3) in subsection (c)—

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

17 (B) in paragraph (4)(B), by striking
18 “1a(10)” and inserting “1a(9)”; and

19 (C) in paragraph (5), by adding at the end
20 the following:

21 “(D) SPECIAL RULES FOR DIGITAL COM-
22 MODITY CONTRACTS.—In certifying any new
23 rule or rule amendment, or listing any new con-
24 tract or instrument, in connection with a con-
25 tract of sale of a commodity for future delivery,
26 option, swap, or other agreement, contract, or

1 transaction, that is based on or references a
2 digital commodity, a registered entity shall
3 make or rely on a certification under subsection
4 (d) for the digital commodity.”; and
5 (4) by inserting after subsection (c) the fol-
6 lowing:

7 “(d) CERTIFICATIONS FOR DIGITAL COMMODITY
8 TRADING.—

9 “(1) IN GENERAL.—Notwithstanding subsection
10 (c), for the purposes of listing or offering a digital
11 commodity for trading in a digital commodity cash
12 or spot market, an eligible entity shall submit a
13 written certification to the Commission that the dig-
14 ital commodity meets the requirements of this Act
15 (including the regulations prescribed under this
16 Act).

17 “(2) CONTENTS OF THE CERTIFICATION.—

18 “(A) IN GENERAL.—In making a written
19 certification under this paragraph, the eligible
20 entity shall furnish to the Commission an anal-
21 ysis of how the digital commodity meets the re-
22 quirements of section 5i(e)(3).

23 “(B) RELIANCE ON PRIOR DISCLO-
24 SURES.—In making a certification under this
25 subsection, an eligible entity may rely on the

1 records and disclosures of any relevant person
2 registered with the Securities and Exchange
3 Commission or other State or Federal agency.

4 “(3) MODIFICATIONS.—

5 “(A) IN GENERAL.—An eligible entity shall
6 modify a certification made under paragraph
7 (1) to—

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

11 “(ii) permit or restrict trading in
12 units of a digital commodity held by a re-
13 lated person or an affiliated person.

14 “(B) RECERTIFICATION.—Modifications
15 required by this subsection shall be subject to
16 the same disapproval and review process as a
17 new certification under paragraphs (4) and (5).

18 “(4) DISAPPROVAL.—

19 “(A) IN GENERAL.—The written certifi-
20 cation described in paragraph (1) shall become
21 effective unless the Commission finds that the
22 listing of the digital commodity is inconsistent
23 with the requirements of this Act or the rules
24 and regulations prescribed under this Act.

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

5 “(C) PUBLIC FINDINGS.—The Commission
6 shall make public any disapproval decision, and
7 any related findings and analysis, made under
8 this paragraph.

9 “(5) REVIEW.—

10 “(A) IN GENERAL.—Unless the Commis-
11 sion makes a disapproval decision under para-
12 graph (4), the written certification described in
13 paragraph (1) shall become effective, pursuant
14 to the certification by the eligible entity and no-
15 tice of the certification to the public (in a man-
16 ner determined by the Commission) on the date
17 that is—

18 “(i) 20 business days after the date
19 the Commission receives the certification
20 (or such shorter period as determined by
21 the Commission by rule or regulation), in
22 the case of a digital commodity that has
23 not been certified under this section or for
24 which a certification is being modified
25 under paragraph (3); or

1 “(ii) 1 business day after the date the
2 Commission receives the certification (or
3 such shorter period as determined by the
4 Commission by rule or regulation) for any
5 digital commodity that has been certified
6 under this section.

7 “(B) EXTENSIONS.—The time for consid-
8 eration under subparagraph (A) may be ex-
9 tended through notice to the eligible entity that
10 there are novel or complex issues that require
11 additional time to analyze, that the explanation
12 by the submitting eligible entity is inadequate,
13 or of a potential inconsistency with this Act—

14 “(i) once, for 30 business days,
15 through written notice to the eligible entity
16 by the Commission; and

17 “(ii) once, for an additional 30 busi-
18 ness days, through written notice to the el-
19 igible entity from the Commission that in-
20 cludes a description of any deficiencies
21 with the certification, including any—

22 “(I) novel or complex issues
23 which require additional time to ana-
24 lyze;

1 “(II) missing information or in-
2 adequate explanations; or

3 “(III) potential inconsistencies
4 with this Act.

5 “(6) PRIOR APPROVAL BEFORE REGISTRA-
6 TION.—

7 “(A) IN GENERAL.—A person applying for
8 registration with the Commission for the pur-
9 poses of listing or offering a digital commodity
10 for trading in a digital commodity cash or spot
11 market may request that the Commission grant
12 prior approval for the person to list or offer the
13 digital commodity on being registered with the
14 Commission.

15 “(B) REQUEST FOR PRIOR APPROVAL.—A
16 person seeking prior approval under subpara-
17 graph (A) shall furnish the Commission with a
18 written certification that the digital commodity
19 meets the requirements of this Act (including
20 the regulations prescribed under this Act) and
21 the information described in paragraph (2).

22 “(C) DEADLINE.—The Commission shall
23 take final action on a request for prior approval
24 not later than 90 business days after submis-
25 sion of the request, unless the person submit-

1 ting the request agrees to an extension of the
2 time limitation established under this subpara-
3 graph.

4 “(D) DISAPPROVAL.—

5 “(i) IN GENERAL.—The Commission
6 shall approve the listing of the digital com-
7 modity unless the Commission finds that
8 the listing is inconsistent with this Act (in-
9 cluding any regulation prescribed under
10 this Act).

11 “(ii) ANALYSIS REQUIRED.—The
12 Commission shall include, with any find-
13 ings made under clause (i), a detailed anal-
14 ysis of the factors on which the decision is
15 based.

16 “(iii) PUBLIC FINDINGS.—The Com-
17 mission shall make public any disapproval
18 decision, and any related findings and
19 analysis, made under this paragraph.

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

1 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**
2 **CHANGES.**

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

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

7 “(a) IN GENERAL.—

8 “(1) REGISTRATION.—

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

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

21 “(C) EXEMPTIONS.—A trading facility
22 that offers or seeks to offer a cash or spot mar-
23 ket in at least 1 digital commodity shall not be
24 required to register under this section if the
25 trading facility—

1 “(i) permits no more than a de mini-
2 mis amount of trading activity, as the
3 Commission may determine by rule or reg-
4 ulation, in a digital commodity; or

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

7 “(2) ADDITIONAL REGISTRATIONS.—

8 “(A) WITH THE COMMISSION.—In order to
9 foster the development of fair and orderly mar-
10 kets, protect customers, and promote respon-
11 sible innovation, the Commission—

12 “(i) shall prescribe rules to exempt an
13 entity registered with the Commission
14 under more than 1 section of this Act from
15 duplicative, conflicting, or unduly burden-
16 some provisions of this Act and the rules
17 under this Act;

18 “(ii) shall prescribe rules to address
19 conflicts of interests and activities of the
20 entity; and

21 “(iii) may, after an analysis of the
22 risks and benefits, prescribe rules to pro-
23 vide for portfolio margining.

24 “(B) WITH A REGISTERED FUTURES ASSO-
25 CIATION.—

1 “(i) IN GENERAL.—A registered dig-
2 ital commodity exchange shall also be a
3 member of a registered futures association
4 and comply with rules related to such ac-
5 tivity, if the registered digital commodity
6 exchange accepts customer funds required
7 to be segregated under subsection (d).

8 “(ii) RULEMAKING REQUIRED.—The
9 Commission shall require any registered
10 futures association with a digital com-
11 modity exchange as a member to provide
12 such rules as may be necessary to further
13 compliance with subsection (d), protect
14 customers, and promote the public interest.

15 “(C) REGISTRATION REQUIRED.—A person
16 required to be registered as a digital commodity
17 exchange under this section shall register with
18 the Commission as such regardless of whether
19 the person is registered with another State or
20 Federal regulator.

21 “(b) TRADING.—

22 “(1) PROHIBITION ON CERTAIN TRADING PRAC-
23 TICES.—

24 “(A) Section 4b shall apply to any agree-
25 ment, contract, or transaction in a digital com-

1 commodity as if the agreement, contract, or trans-
2 action were a contract of sale of a commodity
3 for future delivery.

4 “(B) Section 4c shall apply to any agree-
5 ment, contract, or transaction in a digital com-
6 modity as if the agreement, contract, or trans-
7 action were a transaction involving the purchase
8 or sale of a commodity for future delivery.

9 “(C) Section 4b-1 shall apply to any agree-
10 ment, contract, or transaction in a digital com-
11 modity as if the agreement, contract, or trans-
12 action were a contract of sale of a commodity
13 for future delivery.

14 “(2) PROHIBITION ON ACTING AS A
15 COUNTERPARTY.—

16 “(A) IN GENERAL.—A digital commodity
17 exchange or any affiliate of such an exchange
18 shall not trade on or subject to the rules of the
19 digital commodity exchange for its own account.

20 “(B) EXCEPTIONS.—The Commission
21 shall, by rule, permit a digital commodity ex-
22 change or any affiliate of a digital commodity
23 exchange to engage in trading on an affiliated
24 exchange so long as the trading is not solely for

1 the purpose of the profit of the exchange, in-
2 cluding the following:

3 “(i) CUSTOMER DIRECTION.—A trans-
4 action for, or entered into at the direction
5 of, or for the benefit of, an unaffiliated
6 customer.

7 “(ii) RISK MANAGEMENT.—A trans-
8 action to manage the risks associated with
9 the digital commodity business of the ex-
10 change.

11 “(iii) FUNCTIONAL USE.—A trans-
12 action related to the functional operation
13 of a blockchain system.

14 “(C) NOTICE REQUIREMENT.—In order for
15 a digital commodity exchange or any affiliate of
16 a digital commodity exchange to engage in trad-
17 ing on the affiliated exchange pursuant to sub-
18 section (B), notice must be given to the Com-
19 mission that shall enumerate how any proposed
20 activity is consistent with the exceptions in sub-
21 section (B) and the purposes of this Act.

22 “(D) DELEGATION.—The Commission
23 may, by rule, delegate the authority to carry
24 out these provisions.

1 “(3) RULES FOR CERTAIN DIGITAL COMMODITY
2 SALES.—The digital commodity exchange shall have
3 in place such rules as may be necessary to reason-
4 ably ensure the orderly sale of any unit of a digital
5 commodity sold by a related person or an affiliated
6 person.

7 “(c) CORE PRINCIPLES FOR DIGITAL COMMODITY
8 EXCHANGES.—

9 “(1) COMPLIANCE WITH CORE PRINCIPLES.—

10 “(A) IN GENERAL.—To be registered, and
11 maintain registration, as a digital commodity
12 exchange, a digital commodity exchange shall
13 comply with—

14 “(i) the core principles described in
15 this subsection; and

16 “(ii) any requirement that the Com-
17 mission may impose by rule or regulation
18 pursuant to section 8a(5).

19 “(B) REASONABLE DISCRETION OF A DIG-
20 ITAL COMMODITY EXCHANGE.—Unless other-
21 wise determined by the Commission by rule or
22 regulation, a digital commodity exchange de-
23 scribed in subparagraph (A) shall have reason-
24 able discretion in establishing the manner in
25 which the digital commodity exchange complies

1 with the core principles described in this sub-
2 section.

3 “(2) COMPLIANCE WITH RULES.—A digital
4 commodity exchange shall—

5 “(A) establish and enforce compliance with
6 any rule of the digital commodity exchange, in-
7 cluding—

8 “(i) the terms and conditions of the
9 trades traded or processed on or through
10 the digital commodity exchange; and

11 “(ii) any limitation on access to the
12 digital commodity exchange;

13 “(B) establish and enforce trading, trade
14 processing, and participation rules that will
15 deter abuses and have the capacity to detect,
16 investigate, and enforce those rules, including
17 means—

18 “(i) to provide market participants
19 with impartial access to the market; and

20 “(ii) to capture information that may
21 be used in establishing whether rule viola-
22 tions have occurred; and

23 “(C) establish rules governing the oper-
24 ation of the exchange, including rules specifying
25 trading procedures to be used in entering and

1 executing orders traded or posted on the facil-
2 ity.

3 “(3) LISTING STANDARDS FOR DIGITAL COM-
4 MODITIES.—

5 “(A) IN GENERAL.—A digital commodity
6 exchange shall permit trading only in a digital
7 commodity that is not readily susceptible to ma-
8 nipulation.

