

# Union Calendar No. 401

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 4763

[Report No. 118–484, Parts I and II]

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

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## IN THE HOUSE OF REPRESENTATIVES

JULY 20, 2023

Mr. THOMPSON of Pennsylvania (for himself, Mr. HILL, Mr. JOHNSON of South Dakota, Mr. DAVIDSON, and Mr. EMMER) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

MAY 6, 2024

Additional sponsors: Mr. MOLINARO, Mr. CUELLAR, Mr. NICKEL, Mr. CURTIS, Mr. BANKS, Mr. MCHENRY, and Mr. TORRES of New York

MAY 6, 2024

Reported from the Committee on Agriculture with an amendment

[Strike out all after the enacting clause and insert the part printed in *italie*]

MAY 6, 2024

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in **boldface roman**]

[For text of introduced bill, see copy of bill as introduced on July 20, 2023]

# **A BILL**

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

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

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

4        (a) *SHORT TITLE.*—*This Act may be cited as the “Fi-*  
 5 *nancial Innovation and Technology for the 21st Century*  
 6 *Act”.*

7        (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 8 *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 Commodity Exchange Act.*

*Sec. 103. Definitions under this Act.*

*Sec. 104. Joint rulemakings.*

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

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

*Sec. 107. Commodity Exchange Act savings provisions.*

*Sec. 108. International harmonization.*

*Sec. 109. Implementation.*

**TITLE II—DIGITAL ASSET EXEMPTIONS**

*Sec. 201. Exempted transactions in digital assets.*

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

*Sec. 203. Enhanced disclosure requirements.*

*Sec. 204. Certification of certain digital assets.*

*Sec. 205. Effective date.*

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

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

*Sec. 302. Antifraud authority over permitted payment stablecoins.*

*Sec. 303. Registration of digital asset trading systems.*

*Sec. 304. Requirements for digital asset trading systems.*

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

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

*Sec. 307. Rules related to conflicts of interest.*

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

*Sec. 309. Dual registration.*

*Sec. 310. Exclusion for ancillary activities.*

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

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

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

*Sec. 401. Commission jurisdiction over digital commodity transactions.*

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

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

*Sec. 404. Registration of digital commodity exchanges.*

*Sec. 405. Qualified digital commodity custodians.*

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

*Sec. 407. Registration of associated persons.*

*Sec. 408. Registration of commodity pool operators and commodity trading advisors.*

*Sec. 409. Exclusion for ancillary activities.*

*Sec. 410. Funding for implementation, administration, and enforcement.*

*Sec. 411. Effective date.*

**TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS**

*Sec. 501. Codification of the SEC Strategic Hub for Innovation and Financial Technology.*

*Sec. 502. Codification of LabCFTC.*

*Sec. 503. CFTC-SEC Joint Advisory Committee on Digital Assets.*

*Sec. 504. Modernization of the Securities and Exchange Commission mission.*

*Sec. 505. Study on decentralized finance.*

*Sec. 506. Study on non-fungible digital assets.*

*Sec. 507. Study on financial market infrastructure improvements.*

**1 TITLE I.—DEFINITIONS; RULE-  
2 MAKING; 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:*

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

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

1           “(i) directly, or indirectly through one  
2           or more intermediaries, controls, or is con-  
3           trolled by, or is under common control with,  
4           such digital asset issuer; and

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

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

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

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

14          “(21) *BLOCKCHAIN*.—The term ‘blockchain’  
15          means any technology—

16          “(A) where data is—

17          “(i) shared across a network to create  
18          a public ledger of verified transactions or  
19          information among network participants;

20          “(ii) linked using cryptography to  
21          maintain the integrity of the public ledger  
22          and to execute other functions; and

23          “(iii) distributed among network par-  
24          ticipants in an automated fashion to con-  
25          currently update network participants on

1                   *the state of the public ledger and any other*  
2                   *functions; and*

3                   “(B) *composed of source code that is pub-*  
4                   *licly available.*

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

10                  “(23) *BLOCKCHAIN SYSTEM.—The term*  
11                  *‘blockchain system’ means any blockchain or*  
12                  *blockchain protocol.*

13                  “(24) *DECENTRALIZED NETWORK.—With respect*  
14                  *to a blockchain system to which a digital asset relates,*  
15                  *the term ‘decentralized network’ means the following*  
16                  *conditions are met:*

17                          “(A) *During the previous 12-month period,*  
18                          *no person—*

19                                  “(i) *had the unilateral authority, di-*  
20                                  *rectly or indirectly, through any contract,*  
21                                  *arrangement, understanding, relationship,*  
22                                  *or otherwise, to control or materially alter*  
23                                  *the functionality or operation of the*  
24                                  *blockchain system; or*

1           “(ii) had the unilateral authority to  
2           restrict or prohibit any person who is not  
3           a digital asset issuer, related person, or an  
4           affiliated person from—

5                   “(I) using, earning, or transmit-  
6                   ting the digital asset;

7                   “(II) deploying software that uses  
8                   or integrates with the blockchain sys-  
9                   tem;

10                  “(III) participating in a decen-  
11                  tralized governance system with respect  
12                  to the blockchain system; or

13                  “(IV) operating a node, validator,  
14                  or other form of computational infra-  
15                  structure with respect to the blockchain  
16                  system.

17           “(B) During the previous 12-month pe-  
18           riod—

19                   “(i) no digital asset issuer or affiliated  
20                   person beneficially owned, in the aggregate,  
21                   20 percent or more of the total amount of  
22                   units of such digital asset that—

23                           “(I) can be created, issued, or dis-  
24                           tributed in such blockchain system;  
25                           and

1                   “(II) were freely transferrable or  
2                   otherwise used or available to be used  
3                   for the purposes of such blockchain net-  
4                   work;

5                   “(ii) no digital asset issuer or affili-  
6                   ated person had the unilateral authority to  
7                   direct the voting, in the aggregate, of 20  
8                   percent or more of the outstanding voting  
9                   power of such digital asset or related decen-  
10                  tralized governance system; or

11                  “(iii) the digital asset did not include  
12                  voting power.

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

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



1                   “(ii) were adopted through the con-  
2                   sensus or agreement of a decentralized gov-  
3                   ernance system.

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

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

13                  “(25) DECENTRALIZED GOVERNANCE SYSTEM.—

14                  “(A) IN GENERAL.—The term ‘decentralized  
15                  governance system’ means, with respect to a  
16                  blockchain system, any rules-based system per-  
17                  mitting persons using the blockchain system or  
18                  the digital assets related to such blockchain sys-  
19                  tem to form consensus or reach agreement in the  
20                  development, provision, publication, manage-  
21                  ment, or administration of such blockchain sys-  
22                  tem.

23                  “(B) RELATIONSHIP OF PERSONS TO DE-  
24                  CENTRALIZED GOVERNANCE SYSTEMS.—Persons  
25                  acting through a decentralized governance system

1           *shall be treated as separate persons unless such*  
2           *persons are under common control.*

3           “(C) *EXCLUSION.*—*The term ‘decentralized*  
4           *governance system’ does not include a system in*  
5           *which—*

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

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

11                           “(II) *determine the final outcome*  
12                           *of decisions related to the development,*  
13                           *provision, publication, management, or*  
14                           *administration of such blockchain sys-*  
15                           *tem;*

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

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

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

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

12                  “(26) DIGITAL ASSET.—

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

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

22                  “(i) any note, stock, treasury stock, se-  
23                  curity future, security-based swap, bond, de-  
24                  benture, evidence of indebtedness, certificate  
25                  of interest or participation in any profit-

1           *sharing agreement, collateral-trust certifi-*  
2           *cate, preorganization certificate or subscrip-*  
3           *tion, or transferable share; or*

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

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

13                   “(II) *a security futures product;*

14                   “(III) *a swap;*

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

19                   “(V) *a commodity option author-*  
20                   *ized under section 4c of the Commodity*  
21                   *Exchange Act; or*

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

1           “(C) *RELATIONSHIP TO A BLOCKCHAIN SYS-*  
2           *TEM.—A digital asset is considered to relate to*  
3           *a blockchain system if the digital asset is intrin-*  
4           *sically linked to the blockchain system, includ-*  
5           *ing—*

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

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

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

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

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

24                     “(A) *means—*

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

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

6           “(II) offers or sells a right to a fu-  
7 ture issuance of a unit of such digital  
8 asset to a person; or

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

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

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

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

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

1           *tem, deploys source code to create units of a dig-*  
2           *ital asset which are incentive-based rewards—*

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

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

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

16                    *“(A) digital commodities; or*

17                    *“(B) digital assets that have been registered*  
18                    *with the Commission.*

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

23            *“(30) END USER DISTRIBUTION.—The term ‘end*  
24            *user distribution’ means an issuance of a unit of a*  
25            *digital asset that—*

1           “(A) does not involve an exchange of more  
2 than a nominal value of cash, property, or other  
3 assets; and

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

9                   “(i) to users of the digital asset or any  
10 blockchain system to which the digital asset  
11 relates;

12                   “(ii) for activities directly related to  
13 the operation of the blockchain system, such  
14 as mining, validating, staking, or other ac-  
15 tivity directly tied to the operation of the  
16 blockchain system; or

17                   “(iii) to the existing holders of another  
18 digital asset, in proportion to the total  
19 units of such other digital asset as are held  
20 by each person.

21           “(31) *FUNCTIONAL NETWORK*.—With respect to a  
22 blockchain system to which a digital asset relates, the  
23 term ‘functional network’ means the network allows  
24 network participants to use such digital asset for—



1           “(A) *the transmission and storage of value*  
2           *on the blockchain system;*

3           “(B) *the participation in services provided*  
4           *by or an application running on the blockchain*  
5           *system; or*

6           “(C) *the participation in governance of the*  
7           *blockchain system.*

8           “(32) *PERMITTED PAYMENT STABLECOIN.—The*  
9           *term ‘permitted payment stablecoin’—*

10           “(A) *means a digital asset—*

11           “(i) *that is or is designed to be used as*  
12           *a means of payment or settlement;*

13           “(ii) *the issuer of which—*

14           “(I) *is obligated to convert, re-*  
15           *deem, or repurchase for a fixed amount*  
16           *of monetary value; and*

17           “(II) *represents will maintain or*  
18           *creates the reasonable expectation that*  
19           *it will maintain a stable value relative*  
20           *to the value of a fixed amount of mone-*  
21           *tary value; and*

22           “(iii) *that is subject to regulation by a*  
23           *Federal or State regulator with authority*  
24           *over entities that issue payment stablecoins;*  
25           *and*

1           “(B) that is not—

2                   “(i) a national currency; or

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

7           “(33) *RELATED PERSON*.—With respect to a dig-  
8           ital asset issuer, the term ‘related person’ means—

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

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

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

18                   “(D) any other person that received a unit  
19                   of digital asset from such digital asset issuer  
20                   through—

21                   “(i) an exempt offering, other than an  
22                   offering made in reliance on section 4(a)(8);  
23                   or

24                   “(ii) a distribution that is not an end  
25                   user distribution described under section

1                   42(d)(1) of the Securities Exchange Act of  
2                   1934.