9 “(B) PUBLIC INFORMATION REQUIRE-
10 MENTS.—

11 “(i) IN GENERAL.—A digital com-
12 modity exchange shall permit trading only
13 in a digital commodity if the information
14 required in clause (ii) is correct, current,
15 and available to the public.

16 “(ii) REQUIRED INFORMATION.—
17 With respect to a digital commodity and
18 each blockchain system to which the digital
19 commodity relates for which the digital
20 commodity exchange will make the digital
21 commodity available to the customers of
22 the digital commodity exchange, the infor-
23 mation required in this clause is as follows:

1 “(I) SOURCE CODE.—The source
2 code for any blockchain system to
3 which the digital commodity relates.

4 “(II) TRANSACTION HISTORY.—A
5 narrative description of the steps nec-
6 essary to independently access, search,
7 and verify the transaction history of
8 any blockchain system to which the
9 digital commodity relates.

10 “(III) DIGITAL COMMODITY ECO-
11 NOMICS.—A narrative description of
12 the purpose of any blockchain system
13 to which the digital commodity relates
14 and the operation of any such
15 blockchain system, including—

16 “(aa) information explaining
17 the launch and supply process,
18 including the number of digital
19 assets to be issued in an initial
20 allocation, the total number of
21 digital commodities to be created,
22 the release schedule for the dig-
23 ital commodities, and the total
24 number of digital commodities
25 then outstanding;

1 “(bb) information detailing
2 any applicable consensus mecha-
3 nism or process for validating
4 transactions, method of gener-
5 ating or mining digital assets,
6 and any process for burning or
7 destroying digital commodities on
8 the blockchain system;

9 “(cc) an explanation of gov-
10 ernance mechanisms for imple-
11 menting changes to the
12 blockchain system or forming
13 consensus among holders of the
14 digital commodities; and

15 “(dd) sufficient information
16 for a third party to create a tool
17 for verifying the transaction his-
18 tory of the digital asset.

19 “(IV) TRADING VOLUME AND
20 VOLATILITY.—The trading volume
21 and volatility of the digital com-
22 modity.

23 “(V) ADDITIONAL INFORMA-
24 TION.—Such additional information
25 as is necessary for a customer to un-

1 derstand the financial and operational
2 risks of a digital commodity, prac-
3 tically feasible to provide, and in the
4 public interest or in furtherance of the
5 requirements of this Act.

6 “(iii) **FORMAT.**—The Commission
7 shall prescribe rules and regulations for
8 the standardization and simplification of
9 disclosures under clause (ii), including re-
10 quiring that disclosures—

11 “(I) be conspicuous;

12 “(II) use plain language com-
13 prehensible to customers; and

14 “(III) succinctly explain the in-
15 formation that is required to be com-
16 municated to the customer.

17 “(iv) **RELIANCE ON PREVIOUS DIS-**
18 **CLOSURES.**—In complying with this sub-
19 paragraph, a digital commodity exchange
20 may rely on information disclosed by the
21 issuer of a digital commodity pursuant to
22 section 4b(a)(2) of the Securities Act of
23 1933.

24 “(C) **DIGITAL COMMODITIES HELD BY RE-**
25 **LATED AND AFFILIATED PERSONS.**—A digital

1 commodity exchange shall not permit the trad-
2 ing of a unit of a digital commodity that is a
3 digital commodity held by an affiliated person
4 or a related person, except pursuant to section
5 42 of the Securities Exchange Act of 1934.

6 “(4) TREATMENT OF CUSTOMER ASSETS.—A
7 digital commodity exchange shall establish policies
8 and procedures that are consistent with recognized
9 industry standards and designed to protect and en-
10 sure the safety of customer money, assets, and prop-
11 erty.

12 “(5) MONITORING OF TRADING AND TRADE
13 PROCESSING.—

14 “(A) IN GENERAL.—A digital commodity
15 exchange shall provide a competitive, open, and
16 efficient market and mechanism for executing
17 transactions that protects the price discovery
18 process of trading on the exchange.

19 “(B) PROTECTION OF MARKETS AND MAR-
20 KET PARTICIPANTS.—A digital commodity ex-
21 change shall establish and enforce rules—

22 “(i) to protect markets and market
23 participants from abusive practices com-
24 mitted by any party, including abusive

1 practices committed by a party acting as
2 an agent for a participant; and

3 “(ii) to promote fair and equitable
4 trading on the exchange.

5 “(C) TRADING PROCEDURES.—A digital
6 commodity exchange shall—

7 “(i) establish and enforce rules or
8 terms and conditions defining, or specifica-
9 tions detailing—

10 “(I) trading procedures to be
11 used in entering and executing orders
12 traded on or through the facilities of
13 the digital commodity exchange; and

14 “(II) procedures for trade proc-
15 essing of digital commodities on or
16 through the facilities of the digital
17 commodity exchange; and

18 “(ii) monitor trading in digital com-
19 modities to prevent manipulation, price
20 distortion, and disruptions of the delivery
21 or settlement process through surveillance,
22 compliance, and disciplinary practices and
23 procedures, including methods for con-
24 ducting real-time monitoring of trading

1 and comprehensive and accurate trade re-
2 constructions.

3 “(6) ABILITY TO OBTAIN INFORMATION.—A
4 digital commodity exchange shall—

5 “(A) establish and enforce rules that will
6 allow the facility to obtain any necessary infor-
7 mation to perform any of the functions de-
8 scribed in this section;

9 “(B) provide the information to the Com-
10 mission on request; and

11 “(C) have the capacity to carry out such
12 international information-sharing agreements as
13 the Commission may require.

14 “(7) EMERGENCY AUTHORITY.—A digital com-
15 modity exchange shall adopt rules to provide for the
16 exercise of emergency authority, in consultation or
17 cooperation with the Commission or a registered en-
18 tity, as is necessary and appropriate, including the
19 authority to facilitate the liquidation or transfer of
20 open positions in any digital commodity or to sus-
21 pend or curtail trading in a digital commodity.

22 “(8) TIMELY PUBLICATION OF TRADING INFOR-
23 MATION.—

24 “(A) IN GENERAL.—A digital commodity
25 exchange shall make public timely information

1 on price, trading volume, and other trading
2 data on digital commodities to the extent pre-
3 scribed by the Commission.

4 “(B) CAPACITY OF DIGITAL COMMODITY
5 EXCHANGE.—A digital commodity exchange
6 shall have the capacity to electronically capture
7 and transmit trade information with respect to
8 transactions executed on the exchange.

9 “(9) RECORDKEEPING AND REPORTING.—

10 “(A) IN GENERAL.—A digital commodity
11 exchange shall—

12 “(i) maintain records relating to the
13 operation of the exchange, including a
14 complete audit trail, in a form and manner
15 acceptable to the Commission for a period
16 of 5 years;

17 “(ii) report to the Commission, in a
18 form and manner acceptable to the Com-
19 mission, such information as the Commis-
20 sion determines to be necessary or appro-
21 priate for the Commission to perform the
22 duties of the Commission under this Act;
23 and

24 “(iii) keep any such records of digital
25 commodities which relate to a security

1 open to inspection and examination by the
2 Securities and Exchange Commission.

3 “(B) INFORMATION-SHARING.—Subject to
4 section 8, and on request, the Commission shall
5 share information collected under subparagraph
6 (A) with—

7 “(i) the Board;

8 “(ii) the Securities and Exchange
9 Commission;

10 “(iii) each appropriate Federal bank-
11 ing agency;

12 “(iv) each appropriate State bank su-
13 pervisor (within the meaning of section 3
14 of the Federal Deposit Insurance Act);

15 “(v) the Financial Stability Oversight
16 Council;

17 “(vi) the Department of Justice; and

18 “(vii) any other person that the Com-
19 mission determines to be appropriate, in-
20 cluding—

21 “(I) foreign financial supervisors
22 (including foreign futures authorities);

23 “(II) foreign central banks; and

24 “(III) foreign ministries.

1 “(C) CONFIDENTIALITY AGREEMENT.—Be-
2 fore the Commission may share information
3 with any entity described in subparagraph (B),
4 the Commission shall receive a written agree-
5 ment from the entity stating that the entity
6 shall abide by the confidentiality requirements
7 described in section 8 relating to the informa-
8 tion on digital commodities that is provided.

9 “(D) PROVIDING INFORMATION.—A digital
10 commodity exchange shall provide to the Com-
11 mission (including any designee of the Commis-
12 sion) information under subparagraph (A) in
13 such form and at such frequency as is required
14 by the Commission.

15 “(10) ANTITRUST CONSIDERATIONS.—Unless
16 necessary or appropriate to achieve the purposes of
17 this Act, a digital commodity exchange shall not—

18 “(A) adopt any rules or take any actions
19 that result in any unreasonable restraint of
20 trade; or

21 “(B) impose any material anticompetitive
22 burden on trading.

23 “(11) CONFLICTS OF INTEREST.—The digital
24 commodity exchange shall establish and enforce
25 rules—

1 “(A) to minimize conflicts of interest in
2 the decision making processes of the contract
3 market; and

4 “(B) to establish a process for resolving
5 conflicts of interest referred to in subparagraph
6 (A).

7 “(12) FINANCIAL RESOURCES.—

8 “(A) IN GENERAL.—A digital commodity
9 exchange shall have adequate financial, oper-
10 ational, and managerial resources, as deter-
11 mined by the Commission, to discharge each re-
12 sponsibility of the digital commodity exchange.

13 “(B) MINIMUM AMOUNT OF FINANCIAL RE-
14 SOURCES.—A digital commodity exchange shall
15 possess financial resources that, at a minimum,
16 exceed—

17 “(i) the total amount that would en-
18 able the digital commodity exchange to
19 cover the operating costs of the digital
20 commodity exchange for a 1-year period,
21 as calculated on a rolling basis; and

22 “(ii) the total amount necessary to
23 meet the financial obligations of the digital
24 commodity exchange to all customers of
25 the digital commodity exchange.

1 “(13) DISCIPLINARY PROCEDURES.—A digital
2 commodity exchange shall establish and enforce dis-
3 ciplinary procedures that authorize the digital com-
4 modity exchange to discipline, suspend, or expel
5 members or market participants that violate the
6 rules of the digital commodity exchange, or similar
7 methods for performing the same functions, includ-
8 ing delegation of the functions to third parties.

9 “(14) GOVERNANCE FITNESS STANDARDS.—

10 “(A) GOVERNANCE ARRANGEMENTS.—A
11 digital commodity exchange shall establish gov-
12 ernance arrangements that are transparent to
13 fulfill public interest requirements.

14 “(B) FITNESS STANDARDS.—A digital
15 commodity exchange shall establish and enforce
16 appropriate fitness standards for—

17 “(i) directors; and

18 “(ii) any individual or entity with di-
19 rect access to, or control of, customer as-
20 sets.

21 “(15) SYSTEM SAFEGUARDS.—A digital com-
22 modity exchange shall—

23 “(A) establish and maintain a program of
24 risk analysis and oversight to identify and mini-
25 mize sources of operational and security risks,

1 through the development of appropriate controls
2 and procedures, and automated systems in ac-
3 cordance with industry standards, that—

4 “(i) are reliable and secure; and

5 “(ii) have adequate scalable capacity;

6 “(B) establish and maintain emergency
7 procedures, backup facilities, and a plan for dis-
8 aster recovery that allow for—

9 “(i) the timely recovery and resump-
10 tion of operations; and

11 “(ii) the fulfillment of the responsibil-
12 ities and obligations of the digital com-
13 modity exchange; and

14 “(C) periodically conduct tests to verify
15 that the backup resources of the digital com-
16 modity exchange are sufficient to ensure contin-
17 ued—

18 “(i) order processing and trade
19 matching;

20 “(ii) price reporting;

21 “(iii) market surveillance; and

22 “(iv) maintenance of a comprehensive
23 and accurate audit trail.

24 “(d) HOLDING OF CUSTOMER ASSETS.—

1 “(1) IN GENERAL.—A digital commodity ex-
2 change shall hold customer money, assets, and prop-
3 erty in a manner to minimize the risk of loss to the
4 customer or unreasonable delay in customer access
5 to the money, assets, and property of the customer.