3                   “(34) *RESTRICTED DIGITAL ASSET*.—

4                   “(A) *IN GENERAL*.—The term ‘restricted  
5                   digital asset’ means—

6                   “(i) any unit of a digital asset held by  
7                   a person, other than a digital asset issuer,  
8                   a related person, or an affiliated person,  
9                   prior to the first date on which each  
10                  blockchain system to which the digital asset  
11                  relates is a functional network and certified  
12                  to be a decentralized network under section  
13                  44 of the Securities Exchange Act of 1934,  
14                  that was—

15                  “(I) issued to such person through  
16                  a distribution, other than an end user  
17                  distribution described under section  
18                  42(d)(1) of the Securities Exchange Act  
19                  of 1934; or

20                  “(II) acquired by such person in  
21                  a transaction that was not executed on  
22                  a digital commodity exchange;

23                  “(ii) any digital asset held by a related  
24                  person or an affiliated person during any  
25                  period when any blockchain system to

1           *which the digital asset relates is not a func-*  
 2           *tional network or not certified to be a de-*  
 3           *centralized network under section 44 of the*  
 4           *Securities Exchange Act of 1934; or*

5                   *“(iii) any unit of a digital asset held*  
 6           *by the digital asset issuer.*

7                   *“(B) EXCLUSION.—The term ‘restricted dig-*  
 8           *ital asset’ does not include a permitted payment*  
 9           *stablecoin.*

10                   *“(35) SECURITIES LAWS.—The term ‘securities*  
 11           *laws’ has the meaning given that term under section*  
 12           *3(a) of the Securities Exchange Act of 1934 (15*  
 13           *U.S.C. 78c(a)).*

14                   *“(36) SOURCE CODE.—With respect to a*  
 15           *blockchain system, the term ‘source code’ means a list-*  
 16           *ing of commands to be compiled or assembled into an*  
 17           *executable computer program.”.*

18 **SEC. 102. DEFINITIONS UNDER THE COMMODITY EX-**  
 19 **CHANGE ACT.**

20           *Section 1a of the Commodity Exchange Act (7 U.S.C.*  
 21 *1a) is amended—*

22                   *(1) in paragraph (10)(A)—*

23                           *(A) by redesignating clauses (iii) and (iv)*  
 24                   *as clauses (iv) and (v), respectively; and*

1           (B) by inserting after clause (ii) the fol-  
2           lowing:

3                   “(iii) digital commodity;”;

4           (2) in paragraph (11)—

5                   (A) in subparagraph (A)(i)—

6                           (i) by redesignating subclauses (III)  
7                           and (IV) as subclauses (IV) and (V), respec-  
8                           tively; and

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

11                                   “(III) digital commodity;” and

12                           (B) by redesignating subparagraph (B) as  
13                           subparagraph (C) and inserting after subpara-  
14                           graph (A) the following:

15                                   “(B) *EXCLUSION.*—The term ‘commodity  
16                           pool operator’ does not include—

17   “(i) a decentralized governance system;

18   or

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

21           (3) in paragraph (12)(A)(i)—

22                           (A) in subclause (II), by adding at the end  
23                           a semicolon;

24                           (B) by redesignating subclauses (III) and  
25                           (IV) as subclauses (IV) and (V), respectively; and

1           (C) by inserting after subclause (II) the fol-  
2           lowing:

3                           “(III) a digital commodity;”;

4           (4) in paragraph (40)—

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

7                           (B) by striking the period at the end of sub-  
8           paragraph (F) and inserting “; and”; and

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

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

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

13                           “(52) ASSOCIATED PERSON OF A DIGITAL COM-  
14           MODITY BROKER.—

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

23                           “(i) the solicitation or acceptance of a  
24           contract of sale of a digital commodity; or

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

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

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

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

19                   “(i) the solicitation or acceptance of a  
20                   contract of sale of a digital commodity; or

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

24                   “(B) *EXCLUSION.*—The term ‘associated  
25                   person of a digital commodity dealer’ does not

1           *include any person associated with a digital*  
2           *commodity dealer the functions of which are sole-*  
3           *ly clerical or ministerial.*

4           “(54) *BANK SECRECY ACT.*—*The term ‘Bank Se-*  
5           *crecy Act’ means—*

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

8                   “(B) *chapter 2 of title I of Public Law 91–*  
9                   *508 (12 U.S.C. 1951 et seq.); and*

10                   “(C) *subchapter II of chapter 53 of title 31,*  
11                   *United States Code.*

12           “(55) *DIGITAL COMMODITY.*—

13                   “(A) *IN GENERAL.*—*The term ‘digital com-*  
14                   *modity’ means—*

15                           “(i) *any unit of a digital asset held by*  
16                           *a person, other than the digital asset issuer,*  
17                           *a related person, or an affiliated person, be-*  
18                           *fore the first date on which each blockchain*  
19                           *system to which the digital asset relates is*  
20                           *a functional network and certified to be a*  
21                           *decentralized network under section 44 of*  
22                           *the Securities Exchange Act of 1934, that*  
23                           *was—*

24                                   “(I) *issued to the person through*  
25                                   *an end user distribution described*



1                    *under section 42(d)(1) of the Securities*  
2                    *Exchange Act of 1934; or*

3                    *“(II) acquired by such person in*  
4                    *a transaction that was executed on a*  
5                    *digital commodity exchange; or*

6                    *“(ii) any unit of a digital asset held by*  
7                    *a person, other than the digital asset issuer,*  
8                    *a related person, or an affiliated person,*  
9                    *after the first date on which each blockchain*  
10                   *system to which the digital asset relates is*  
11                   *a functional network and certified to be a*  
12                   *decentralized network under section 44 of*  
13                   *the Securities Exchange Act of 1934; and*

14                   *“(iii) any unit of a digital asset held*  
15                   *by a related person or an affiliated person*  
16                   *during any period when any blockchain*  
17                   *system to which the digital asset relates is*  
18                   *a functional network and certified to be a*  
19                   *decentralized network under section 44 of*  
20                   *the Securities Exchange Act of 1934.*

21                   *“(B) EXCLUSION.—The term ‘digital com-*  
22                   *modity’ does not include a permitted payment*  
23                   *stablecoin.*

24                   *“(56) DIGITAL COMMODITY BROKER.—*

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

4                   “(i) engaged in soliciting or accepting  
5                   orders for the purchase or sale of a unit of  
6                   a digital commodity from a person that is  
7                   not an eligible contract participant;

8                   “(ii) engaged in soliciting or accepting  
9                   orders for the purchase or sale of a unit of  
10                  a digital commodity from a person on or  
11                  subject to the rules of a registered entity; or

12                  “(iii) registered with the Commission  
13                  as a digital commodity broker.

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

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

22                   “(ii) validates a digital commodity  
23                   transaction, operates a node, or engages in  
24                   similar activity to participate in facili-

1            *tating, operating, or securing a blockchain*  
2            *system.*

3            “(57) *DIGITAL COMMODITY CUSTODIAN.*—*The*  
4            *term ‘digital commodity custodian’ means an entity*  
5            *in the business of holding, maintaining, or safe-*  
6            *guarding digital commodities.*

7            “(58) *DIGITAL COMMODITY DEALER.*—

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

10            “(i) *in digital commodity cash or spot*  
11            *markets—*

12            “(I) *holds itself out as a dealer in*  
13            *a digital commodity;*

14            “(II) *makes a market in a digital*  
15            *commodity;*

16            “(III) *regularly enters into digital*  
17            *commodity transactions with counter-*  
18            *parties as an ordinary course of busi-*  
19            *ness for its own account; or*

20            “(IV) *engages in any activity*  
21            *causing the person to be commonly*  
22            *known in the trade as a dealer or mar-*  
23            *ket maker in a digital commodity;*

24            “(ii) *regularly enters into any agree-*  
25            *ment, contract, or transaction described in*

1            *subsection (c)(2)(D)(i) involving a digital*  
2            *commodity; or*

3            *“(iii) is registered with the Commis-*  
4            *sion as a digital commodity dealer.*

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

8            *“(i) enters into a digital commodity*  
9            *transaction with an eligible contract partic-*  
10           *ipant;*

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

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

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

23           *“(v) validates a digital commodity*  
24           *transaction, operates a node, or engages in*  
25           *similar activity to participate in facili-*

1            *tating, operating, or securing a blockchain*  
2            *system.*

3            “(59) *DIGITAL COMMODITY EXCHANGE.*—*The*  
4            *term ‘digital commodity exchange’ means a trading*  
5            *facility that offers or seeks to offer a cash or spot*  
6            *market in at least 1 digital commodity.*

7            “(60) *DIGITAL ASSET-RELATED DEFINITIONS.*—  
8            “(A) *SECURITIES ACT OF 1933.*—*The terms*  
9            *‘affiliated person’, ‘blockchain system’, ‘decen-*  
10           *tralized governance system’ ‘decentralized net-*  
11           *work’, ‘digital asset’, ‘digital asset issuer’, ‘end*  
12           *user distribution’, ‘functional network’, ‘per-*  
13           *mitted payment stablecoin’, ‘related person’, and*  
14           *‘restricted digital asset’ have the meaning given*  
15           *the terms, respectively, under section 2(a) of the*  
16           *Securities Act of 1933 (15 U.S.C. 77b(a)).*

17           “(B) *SECURITIES EXCHANGE ACT OF 1934.*—  
18           *The terms ‘digital asset broker’ and ‘digital asset*  
19           *dealer’ have the meaning given those terms, re-*  
20           *spectively, under section 3(a) of the Securities*  
21           *Exchange Act of 1934 (15 U.S.C. 78c(a)).*

22           “(61) *MIXED DIGITAL ASSET TRANSACTION.*—  
23           *The term ‘mixed digital asset transaction’ has the*  
24           *meaning given that term under section 3(a) of the Se-*  
25           *curities Exchange Act of 1934 (15 U.S.C. 78c(a)).”.*

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

2 *In this Act:*

3 (1) *DEFINITIONS UNDER THE COMMODITY EX-*  
4 *CHANGE ACT.—The terms “digital commodity”, “dig-*  
5 *ital commodity broker”, “digital commodity dealer”,*  
6 *and “digital commodity exchange” have the meaning*  
7 *given those terms, respectively, under section 1a of the*  
8 *Commodity Exchange Act (7 U.S.C. 1a).*

9 (2) *DEFINITIONS UNDER THE SECURITIES ACT*  
10 *OF 1933.—The terms “affiliated person”, “blockchain”,*  
11 *“blockchain system”, “blockchain protocol”, “decen-*  
12 *tralized network”, “digital asset”, “digital asset*  
13 *issuer”, “digital asset maturity date”, “digital asset*  
14 *trading system”, “end user distribution”, “functional*  
15 *network”, “permitted payment stablecoin”, “restricted*  
16 *digital asset”, “securities laws”, and “source code”*  
17 *have the meaning given those terms, respectively,*  
18 *under section 2(a) of the Securities Act of 1933 (15*  
19 *U.S.C. 77b(a)).*

20 (3) *DEFINITIONS UNDER THE SECURITIES EX-*  
21 *CHANGE ACT OF 1934.—The terms “Bank Secrecy*  
22 *Act”, “digital asset broker”, “digital asset dealer”,*  
23 *“digital asset trading system”, “mixed digital asset*  
24 *transaction”, and “self-regulatory organization” have*  
25 *the meaning given those terms, respectively, under*

1        *section 3(a) of the Securities Exchange Act of 1934*  
2        *(15 U.S.C. 78c(a)).*

3        **SEC. 104. JOINT RULEMAKINGS.**

4        *(a) DEFINITIONS.—The Commodity Futures Trading*  
5        *Commission and the Securities and Exchange Commission*  
6        *shall, jointly, issue rules to further define the following*  
7        *terms:*

8                *(1) The terms “affiliated person”, “blockchain”,*  
9                *“blockchain system”, “blockchain protocol”, “decen-*  
10                *tralized network”, “decentralized governance system”,*  
11                *“digital asset”, “digital asset issuer”, “digital asset*  
12                *maturity date”, “end user distribution”, “functional*  
13                *network”, “related person”, “restricted digital asset”,*  
14                *and “source code”, as defined under section 2(a) of*  
15                *the Securities Act of 1933.*

16                *(2) The term “mixed digital asset transaction”,*  
17                *as defined under section 3(a) of the Securities Ex-*  
18                *change Act of 1934.*

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

21        *(b) JOINT RULEMAKING FOR EXCHANGES.—The Com-*  
22        *modity Futures Trading Commission and the Securities*  
23        *and Exchange Commission shall, jointly, issue rules to ex-*  
24        *empt persons dually registered with the Commodity Futures*  
25        *Trading Commission as a digital commodity exchange and*

1 *with the Securities and Exchange Commission as a digital*  
2 *asset trading system from duplicative, conflicting, or un-*  
3 *duly burdensome provisions of this Act, the securities laws,*  
4 *and the Commodity Exchange Act and the rules thereunder,*  
5 *to the extent such exemption would foster the development*  
6 *of fair and orderly markets in digital assets, be necessary*  
7 *or appropriate in the public interest, and be consistent with*  
8 *the protection of investors.*

9       (c) *JOINT RULEMAKING FOR MIXED DIGITAL ASSET*  
10 *TRANSACTIONS.—The Commodity Futures Trading Com-*  
11 *mission and the Securities and Exchange Commission shall,*  
12 *jointly, issue rules applicable to mixed digital asset trans-*  
13 *actions under this Act and the amendments made by this*  
14 *Act.*

15       (d) *PROTECTION OF SELF-CUSTODY.—*

16           (1) *IN GENERAL.—The Financial Crimes En-*  
17 *forcement Network may not issue any rule or order*  
18 *that would prohibit a U.S. individual from—*

19               (A) *maintaining a hardware wallet, soft-*  
20 *ware wallet, or other means to facilitate such in-*  
21 *dividual’s own custody of digital assets; or*

22               (B) *conducting transactions and self-cus-*  
23 *tody of digital assets for any lawful purpose.*

24           (2) *RULE OF CONSTRUCTION.—Paragraph (1)*  
25 *may not be construed to limit the ability of Financial*



1 *Crimes Enforcement Network to carry out any en-*  
 2 *forcement authority.*

3 **SEC. 105. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
 4 **COMMODITY EXCHANGES, BROKERS, AND**  
 5 **DEALERS.**

6 *(a) IN GENERAL.—*

7 *(1) NOTICE OF INTENT TO REGISTER.—Any per-*  
 8 *son may file a notice of intent to register with the*  
 9 *Commodity Futures Trading Commission (in this*  
 10 *subsection referred to as the “Commission”) as a—*

11 *(A) digital commodity exchange, for a per-*  
 12 *son intending to register as a digital commodity*  
 13 *exchange under section 5i of the Commodity Ex-*  
 14 *change Act;*

15 *(B) digital commodity broker, for a person*  
 16 *intending to register as a digital commodity*  
 17 *broker under section 4u of such Act;*

18 *(C) digital commodity dealer, for a person*  
 19 *intending to register as a digital commodity*  
 20 *dealer under section 4u of such Act; or*

21 *(D) associated person, for a person intend-*  
 22 *ing to register under section 4k(4) of such Act.*

23 *(2) FILING.—A person, other than a person de-*  
 24 *scribed in paragraph (1)(D), desiring to file a notice*  
 25 *of intent to register under paragraph (1) shall be in*

1 *compliance with this section if the person submits to*  
2 *the Commission—*

3 *(A) a statement of the nature of the reg-*  
4 *istrations the filer intends to pursue;*

5 *(B) the information required by subsections*  
6 *(b) and (c).*

7 *(b) DISCLOSURE OF GENERAL INFORMATION.—A per-*  
8 *son filing a notice of intent to register under subsection (a)*  
9 *shall disclose to the Commission the following:*

10 *(1) Information concerning the management of*  
11 *the person, including information describing—*

12 *(A) the ownership and management of the*  
13 *person;*

14 *(B) the financial condition of the person;*

15 *(C) affiliated entities;*

16 *(D) potential conflicts of interest; and*

17 *(E) the physical address of the person.*

18 *(2) Information concerning the operations of the*  
19 *person, including—*

20 *(A) any rulebook or other customer order*  
21 *fulfilment rules;*

22 *(B) risk management procedures; and*

23 *(C) a description of the product listing*  
24 *process.*

1           (c) *ASSET AND LISTING INFORMATION.*—A person fil-  
2   ing a notice of intent to register under subsection(a) shall  
3   provide to the Commission and the Securities and Exchange  
4   Commission a detailed description of—

5           (1) *the specific characteristics of each asset listed*  
6   *or offered for trading by the person, including infor-*  
7   *mation regarding the assets market activity, token*  
8   *distribution, and functional use;*

9           (2) *the product listing determination made by*  
10   *the person for each asset listed or offered for trading*  
11   *by the person.*

12          (d) *REQUIREMENTS.*—A person filing a notice of in-  
13   tent to register under subsection (a) shall comply with the  
14   following requirements:

15           (1) *REGISTERED FUTURES ASSOCIATION.*—The  
16   person shall be a member of a futures association reg-  
17   istered under section 17 of the Commodity Exchange  
18   Act, and shall comply with the rules of the associa-  
19   tion, including the rules of the association pertaining  
20   to customer disclosures and protection of customer as-  
21   sets.

22           (2) *BOOKS AND RECORDS.*—The person shall  
23   keep their books and records open to inspection and  
24   examination by the Commission.

1           (3) *CUSTOMER DISCLOSURES.*—*The person shall*  
2 *disclose to customers—*

3           (A) *information about the material risks*  
4 *and characteristics of the assets listed for trading*  
5 *on the person;*

6           (B) *information about the material risks*  
7 *and characteristics of the transactions facilitated*  
8 *by the person;*

9           (C) *information about the location and*  
10 *manner in which the digital assets of the cus-*  
11 *tomers will be and are custodied; and*

12           (D) *in their disclosure documents, offering*  
13 *documents, and promotional material—*

14           (i) *in a prominent manner, that they*  
15 *are not registered with or regulated by the*  
16 *Commission; and*

17           (ii) *the contact information for the*  
18 *whistleblower, complaint, and reparation*  
19 *programs of the Commission.*

20           (4) *CUSTOMER ASSETS.*—

21           (A) *IN GENERAL.*—*The person shall—*

22           (i) *hold customer money, assets, and*  
23 *property in a manner to minimize the risk*  
24 *of loss to the customer or unreasonable delay*

1           *in customer access to money, assets, and*  
2           *property of the customer;*

3           (ii) *treat and deal with all money, as-*  
4           *sets, and property, including any rights as-*  
5           *sociated with any such money, assets, or*  
6           *property, of any customer received as be-*  
7           *longing to the customer;*

8           (iii) *calculate the total digital asset ob-*  
9           *ligations of the person, and at all times*  
10          *hold money, assets, or property equal to or*  
11          *in excess of the total digital asset obliga-*  
12          *tions; and*

13          (iv) *not commingle such money, assets*  
14          *and property held to meet the total com-*  
15          *modity obligation with the funds of the per-*  
16          *son or use the money, assets, or property to*  
17          *margin, secure, or guarantee any trade or*  
18          *contract, or to secure or extend the credit, of*  
19          *any customer or person other than the one*  
20          *for whom the same are held, except that—*

21                  (I) *the money, assets, and prop-*  
22                  *erty of any customer may be commin-*  
23                  *gled with that of any other customer, if*  
24                  *separately accounted for; and*

1                   (ii) *the share of the money, assets,*  
2                   *and property, as in the normal course*  
3                   *of business are necessary to margin,*  
4                   *guarantee, secure, transfer, adjust, or*  
5                   *settle a contract of sale of a commodity*  
6                   *asset, may be withdrawn and applied*  
7                   *to do so, including the payment of*  
8                   *commissions, brokerage, interest, taxes,*  
9                   *storage, and other charges lawfully ac-*  
10                   *cruing in connection with the contract*  
11                   *of sale of a digital commodity.*

12                   (B) *ADDITIONAL RESOURCES.—*

13                   (i) *IN GENERAL.—This section shall*  
14                   *not prevent or be construed to prevent the*  
15                   *person from adding to the customer money,*  
16                   *assets, and property required to be seg-*  
17                   *regated under subparagraph (A), additional*  
18                   *amounts of money, assets, or property from*  
19                   *the account of the person as the person de-*  
20                   *termines necessary to hold money, assets, or*  
21                   *property equal to or in excess of the total*  
22                   *digital asset obligations of the person.*

23                   (ii) *TREATMENT AS CUSTOMER*  
24                   *FUNDS.—Any money, assets, or property de-*  
25                   *posited pursuant to clause (i) shall be con-*

1                    *sidered customer property within the mean-*  
2                    *ing of this subsection.*

3            (e) *COMPLIANCE.*—

4                    (1) *IN GENERAL.*—*A person who has filed a no-*  
5                    *tice of intent to register under this section and is in*  
6                    *compliance with this section shall be exempt from Se-*  
7                    *curities and Exchange Commission rules and regula-*  
8                    *tions pertaining to registering as a national securities*  
9                    *exchange, broker, dealer, or clearing agency, for ac-*  
10                   *tivities related to a digital asset deemed a security.*

11                   (2) *NONCOMPLIANCE.*—*Paragraph (1) shall not*  
12                   *apply if, after notice from the Commission and a rea-*  
13                   *sonable opportunity to correct the deficiency, a person*  
14                   *who has submitted a notice of intent to register is not*  
15                   *in compliance with this section.*

16                   (3) *ANTI-FRAUD AND ANTI-MANIPULATION.*—  
17                   *Paragraph (1) shall not be construed to limit any*  
18                   *anti-fraud, anti-manipulation, or false reporting en-*  
19                   *forcement authority of the Commission or the Securi-*  
20                   *ties and Exchange Commission.*

21                   (4) *DELISTING.*—*Paragraph (1) shall not be con-*  
22                   *strued to limit the authority of the Commission and*  
23                   *the Securities and Exchange Commission to jointly*  
24                   *require a person to delist an asset for trading if the*  
25                   *Commission and the Securities and Exchange Com-*

1       mission determines that the listing is inconsistent  
2       with the Commodity Exchange Act, the securities laws  
3       (including regulations under those laws), or this Act.

4       (f) *FINAL REGISTRATION.*—

5           (1) *IN GENERAL.*—A person may not file a no-  
6       tice of intent to register with the Commission after  
7       the Commission has finalized its rules for the reg-  
8       istration of digital commodity exchanges, digital com-  
9       modity brokers, or digital commodity dealers, as ap-  
10      propriate.

11          (2) *TRANSITION TO FINAL REGISTRATION.*—Sub-  
12      section (e)(1) shall not apply to a person who has  
13      submitted a notice of intent to register if—

14           (A) *the Commission*—

15               (i) *determines that the person has*  
16               *failed to comply with the requirements of*  
17               *this section; or*

18               (ii) *denies the application of the per-*  
19               *son to register; or*

20           (B) *the digital commodity exchange, digital*  
21           *commodity broker, or digital commodity dealer*  
22           *that filed a notice of intent to register failed to*  
23           *apply for registration as such with the Commis-*  
24           *sion within 180 days after the effective date of*  
25           *the final rules of the Commission for the reg-*



1            *istration of digital commodity exchanges, digital*  
2            *commodity brokers, or digital commodity dealers,*  
3            *as appropriate.*

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

8            *(h) REGISTERED FUTURES ASSOCIATION.—Within*  
9            *180 days after the date of the enactment of this Act, a reg-*  
10           *istered futures association shall adopt rules for membership*  
11           *in the association for persons required to be members of the*  
12           *association under subsection (d)(1).*

13           **SEC. 106. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
14                            **ASSET BROKERS, DEALERS, AND TRADING**  
15                            **SYSTEMS.**

16           *(a) IN GENERAL.—*

17                    *(1) NOTICE OF INTENT TO REGISTER.—Any per-*  
18                    *son may file a notice of intent to register with the Se-*  
19                    *curities and Exchange Commission (in this subsection*  
20                    *referred to as the “Commission”) as a—*

21                            *(A) digital asset trading system, for a per-*  
22                            *son intending to register as a digital asset trad-*  
23                            *ing system under section 6(m) of the Securities*  
24                            *Exchange Act of 1934;*

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

5           (C) digital asset dealer, for a person intend-  
6           ing to register as a digital asset dealer under sec-  
7           tion 15H of the Securities Exchange Act of 1934.

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

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

14           (B) the information required by subsections  
15           (b) and (c).

16          (b) *DISCLOSURE OF GENERAL INFORMATION*.—A per-  
17          son filing a notice of intent to register under subsection (a)  
18          shall disclose to the Commission the following:

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

21           (A) the ownership and management of the  
22           person;

23           (B) the financial condition of the person;

24           (C) affiliated entities; and

25           (D) potential conflicts of interest.