6 “(A) SEGREGATION OF FUNDS.—

7 “(i) IN GENERAL.—A digital com-
8 modity exchange shall treat and deal with
9 all money, assets, and property that is re-
10 ceived by the digital commodity exchange,
11 or accrues to a customer as the result of
12 trading in digital commodities, as belong-
13 ing to the customer.

14 “(ii) COMMINGLING PROHIBITED.—
15 Money, assets, and property of a customer
16 described in clause (i) shall be separately
17 accounted for and shall not be commingled
18 with the funds of the digital commodity ex-
19 change or be used to margin, secure, or
20 guarantee any trades or accounts of any
21 customer or person other than the person
22 for whom the same are held.

23 “(B) EXCEPTIONS.—

24 “(i) USE OF FUNDS.—

1 “(I) IN GENERAL.—Notwith-
2 standing subparagraph (A), money,
3 assets, and property of customers of a
4 digital commodity exchange described
5 in subparagraph (A) may, for conven-
6 ience, be commingled and deposited in
7 the same account or accounts with
8 any bank, trust company, derivatives
9 clearing organization, or qualified dig-
10 ital commodity custodian.

11 “(II) WITHDRAWAL.—Notwith-
12 standing subparagraph (A), such
13 share of the money, assets, and prop-
14 erty described in subclause (I) of this
15 clause as in the normal course of busi-
16 ness shall be necessary to margin,
17 guarantee, secure, transfer, adjust, or
18 settle a contract of sale of a digital
19 commodity with a registered entity
20 may be withdrawn and applied to such
21 purposes, including the payment of
22 commissions, brokerage, interest,
23 taxes, storage, and other charges, law-
24 fully accruing in connection with the

1 contract of sale of a digital com-
2 modity.

3 “(ii) COMMISSION ACTION.—Notwith-
4 standing subparagraph (A), in accordance
5 with such terms and conditions as the
6 Commission may prescribe by rule, regula-
7 tion, or order, any money, assets, or prop-
8 erty of the customers of a digital com-
9 modity exchange described in subpara-
10 graph (A) may be commingled and depos-
11 ited in customer accounts with any other
12 money, assets, or property received by the
13 digital commodity exchange and required
14 by the Commission to be separately ac-
15 counted for and treated and dealt with as
16 belonging to the customer of the digital
17 commodity exchange.

18 “(2) PERMITTED INVESTMENTS.—Money de-
19 scribed in subparagraph (A) may be invested in obli-
20 gations of the United States, in general obligations
21 of any State or of any political subdivision of a
22 State, and in obligations fully guaranteed as to prin-
23 cipal and interest by the United States, or in any
24 other investment that the Commission may by rule
25 or regulation prescribe, and such investments shall

1 be made in accordance with such rules and regula-
2 tions and subject to such conditions as the Commis-
3 sion may prescribe.

4 “(3) CUSTOMER PROTECTION DURING BANK-
5 RUPTCY.—

6 “(A) CUSTOMER PROPERTY.—All assets
7 held on behalf of a customer by a digital com-
8 modity exchange, and all money, assets, and
9 property of any customer received by a digital
10 commodity exchange for trading or custody, or
11 to facilitate, margin, guarantee, or secure con-
12 tracts of sale of a digital commodity (including
13 money, assets, or property accruing to the cus-
14 tomer as the result of the transactions), shall
15 be considered customer property for purposes of
16 section 761 of title 11, United States Code.

17 “(B) TRANSACTIONS.—A transaction in-
18 volving the sale of a unit of a digital commodity
19 occurring on or subject to the rules of a digital
20 commodity exchange shall be considered a con-
21 tract for the purchase or sale of a commodity
22 for future delivery, on or subject to the rules of,
23 a contract market or board of trade for pur-
24 poses of the definition of ‘commodity contract’
25 in section 761 of title 11, United States Code.

1 “(C) EXCHANGES.—A digital commodity
2 exchange shall be considered a futures commis-
3 sion merchant for purposes of section 761 of
4 title 11, United States Code.

5 “(D) ASSETS REMOVED FROM SEGREGA-
6 TION.—Assets removed from segregation due to
7 a customer election under paragraph (5) shall
8 not be considered customer property for pur-
9 poses of section 761 of title 11, United States
10 Code.

11 “(4) MISUSE OF CUSTOMER PROPERTY.—

12 “(A) IN GENERAL.—It shall be unlawful—

13 “(i) for any digital commodity ex-
14 change that has received any customer
15 money, assets, or property for custody to
16 dispose of, or use any such money, assets,
17 or property as belonging to the digital
18 commodity exchange or any person other
19 than a customer of the digital commodity
20 exchange; or

21 “(ii) for any other person, including
22 any depository, other digital commodity ex-
23 change, or digital commodity custodian
24 that has received any customer money, as-
25 sets, or property for deposit, to hold, dis-

1 pose of, or use any such money, assets, or
2 property, or property, as belonging to the
3 depositing digital commodity exchange or
4 any person other than the customers of the
5 digital commodity exchange.

6 “(B) USE FURTHER DEFINED.—For pur-
7 poses of this section, ‘use’ of a digital com-
8 modity includes utilizing any unit of a digital
9 asset to participate in a blockchain service de-
10 fined in paragraph (5) or a decentralized gov-
11 ernance system associated with the digital com-
12 modity or the blockchain system to which the
13 digital commodity relates in any manner other
14 than that expressly directed by the customer
15 from whom the unit of a digital commodity was
16 received.

17 “(5) PARTICIPATION IN BLOCKCHAIN SERV-
18 ICES.—

19 “(A) IN GENERAL.—A customer shall have
20 the right to waive the restrictions in paragraph
21 (1) for any unit of a digital commodity to be
22 used under subparagraph (B), by affirmatively
23 electing, in writing to the digital commodity ex-
24 change, to waive the restrictions.

1 “(B) USE OF FUNDS.—Customer digital
2 commodities removed from segregation under
3 subparagraph (A) may be pooled and used by
4 the digital commodity exchange or its designee
5 to provide a blockchain service for a blockchain
6 system to which the unit of the digital asset re-
7 moved from segregation in subparagraph (A)
8 relates.

9 “(C) LIMITATIONS.—

10 “(i) IN GENERAL.—The Commission
11 may, by rule, establish notice and disclo-
12 sure requirements, and any other limita-
13 tions and rules related to the waiving of
14 any restrictions under this paragraph that
15 are reasonably necessary to protect cus-
16 tomers, including eligible contract partici-
17 pants, non-eligible contract participants, or
18 any other class of customers.

19 “(ii) CUSTOMER CHOICE.—A digital
20 commodity exchange may not require a
21 waiver from a customer described in sub-
22 paragraph (A) as a condition of doing
23 business on the exchange.

24 “(D) BLOCKCHAIN SERVICE DEFINED.—In
25 this subparagraph, the term ‘blockchain service’

1 means any activity relating to validating trans-
2 actions on a blockchain system, providing secu-
3 rity for a blockchain system, or other similar
4 activity required for the ongoing operation of a
5 blockchain system.

6 “(e) MARKET ACCESS REQUIREMENTS.—The Com-
7 mission may, by rule, impose any additional requirements
8 related to the operations and activities of the digital com-
9 modity exchange and an affiliated digital commodity
10 broker necessary to protect market participants, promote
11 fair and equitable trading on the digital commodity ex-
12 change, and promote responsible innovation.

13 “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-
14 CER.—

15 “(1) IN GENERAL.—A digital commodity ex-
16 change shall designate an individual to serve as a
17 chief compliance officer.

18 “(2) DUTIES.—The chief compliance officer
19 shall—

20 “(A) report directly to the board or to the
21 senior officer of the exchange;

22 “(B) review compliance with the core prin-
23 ciples in this subsection;

24 “(C) in consultation with the board of the
25 exchange, a body performing a function similar

1 to that of a board, or the senior officer of the
2 exchange, resolve any conflicts of interest that
3 may arise;

4 “(D) establish and administer the policies
5 and procedures required to be established pur-
6 suant to this section;

7 “(E) ensure compliance with this Act and
8 the rules and regulations issued under this Act,
9 including rules prescribed by the Commission
10 pursuant to this section; and

11 “(F) establish procedures for the remedi-
12 ation of noncompliance issues found during
13 compliance office reviews, look backs, internal
14 or external audit findings, self-reported errors,
15 or through validated complaints.

16 “(3) REQUIREMENTS FOR PROCEDURES.—In
17 establishing procedures under paragraph (2)(F), the
18 chief compliance officer shall design the procedures
19 to establish the handling, management response, re-
20 mediation, retesting, and closing of noncompliance
21 issues.

22 “(4) ANNUAL REPORTS.—

23 “(A) IN GENERAL.—In accordance with
24 rules prescribed by the Commission, the chief

1 compliance officer shall annually prepare and
2 sign a report that contains a description of—

3 “(i) the compliance of the digital com-
4 modity exchange with this Act; and

5 “(ii) the policies and procedures, in-
6 cluding the code of ethics and conflicts of
7 interest policies, of the digital commodity
8 exchange.

9 “(B) REQUIREMENTS.—The chief compli-
10 ance officer shall—

11 “(i) submit each report described in
12 subparagraph (A) with the appropriate fi-
13 nancial report of the digital commodity ex-
14 change that is required to be submitted to
15 the Commission pursuant to this section;
16 and

17 “(ii) include in the report a certifi-
18 cation that, under penalty of law, the re-
19 port is accurate and complete.

20 “(g) APPOINTMENT OF TRUSTEE.—

21 “(1) IN GENERAL.—If a proceeding under sec-
22 tion 5e results in the suspension or revocation of the
23 registration of a digital commodity exchange, or if a
24 digital commodity exchange withdraws from registra-
25 tion, the Commission, on notice to the digital com-

1 commodity exchange, may apply to the appropriate
2 United States district court where the digital com-
3modity exchange is located for the appointment of a
4 trustee.

5 “(2) ASSUMPTION OF JURISDICTION.—If the
6 Commission applies for appointment of a trustee
7 under paragraph (1)—

8 “(A) the court may take exclusive jurisdic-
9tion over the digital commodity exchange and
10 the records and assets of the digital commodity
11 exchange, wherever located; and

12 “(B) if the court takes jurisdiction under
13 subparagraph (A), the court shall appoint the
14 Commission, or a person designated by the
15 Commission, as trustee with power to take pos-
16 session and continue to operate or terminate
17 the operations of the digital commodity ex-
18 change in an orderly manner for the protection
19 of customers subject to such terms and condi-
20 tions as the court may prescribe.

21 “(h) QUALIFIED DIGITAL COMMODITY CUSTO-
22 DIAN.—A digital commodity exchange shall hold in a
23 qualified digital commodity custodian each unit of a digital
24 commodity that is—

1 “(1) the property of a customer of the digital
2 commodity exchange;

3 “(2) required to be held by the digital com-
4 modity exchange under subsection (c)(12) of this
5 section; or

6 “(3) otherwise so required by the Commission
7 to reasonably protect customers or promote the pub-
8 lic interest.

9 “(i) EXEMPTIONS.—

10 “(1) In order to promote responsible innovation
11 and fair competition, or protect customers, the Com-
12 mission may (on its own initiative or on application
13 of the registered digital commodity exchange) ex-
14 empt, either unconditionally or on stated terms or
15 conditions or for stated periods and either retro-
16 actively or prospectively, or both, a registered digital
17 commodity exchange from the requirements of this
18 section, if the Commission determines that—

19 “(A) the exemption would be consistent
20 with the public interest and the purposes of this
21 Act; and

22 “(B) the exemption will not have a mate-
23 rial adverse effect on the ability of the Commis-
24 sion or the digital commodity exchange to dis-

1 charge regulatory or self-regulatory duties
2 under this Act.

3 “(2) The Commission may exempt, condi-
4 tionally or unconditionally, a digital commodity ex-
5 change from registration under this section if the
6 Commission finds that the digital commodity ex-
7 change is subject to comparable, comprehensive su-
8 pervision and regulation on a consolidated basis by
9 the appropriate governmental authorities in the
10 home country of the facility.

11 “(j) CUSTOMER DEFINED.—In this section, the term
12 ‘customer’ means any person that maintains an account
13 for the trading of digital commodities directly with a dig-
14 ital commodity exchange (other than a person that is
15 owned or controlled, directly or indirectly, by the digital
16 commodity exchange) for its own behalf or on behalf of
17 any other person.