1           (2) *Information concerning the operations of the*  
2           *person, including—*

3                   (A) *any rulebook or other customer order*  
4                   *fulfilment rules;*

5                   (B) *risk management procedures; and*

6                   (C) *a description of the product listing*  
7                   *process.*

8           (c) *LISTING INFORMATION.—A person filing a notice*  
9           *of intent to register under subsection (a) shall provide to*  
10           *the Commission and the Commodity Futures Trading Com-*  
11           *mission a detailed description of the product listing deter-*  
12           *mination made by the person for each asset listed or offered*  
13           *for trading by the person.*

14           (d) *REQUIREMENTS.—A person filing a notice of in-*  
15           *tent to register under subsection (a) shall comply with the*  
16           *following requirements:*

17                   (1) *BOOKS AND RECORDS.—The person shall*  
18                   *keep their books and records open to inspection and*  
19                   *examination by the Commission.*

20                   (2) *CUSTOMER DISCLOSURES.—The person shall*  
21                   *disclose to consumers—*

22                           (A) *information about the material risks*  
23                           *and characteristics of the assets listed for trading*  
24                           *on the person; and*

1           (B) *information about the material risks*  
2           *and characteristics of the transactions facilitated*  
3           *by the person.*

4           (3) *CUSTOMER ASSETS.—*

5           (A) *IN GENERAL.—The person shall—*

6                   (i) *hold customer money, assets, and*  
7                   *property in a manner to minimize the risk*  
8                   *of loss to the customer or unreasonable delay*  
9                   *in customer access to money, assets, and*  
10                   *property of the customer;*

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

16                   (iii) *segregate all money, assets, and*  
17                   *property received from any customer of the*  
18                   *person from the funds of the person, except*  
19                   *that—*

20                           (I) *the money, assets, and prop-*  
21                           *erty of any customer may be commin-*  
22                           *gled with that of any other customer, if*  
23                           *separately accounted for; and*

24                           (II) *the share of the money, assets,*  
25                           *and property, as in the normal course*

1           of business are necessary to margin,  
2           guarantee, secure, transfer, adjust, or  
3           settle a contract of sale of a commodity  
4           asset, may be withdrawn and applied  
5           to do so, including the payment of  
6           commissions, brokerage, interest, taxes,  
7           storage, and other charges lawfully ac-  
8           cruing in connection with the contract  
9           of sale of a digital commodity.

10           (B) *ADDITIONAL RESOURCES.*—

11           (i) *IN GENERAL.*—This section shall  
12           not prevent or be construed to prevent the  
13           person from adding to the customer money,  
14           assets, and property required to be seg-  
15           regated under subparagraph (A) additional  
16           amounts of money, assets, or property from  
17           the account of the person as the person de-  
18           termines necessary to prevent the account of  
19           a customer from becoming under-segregated.

20           (ii) *TREATMENT AS CUSTOMER*  
21           *FUNDS.*—Any money, assets, or property de-  
22           posited pursuant to clause (i) shall be con-  
23           sidered customer property within the mean-  
24           ing of this subsection.

25           (e) *COMPLIANCE AND ENFORCEMENT.*—

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

5                     (A) *listing or offering a digital asset deemed*  
6                     *a security; or*

7                     (B) *failing to register as a national securi-*  
8                     *ties exchange, alternative trading system, broker,*  
9                     *dealer, or clearing agency, for activities related*  
10                    *to digital assets deemed a security.*

11           (2) *NONCOMPLIANCE.*—Paragraph (1) shall not  
12           *apply if, after notice from the Commission and a rea-*  
13           *sonable opportunity to correct the deficiency, a person*  
14           *who has submitted a notice of intent to register is not*  
15           *in compliance with this section.*

16           (3) *ANTIFRAUD AND ANTIMANIPULATION.*—Para-  
17           *graph (1) shall not be construed to limit any*  
18           *antimanipulation, antifraud, or false reporting en-*  
19           *forcement authority of the Commission or the Com-*  
20           *modity Futures Trading Commission.*

21           (4) *DELISTING.*—Paragraph (1) shall not be con-  
22           *strued to limit the authority of the Commission or the*  
23           *Commodity Futures Trading Commission to require a*  
24           *person to delist an asset for trading if the Commis-*  
25           *sion or the Commodity Futures Trading Commission*

1 *determines that the listing is inconsistent with the*  
2 *Commodity Exchange Act, the securities laws (includ-*  
3 *ing regulations under those laws), or this Act.*

4 *(f) FINAL REGISTRATION.—*

5 *(1) IN GENERAL.—A person may not file a no-*  
6 *tice of intent to register with the Commission after*  
7 *the Commission has finalized its rules for the reg-*  
8 *istration of digital asset brokers, digital asset dealers,*  
9 *and digital asset trading systems, as appropriate.*

10 *(2) TRANSITION TO FINAL REGISTRATION.—*

11 *(A) ONGOING DEFERRAL FOR ENTITIES*  
12 *REGISTERED WITH THE COMMISSION.—Sub-*  
13 *section (e)(1) shall continue to apply to a person*  
14 *who has submitted a notice of intent to register*  
15 *while the person is registered with the Commis-*  
16 *sion as a digital asset broker, digital asset deal-*  
17 *er, or digital asset trading system, as appro-*  
18 *priate.*

19 *(B) END OF DEFERRAL.—Subsection (e)(1)*  
20 *shall not apply to a person who has submitted*  
21 *a notice of intent to register if—*

22 *(i) the Commission—*

23 *(I) determines that the person has*  
24 *failed to comply with the requirements*  
25 *of this section; or*

1                   (ii) denies the application of the  
2                   person to register; or

3                   (ii) the digital asset broker, digital  
4                   asset dealer, or digital asset trading system  
5                   that filed a notice of intent to register failed  
6                   to register as such with the Commission  
7                   within 180 days after the Commission fi-  
8                   nalized the rules of the Commission for the  
9                   registration of digital asset brokers, digital  
10                  asset dealers, and digital asset trading sys-  
11                  tems, as appropriate.

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

16 **SEC. 107. COMMODITY EXCHANGE ACT SAVINGS PROVI-**  
17 **SIONS.**

18           (a) *IN GENERAL.*—Nothing in this Act shall affect or  
19 apply to, or be interpreted to affect or apply to—

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

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

24                           (B) a swap;

25                           (C) a security futures product;



1           (D) an option authorized under section 4c  
2           of such Act;

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

5           (F) a leverage transaction authorized under  
6           section 19 of such Act; or

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

9           (b) *PROHIBITIONS ON SPOT DIGITAL COMMODITY EN-*  
10 *TITIES.*—Nothing in this Act authorizes, or shall be inter-  
11 *preted to authorize, a digital commodity exchange, digital*  
12 *commodity broker, or digital commodity dealer to engage*  
13 *in any activities involving any transaction, contract, or*  
14 *agreement described in subsection (a)(1), solely by virtue*  
15 *of being registered or filing notice of intent to register as*  
16 *a digital commodity exchange, digital commodity broker,*  
17 *or digital commodity dealer.*

18           (c) *DEFINITIONS.*—In this section, each term shall  
19 *have the meaning provided in the Commodity Exchange Act*  
20 *or the regulations prescribed under such Act.*

21 **SEC. 108. INTERNATIONAL HARMONIZATION.**

22           *In order to promote effective and consistent global reg-*  
23 *ulation of digital assets, the Commodity Futures Trading*  
24 *Commission and the Securities and Exchange Commission,*  
25 *as appropriate—*

1           (1) *shall consult and coordinate with foreign reg-*  
2           *ulatory authorities on the establishment of consistent*  
3           *international standards with respect to the regulation*  
4           *of digital assets, restricted digital assets, and digital*  
5           *commodities; and*

6           (2) *may agree to such information-sharing ar-*  
7           *rangements as may be deemed to be necessary or ap-*  
8           *propriate in the public interest or for the protection*  
9           *of investors, customers, and users of digital assets.*

10 **SEC. 109. IMPLEMENTATION.**

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

19           (b) *RULES AND REGISTRATION BEFORE FINAL EFFEC-*  
20 *TIVE DATES.*—

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

1           (A) promulgate rules, regulations, or orders  
2 permitted or required by this Act;

3           (B) conduct studies and prepare reports  
4 and recommendations required by this Act;

5           (C) register persons under this Act; and

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

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

14           **TITLE II.—DIGITAL ASSET**  
15           **EXEMPTIONS**

16           **SEC. 201. EXEMPTED TRANSACTIONS IN DIGITAL ASSETS.**

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

19           (1) in section 4(a), by adding at the end the fol-  
20 lowing:

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

23           “(A) the aggregate amount of units of the  
24 digital asset sold by the digital asset issuer in re-  
25 liance on the exemption provided under this

1 paragraph, during the 12-month period pre-  
2 ceding the date of such transaction, including the  
3 amount sold in such transaction, is not more  
4 than \$75,000,000 (as such amount is annually  
5 adjusted by the Commission to reflect the change  
6 in the Consumer Price Index for All Urban Con-  
7 sumers published by the Bureau of Labor Statis-  
8 tics of the Department of Labor);

9 “(B) with respect to a transaction involving  
10 the purchase of units of a digital asset by a per-  
11 son who is not an accredited investor, the aggre-  
12 gate amount of all units of digital assets pur-  
13 chased by such person during the 12-month pe-  
14 riod preceding the date of such transaction, in-  
15 cluding the unit of a digital asset purchased in  
16 such transaction, does not exceed the greater of—

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

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

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

1           *asset sold in reliance on the exemption under*  
2           *this paragraph;*

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

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

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

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

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

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

20                           “(iii) *is an investment company, as*  
21                           *defined in section 3 of the Investment Com-*  
22                           *pany Act of 1940 (15 U.S.C. 80a-3), or is*  
23                           *excluded from the definition of investment*  
24                           *company by section 3(b) or section 3(c) of*  
25                           *that Act (15 U.S.C. 80a-3(b) or 80a-3(c));*

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

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

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

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

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

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

17       “(a) *REQUIREMENTS FOR DIGITAL ASSET ISSUERS.*—

18       “(1) *INFORMATION REQUIRED IN STATEMENT.*—

19       *A digital asset issuer offering or selling a unit of dig-*  
20       *ital asset in reliance on section 4(a)(8) shall file with*  
21       *the Commission a statement containing the following*  
22       *information:*

23               “(A) *The name, legal status (including the*  
24               *jurisdiction in which the issuer is organized and*

1           *the date of organization), and website of the dig-*  
2           *ital asset issuer.*

3           “(B) *A certification that the digital asset*  
4           *issuer meets the relevant requirements described*  
5           *under section 4(a)(8).*

6           “(C) *An overview of the material aspects of*  
7           *the offering.*

8           “(D) *A description of the purpose and in-*  
9           *tended use of the offering proceeds.*

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

13          “(F) *A description of the material risks sur-*  
14          *rounding ownership of a unit of a digital asset.*

15          “(G) *A description of exempt offerings con-*  
16          *ducted within the past three years by the digital*  
17          *asset issuer.*

18          “(H) *A description of the digital asset*  
19          *issuer and the current number of employees of*  
20          *the digital asset issuer.*

21          “(I) *A description of any material trans-*  
22          *actions or relationships between the digital asset*  
23          *issuer and affiliated persons.*

24          “(J) *A description of exempt offerings con-*  
25          *ducted within the past three years.*

1           “(2) *INFORMATION REQUIRED FOR PUR-*  
2           *CHASERS.—A digital asset issuer shall disclose the in-*  
3           *formation described under section 43 of the Securities*  
4           *Exchange Act of 1934 on a freely accessible public*  
5           *website.*

6           “(3) *ONGOING DISCLOSURE REQUIREMENTS.—A*  
7           *digital asset issuer that has filed a statement under*  
8           *paragraph (1) to offer and sell a unit of a digital*  
9           *asset in reliance on section 4(a)(8) shall file the fol-*  
10           *lowing with the Commission:*

11                   “(A) *ANNUAL REPORTS.—An annual report*  
12                   *that includes any material changes to the infor-*  
13                   *mation described under paragraph (2) for the*  
14                   *current fiscal year and for any fiscal year there-*  
15                   *after, unless the issuer is no longer obligated to*  
16                   *file such annual report pursuant to paragraph*  
17                   *(4).*