18 “(k) FEDERAL PREEMPTION.—Notwithstanding any
19 other provision of law, the Commission shall have exclusive
20 jurisdiction over any digital commodity exchange reg-
21 istered under this section with respect to activities and
22 transactions subject to this Act, except as provided in sec-
23 tion 5k.”.

1 **SEC. 405. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

2 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
3 as amended by the preceding provisions of this Act, is
4 amended by inserting after section 5i the following:

5 **“SEC. 5j. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

6 “(a) IN GENERAL.—A digital commodity custodian
7 is a qualified digital commodity custodian if the digital
8 commodity custodian complies with the requirements of
9 this section.

10 “(b) SUPERVISION REQUIREMENT.—A digital com-
11 modity custodian that is not subject to supervision and
12 examination by an appropriate Federal banking agency,
13 the National Credit Union Administration, the Commis-
14 sion, or the Securities and Exchange Commission shall be
15 subject to adequate supervision and appropriate regulation
16 by—

17 “(1) a State bank supervisor (within the mean-
18 ing of section 3 of the Federal Deposit Insurance
19 Act);

20 “(2) a State credit union supervisor, as defined
21 under section 6003 of the Anti-Money Laundering
22 Act of 2020; or

23 “(3) an appropriate foreign governmental au-
24 thority in the home country of the digital commodity
25 custodian.

26 **“(c) OTHER REQUIREMENTS.—**

1 “(1) NOT OTHERWISE PROHIBITED.—The dig-
2 ital commodity custodian has not been prohibited by
3 a supervisor of the digital commodity custodian from
4 engaging in an activity with respect to the custody
5 and safekeeping of digital commodities.

6 “(2) INFORMATION SHARING.—

7 “(A) IN GENERAL.—A digital commodity
8 custodian shall share information with the
9 Commission on request and comply with such
10 requirements for periodic sharing of informa-
11 tion regarding customer accounts that the dig-
12 ital commodity custodian holds on behalf of an
13 entity registered with the Commission as the
14 Commission determines by rule are reasonably
15 necessary to effectuate any of the provisions, or
16 to accomplish any of the purposes, of this Act.

17 “(B) PROVISION OF INFORMATION.—Any
18 entity that is subject to regulation and exam-
19 ination by an appropriate Federal banking
20 agency may satisfy any information request de-
21 scribed in subparagraph (A) by providing the
22 Commission with a detailed listing, in writing,
23 of the digital commodities of a customer within
24 the custody or use of the entity.

25 “(C) RULEMAKING FOR CFTC ENTITIES.—

1 “(i) IN GENERAL.—The Commission
2 may prescribe rules to permit a person reg-
3 istered with the Commission to be a quali-
4 fied digital commodity custodian in compli-
5 ance with this section.

6 “(ii) CONTENT.—In prescribing the
7 rules under subparagraph (A), the Com-
8 mission shall require an entity registered
9 with the Commission to—

10 “(I) implement requirement con-
11 sistent with the requirements in sub-
12 section (d)(1);

13 “(II) establish sufficient system
14 safeguards;

15 “(III) prevent conflicts of inter-
16 est; and

17 “(IV) establish separate govern-
18 ance arrangements for the custodial
19 function of the entity.

20 “(d) ADEQUATE SUPERVISION AND APPROPRIATE
21 REGULATION.—

22 “(1) IN GENERAL.—For purposes of subsection
23 (b), the terms ‘adequate supervision’ and ‘appro-
24 priate regulation’ mean such minimum standards for
25 supervision and regulation as are reasonably nec-

1 essary to protect the digital commodities of cus-
2 tomers of an entity registered with the Commission,
3 including standards relating to the licensing, exam-
4 ination, and supervisory processes that require the
5 digital commodity custodian to, at a minimum—

6 “(A) receive a review and evaluation of
7 ownership, character and fitness, conflicts of in-
8 terest, business model, financial statements,
9 funding resources, and policies and procedures
10 of the digital commodity custodian;

11 “(B) hold capital sufficient for the finan-
12 cial integrity of the digital commodity custo-
13 dian;

14 “(C) protect customer assets;

15 “(D) establish and maintain books and
16 records regarding the business of the digital
17 commodity custodian;

18 “(E) submit financial statements and au-
19 dited financial statements to the applicable su-
20 pervisor described in subsection (b);

21 “(F) provide disclosures to the applicable
22 supervisor described in subsection (b) regarding
23 actions, proceedings, and other items as deter-
24 mined by the supervisor;

1 “(G) maintain and enforce policies and
2 procedures for compliance with applicable State
3 and Federal laws, including those related to
4 anti-money laundering and cybersecurity;

5 “(H) establish a business continuity plan
6 to ensure functionality in cases of disruption;
7 and

8 “(I) establish policies and procedures to re-
9 solve complaints.

10 “(2) RULEMAKING WITH RESPECT TO DEFINI-
11 TIONS.—

12 “(A) IN GENERAL.—For purposes of this
13 section, the Commission may, by rule, further
14 define the terms ‘adequate supervision’ and ‘ap-
15 propriate regulation’ as necessary in the public
16 interest, as appropriate for the protection of
17 customers, and consistent with the purposes of
18 this Act.

19 “(B) CONDITIONAL TREATMENT OF CER-
20 TAIN CUSTODIANS BEFORE RULEMAKING.—Be-
21 fore the effective date of a rulemaking under
22 subparagraph (A), a trust company is deemed
23 subject to adequate supervision and appropriate
24 regulation if—

1 “(i) the trust company is expressly
2 permitted by a State bank supervisor to
3 engage in the custody and safekeeping of
4 digital commodities;

5 “(ii) the State bank supervisor has es-
6 tablished licensing, examination, and su-
7 pervisory processes that require the trust
8 company to, at a minimum, meet the con-
9 ditions described in subparagraphs (A)
10 through (I) of paragraph (1); and

11 “(iii) the trust company is in good
12 standing with its State bank supervisor.

13 “(C) TRANSITION PERIOD FOR CERTAIN
14 CUSTODIANS.—In implementing the rulemaking
15 under subparagraph (A), the Commission shall
16 provide a transition period of not less than 2
17 years for any trust company that is deemed
18 subject to adequate supervision and appropriate
19 regulation under subparagraph (B) on the ef-
20 fective date of the rulemaking.

21 “(e) AUTHORITY TO TEMPORARILY SUSPEND STAND-
22 ARDS.—The Commission may, by rule or order, tempo-
23 rarily suspend, in whole or in part, any requirement im-
24 posed under, or any standard referred to in, this section
25 if the Commission determines that the suspension would

1 be consistent with the public interest and the purposes of
2 this Act.”.

3 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**
4 **COMMODITY BROKERS AND DEALERS.**

5 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
6 is amended by inserting after section 4t the following:

7 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**
8 **COMMODITY BROKERS AND DEALERS.**

9 “(a) REGISTRATION.—

10 “(1) REQUIREMENT.—It shall be unlawful for
11 any person to act as a digital commodity broker or
12 digital commodity dealer unless the person is reg-
13 istered as such with the Commission.

14 “(2) ADDITIONAL REGISTRATION.—

15 “(A) RULES.—In order to foster the devel-
16 opment of fair and orderly markets, protect
17 customers, and promote responsible innovation,
18 the Commission—

19 “(i) shall prescribe rules to exempt an
20 entity registered with the Commission
21 under more than 1 section of this Act from
22 duplicative, conflicting, or unduly burden-
23 some provisions of this Act and the rules
24 under this Act;

1 “(ii) shall prescribe rules to address
2 conflicts of interests and the activities of
3 the entity; and

4 “(iii) may after an analysis of the
5 risks and benefits, prescribe rules to pro-
6 vide for portfolio margining.

7 “(B) WITH MEMBERSHIP IN A REG-
8 ISTERED FUTURES ASSOCIATION.—Any person
9 required to be registered as a digital commodity
10 broker or digital commodity dealer under this
11 section shall be a member of a registered fu-
12 tures association.

13 “(b) REQUIREMENTS.—

14 “(1) IN GENERAL.—A person shall register as
15 a digital commodity broker or digital commodity
16 dealer by filing a registration application with the
17 Commission.

18 “(2) CONTENTS.—

19 “(A) IN GENERAL.—The application shall
20 be made in such form and manner as is pre-
21 scribed by the Commission, and shall contain
22 such information as the Commission considers
23 necessary concerning the business in which the
24 applicant is or will be engaged.

1 “(B) CONTINUAL REPORTING.—A person
2 that is registered as a digital commodity broker
3 or digital commodity dealer shall continue to
4 submit to the Commission reports that contain
5 such information pertaining to the business of
6 the person as the Commission may require.

7 “(3) STATUTORY DISQUALIFICATION.—Except
8 to the extent otherwise specifically provided by rule,
9 regulation, or order, it shall be unlawful for a digital
10 commodity broker or digital commodity dealer to
11 permit any person who is associated with a digital
12 commodity broker or a digital commodity dealer and
13 who is subject to a statutory disqualification to ef-
14 fect or be involved in effecting a contract of sale of
15 a digital commodity on behalf of the digital com-
16 modity broker or the digital commodity dealer, re-
17 spectively, if the digital commodity broker or digital
18 commodity dealer, respectively, knew, or in the exer-
19 cise of reasonable care should have known, of the
20 statutory disqualification.

21 “(c) RULEMAKING.—

22 “(1) IN GENERAL.—The Commission shall pre-
23 scribe such rules applicable to registered digital com-
24 modity brokers and registered digital commodity
25 dealers as are appropriate to carry out this section,

1 including rules in the public interest that limit the
2 activities of digital commodity brokers and digital
3 commodity dealers.

4 “(2) MULTIPLE REGISTRANTS.—The Commis-
5 sion shall prescribe rules or regulations permitting,
6 or may otherwise authorize, exemptions or additional
7 requirements applicable to persons with multiple reg-
8 istrations under this Act, including as futures com-
9 mission merchants, introducing brokers, digital com-
10 modity brokers, digital commodity dealers, or swap
11 dealers, as may be in the public interest to reduce
12 compliance costs and promote customer protection.

13 “(d) CAPITAL REQUIREMENTS.—

14 “(1) IN GENERAL.—Each digital commodity
15 broker and digital commodity dealer shall meet such
16 minimum capital requirements as the Commission
17 may prescribe to address the risks associated with
18 digital commodity trading and to ensure that the
19 digital commodity broker or digital commodity deal-
20 er, respectively, is able to—

21 “(A) meet, and continue to meet, at all
22 times, the obligations of such a registrant; and

23 “(B) in the case of a digital commodity
24 dealer, fulfill the counterparty obligations of the

1 digital commodity dealer for any margined, le-
2 veraged, or financed transactions.

3 “(2) FUTURES COMMISSION MERCHANTS AND
4 OTHER DEALERS.—Each futures commission mer-
5 chant, introducing broker, digital commodity broker,
6 digital commodity dealer, broker, and dealer shall
7 maintain sufficient capital to comply with the strict-
8 er of any applicable capital requirements to which
9 the futures commission merchant, introducing
10 broker, digital commodity broker, digital commodity
11 dealer, broker, or dealer, respectively, is subject
12 under this Act or the Securities Exchange Act of
13 1934 (15 U.S.C. 78a et seq.).

14 “(e) REPORTING AND RECORDKEEPING.—Each dig-
15 ital commodity broker and digital commodity dealer—

16 “(1) shall make such reports as are required by
17 the Commission by rule or regulation regarding the
18 transactions, positions, and financial condition of the
19 digital commodity broker or digital commodity deal-
20 er, respectively;

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

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

4 “(f) DAILY TRADING RECORDS.—

5 “(1) IN GENERAL.—Each digital commodity
6 broker and digital commodity dealer shall maintain
7 daily trading records of the transactions of the dig-
8 ital commodity broker or digital commodity dealer,
9 respectively, and all related records (including re-
10 lated forward or derivatives transactions) and re-
11 corded communications, including electronic mail, in-
12 stant messages, and recordings of telephone calls,
13 for such period as the Commission may require by
14 rule or regulation.

15 “(2) INFORMATION REQUIREMENTS.—The daily
16 trading records shall include such information as the
17 Commission shall require by rule or regulation.

18 “(3) COUNTERPARTY RECORDS.—Each digital
19 commodity broker and digital commodity dealer shall
20 maintain daily trading records for each customer or
21 counterparty in a manner and form that is identifi-
22 able with each digital commodity transaction.

23 “(4) AUDIT TRAIL.—Each digital commodity
24 broker and digital commodity dealer shall maintain

1 a complete audit trail for conducting comprehensive
2 and accurate trade reconstructions.

3 “(g) BUSINESS CONDUCT STANDARDS.—

4 “(1) IN GENERAL.—Each digital commodity
5 broker and digital commodity dealer shall conform
6 with such business conduct standards as the Com-
7 mission, by rule or regulation, prescribes related
8 to—

9 “(A) fraud, manipulation, and other abu-
10 sive practices involving spot or margined, lever-
11 aged, or financed digital commodity trans-
12 actions (including transactions that are offered
13 but not entered into);

14 “(B) diligent supervision of the business of
15 the registered digital commodity broker or dig-
16 ital commodity dealer, respectively; and

17 “(C) such other matters as the Commis-
18 sion deems appropriate.

19 “(2) BUSINESS CONDUCT REQUIREMENTS.—
20 The Commission shall, by rule, prescribe business
21 conduct requirements which—

22 “(A) require disclosure by a registered dig-
23 ital commodity broker and registered digital
24 commodity dealer to any counterparty to the

1 transaction (other than an eligible contract par-
2 ticipant) of—

3 “(i) information about the material
4 risks and characteristics of the digital com-
5 modity;

6 “(ii) information about the material
7 risks and characteristics of the transaction;

8 “(B) establish a duty for such a digital
9 commodity broker and such a digital commodity
10 dealer to communicate in a fair and balanced
11 manner based on principles of fair dealing and
12 good faith;

13 “(C) establish standards governing digital
14 commodity broker and digital commodity dealer
15 marketing and advertising, including
16 testimonials and endorsements; and

17 “(D) establish such other standards and
18 requirements as the Commission may determine
19 are—

20 “(i) in the public interest;

21 “(ii) appropriate for the protection of
22 customers; or

23 “(iii) otherwise in furtherance of the
24 purposes of this Act.

1 “(3) PROHIBITION ON FRAUDULENT PRAC-
2 TICES.—It shall be unlawful for a digital commodity
3 broker or digital commodity dealer to—

4 “(A) employ any device, scheme, or artifice
5 to defraud any customer or counterparty;

6 “(B) engage in any transaction, practice,
7 or course of business that operates as a fraud
8 or deceit on any customer or counterparty; or

9 “(C) engage in any act, practice, or course
10 of business that is fraudulent, deceptive, or ma-
11 nipulative.

12 “(h) DUTIES.—

13 “(1) RISK MANAGEMENT PROCEDURES.—Each
14 digital commodity broker and digital commodity
15 dealer shall establish robust and professional risk
16 management systems adequate for managing the
17 day-to-day business of the digital commodity broker
18 or digital commodity dealer, respectively.

19 “(2) DISCLOSURE OF GENERAL INFORMA-
20 TION.—Each digital commodity broker and digital
21 commodity dealer shall disclose to the Commission
22 information concerning—

23 “(A) the terms and conditions of the trans-
24 actions of the digital commodity broker or dig-
25 ital commodity dealer, respectively;

1 “(B) the trading operations, mechanisms,
2 and practices of the digital commodity broker
3 or digital commodity dealer, respectively;

4 “(C) financial integrity protections relating
5 to the activities of the digital commodity broker
6 or digital commodity dealer, respectively; and

7 “(D) other information relevant to trading
8 in digital commodities by the digital commodity
9 broker or digital commodity dealer, respectively.

10 “(3) ABILITY TO OBTAIN INFORMATION.—Each
11 digital commodity broker and digital commodity
12 dealer shall—

13 “(A) establish and enforce internal systems
14 and procedures to obtain any necessary infor-
15 mation to perform any of the functions de-
16 scribed in this section; and

17 “(B) provide the information to the Com-
18 mission, on request.

19 “(4) CONFLICTS OF INTEREST.—Each digital
20 commodity broker and digital commodity dealer shall
21 establish, maintain, and enforce written policies and
22 procedures reasonably designed, taking into consid-
23 eration the nature of the business of the person, to
24 mitigate any conflicts of interest in transactions or
25 arrangements with affiliates.

1 “(5) ANTITRUST CONSIDERATIONS.—Unless
2 necessary or appropriate to achieve the purposes of
3 this Act, a digital commodity broker or digital com-
4 modity dealer shall not—

5 “(A) adopt any process or take any action
6 that results in any unreasonable restraint of
7 trade; or

8 “(B) impose any material anticompetitive
9 burden on trading or clearing.

10 “(i) DESIGNATION OF CHIEF COMPLIANCE OFFI-
11 CER.—

12 “(1) IN GENERAL.—Each digital commodity
13 broker and digital commodity dealer shall designate
14 an individual to serve as a chief compliance officer.

15 “(2) DUTIES.—The chief compliance officer
16 shall—

17 “(A) report directly to the board or to the
18 senior officer of the registered digital com-
19 modity broker or registered digital commodity
20 dealer;

21 “(B) review the compliance of the reg-
22 istered digital commodity broker or registered
23 digital commodity dealer with respect to the
24 registered digital commodity broker and reg-

1 istered digital commodity dealer requirements
2 described in this section;

3 “(C) in consultation with the board of di-
4 rectors, a body performing a function similar to
5 the board, or the senior officer of the organiza-
6 tion, resolve any conflicts of interest that may
7 arise;

8 “(D) be responsible for administering each
9 policy and procedure that is required to be es-
10 tablished pursuant to this section;

11 “(E) ensure compliance with this Act (in-
12 cluding regulations), including each rule pre-
13 scribed by the Commission under this section;

14 “(F) establish procedures for the remedi-
15 ation of noncompliance issues identified by the
16 chief compliance officer through any—

17 “(i) compliance office review;

18 “(ii) look-back;

19 “(iii) internal or external audit find-
20 ing;

21 “(iv) self-reported error; or

22 “(v) validated complaint; and

23 “(G) establish and follow appropriate pro-
24 cedures for the handling, management response,

1 remediation, retesting, and closing of non-
2 compliance issues.

3 “(3) ANNUAL REPORTS.—

4 “(A) IN GENERAL.—In accordance with
5 rules prescribed by the Commission, the chief
6 compliance officer shall annually prepare and
7 sign a report that contains a description of—

8 “(i) the compliance of the registered
9 digital commodity broker or registered dig-
10 ital commodity dealer with this Act (in-
11 cluding regulations); and

12 “(ii) each policy and procedure of the
13 registered digital commodity broker or reg-
14 istered digital commodity dealer followed
15 by the chief compliance officer (including
16 the code of ethics and conflict of interest
17 policies).

18 “(B) REQUIREMENTS.—The chief compli-
19 ance officer shall ensure that a compliance re-
20 port under subparagraph (A)—

21 “(i) accompanies each appropriate fi-
22 nancial report of the registered digital
23 commodity broker or registered digital
24 commodity dealer that is required to be

1 furnished to the Commission pursuant to
2 this section; and

3 “(ii) includes a certification that,
4 under penalty of law, the compliance re-
5 port is accurate and complete.

6 “(j) SEGREGATION OF DIGITAL COMMODITIES.—

7 “(1) HOLDING OF CUSTOMER ASSETS.—

8 “(A) IN GENERAL.—Each digital com-
9 modity broker and digital commodity dealer
10 shall hold customer money, assets, and property
11 in a manner to minimize the risk of loss to the
12 customer or unreasonable delay in customer ac-
13 cess to the money, assets, and property of the
14 customer.

15 “(B) QUALIFIED DIGITAL COMMODITY
16 CUSTODIAN.—Each digital commodity broker
17 and digital commodity dealer shall hold in a
18 qualified digital commodity custodian each unit
19 of a digital commodity that is—

20 “(i) the property of a customer or
21 counterparty of the digital commodity
22 broker or digital commodity dealer, respec-
23 tively;

1 “(ii) required to be held by the digital
2 commodity broker or digital commodity
3 dealer under subsection (e); or

4 “(iii) otherwise so required by the
5 Commission to reasonably protect cus-
6 tomers or promote the public interest.

7 “(2) SEGREGATION OF FUNDS.—

8 “(A) IN GENERAL.—Each digital com-
9 modity broker and digital commodity dealer
10 shall treat and deal with all money, assets, and
11 property that is received by the digital com-
12 modity broker or digital commodity dealer, or
13 accrues to a customer as the result of trading
14 in digital commodities, as belonging to the cus-
15 tomer.

16 “(B) COMMINGLING PROHIBITED.—

17 “(i) IN GENERAL.—Except as pro-
18 vided in clause (ii), each digital commodity
19 broker and digital commodity dealer shall
20 separately account for money, assets, and
21 property of a digital commodity customer,
22 and shall not commingle any such money,
23 assets, or property with the funds of the
24 digital commodity broker or digital com-
25 modity dealer, respectively, or use any such

1 money, assets, or property to margin, se-
2 cure, or guarantee any trades or accounts
3 of any customer or person other than the
4 person for whom the money, assets, or
5 property are held.

6 “(ii) EXCEPTIONS.—

7 “(I) USE OF FUNDS.—

8 “(aa) IN GENERAL.—A dig-
9 ital commodity broker or digital
10 commodity dealer may, for con-
11 venience, commingle and deposit
12 in the same account or accounts
13 with any bank, trust company,
14 derivatives clearing organization,
15 or qualified digital commodity
16 custodian money, assets, and
17 property of customers.

18 “(bb) WITHDRAWAL.—The
19 share of the money, assets, and
20 property described in item (aa)
21 as in the normal course of busi-
22 ness shall be necessary to mar-
23 gin, guarantee, secure, transfer,
24 adjust, or settle a contract of sale
25 of a digital commodity with a

1 registered entity may be with-
2 drawn and applied to such pur-
3 poses, including the payment of
4 commissions, brokerage, interest,
5 taxes, storage, and other charges,
6 lawfully accruing in connection
7 with the contract.

8 “(II) COMMISSION ACTION.—In
9 accordance with such terms and con-
10 ditions as the Commission may pre-
11 scribe by rule, regulation, or order,
12 any money, assets, or property of the
13 customers of a digital commodity
14 broker or digital commodity dealer
15 may be commingled and deposited in
16 customer accounts with any other
17 money, assets, or property received by
18 the digital commodity broker or dig-
19 ital commodity dealer, respectively,
20 and required by the Commission to be
21 separately accounted for and treated
22 and dealt with as belonging to the
23 customer of the digital commodity
24 broker or digital commodity dealer,
25 respectively.

1 “(3) PERMITTED INVESTMENTS.—Money de-
2 scribed in paragraph (2) may be invested in obliga-
3 tions of the United States, in general obligations of
4 any State or of any political subdivision of a State,
5 in obligations fully guaranteed as to principal and
6 interest by the United States, or in any other invest-
7 ment that the Commission may by rule or regulation
8 allow.

9 “(4) CUSTOMER PROTECTION DURING BANK-
10 RUPTCY.—

11 “(A) CUSTOMER PROPERTY.—All money,
12 assets, or property described in paragraph (2)
13 shall be considered customer property for pur-
14 poses of section 761 of title 11, United States
15 Code.

16 “(B) TRANSACTIONS.—A transaction in-
17 volving a unit of a digital commodity occurring
18 with a digital commodity broker or digital com-
19 modity dealer shall be considered a ‘contract for
20 the purchase or sale of a commodity for future
21 delivery, on or subject to the rules of, a con-
22 tract market or board of trade’ for purposes of
23 the definition of a ‘commodity contract’ in sec-
24 tion 761 of title 11, United States Code.

1 “(C) BROKERS AND DEALERS.—A digital
2 commodity broker and a digital commodity
3 dealer shall be considered a futures commission
4 merchant for purposes of section 761 of title
5 11, United States Code.

6 “(D) ASSETS REMOVED FROM SEGREGA-
7 TION.—Assets removed from segregation due to
8 a customer election under paragraph (6) shall
9 not be considered customer property for pur-
10 poses of section 761 of title 11, United States
11 Code.