18                   “(B) *SEMIANNUAL REPORTS.—Along with*  
19                   *each annual report required under subparagraph*  
20                   *(A), and separately six months thereafter, a re-*  
21                   *port containing—*

22                           “(i) *an updated description of the cur-*  
23                           *rent state and timeline for the development*  
24                           *of the blockchain system to which the digital*  
25                           *asset relates, showing how and when the*



1           *blockchain system intends or intended to be*  
2           *considered a functional network and a de-*  
3           *centralized network;*

4           “(ii) *the amount of money raised by*  
5           *the digital asset issuer in reliance on sec-*  
6           *tion 4(a)(8), how much of that money has*  
7           *been spent, and the general categories and*  
8           *amounts on which that money has been*  
9           *spent; and*

10           “(iii) *any material changes to the in-*  
11           *formation in the most recent annual report.*

12           “(C) *CURRENT REPORTS.—A current report*  
13           *shall be filed with the Commission reflecting any*  
14           *material changes to the information previously*  
15           *reported to the Commission by the digital asset*  
16           *issuer.*

17           “(4) *TERMINATION OF REPORTING REQUIRE-*  
18           *MENTS.—*

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

23           “(B) *COVERED FISCAL YEAR DEFINED.—In*  
24           *this paragraph, the term ‘covered fiscal year’*  
25           *means the first fiscal year of an issuer in which*

1           *the blockchain system to which the digital asset*  
2           *relates is a functional network and certified to be*  
3           *a decentralized network under section 44 of the*  
4           *Securities Exchange Act of 1934.*

5           “(b) *REQUIREMENTS FOR INTERMEDIARIES.*—

6           “(1) *IN GENERAL.*—*A person acting as an inter-*  
7           *mediary in a transaction involving the offer or sale*  
8           *of a unit of a digital asset in reliance on section*  
9           *4(a)(8) shall—*

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

13           “(B) *be a member of a national securities*  
14           *association registered under section 15A of the*  
15           *Securities Exchange Act of 1934 (15 U.S.C. 78o-*  
16           *3).*

17           “(2) *PURCHASER QUALIFICATION.*—

18           “(A) *IN GENERAL.*—*Each time, before ac-*  
19           *cepting any commitment (including any addi-*  
20           *tional commitment from the same person), an*  
21           *intermediary or digital asset issuer shall have a*  
22           *reasonable basis for believing that the purchaser*  
23           *satisfies the requirements of section 4(a)(8).*

24           “(B) *RELIANCE ON PURCHASER’S REP-*  
25           *RESENTATIONS.*—*For purposes of subparagraph*

1           (A), an intermediary or digital asset issuer may  
2           rely on a purchaser’s representations concerning  
3           the purchaser’s annual income and net worth  
4           and the amount of the purchaser’s other invest-  
5           ments made, unless the intermediary or digital  
6           asset issuer has reason to question the reliability  
7           of the representation.

8           “(C) *RELIANCE ON INTERMEDIARY.*—For  
9           purposes of determining whether a transaction  
10          meets the requirements described under subpara-  
11          graph (A) through (C) of section 4(a)(8), a dig-  
12          ital asset issuer may rely on the efforts of an  
13          intermediary.

14          “(c) *ADDITIONAL PROVISIONS.*—

15                 “(1) *ACCEPTANCE OF WRITTEN OFFERS;*  
16                 *SALES.*—After an issuer files a statement under para-  
17                 graph (1) to offer and sell a digital asset in reliance  
18                 on section 4(a)(8)—

19                         “(A) written offers of the digital asset may  
20                         be made; and

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

24                 “(2) *SOLICITATION OF INTEREST.*—

1           “(A) *IN GENERAL.*—*At any time before the*  
2 *filing of a statement under paragraph (1), a dig-*  
3 *ital asset issuer may communicate orally or in*  
4 *writing to determine whether there is any inter-*  
5 *est in a contemplated offering. Such communica-*  
6 *tions are deemed to be an offer of a unit of a*  
7 *digital asset for sale for purposes of the anti-*  
8 *fraud provisions of the Federal securities laws.*  
9 *No solicitation or acceptance of money or other*  
10 *consideration, nor of any commitment, binding*  
11 *or otherwise, from any person is permitted until*  
12 *the statement is filed.*

13           “(B) *CONDITIONS.*—*In any communication*  
14 *described under subparagraph (A), the digital*  
15 *asset issuer shall—*

16                   “(i) *state that no money or other con-*  
17 *sideration is being solicited, and if sent in*  
18 *response, will not be accepted;*

19                   “(ii) *state that no offer to buy a unit*  
20 *of a digital asset can be accepted and no*  
21 *part of the purchase price can be received*  
22 *until the statement is filed and then only*  
23 *through an intermediary; and*

1                   “(iii) state that a person’s indication  
2                   of interest involves no obligation or commit-  
3                   ment of any kind.

4                   “(C) INDICATIONS OF INTEREST.—Any  
5                   written communication described under subpara-  
6                   graph (A) may include a means by which a per-  
7                   son may indicate to the digital asset issuer that  
8                   such person is interested in a potential offering.  
9                   A digital asset issuer may require a name, ad-  
10                  dress, telephone number, or email address in any  
11                  response form included with a communication  
12                  described under subparagraph (A).

13                  “(3) DISQUALIFICATION PROVISIONS.—The Com-  
14                  mission shall issue rules to apply the disqualification  
15                  provisions under section 230.262 of title 17, Code of  
16                  Federal Regulations, to the exemption provided under  
17                  section 4(a)(8).

18                  “(4) DIGITAL ASSETS DEEMED RESTRICTED DIG-  
19                  ITAL ASSET.—A unit of a digital asset acquired di-  
20                  rectly or indirectly from the digital asset issuer in re-  
21                  liance on the exemption provided under section  
22                  4(a)(8) is deemed a restricted digital asset.”.

23                  (b) ADDITIONAL EXEMPTIONS.—

24                  (1) CERTAIN REGISTRATION REQUIREMENTS.—  
25                  Section 12(g)(6) of the Securities Exchange Act of

1 1934 (15 U.S.C. 78l(g)(6)) is amended by striking  
2 “under section 4(6)” and inserting “under section  
3 4(a)(6) or 4(a)(8)”.

4 (2) *EXEMPTION FROM STATE REGULATION.*—*Sec-*  
5 *tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.*  
6 *77r(b)(4)) is amended—*

7 (A) in section (B), by striking “section  
8 4(4)” and inserting “section 4(a)(4)”;

9 (B) in section (C), by striking “section  
10 4(6)” and inserting “section 4(a)(6)”;

11 (C) in subparagraph (F)—

12 (i) by striking “section 4(2)” each  
13 place such term appears and inserting “sec-  
14 tion 4(a)(2)”;

15 (ii) by striking “or” at the end;

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

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

19 “(H) section 4(a)(8).”.

20 **SEC. 202. REQUIREMENTS TO TRANSACT IN CERTAIN DIG-**  
21 **ITAL ASSETS.**

22 *Title I of the Securities Exchange Act of 1934 (15*  
23 *U.S.C. 78a et seq.) is amended by adding at the end the*  
24 *following:*

1 **“SEC. 42. REQUIREMENTS TO TRANSACT IN CERTAIN DIG-**  
2 **ITAL ASSETS.**

3 *“(a) TRANSACTIONS IN CERTAIN RESTRICTED DIGITAL*  
4 *ASSETS.—*

5 *“(1) IN GENERAL.—Notwithstanding any other*  
6 *provision of law, subject to paragraph (2), a re-*  
7 *stricted digital asset may be offered and sold on an*  
8 *alternative trading system by any person other than*  
9 *a digital asset issuer if, at the time of such offer or*  
10 *sale, any blockchain system to which the restricted*  
11 *digital asset relates is a functional network and the*  
12 *information described in section 43 has been certified*  
13 *and made publicly available for any blockchain sys-*  
14 *tem to which the restricted digital asset relates.*

15 *“(2) ADDITIONAL RULES FOR RELATED AND AF-*  
16 *FILIATED PERSONS.—A restricted digital asset owned*  
17 *by a related person or an affiliated person may only*  
18 *be offered or sold after 12 months after the later of—*

19 *“(A) the date on which such restricted dig-*  
20 *ital asset was acquired; or*

21 *“(B) the digital asset maturity date.*

22 *“(b) TRANSACTIONS IN CERTAIN DIGITAL COMMOD-*  
23 *ITIES.—*

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

1           “(2) *RULES FOR RELATED AND AFFILIATED PER-*  
2           *SONS.—A digital commodity may only be offered or*  
3           *sold by a related person or an affiliated person if—*

4                   “(A) *the holder of the digital commodity*  
5                   *owned the digital commodity while it was a re-*  
6                   *stricted digital asset for 12 months after the later*  
7                   *of—*

8                           “(i) *the date on which such restricted*  
9                           *digital asset was acquired; or*

10                           “(ii) *the digital asset maturity date;*

11                   “(B) *any blockchain system to which the*  
12                   *digital commodity relates is certified to be a de-*  
13                   *centralized network under section 44; and*

14                   “(C) *the digital commodity is offered or sold*  
15                   *on or subject to the rules of a digital commodity*  
16                   *exchange registered under section 5i of the Com-*  
17                   *modity Exchange Act.*

18           “(3) *NOT A SECURITY.—*

19                   “(A) *IN GENERAL.—Except as provided*  
20                   *under subparagraph (B), for purposes of the se-*  
21                     
22                   *modity made in compliance with paragraph (1)*  
23                   *or (2) shall not be a transaction in a security.*



1           “(B) *EXCEPTION.*—Subparagraph (A) does  
2           not apply to a transaction in a digital com-  
3           modity if the transaction—

4                   “(i) is a mixed digital asset trans-  
5                   action; or

6                   “(ii) is made pursuant to an invest-  
7                   ment contract or in conjunction with any  
8                   other security.

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

12                   “(1) the aggregate amount of such digital assets  
13                   sold in any 3-month period by the affiliated person  
14                   is not greater than one percent of the digital assets  
15                   then outstanding; or

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

20                   “(A) the Commodity Futures Trading Com-  
21                   mission, in the case of an order to sell a digital  
22                   commodity on or subject to the rules of a digital  
23                   commodity exchange; or

24                   “(B) the Securities and Exchange Commis-  
25                   sion, in the case of a sell order for a restricted

1           *digital asset placed with an alternative trading*  
2           *system.*

3           “(d) *TREATMENT OF CERTAIN END USER DISTRIBUTIONS UNDER THE SECURITIES LAWS.—*

5           “(1) *IN GENERAL.—With respect to a digital*  
6           *asset, an end user distribution is described under this*  
7           *paragraph if—*

8           “(A) *each blockchain system to which such*  
9           *digital asset relates is a functional network; and*

10           “(B) *with respect to the digital asset and*  
11           *each blockchain system to which such digital*  
12           *asset relates, the information described in section*  
13           *43 has been certified and made publicly avail-*  
14           *able.*

15           “(2) *NOT A SECURITY.—For purposes of the se-*  
16           *curities laws, an end user distribution described*  
17           *under paragraph (1) shall not be a transaction in a*  
18           *security.*

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

1 **SEC. 203. ENHANCED DISCLOSURE REQUIREMENTS.**

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

5 **“SEC. 43. ENHANCED DISCLOSURE REQUIREMENTS WITH**  
6 **RESPECT TO DIGITAL ASSETS.**

7 *“(a) DISCLOSURE INFORMATION.—With respect to a*  
8 *digital asset and any blockchain system to which the digital*  
9 *asset relates, the information described under this section*  
10 *is as follows:*

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

13 *“(2) TRANSACTION HISTORY.—A description of*  
14 *the steps necessary to independently access, search,*  
15 *and verify the transaction history of any blockchain*  
16 *system to which the digital asset relates.*

17 *“(3) DIGITAL ASSET ECONOMICS.—A description*  
18 *of the purpose of any blockchain system to which the*  
19 *digital asset relates and the operation of any such*  
20 *blockchain system, including—*

21 *“(A) information explaining the launch and*  
22 *supply process, including the number of digital*  
23 *assets to be issued in an initial allocation, the*  
24 *total number of digital assets to be created, the*  
25 *release schedule for the digital assets, and the*  
26 *total number of digital assets then outstanding;*

1           “(B) information on any applicable con-  
2           sensus mechanism or process for validating  
3           transactions, method of generating or mining  
4           digital assets, and any process for burning or de-  
5           stroying digital assets on the blockchain system;

6           “(C) an explanation of governance mecha-  
7           nisms for implementing changes to the  
8           blockchain system or forming consensus among  
9           holders of such digital assets; and

10           “(D) sufficient information for a third  
11           party to create a tool for verifying the trans-  
12           action history of the digital asset.

13           “(4) *PLAN OF DEVELOPMENT.*—The current state  
14           and timeline for the development of any blockchain  
15           system to which the digital asset relates, showing how  
16           and when the blockchain system intends or intended  
17           to be considered a functional network and decentral-  
18           ized network.

19           “(5) *DEVELOPMENT DISCLOSURES.*—A list of all  
20           persons who are related persons or affiliated persons  
21           who have been issued a unit of a digital asset by a  
22           digital asset issuer or have a right to a unit of a dig-  
23           ital asset from a digital asset issuer.

24           “(6) *RISK FACTOR DISCLOSURES.*—Where appro-  
25           priate, provide under the caption ‘Risk Factors’ a de-

1 *scription of the material risks surrounding ownership*  
2 *of a unit of a digital asset. This discussion shall be*  
3 *organized logically with relevant headings and each*  
4 *risk factor shall be set forth under a subcaption that*  
5 *adequately describes the risk.*

6 *“(b) CERTIFICATION.—With respect to a digital asset*  
7 *and any blockchain system to which the digital asset relates,*  
8 *the information required to be made available under this*  
9 *section has been certified if the digital asset issuer, an affili-*  
10 *ated person, a decentralized governance system, or a digital*  
11 *commodity exchange certifies on a quarterly basis to the*  
12 *Commodity Futures Trading Commission and the Securi-*  
13 *ties and Exchange Commission that the information is true*  
14 *and correct.”.*

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

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

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

20 *“(a) CERTIFICATION.—Any person may certify to the*  
21 *Securities and Exchange Commission that the blockchain*  
22 *system to which a digital asset relates is a decentralized*  
23 *network.*

1       “(b) *FILING REQUIREMENTS.*—A certification de-  
2 scribed under subsection (a) shall be filed with the Commis-  
3 sion, and include—

4               “(1) information regarding the person making  
5 the certification;

6               “(2) a description of the blockchain system and  
7 the digital asset which relates to such blockchain sys-  
8 tem, including—

9                       “(A) the operation of the blockchain system;

10                      “(B) the functionality of the related digital  
11 asset;

12                      “(C) any decentralized governance system  
13 which relates to the blockchain system; and

14                      “(D) the process to develop consensus or  
15 agreement within such decentralized governance  
16 system;

17               “(3) a description of the development of the  
18 blockchain system and the digital asset which relates  
19 to the blockchain system, including—

20                      “(A) a history of the development of the  
21 blockchain system and the digital asset which re-  
22 lates to such blockchain system;

23                      “(B) a description of the issuance process  
24 for the digital asset which relates to the  
25 blockchain system;

1           “(C) information identifying the digital  
2           asset issuer of the digital asset which relates to  
3           the blockchain system; and

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

6           “(4) an analysis of the factors on which such  
7           person based the certification that the blockchain sys-  
8           tem is a decentralized network, including—

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

12           “(i) control or materially alter the  
13          blockchain system;

14           “(ii) exclude any other person from  
15          using or participating on the blockchain  
16          system; and

17           “(iii) exclude any other person from  
18          participating in a decentralized governance  
19          system;

20          “(B) information regarding the beneficial  
21          ownership of the digital asset which relates to  
22          such blockchain system and the distribution of  
23          voting power in any decentralized governance  
24          system during the previous 12 months;

1           “(C) information regarding the history of  
2           upgrades to the source code for such blockchain  
3           system during the previous 3 months, includ-  
4           ing—

5                   “(i) a description of any consensus or  
6                   agreement process utilized to process or ap-  
7                   prove changes to the source code;

8                   “(ii) a list of any material changes to  
9                   the source code, the purpose and effect of the  
10                  changes, and the contributor of the changes,  
11                  if known; and

12                  “(iii) any changes to the source code  
13                  made by the digital asset issuer, a related  
14                  person, or an affiliated person;

15           “(D) information regarding any activities  
16           conducted to market the digital asset which re-  
17           lates to the blockchain system during the pre-  
18           vious 3 months by the digital asset issuer or an  
19           affiliated person of the digital asset issuer; and

20           “(E) information regarding any issuance of  
21           a unit of the digital asset which relates to such  
22           blockchain system during the previous 12  
23           months; and

24           “(5) with respect to a blockchain system for  
25           which a certification has previously been rebutted



1        *under this section or withdrawn under section 5i(m)*  
2        *of the Commodity Exchange Act, specific information*  
3        *relating to the analysis provided in subsection (f)(2)*  
4        *in connection with such rebuttal or such section*  
5        *5i(m)(1)(C) in connection with such withdrawal.*

6        “(c) *REBUTTABLE PRESUMPTION.—The Commission*  
7        *may rebut a certification described under subsection (a)*  
8        *with respect to a blockchain system if the Commission,*  
9        *within 30 days of receiving such certification, determines*  
10       *that the blockchain system is not a decentralized network.*

11       “(d) *CERTIFICATION REVIEW.—*

12                “(1) *IN GENERAL.—Any blockchain system that*  
13        *relates to a digital asset for which a certification has*  
14        *been made under subsection (a) shall be considered a*  
15        *decentralized network 30 days after the date on which*  
16        *the Commission receives a certification under sub-*  
17        *section (a), unless the Commission notifies the person*  
18        *who made the certification within such time that the*  
19        *Commission is staying the certification due to—*

20                        “(A) *an inadequate explanation by the per-*  
21                        *son making the certification; or*

22                        “(B) *any novel or complex issues which re-*  
23                        *quire additional time to consider.*

24                “(2) *PUBLIC NOTICE.—The Commission shall*  
25        *make the following available to the public and provide*

1        *a copy to the Commodity Futures Trading Commis-*  
2        *sion:*

3                *“(A) Each certification received under sub-*  
4                *section (a).*

5                *“(B) Each stay of the Commission under*  
6                *this section, and the reasons therefore.*

7                *“(C) Any response from a person making a*  
8                *certification under subsection (a) to a stay of the*  
9                *certification by the Commission.*

10               *“(3) CONSOLIDATION.—The Commission may*  
11               *consolidate and treat as one submission multiple cer-*  
12               *tifications made under subsection (a) for the same*  
13               *blockchain system which relates to a digital asset*  
14               *which are received during the review period provided*  
15               *under this subsection.*

16               *“(e) STAY OF CERTIFICATION.—*

17               *“(1) IN GENERAL.—A notification by the Com-*  
18               *mission pursuant to subsection (d)(1) shall stay the*  
19               *certification once for up to an additional 120 days*  
20               *from the date of the notification.*

21               *“(2) PUBLIC COMMENT PERIOD.—Before the end*  
22               *of the 30-day period described under subsection*  
23               *(d)(1), the Commission may begin a public comment*  
24               *period of at least 30 days in conjunction with a stay*  
25               *under this section.*

1       “(f) *DISPOSITION OF CERTIFICATION.*—

2               “(1) *IN GENERAL.*—*A certification made under*  
3 *subsection (a) shall—*

4                       “(A) *become effective—*

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

9                               “(ii) *at the expiration of the certifi-*  
10 *cation review period; and*

11                       “(B) *not become effective upon the publica-*  
12 *tion of a notification from the Commission to the*  
13 *person who made the certification that the Com-*  
14 *mission has rebutted the certification.*

15               “(2) *DETAILED ANALYSIS INCLUDED WITH RE-*  
16 *BUTTAL.*—*The Commission shall include, with each*  
17 *publication of a notification of rebuttal described*  
18 *under paragraph (1)(B), a detailed analysis of the*  
19 *factors on which the decision was based.*

20               “(g) *RECERTIFICATION.*—*With respect to a blockchain*  
21 *system for which a certification has been rebutted under this*  
22 *section, no person may make a certification under sub-*  
23 *section (a) with respect to such blockchain system during*  
24 *the 90-day period beginning on the date of such rebuttal.*

25               “(h) *APPEAL OF REBUTTAL.*—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16          “(81) *BANK SECRECY ACT.*—The term ‘Bank Se-  
17          crecy Act’ means—

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

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

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

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

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

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

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

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

13          “(B) does not include—

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

23                   (3) *by adding at the end, the following:*

24                   “(32) *DIGITAL ASSET-RELATED TERMS.—The*  
25                   *terms ‘digital commodity’* and *‘permitted payment*



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

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

24           “(3) Nothing in this subsection may be construed to  
25 provide the Commission authority to make any rule, regula-

1 *tion, requirement, or obligation on a permitted payment*  
 2 *stablecoin issuer regarding the operations of a permitted*  
 3 *payment stablecoin issuer or a permitted payment*  
 4 *stablecoin, including requirements or obligations regard-*  
 5 *ing—*

6           “(A) *design;*

7           “(B) *structure;*

8           “(C) *issuance;*

9           “(D) *redemption;*

10          “(E) *financial resources;*

11          “(F) *collateral; or*

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

15 **SEC. 303. REGISTRATION OF DIGITAL ASSET TRADING SYS-**  
 16 **TEMS.**

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

19        “(m) *DIGITAL ASSET TRADING SYSTEM.—*

20           “(1) *IN GENERAL.—It shall be unlawful for any*  
 21 *digital asset trading system to make use of the mails*  
 22 *or any means or instrumentality of interstate com-*  
 23 *merce within or subject to the jurisdiction of the*  
 24 *United States to effect any transaction in a digital*

1       *asset, unless such digital asset trading system is reg-*  
2       *istered with the Commission.*

3           “(2) *APPLICATION.*—*A person desiring to reg-*  
4       *ister as a digital asset trading system shall submit to*  
5       *the Commission an application in such form and con-*  
6       *taining such information as the Commission may re-*  
7       *quire for the purpose of making the determinations*  
8       *required for approval.*

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

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

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

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

24       “(a) *HOLDING OF CUSTOMER ASSETS.*—

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

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

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

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

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

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

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

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

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

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

18           “(7) *REPORTING.—The reporting of transactions*  
19       *in digital assets that occur through the digital asset*  
20       *trading system.*

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

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

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

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

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

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

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

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

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

18           “(a) *REGISTRATION.—*

19           “(1) *IN GENERAL.—It shall be unlawful for any*  
20 *digital asset broker or digital asset dealer (other than*  
21 *a natural person associated with a digital asset*  
22 *broker or digital asset dealer, and other than such a*  
23 *digital asset broker or digital asset dealer whose busi-*  
24 *ness is exclusively intrastate and who does not make*  
25 *use of any facility of a digital asset trading platform)*



1       *to make use of the mails or any means or instrumen-*  
2       *tality of interstate commerce to effect any trans-*  
3       *actions in, or to induce or attempt to induce the pur-*  
4       *chase or sale of, any digital asset unless such digital*  
5       *asset broker or digital asset dealer is registered in ac-*  
6       *cordance with this section.*

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

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

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

21               “(2) *EXCEPTION.*—*A digital asset broker or dig-*  
22       *ital asset dealer may register under this section with-*  
23       *out obtaining membership in a national securities as-*  
24       *sociation until the end of the 360-day period begin-*  
25       *ning on the date the first national securities associa-*



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

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

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

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

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

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

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

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

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

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

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

1           *asset dealer to another digital asset broker*  
2           *or digital asset dealer, a trustee, receiver,*  
3           *liquidator, or person performing a similar*  
4           *function, or to another appropriate person,*  
5           *in the event such digital asset broker or dig-*  
6           *ital asset dealer can no longer continue as*  
7           *a going concern and self-liquidates or is*  
8           *subject to a formal bankruptcy, receivership,*  
9           *liquidation, or similar proceeding; or*

10           *“(C) complies with such other requirements*  
11           *as the Commission may permit.*

12           *“(3) SEGREGATION OF FUNDS.—*

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

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

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

4 “(4) *EXCEPTIONS.—*

5 “(A) *USE OF FUNDS.—*

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

17 “(ii) *WITHDRAWAL.—Notwithstanding*  
18 *paragraph (3), such share of the money, as-*  
19 *sets, and property described in paragraph*  
20 *(3) as in the normal course of business shall*  
21 *be necessary to transfer, adjust, or settle a*  
22 *digital asset transaction pursuant to a cus-*  
23 *tomer’s instruction (standing or otherwise)*  
24 *may be withdrawn and applied to such*  
25 *purposes, including the withdrawal and*

1           *payment of commissions, brokerage, inter-*  
2           *est, taxes, storage, and other charges law-*  
3           *fully accruing in connection with a digital*  
4           *asset transaction.*

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

20           “(B) *PARTICIPATION IN BLOCKCHAIN SERV-*  
21           *ICES.*—

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

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

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

11          “(iii) *LIMITATIONS.*—The Commission  
12          may, by rule, establish notice and disclosure  
13          requirements, and any other limitations  
14          and rules related to the waiving of any re-  
15          strictions under this subparagraph that are  
16          reasonably necessary to protect customers.