12 “(5) MISUSE OF CUSTOMER PROPERTY.—

13 “(A) IN GENERAL.—It shall be unlawful—

14 “(i) for any digital commodity broker
15 or digital commodity dealer that has re-
16 ceived any customer money, assets, or
17 property for custody to dispose of, or use
18 any such money, assets, or property as be-
19 longing to the digital commodity broker or
20 digital commodity dealer, respectively, or
21 any person other than a customer of the
22 digital commodity broker or digital com-
23 modity dealer, respectively; or

24 “(ii) for any other person, including
25 any depository, digital commodity ex-

1 change, other digital commodity broker,
2 other digital commodity dealer, or digital
3 commodity custodian that has received any
4 customer money, assets, or property for
5 deposit, to hold, dispose of, or use any
6 such money, assets, or property, as belong-
7 ing to the depositing digital commodity
8 broker or digital commodity dealer or any
9 person other than the customers of the
10 digital commodity broker or digital com-
11 modity dealer, respectively.

12 “(B) USE FURTHER DEFINED.—For pur-
13 poses of this section, ‘use’ of a digital com-
14 modity includes utilizing any unit of a digital
15 asset to participate in a blockchain service de-
16 fined in paragraph (6) or a decentralized gov-
17 ernance system associated with the digital com-
18 modity or the blockchain system to which the
19 digital commodity relates in any manner other
20 than that expressly directed by the customer
21 from whom the unit of a digital commodity was
22 received.

23 “(6) PARTICIPATION IN BLOCKCHAIN SERV-
24 ICES.—

1 “(A) IN GENERAL.—A customer shall have
2 the right to waive the restrictions in paragraph
3 (1) for any unit of a digital commodity to be
4 used under subparagraph (B), by affirmatively
5 electing, in writing to the digital commodity
6 broker or digital commodity dealer, to waive the
7 restrictions.

8 “(B) USE OF FUNDS.—Customer digital
9 commodities removed from segregation under
10 subparagraph (A) may be pooled and used by
11 the digital commodity broker or digital com-
12 modity dealer, or one of their designees, to pro-
13 vide a blockchain service for a blockchain sys-
14 tem to which the unit of the digital asset re-
15 moved from segregation in subparagraph (A)
16 relates.

17 “(C) LIMITATIONS.—

18 “(i) IN GENERAL.—The Commission
19 may, by rule, establish notice and disclo-
20 sure requirements, and any other limita-
21 tions and rules related to the waiving of
22 any restrictions under this paragraph that
23 are reasonably necessary to protect cus-
24 tomers, including eligible contract partici-

1 pants, non-eligible contract participants, or
2 any other class of customers.

3 “(ii) CUSTOMER CHOICE.—A digital
4 commodity broker or digital commodity
5 dealer may not require a waiver from a
6 customer described in subparagraph (A) as
7 a condition of doing business with the
8 broker or dealer.

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 “(k) 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 with re-
20 spect to activities subject to this Act, except as provided
21 in section 5k.

22 “(l) EXEMPTIONS.—In order to promote responsible
23 innovation and fair competition, or protect customers, the
24 Commission may (on its own initiative or on application
25 of the registered digital commodity broker or registered

1 digital commodity dealer) exempt, unconditionally or on
2 stated terms or conditions, or for stated periods, and
3 retroactively or prospectively, or both, a registered digital
4 commodity broker or registered digital commodity dealer
5 from the requirements of this section, if the Commission
6 determines that—

7 “(1)(A) the exemption would be consistent with
8 the public interest and the purposes of this Act; and

9 “(B) the exemption will not have a material ad-
10 verse effect on the ability of the Commission to dis-
11 charge regulatory duties under this Act; or

12 “(2) the registered digital commodity broker or
13 registered digital commodity dealer is subject to
14 comparable, comprehensive supervision and regula-
15 tion by the appropriate government authorities in
16 the home country of the registered digital commodity
17 broker or registered digital commodity dealer, re-
18 spectively.”.

19 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

20 (a) IN GENERAL.—Section 4k of the Commodity Ex-
21 change Act (7 U.S.C. 6k) is amended—

22 (1) by redesignating subsections (4) through
23 (6) as subsections (5) through (7), respectively; and

24 (2) by inserting after subsection (3) the fol-
25 lowing:

1 “(4) It shall be unlawful for any person to act as an
2 associated person of a digital commodity broker or an as-
3 sociated person of a digital commodity dealer unless the
4 person is registered with the Commission under this Act
5 and such registration shall not have expired, been sus-
6 pended (and the period of suspension has not expired),
7 or been revoked. It shall be unlawful for a digital com-
8 modity broker or a digital commodity dealer to permit
9 such a person to become or remain associated with the
10 digital commodity broker or digital commodity dealer if
11 the digital commodity broker or digital commodity dealer
12 knew or should have known that the person was not so
13 registered or that the registration had expired, been sus-
14 pended (and the period of suspension has not expired),
15 or been revoked.”; and

16 (3) in subsection (5) (as so redesignated), by
17 striking “or of a commodity trading advisor” and in-
18 sserting “of a commodity trading advisor, of a digital
19 commodity broker, or of a digital commodity deal-
20 er”.

21 (b) CONFORMING AMENDMENTS.—The Commodity
22 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking
23 “section 4k(6)” each place it appears and inserting “sec-
24 tion 4k(7)”.

1 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**
2 **TORS AND COMMODITY TRADING ADVISORS.**

3 (a) IN GENERAL.—Section 4m(3) of the Commodity
4 Exchange Act (7 U.S.C. 6m(3)) is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “any commodity trading
7 advisor” and inserting “a commodity pool oper-
8 ator or commodity trading advisor”; and

9 (B) by striking “acting as a commodity
10 trading advisor” and inserting “acting as a
11 commodity pool operator or commodity trading
12 advisor”; and

13 (2) in subparagraph (C), by inserting “digital
14 commodities,” after “physical commodities,”.

15 (b) EXEMPTIVE AUTHORITY.—Section 4m of such
16 Act (7 U.S.C. 6m) is amended by adding at the end the
17 following:

18 “(4) EXEMPTIVE AUTHORITY.—The Commission
19 shall promulgate rules to provide appropriate exemptions
20 for commodity pool operators and commodity trading advi-
21 sors, to provide relief from duplicative, conflicting, or un-
22 duly burdensome requirements or to promote responsible
23 innovation, to the extent the exemptions foster the devel-
24 opment of fair and orderly cash or spot digital commodity
25 markets, are necessary or appropriate in the public inter-
26 est, and are consistent with the protection of customers.”.

1 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
2 **TIVITIES.**

3 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
4 as amended by the preceding provisions of this Act, is
5 amended by inserting after section 4u the following:

6 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
7 **JECT TO THIS ACT.**

8 “(a) IN GENERAL.—Notwithstanding any other pro-
9 vision of this Act, a person shall not be subject to this
10 Act and the regulations promulgated under this Act based
11 on the person directly or indirectly engaging in any of the
12 following activities, whether singly or in combination, in
13 relation to the operation of a blockchain system or in rela-
14 tion to decentralized finance trading protocol:

15 “(1) Compiling network transactions or relay-
16 ing, searching, sequencing, validating, or acting in a
17 similar capacity with respect to contract of sale of
18 a digital asset.

19 “(2) Providing computational work, operating a
20 node, or procuring, offering, or utilizing network
21 bandwidth, or other similar incidental services with
22 respect to a contract of sale of a digital asset.

23 “(3) Providing a user-interface that enables a
24 user to read, and access data about a blockchain
25 system, send messages, or otherwise interact with a
26 blockchain system.

1 (1) IN GENERAL.—The Commodity Futures
2 Trading Commission (in this section referred to as
3 the “Commission”) shall charge and collect a filing
4 fee from each person who files with the Commission
5 a notice of intent to register as a digital commodity
6 exchange, digital commodity broker, or digital com-
7 modity dealer pursuant to section 106.

8 (2) AMOUNT.—The fees authorized under para-
9 graph (1) may be collected and available for obliga-
10 tion only in the amounts provided in advance in an
11 appropriation Act.

12 (3) AUTHORITY TO ADJUST FEES.—Notwith-
13 standing the preceding provisions of this subsection,
14 to promote fair competition or innovation, the Com-
15 mission, in its sole discretion, may reduce or elimi-
16 nate any fee otherwise required to be paid by a small
17 or medium filer under this subsection.

18 (b) FEE SCHEDULE.—

19 (1) IN GENERAL.—The Commission shall pub-
20 lish in the Federal Register a schedule of the fees
21 to be charged and collected under this section.

22 (2) CONTENT.—The fee schedule for a fiscal
23 year shall include a written analysis of the estimate
24 of the Commission of the total costs of carrying out

1 the functions of the Commission under this Act dur-
2 ing the fiscal year.

3 (3) SUBMISSION TO CONGRESS.—Before pub-
4 lishing the fee schedule for a fiscal year, the Com-
5 mission shall submit a copy of the fee schedule to
6 the Congress.

7 (4) TIMING.—

8 (A) 1ST FISCAL YEAR.—The Commission
9 shall publish the fee schedule for the fiscal year
10 in which this Act is enacted, within 30 days
11 after the date of the enactment of this Act.

12 (B) SUBSEQUENT FISCAL YEARS.—The
13 Commission shall publish the fee schedule for
14 each subsequent fiscal year, not less than 90
15 days before the due date prescribed by the
16 Commission for payment of the annual fee for
17 the fiscal year.

18 (c) LATE PAYMENT PENALTY.—

19 (1) IN GENERAL.—The Commission may im-
20 pose a penalty against a person that fails to pay an
21 annual fee charged under this section, within 30
22 days after the due date prescribed by the Commis-
23 sion for payment of the fee.

24 (2) AMOUNT.—The amount of the penalty shall
25 be—

1 (A) 5 percent of the amount of the fee due,
2 multiplied by

3 (B) the whole number of consecutive 30-
4 day periods that have elapsed since the due
5 date.

6 (d) REIMBURSEMENT OF EXCESS FEES.—To the ex-
7 tent that the total amount of fees collected under this sec-
8 tion during a fiscal year that begins after the date of the
9 enactment of this Act exceeds the amount provided under
10 subsection (a)(2) with respect to the fiscal year, the Com-
11 mission shall reimburse the excess amount to the persons
12 who have timely paid their annual fees, on a pro-rata basis
13 that excludes penalties, and shall do so within 60 days
14 after the end of the fiscal year.

15 (e) DEPOSIT OF FEES INTO THE TREASURY.—All
16 amounts collected under this section shall be credited to
17 the currently applicable appropriation, account, or fund of
18 the Commission as discretionary offsetting collections, and
19 shall be available for the purposes authorized in subsection
20 (f) only to the extent and in the amounts provided in ad-
21 vance in appropriations Acts.

22 (f) AUTHORIZATION OF APPROPRIATIONS.—In addi-
23 tion to amounts otherwise authorized to be appropriated
24 to the Commission, there is authorized to be appropriated
25 to the Commission amounts collected under this section

1 to cover the costs the costs of carrying out the functions
2 of the Commission under this Act.

3 (g) SUNSET.—The authority to charge and collect
4 fees under this section shall expire at the end of the 4th
5 fiscal year that begins after the date of the enactment of
6 this Act.

7 **SEC. 411. DIGITAL COMMODITY ACTIVITIES BY SEC-REG-**
8 **ISTERED ENTITIES.**

9 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
10 as amended by the preceding provisions of this Act, is
11 amended by inserting after section 5j the following:

12 **“SEC. 5k. NOTICE REGISTRATION FOR DIGITAL COM-**
13 **MODITY ACTIVITIES.**

14 **“(a) BY ALTERNATIVE TRADING SYSTEMS.—**

15 **“(1) IN GENERAL.—**On receipt by the Commis-
16 sion from an alternative trading system of a written
17 or electronic notice that contains such information
18 as the Commission, by rule, may prescribe as nec-
19 essary or appropriate in the public interest or for
20 the protection of investors, the alternative trading
21 system shall be registered as a digital commodity ex-
22 change if—

23 **“(A)** the alternative trading system does
24 not list any retail commodity transactions pur-
25 suant to section 2(c)(2)(D);

1 “(B) the alternative trading system lists or
2 trades no other contracts of sale of commod-
3 ities, except for digital commodities; and

4 “(C) the registration of the alternative
5 trading system is not suspended pursuant to an
6 order by the Securities and Exchange Commis-
7 sion.

8 “(2) FURTHER REQUIREMENTS.—

9 “(A) An alternative trading system that is
10 registered as a digital commodity exchange pur-
11 suant to paragraph (1) of this subsection shall
12 be exempt from the requirements of section 5i
13 to the extent that the alternative trading sys-
14 tem is in compliance with the requirements im-
15 posed on the alternative trading system by the
16 Securities and Exchange Commission.

17 “(B) Notwithstanding subparagraph (A) of
18 this paragraph, an alternative trading system
19 that is notice registered as a digital commodity
20 exchange pursuant to paragraph (1) of this
21 subsection shall comply with the requirements,
22 and any other related provisions applicable
23 thereto, with respect to the segregation of dig-
24 ital commodities pursuant to section 5i(d).

1 “(C) An alternative trading system that is
2 notice registered pursuant to paragraph (1)
3 shall obtain a limited purpose registration with
4 a registered futures association solely for the
5 purposes of complying with subparagraph (B)
6 of this paragraph.

7 “(3) SUPERVISION OF DUAL REGISTRANTS.—
8 Notwithstanding section 5k:

9 “(A) JURISDICTION OF THE SECURITIES
10 AND EXCHANGE COMMISSION.—The Securities
11 and Exchange Commission shall have jurisdic-
12 tion over the activities of the alternative trading
13 system that are exempt from the requirements
14 of this Act, pursuant to paragraph (2).

15 “(B) SUPERVISION BY THE COMMISSION.—
16 The Commission shall have the same super-
17 visory and enforcement powers with respect to
18 compliance by an alternative trading system no-
19 tice registered under this section with the obli-
20 gations imposed under this Act as the Commis-
21 sion has with respect to the compliance of dig-
22 ital commodity exchanges regarding the obliga-
23 tions.

24 “(C) LIMITATION ON THE COMMISSION.—
25 The Commission shall have no supervisory and

1 enforcement powers with respect to compliance
2 by an alternative trading system notice reg-
3 istered under this section with obligations not
4 imposed under this Act.

5 “(4) MEMORANDUM OF UNDERSTANDING.—The
6 Commission and the Securities and Exchange Com-
7 mission shall enter into a memorandum of under-
8 standing, as appropriate, to ensure—

9 “(A) consistent requirements are imposed
10 regarding the digital commodity activities of
11 covered exchanges notice registered under this
12 section with respect to the core principles and
13 other requirements under section 5i, and

14 “(B) non-duplicative supervision and en-
15 forcement for covered exchanges notice reg-
16 istered under this section.

17 “(5) EXEMPTIVE AUTHORITY.—

18 “(A) IN GENERAL.—Subject to subpara-
19 graph (B) of this paragraph, but notwith-
20 standing any other provision of this Act, the
21 Commission, by rule, regulation, or order, may
22 conditionally or unconditionally exempt any cov-
23 ered exchange subject to the registration re-
24 quirement of paragraph (1) from any provision
25 of this Act or of any rule or regulation under

1 this Act, to the extent the exemption is nec-
2 essary or appropriate in the public interest and
3 is consistent with the protection of investors.

4 “(B) RELATED AUTHORITIES.—The Com-
5 mission shall, by rule or regulation, determine
6 the procedures under which an exemptive order
7 under subparagraph (A) shall be granted, and
8 may, in its sole discretion, decline to entertain
9 any application for such an order.

10 “(b) BY REGISTERED INTERMEDIARIES.—

11 “(1) IN GENERAL.—On receipt by the Commis-
12 sion, from a broker or dealer that is registered with
13 the Securities and Exchange Commission, of a writ-
14 ten or electronic notice that contains such informa-
15 tion as the Commission, by rule, may prescribe as
16 necessary or appropriate in the public interest or for
17 the protection of investors, the broker or dealer shall
18 be registered as a digital commodity broker or dig-
19 ital commodity dealer, as applicable, if—

20 “(A) the broker or dealer does not offer or
21 engage in any retail commodity transactions
22 pursuant to section 2(c)(2)(D) of this Act;

23 “(B) the broker or dealer is not subject to
24 a statutory disqualification, as defined under

1 section 3(a) of the Securities Exchange Act of
2 1934 (15 U.S.C. 78c(a)); and

3 “(C) the broker or dealer is a member of
4 a national securities association registered pur-
5 suant to section 15A of the Securities Exchange
6 Act of 1934.

7 “(2) FURTHER REQUIREMENTS.—

8 “(A) A broker or dealer that is registered
9 as a digital commodity broker or digital com-
10 modity dealer pursuant to paragraph (1) shall
11 be exempt from the requirements of section 4u
12 to the extent that the broker or dealer is in
13 compliance with the requirements imposed on
14 the broker or dealer by the Securities and Ex-
15 change Commission.

16 “(B) Notwithstanding subparagraph (A) of
17 this paragraph, a broker or dealer that is notice
18 registered as a digital commodity broker or dig-
19 ital commodity dealer pursuant to paragraph
20 (1) of this subsection shall comply with the re-
21 quirements, and any other related provisions
22 applicable thereto, with respect to the segrega-
23 tion of digital commodities pursuant to section
24 4u(j).

1 “(C) A broker or dealer that is notice reg-
2 istered pursuant to paragraph (1) shall obtain
3 a limited purpose registration with a registered
4 futures association solely for the purposes of
5 complying with subparagraph (B) of this para-
6 graph.

7 “(3) SUPERVISION OF DUAL REGISTRANTS.—
8 Notwithstanding section 4u(k):

9 “(A) JURISDICTION OF THE SECURITIES
10 AND EXCHANGE COMMISSION.—The Securities
11 and Exchange Commission shall have jurisdic-
12 tion over the activities of the broker or dealer
13 that are exempt from the requirements of this
14 Act, pursuant to paragraph (2).

15 “(B) SUPERVISION BY THE COMMISSION.—
16 The Commission shall have the same super-
17 visory and enforcement powers with respect to
18 compliance by brokers or dealers notice reg-
19 istered under this section with the obligations
20 imposed as the Commission has with respect to
21 the compliance of digital commodity brokers or
22 digital commodity dealers regarding the obliga-
23 tions.

24 “(C) LIMITATION ON THE COMMISSION.—
25 The Commission shall have no supervisory and

1 enforcement powers with respect to compliance
2 by brokers or dealers notice registered under
3 this section with the obligations not imposed
4 under this Act.

5 “(4) MEMORANDUM OF UNDERSTANDING.—The
6 Commission and the Securities and Exchange Com-
7 mission shall enter into a memorandum of under-
8 standing, as appropriate, to ensure—

9 “(A) consistent requirements are imposed
10 on brokers or dealers notice registered under
11 this section with respect to requirements of sec-
12 tion 4u, and

13 “(B) non-duplicative supervision and en-
14 forcement for brokers or dealers notice reg-
15 istered under this section.

16 “(5) EXEMPTIVE AUTHORITY.—

17 “(A) IN GENERAL.—Subject to subpara-
18 graph (B) of this paragraph, but notwith-
19 standing any other provision of this Act, the
20 Commission, by rule, regulation, or order, may
21 conditionally or unconditionally exempt any
22 broker or dealer, or class thereof, subject to the
23 registration requirement of paragraph (1), from
24 any provision of this Act or of any rule or regu-
25 lation under this Act, to the extent the exemp-

1 tion is necessary or appropriate in the public in-
2 terest and is consistent with the protection of
3 investors.

4 “(B) RELATED AUTHORITIES.—The Com-
5 mission shall, by rule or regulation, determine
6 the procedures under which an exemptive order
7 under subparagraph (A) shall be granted and
8 may, in its sole discretion, decline to entertain
9 any application for such an order.

10 “(6) MEMBERSHIP REQUIRED.—A broker or
11 dealer that is registered as a digital commodity
12 broker or digital commodity dealer pursuant to para-
13 graph (1) or an associated person thereof shall be
14 required to become a member of any futures associa-
15 tion registered under section 17 whose membership
16 obligations are limited to obligations under this Act
17 as determined in accordance with this subsection.”.

18 **SEC. 412. EFFECTIVE DATE.**

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

24 (1) 360 days after the date of enactment of this
25 Act; or

1 (2) 60 days after the publication in the Federal
2 Register of the final rule implementing the provision.

3 **SEC. 413. SENSE OF THE CONGRESS.**

4 It is the sense of the Congress that nothing in this
5 Act or any amendment made by this Act should be inter-
6 preted to authorize any entity to regulate any commodity,
7 other than a digital commodity, on any spot market.

8 **TITLE V—INNOVATION AND**
9 **TECHNOLOGY IMPROVEMENTS**

10 **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

11 (a) FINDINGS.—Congress finds the following:

12 (1) Entrepreneurs and innovators are building
13 and deploying this next generation of the internet.

14 (2) Digital commodity networks represent a
15 new way for people to join together and cooperate
16 with one another to undertake certain activities.

17 (3) Digital commodities have the potential to be
18 the foundational building blocks of these networks,
19 aligning the economic incentive for individuals to co-
20 operate with one another to achieve a common pur-
21 pose.

22 (4) The digital commodity ecosystem has the
23 potential to grow our economy and improve everyday
24 lives of Americans by facilitating collaboration

1 through the use of technology to manage activities,
2 allocate resources, and facilitate decision making.

3 (5) Blockchain networks and the digital com-
4 modities they empower provide creator control, en-
5 hance transparency, reduce transaction costs, and
6 increase efficiency if proper protections are put in
7 place for investors, consumers, our financial system,
8 and our national security.

9 (6) Blockchain technology facilitates new types
10 of network participation which businesses in the
11 United States may utilize in innovative ways.

12 (7) Other digital commodity companies are set-
13 ting up their operations outside of the United
14 States, where countries are establishing frameworks
15 to embrace the potential of blockchain technology
16 and digital commodities and provide safeguards for
17 consumers.

18 (8) Digital commodities, despite the purported
19 anonymity, provide law enforcement with an excep-
20 tional tracing tool to identify illicit activity and bring
21 criminals to justice.

22 (9) The Financial Services Committee of the
23 House of Representatives has held multiple hearings
24 highlighting various risks that digital commodities
25 can pose to the financial markets, consumers, and

1 investors that must be addressed as we seek to har-
2 ness the benefits of these innovations.

3 (b) SENSE OF CONGRESS.—It is the sense of Con-
4 gress that—

5 (1) the United States should seek to prioritize
6 understanding the potential opportunities of the next
7 generation of the internet;

8 (2) the United States should seek to foster ad-
9 vances in technology that have robust evidence indi-
10 cating they can improve our financial system and
11 create more fair and equitable access to financial
12 services for everyday Americans while protecting our
13 financial system, investors, and consumers;

14 (3) the United States must support the respon-
15 sible development of digital commodities and the un-
16 derlying technology in the United States or risk the
17 shifting of the development of such assets and tech-
18 nology outside of the United States, to less regulated
19 countries;

20 (4) Congress should consult with public and
21 private sector stakeholders to understand how to
22 enact a functional framework tailored to the specific
23 risks and unique benefits of different digital com-
24 modity-related activities, distributed ledger tech-

1 nology, distributed networks, and mature blockchain
2 systems; and

3 (5) Congress should enact a functional frame-
4 work tailored to the specific risks of different digital
5 commodity-related activities and unique benefits of
6 distributed ledger technology, distributed networks,
7 and mature blockchain systems; and

8 (6) consumers and market participants will ben-
9 efit from a framework for digital commodities con-
10 sistent with longstanding investor protections in se-
11 curities and commodities markets, yet tailored to the
12 unique benefits and risks of the digital commodity
13 ecosystem.

14 **SEC. 502. INCORPORATION OF OFFICES OF FINANCIAL IN-**
15 **NOVATION.**

16 Section 4 of the Securities Exchange Act of 1934 (15
17 U.S.C. 78d) is amended by adding at the end the fol-
18 lowing:

19 “(1) INCORPORATION OF OFFICES OF FINANCIAL IN-
20 NOVATION WITHIN DIVISIONS.—

21 “(1) ESTABLISHMENT.—The Divisions of Cor-
22 porate Finance, Investment Management, and Trad-
23 ing and Markets shall each have an Office of Finan-
24 cial Innovation, which shall be headed by a Deputy

1 Director who shall report to the Director of the re-
2 spective division.

3 “(2) PURPOSES.—The purposes of each Office
4 of Financial Innovation shall be to—

5 “(A) assist in shaping the approach of the
6 Commission to technological advancements;

7 “(B) examine financial technology innova-
8 tions among market participants; and

9 “(C) coordinate the response of the Com-
10 mission to emerging technologies in financial,
11 regulatory, and supervisory systems.