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



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

11           “(f) *CAPITAL REQUIREMENTS.*—

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

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

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

22           “(2) *CALCULATION.*—For purposes of any Com-  
23           *mission rule or order adopted under this section or*  
24           *any interpretation thereof regulating a digital asset*  
25           *broker or digital asset dealer’s financial responsibility*

1        *obligations and capital requirements, a registered dig-*  
2        *ital asset broker or digital asset dealer that maintains*  
3        *control of customer digital assets in a manner that*  
4        *satisfies the rules issued by the Commission under*  
5        *subsection (e)(2) shall not be required to include the*  
6        *value of such digital assets as assets or liabilities of*  
7        *the digital asset broker or digital asset dealer.*

8                *“(3) COORDINATION OF CAPITAL REQUIRE-*  
9        *MENTS.—*

10                *“(A) COMMISSION RULE.—The Commission*  
11        *shall, by rule, provide appropriate offsets to any*  
12        *applicable capital requirement for a person with*  
13        *multiple registrations, including as a broker,*  
14        *dealer, digital asset broker, or digital asset deal-*  
15        *er.*

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

1       “(g) *REPORTING AND RECORDKEEPING.*—Each reg-  
2  *istered digital asset broker and digital asset dealer—*

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

7               “(2) *shall keep books and records in such form*  
8       *and manner and for such period as may be prescribed*  
9       *by the Commission by rule or regulation; and*

10              “(3) *shall keep the books and records open to in-*  
11       *spection and examination by any representative of*  
12       *the Commission.*

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

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

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

21       **“SEC. 10E. CONFLICTS OF INTEREST RELATED TO DIGITAL**  
22                               **ASSETS.**

23       *“Each registered digital asset trading system, reg-*  
24       *istered digital asset broker, registered digital asset dealer,*  
25       *and notice-registered digital asset clearing agency shall es-*

1 *tablish, maintain, and enforce written policies and proce-*  
2 *dures reasonably designed, taking into consideration the na-*  
3 *ture of such person’s business, to mitigate any conflicts of*  
4 *interest and transactions or arrangements with affiliates.”.*

5 **SEC. 308. TREATMENT OF CERTAIN DIGITAL ASSETS IN**  
6 **CONNECTION WITH FEDERALLY REGULATED**  
7 **INTERMEDIARIES.**

8 *Section 18(b) of the Securities Act of 1933 (15 U.S.C.*  
9 *77r(b)) is amended by adding at the end the following:*

10 *“(5) EXEMPTION FOR CERTAIN DIGITAL ASSETS*  
11 *IN CONNECTION WITH FEDERALLY REGULATED INTER-*  
12 *MEDIARIES.—A digital asset is a covered security*  
13 *with respect to a transaction that is exempt from reg-*  
14 *istration under this Act when—*

15 *“(A) it is brokered, traded, custodied, or*  
16 *cleared by a digital asset broker or digital asset*  
17 *dealer registered under section 15H of the Secu-*  
18 *rities Exchange Act of 1934; or*

19 *“(B) traded through a digital asset trading*  
20 *system (as defined under section 242.301 of title*  
21 *17, Code of Federal Regulations).”.*

22 **SEC. 309. DUAL REGISTRATION.**

23 *Any person that is registered with the Securities and*  
24 *Exchange Commission as a digital asset broker, digital*  
25 *asset dealer, or digital asset trading system may register*

1 *with the Commodity Futures Trading Commission, as ap-*  
2 *propriate, as—*

3           (1) *a digital commodity exchange under section*  
4 *5i of the Commodity Exchange Act (7 U.S.C. 1 et*  
5 *seq.), as added by this Act, if the person offers or seeks*  
6 *to offer a cash or spot market in at least one digital*  
7 *commodity;*

8           (2) *a digital commodity broker under section 4u*  
9 *of the Commodity Exchange Act, as added by this*  
10 *Act, if the person is engaged in soliciting or accepting*  
11 *orders in digital commodity cash or spot markets; or*

12           (3) *a digital commodity dealer under section 4u*  
13 *of the Commodity Exchange Act, as added by this*  
14 *Act, if the person holds themself out as a dealer in*  
15 *digital commodity cash or spot markets.*

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

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

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

21       “(a) *IN GENERAL.—Notwithstanding any other provi-*  
22 *sion of this Act, a person shall not be subject to this Act*  
23 *and the regulations thereunder solely based on the person*  
24 *undertaking any ancillary activities.*

1       “(b) *EXCEPTIONS.*—Subsection (a) shall not be con-  
2       strued to apply to the antimanipulation and antifraud au-  
3       thorities of the Commission.

4       “(c) *ANCILLARY ACTIVITIES DEFINED.*—In this sec-  
5       tion, the term ‘ancillary activities’ means any of the fol-  
6       lowing activities related to the operation of a blockchain  
7       system:

8               “(1) *Compiling network transactions, operating*  
9               *a pool, relaying, searching, sequencing, validating, or*  
10              *acting in a similar capacity with respect to a re-*  
11              *stricted digital asset.*

12             “(2) *Providing computational work, operating a*  
13             *node, or procuring, offering, or utilizing network*  
14             *bandwidth, or other similar incidental services with*  
15             *respect to a restricted digital asset.*

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

20             “(4) *Developing, publishing, constituting, ad-*  
21             *ministering, maintaining, or otherwise distributing a*  
22             *blockchain system.*

23             “(5) *Developing, publishing, constituting, ad-*  
24             *ministering, maintaining, or otherwise distributing*  
25             *software or systems that create or deploy a hardware*

1       or software wallet or other system facilitating an in-  
2       dividual user’s own personal ability to keep, safe-  
3       guard, or custody the user’s restricted digital assets or  
4       related private keys.”.

5       **SEC. 311. REGISTRATION AND REQUIREMENTS FOR NO-**  
6                               **TICE-REGISTERED DIGITAL ASSET CLEARING**  
7                               **AGENCIES.**

8       Section 17A(b) of the Securities Exchange Act of 1934  
9       (15 U.S.C. 78q-1(b)) is amended—

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

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

14               “(9) **REGISTRATION AND REQUIREMENTS FOR**  
15       **NOTICE-REGISTERED DIGITAL ASSET CLEARING AGEN-**  
16       **CY.—**

17                       “(A) **ELIGIBILITY.—**A person may register  
18       with the Commission as a notice-registered dig-  
19       ital asset clearing agency if the person—

20                               “(i) is otherwise registered as a digital  
21       asset broker or digital asset dealer with the  
22       Commission and is engaging in a business  
23       involving digital assets that are not digital  
24       commodities, in compliance with Commis-  
25       sion rules pursuant to section 15H(e); or

1           “(i) is a bank engaging in a business  
2           involving digital assets, in compliance with  
3           applicable banking law and regulation re-  
4           lating to the custody and safekeeping of  
5           such assets.

6           “(B) *REGISTRATION*.—A person may reg-  
7           ister with the Commission as a notice-registered  
8           digital asset clearing agency by providing the  
9           Commission with notice of the activities of the  
10          person or planned activities in such form as the  
11          Commission determines appropriate.

12          “(C) *RULEMAKING*.—The Commission may  
13          adopt rules, which may not take effect until at  
14          least 360 days following the date of enactment of  
15          this paragraph, with regard to the activities of  
16          notice-registered digital asset clearing agencies,  
17          taking into account the nature of digital assets.”.

18 **SEC. 312. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**  
19 **ING INSTITUTIONS.**

20          (a) *TREATMENT OF CUSTODY ACTIVITIES*.—The ap-  
21          propriate Federal banking agency (as defined under section  
22          3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)),  
23          the National Credit Union Administration (in the case of  
24          a credit union), and the Securities and Exchange Commis-  
25          sion may not require a depository institution, national



1 *bank, Federal credit union, State credit union, or trust*  
2 *company, or any affiliate thereof—*

3 *(1) to include assets held in custody as a liabil-*  
4 *ity on any financial statement or balance sheet, in-*  
5 *cluding payment stablecoin custody or safekeeping ac-*  
6 *tivities;*

7 *(2) to hold additional regulatory capital against*  
8 *assets in custody or safekeeping, except as necessary*  
9 *to mitigate against operational risks inherent with*  
10 *the custody or safekeeping services, as determined*  
11 *by—*

12 *(A) the appropriate Federal banking agen-*  
13 *cy;*

14 *(B) the National Credit Union Administra-*  
15 *tion (in the case of a credit union);*

16 *(C) a State bank supervisor (as defined*  
17 *under section 3 of the Federal Deposit Insurance*  
18 *Act (12 U.S.C. 1813)); or*

19 *(D) a State credit union supervisor (as de-*  
20 *fined under section 6003 of the Anti-Money*  
21 *Laundering Act of 2020); or*

22 *(3) to recognize a liability for any obligations re-*  
23 *lated to activities or services performed for digital as-*  
24 *sets that the entity does not own if that liability*

1 *would exceed the expense recognized in the income*  
2 *statement as a result of the corresponding obligation.*

3 *(b) DEFINITIONS.—In this section:*

4 *(1) DEPOSITORY INSTITUTION.—The terms “de-*  
5 *pository institution” has the meaning given that term*  
6 *under section 3 of the Federal Deposit Insurance Act.*

7 *(2) CREDIT UNION TERMS.—The terms “Federal*  
8 *credit union” and “State credit union” have the*  
9 *meaning given those terms, respectively, under section*  
10 *101 of the Federal Credit Union Act.*

11 **TITLE IV.—REGISTRATION FOR**  
12 **DIGITAL ASSET INTER-**  
13 **MEDIARIES AT THE COM-**  
14 **MODITY FUTURES TRADING**  
15 **COMMISSION**

16 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**  
17 **MODITY TRANSACTIONS.**

18 *(a) IN GENERAL.—Section 2(a)(1) of the Commodity*  
19 *Exchange Act (7 U.S.C. 2(a)(1)) is amended by adding at*  
20 *the end the following:*

21 *“(J) Except as expressly provided in this*  
22 *Act, nothing in the Financial Innovation and*  
23 *Technology for the 21st Century Act shall affect*  
24 *or apply to, or be interpreted to affect or apply*  
25 *to—*

1           “(i) any agreement, contract, or trans-  
2           action that is subject to this Act as—

3                   “(I) a contract of sale of a com-  
4                   modity for future delivery or an option  
5                   on such a contract;

6                   “(II) a swap;

7                   “(III) a security futures product;

8                   “(IV) an option authorized under  
9                   section 4c of this Act;

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

14                  “(VI) a leverage transaction au-  
15                  thorized under section 19 of this Act;  
16                  or

17                  “(ii) the activities of any person with  
18                  respect to any such an agreement, contract,  
19                  or transaction.”.

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

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

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

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

2                   “(H) permitted payment stablecoins.”.