12 “(3) EFFECTIVE DATE.—This subsection shall
13 take effect on the date that is 180 days after the
14 date of the enactment of this subsection.”.

15 **SEC. 503. CODIFICATION OF LABCFTC.**

16 (a) IN GENERAL.—Section 18 of the Commodity Ex-
17 change Act (7 U.S.C. 22) is amended by adding at the
18 end the following:

19 “(c) LABCFTC.—

20 “(1) ESTABLISHMENT.—There is established in
21 the Commission LabCFTC.

22 “(2) PURPOSE.—The purposes of LabCFTC
23 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) REPORT TO CONGRESS.—

17 “(A) IN GENERAL.—Not later than Octo-
18 ber 31 of each year after 2025, LabCFTC shall
19 submit to the Committee on Agriculture of the
20 House of Representatives and the Committee
21 on Agriculture, Nutrition, and Forestry of the
22 Senate a report on its activities.

23 “(B) CONTENTS.—Each report required
24 under paragraph (1) shall include—

1 “(i) the total number of persons that
2 met with LabCFTC;

3 “(ii) a summary of general issues dis-
4 cussed during meetings with the person;

5 “(iii) information on steps LabCFTC
6 has taken to improve Commission services,
7 including responsiveness to the concerns of
8 persons;

9 “(iv) recommendations made to the
10 Commission with respect to the regula-
11 tions, guidance, and orders of the Commis-
12 sion and such legislative actions as may be
13 appropriate; and

14 “(v) any other information determined
15 appropriate by the Director of LabCFTC.

16 “(C) CONFIDENTIALITY.—A report under
17 paragraph (A) shall abide by the confidentiality
18 requirements in section 8.

19 “(6) RECORDS AND ENGAGEMENT.—The Com-
20 mission shall—

21 “(A) maintain systems of records to track
22 engagements with the public through
23 LabCFTC;

24 “(B) store communications and materials
25 received in connection with any such engage-

1 ment in accordance with Commission policies
2 and procedures on data retention and confiden-
3 tiality; and

4 “(C) take reasonable steps to protect any
5 confidential or proprietary information received
6 through LabCF’TC engagement.”.

7 (b) CONFORMING AMENDMENTS.—Section
8 2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amend-
9 ed—

10 (1) by striking “paragraph and in” and insert-
11 ing “paragraph,”; and

12 (2) by inserting “and section 18(e)(3),” before
13 “the executive”.

14 (c) EFFECTIVE DATE.—The Commodity Futures
15 Trading Commission shall implement the amendments
16 made by this section (including complying with section
17 18(e)(7) of the Commodity Exchange Act) within 180
18 days after the date of the enactment of this Act.

19 **SEC. 504. STUDY ON DECENTRALIZED FINANCE.**

20 (a) IN GENERAL.—The Commodity Futures Trading
21 Commission and the Securities and Exchange Commission
22 shall jointly carry out a study on decentralized finance
23 that analyzes—

24 (1) the nature, size, role, and use of decentral-
25 ized finance blockchain applications;

1 (2) the operation of blockchain applications that
2 comprise decentralized finance;

3 (3) the interoperability of blockchain applica-
4 tions and other blockchain systems;

5 (4) the interoperability of blockchain applica-
6 tions and software-based systems, including websites
7 and wallets;

8 (5) the decentralized governance systems
9 through which blockchain applications may be devel-
10 oped, published, constituted, administered, main-
11 tained, or otherwise distributed, including—

12 (A) whether the systems enhance or de-
13 tract from—

14 (i) the decentralization of the decen-
15 tralized finance; and

16 (ii) the inherent benefits and risks of
17 the decentralized governance system; and

18 (B) any procedures, requirements, or best
19 practices that would mitigate the risks identi-
20 fied in subparagraph (A)(ii);

21 (6) the benefits of decentralized finance, includ-
22 ing—

23 (A) operational resilience and availability
24 of blockchain systems;

25 (B) interoperability of blockchain systems;

1 (C) market competition and innovation;

2 (D) transaction efficiency;

3 (E) transparency and traceability of trans-

4 actions; and

5 (F) disintermediation;

6 (7) the risks of decentralized finance, includ-

7 ing—

8 (A) pseudonymity of users and trans-
9 actions;

10 (B) disintermediation; and

11 (C) cybersecurity vulnerabilities;

12 (8) the extent to which decentralized finance

13 has integrated with the traditional financial markets

14 and any potential risks or improvements to the sta-

15 bility of the markets;

16 (9) how the levels of illicit activity in decentral-

17 ized finance compare with the levels of illicit activity

18 in traditional financial markets;

19 (10) methods for addressing illicit activity in

20 decentralized finance and traditional markets that

21 are tailored to the unique attributes of each;

22 (11) how decentralized finance may increase the

23 accessibility of cross-border transactions; and

1 (12) the feasibility of embedding self-executing
2 compliance and risk controls into decentralized fi-
3 nance.

4 (b) CONSULTATION.—In carrying out the study re-
5 quired under subsection (a), the Commodity Futures
6 Trading Commission and the Securities and Exchange
7 Commission shall consult with the Secretary of the Treas-
8 ury on the factors described under paragraphs (7) through
9 (10) of subsection (a).

10 (c) REPORT.—Not later than 1 year after the date
11 of enactment of this Act, the Commodity Futures Trading
12 Commission and the Securities and Exchange Commission
13 shall jointly submit to the relevant congressional commit-
14 tees a report that includes the results of the study re-
15 quired by subsection (a).

16 (d) GAO STUDY.—The Comptroller General of the
17 United States shall—

18 (1) carry out a study on decentralized finance
19 that analyzes the information described under para-
20 graphs (1) through (12) of subsection (a); and

21 (2) not later than 1 year after the date of en-
22 actment of this Act, submit to the relevant congress-
23 sional committees a report that includes the results
24 of the study required by paragraph (1).

25 (e) DEFINITIONS.—In this section:

1 (1) DECENTRALIZED FINANCE.—

2 (A) IN GENERAL.—The term “decentral-
3 ized finance” means blockchain applications
4 that allow users to engage in financial trans-
5 actions in a self-directed manner so that a
6 third-party intermediary does not effectuate the
7 transactions or take custody of digital commod-
8 ities of a user during any part of the trans-
9 actions.

10 (B) RELATIONSHIP TO EXCLUDED ACTIVI-
11 TIES.—The term “decentralized finance” shall
12 not be interpreted to limit or exclude any activ-
13 ity from the activities described in section
14 15I(a) of the Securities Exchange Act of 1934
15 or section 4v(a) of the Commodity Exchange
16 Act.

17 (2) RELEVANT CONGRESSIONAL COMMIT-
18 TEES.—The term “relevant congressional commit-
19 tees” means—

20 (A) the Committees on Financial Services
21 and Agriculture of the House of Representa-
22 tives; and

23 (B) the Committees on Banking, Housing,
24 and Urban Affairs and Agriculture, Nutrition,
25 and Forestry of the Senate.

1 **SEC. 505. STUDY ON NON-FUNGIBLE DIGITAL COMMOD-**
2 **ITIES.**

3 (a) IN GENERAL.—The Comptroller General of the
4 United States shall carry out a study of non-fungible dig-
5 ital commodities that analyzes—

6 (1) the nature, size, role, purpose, and use of
7 non-fungible digital commodities;

8 (2) the similarities and differences between non-
9 fungible digital commodities and other digital com-
10 modities, including digital commodities and per-
11 mitted payment stablecoins, and how the markets
12 for those digital commodities intersect with each
13 other;

14 (3) how non-fungible digital commodities are
15 minted by issuers and subsequently administered to
16 purchasers;

17 (4) how non-fungible digital commodities are
18 stored after being purchased by a consumer;

19 (5) the interoperability of non-fungible digital
20 commodities between different blockchain systems;

21 (6) the scalability of different non-fungible dig-
22 ital commodity marketplaces;

23 (7) the benefits of non-fungible digital commod-
24 ities, including verifiable digital ownership;

25 (8) the risks of non-fungible tokens, including—
26 (A) intellectual property rights;

1 (B) cybersecurity risks; and

2 (C) market risks;

3 (9) whether and how non-fungible digital com-
4 modities have integrated with traditional market-
5 places, including those for music, real estate, gam-
6 ing, events, and travel;

7 (10) whether non-fungible tokens can be used
8 to facilitate commerce or other activities through the
9 representation of documents, identification, con-
10 tracts, licenses, and other commercial, government,
11 or personal records;

12 (11) any potential risks to traditional markets
13 from such integration; and

14 (12) the levels and types of illicit activity in
15 non-fungible digital commodity markets.

16 (b) REPORT.—Not later than 1 year after the date
17 of the enactment of this Act, the Comptroller General,
18 shall make publicly available a report that includes the re-
19 sults of the study required by subsection (a).

20 **SEC. 506. STUDY ON EXPANDING FINANCIAL LITERACY**
21 **AMONGST DIGITAL COMMODITY HOLDERS.**

22 (a) IN GENERAL.— The Commodity Futures Trading
23 Commission with the Securities and Exchange Commis-
24 sion shall jointly conduct a study to identify—

1 (1) the existing level of financial literacy among
2 retail digital commodity holders, including subgroups
3 of investors identified by the Commodity Futures
4 Trading Commission with the Securities and Ex-
5 change Commission;

6 (2) methods to improve the timing, content, and
7 format of financial literacy materials regarding dig-
8 ital commodities provided by the Commodity Fu-
9 tures Trading Commission and the Securities and
10 Exchange Commission;

11 (3) methods to improve coordination between
12 the Securities and Exchange Commission and the
13 Commodity Futures Trading Commission with other
14 agencies, including the Financial Literacy and Edu-
15 cation Commission as well as nonprofit organizations
16 and State and local jurisdictions, to better dissemi-
17 nate financial literacy materials;

18 (4) the efficacy of current financial literacy ef-
19 forts with a focus on rural communities and commu-
20 nities with majority minority populations;

21 (5) the most useful and understandable relevant
22 information that retail digital commodity holders
23 need to make informed financial decisions before en-
24 gaging with or purchasing a digital commodity or

1 service that is typically sold to retail investors of
2 digital commodities;

3 (6) the most effective public-private partner-
4 ships in providing financial literacy regarding digital
5 commodities to consumers;

6 (7) the most relevant metrics to measure suc-
7 cessful improvement of the financial literacy of an
8 individual after engaging with financial literacy ef-
9 forts; and

10 (8) in consultation with the Financial Literacy
11 and Education Commission, a strategy (including to
12 the extent practicable, measurable goals and objec-
13 tives) to increase financial literacy of investors re-
14 garding digital commodities.

15 (b) REPORT.—Not later than 1 year after the date
16 of the enactment of this Act, the Commodity Futures
17 Trading Commission and the Securities and Exchange
18 Commission shall jointly submit a written report on the
19 study required by subsection (a) to the Committees on Fi-
20 nancial Services and on Agriculture of the House of Rep-
21 resentatives and the Committees on Banking, Housing,
22 and Urban Affairs and on Agriculture, Nutrition, and
23 Forestry of the Senate.

1 **SEC. 507. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**
2 **IMPROVEMENTS.**

3 (a) IN GENERAL.—The Commodity Futures Trading
4 Commission and the Securities and Exchange Commission
5 shall jointly conduct a study to assess whether additional
6 guidance or rules are necessary to facilitate the develop-
7 ment of tokenized securities and derivatives products, and
8 to the extent such guidance or rules would foster the devel-
9 opment of fair and orderly financial markets, be necessary
10 or appropriate in the public interest, and be consistent
11 with the protection of investors and customers.

12 (b) REPORT.—

13 (1) TIME LIMIT.—Not later than 1 year after
14 the date of enactment of this Act, the Commodity
15 Futures Trading Commission and the Securities and
16 Exchange Commission shall jointly submit to the rel-
17 evant congressional committees a report that in-
18 cludes the results of the study required by sub-
19 section (a).

20 (2) RELEVANT CONGRESSIONAL COMMITTEES
21 DEFINED.—In this section, the term “relevant con-
22 gressional committees” means—

23 (A) the Committees on Financial Services
24 and on Agriculture of the House of Representa-
25 tives; and

1 (B) the Committees on Banking, Housing,
2 and Urban Affairs and on Agriculture, Nutri-
3 tion, and Forestry of the Senate.