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

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

6                   (A) in subclause (III), in the matter that  
7 precedes item (aa), by inserting “of a com-  
8 modity, other than a digital commodity,” before  
9 “that”; and

10                  (B) by redesignating subclauses (IV) and  
11 (V) as subclauses (V) and (VI) and inserting  
12 after subclause (III) the following:

13                           “(IV) a contract of sale of a dig-  
14 ital commodity that—

15                                   “(aa) results in actual deliv-  
16 ery, as the Commission shall by  
17 rule determine, within 2 days or  
18 such other period as the Commis-  
19 sion may determine by rule or  
20 regulation based upon the typical  
21 commercial practice in cash or  
22 spot markets for the digital com-  
23 modity involved; or

1                   “(bb) is executed with a reg-  
2                   istered digital commodity deal-  
3                   er—

4                   “(AA) directly;

5                   “(BB) through a reg-  
6                   istered digital commodity  
7                   broker; or

8                   “(CC) on or subject to  
9                   the rules of a registered dig-  
10                  ital commodity exchange;”;  
11                  and

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

13                  “(F) COMMISSION JURISDICTION WITH RESPECT TO  
14                  DIGITAL COMMODITY TRANSACTIONS.—

15                  “(i) IN GENERAL.—Subject to sections 6d and  
16                  12(e), the Commission shall have exclusive jurisdic-  
17                  tion with respect to any account, agreement, contract,  
18                  or transaction involving a contract of sale of a digital  
19                  commodity in interstate commerce, including in a  
20                  digital commodity cash or spot market, that is of-  
21                  fered, solicited, traded, facilitated, executed, cleared,  
22                  reported, or otherwise dealt in—

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

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

3           “(i) *LIMITATIONS.*—Clause (i) shall not apply  
4           with respect to custodial or depository activities for a  
5           digital commodity, or custodial or depository activi-  
6           ties for any promise or right to a future digital com-  
7           modity, of an entity regulated by an appropriate  
8           Federal banking agency or a State bank supervisor  
9           (within the meaning of section 3 of the Federal De-  
10          posit Insurance Act).

11          “(iii) *MIXED DIGITAL ASSET TRANSACTIONS.*—

12           “(I) *IN GENERAL.*—Clause (i) shall not  
13           apply to a mixed digital asset transaction.

14           “(II) *OVERSIGHT OF MIXED DIGITAL ASSET*  
15           *TRANSACTIONS.*—A mixed digital asset trans-  
16           action shall be subject to the exclusive jurisdic-  
17           tion of the Securities and Exchange Commission.

18           “(III) *REPORTS ON MIXED DIGITAL ASSET*  
19           *TRANSACTIONS.*—A digital asset issuer, related  
20           person, affiliated person, or other person reg-  
21           istered with the Securities and Exchange Com-  
22           mission that engages in a mixed digital asset  
23           transaction, shall, on request, open to inspection  
24           and examination by the Commodity Futures  
25           Trading Commission all books and records relat-

1            *ing to the mixed digital asset transaction, subject*  
2            *to the confidentiality and disclosure require-*  
3            *ments of section 8.*

4            *“(G) AGREEMENTS, CONTRACTS, AND TRANSACTIONS*  
5 *IN STABLECOINS.—*

6            *“(i) TREATMENT OF PERMITTED PAYMENT*  
7 *STABLECOINS ON COMMISSION-REGISTERED ENTI-*  
8 *TIES.—Subject to clauses (ii) and (iii), the Commis-*  
9 *sion shall have jurisdiction over a cash or spot agree-*  
10 *ment, contract, or transaction in a permitted pay-*  
11 *ment stablecoin that is offered, offered to enter into,*  
12 *entered into, executed, confirmed the execution of, so-*  
13 *lited, or accepted—*

14            *“(I) on or subject to the rules of a registered*  
15 *entity; or*

16            *“(II) by any other entity registered with the*  
17 *Commission.*

18            *“(i) PERMITTED PAYMENT STABLECOIN TRANS-*  
19 *ACTION RULES.—This Act shall apply to a trans-*  
20 *action described in clause (i) only for the purpose of*  
21 *regulating the offer, execution, solicitation, or accept-*  
22 *ance of a cash or spot permitted payment stablecoin*  
23 *transaction on a registered entity or by any other en-*  
24 *tity registered with the Commission, as if the per-*  
25 *mitted payment stablecoin were a digital commodity.*

1           “(iii) *NO AUTHORITY OVER PERMITTED PAYMENT*  
 2           *STABLECOINS.*—Notwithstanding clause (ii), the Com-  
 3           mission shall not make a rule or regulation, impose  
 4           a requirement or obligation on a registered entity or  
 5           other entity registered with the Commission, or im-  
 6           pose a requirement or obligation on a permitted pay-  
 7           ment stablecoin issuer, regarding the operation of a  
 8           permitted payment stablecoin issuer or a permitted  
 9           payment stablecoin, including any aspect of such an  
 10          operation or such a stablecoin.”

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

15          **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**  
 16                                   **TO USE QUALIFIED DIGITAL COMMODITY**  
 17                                   **CUSTODIANS.**

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

20                   (1) in subsection (a)(2)—

21                                   (A) in the 1st proviso, by striking “any  
 22                                   bank or trust company” and inserting “any  
 23                                   bank, trust company, or qualified digital com-  
 24                                   modity custodian”; and



1           (B) by inserting “: Provided further, That  
2           any such property that is a digital commodity  
3           shall be held in a qualified digital commodity  
4           custodian” before the period at the end; and

5           (2) in subsection (f)(3)(A)(i), by striking “any  
6           bank or trust company” and inserting “any bank,  
7           trust company, or qualified digital commodity custo-  
8           dian”.

9   **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**  
10                                   **DIGITAL COMMODITIES.**

11           Section 5c of the Commodity Exchange Act (7 U.S.C.  
12   7a-2) is amended—

13           (1) in subsection (a), by striking “5(d) and  
14           5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

15           (2) in subsection (b)—

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

19                           (B) in paragraph (3), by inserting “digital  
20                           commodity exchange,” before “derivatives” each  
21                           place it appears;

22           (3) in subsection (c)—

23                           (A) in paragraph (2), by inserting “or par-  
24                           ticipants” before “(in a”;

1           (B) in paragraph (4)(B), by striking  
2           “1a(10)” and inserting “1a(9)”; and

3           (C) in paragraph (5), by adding at the end  
4           the following:

5           “(D) *SPECIAL RULES FOR DIGITAL COM-*  
6           *MODITY CONTRACTS.—In certifying any new rule*  
7           *or rule amendment, or listing any new contract*  
8           *or instrument, in connection with a contract of*  
9           *sale of a commodity for future delivery, option,*  
10           *swap, or other agreement, contract, or trans-*  
11           *action, that is based on or references a digital*  
12           *commodity, a registered entity shall make or rely*  
13           *on a certification under subsection (d) for the*  
14           *digital commodity.”; and*

15           (4) by inserting after subsection (c) the fol-  
16           lowing:

17           “(d) *CERTIFICATIONS FOR DIGITAL COMMODITY*  
18           *TRADING.—*

19           “(1) *IN GENERAL.—Notwithstanding subsection*  
20           *(c), for the purposes of listing or offering a digital*  
21           *commodity for trading in a digital commodity cash*  
22           *or spot market, an eligible entity shall issue a written*  
23           *certification that the digital commodity meets the re-*  
24           *quirements of this Act (including regulations there-*  
25           *under).*

1           “(2) *CONTENTS OF THE CERTIFICATION.*—

2                   “(A) *IN GENERAL.*—*In making a written*  
3 *certification under this paragraph, the eligible*  
4 *entity shall furnish to the Commission—*

5                           “(i) *an analysis of how the digital*  
6 *commodity meets the requirements of section*  
7 *5i(c)(3);*

8                           “(ii) *information about the digital*  
9 *commodity regarding—*

10                                   “(I) *its purpose and use;*

11                                   “(II) *its unit creation or release*  
12 *process;*

13                                   “(III) *its consensus mechanism;*

14                                   “(IV) *its governance structure;*

15                                   “(V) *its participation and dis-*  
16 *tribution; and*

17                                   “(VI) *its current and proposed*  
18 *functionality; and*

19                                   “(iii) *any other information, analysis,*  
20 *or documentation the Commission may, by*  
21 *rule, require.*

22                   “(B) *RELIANCE ON PRIOR DISCLOSURES.*—

23 *In making a certification under this subsection,*  
24 *an eligible entity may rely on the records and*  
25 *disclosures of any relevant person registered with*

1           *the Securities and Exchange Commission or*  
2           *other State or Federal agency.*

3           “(3) *MODIFICATIONS.*—

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

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

10                           “(ii) *permit or restrict trading in*  
11                           *units of a digital commodity asset held by*  
12                           *a related person or an affiliated person.*

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

17           “(4) *DISAPPROVAL.*—

18                   “(A) *IN GENERAL.*—*The written certifi-*  
19           *cation described in paragraph (1) shall become*  
20           *effective unless the Commission finds that the*  
21           *digital asset does not meet the requirements of*  
22           *this Act or the rules and regulations thereunder.*

23                   “(B) *ANALYSIS REQUIRED.*—*The Commis-*  
24           *sion shall include, with any findings referred to*

1           *in subparagraph (A), a detailed analysis of the*  
2           *factors on which the decision was based.*

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

7           “(5) *REVIEW.*—

8           “(A) *IN GENERAL.*—*Unless the Commission*  
9           *makes a disapproval decision under paragraph*  
10           *(4), the written certification described in para-*  
11           *graph (1) shall become effective, pursuant to the*  
12           *certification by the eligible entity and notice of*  
13           *the certification to the public (in a manner de-*  
14           *termined by the Commission) on the date that*  
15           *is—*

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

24                   “(ii) *2 business days after the date the*  
25                   *Commission receives the certification (or*

1           *such shorter period as determined by the*  
2           *Commission by rule or regulation) for any*  
3           *digital commodity that has been certified*  
4           *under this section.*

5           “(B) *EXTENSIONS.*—*The time for consider-*  
6           *ation under subparagraph (A) may be extended*  
7           *through notice to the eligible entity that there are*  
8           *novel or complex issues that require additional*  
9           *time to analyze, that the explanation by the sub-*  
10          *mitting eligible entity is inadequate, or of a po-*  
11          *tential inconsistency with this Act—*

12                   “(i) *once, for 30 business days, through*  
13                   *written notice to the eligible entity by the*  
14                   *Chairman; and*

15                   “(ii) *once, for an additional 30 busi-*  
16                   *ness days, through written notice to the digi-*  
17                   *tal commodity exchange from the Commis-*  
18                   *sion that includes a description of any defi-*  
19                   *ciencies with the certification, including*  
20                   *any—*

21                           “(I) *novel or complex issues which*  
22                           *require additional time to analyze;*

23                           “(II) *missing information or in-*  
24                           *adequate explanations; or*

1                   “(III) *potential inconsistencies*  
2                   *with this Act.*

3                   “(6) *CERTIFICATION REQUIRED.—Notwith-*  
4                   *standing any other provision of this Act, a registered*  
5                   *entity or other entity registered with the Commission*  
6                   *shall not list for trading, accept for clearing, offer to*  
7                   *enter into, enter into, execute, confirm the execution*  
8                   *of, or conduct any office or business anywhere in the*  
9                   *United States, its territories or possessions, for the*  
10                   *purpose of soliciting, or accepting any order for, or*  
11                   *otherwise dealing in, any transaction in, or in con-*  
12                   *nection with, a digital commodity, unless a certifi-*  
13                   *cation has been made under this section for the dig-*  
14                   *ital commodity.*

15                   “(7) *PRIOR APPROVAL.—*

16                   “(A) *NEW REGISTRANTS.—A digital com-*  
17                   *modity exchange may only list, as of the effective*  
18                   *date of approval of the registration of the digital*  
19                   *commodity exchange, the digital commodity for*  
20                   *which the digital commodity exchange has re-*  
21                   *ceived prior approval under this subsection.*

22                   “(B) *DEADLINE.—The Commission shall*  
23                   *take final action on a request for prior approval*  
24                   *not later than 90 business days after submission*  
25                   *of the request, unless the person submitting the*

1           *request agrees to an extension of the time limita-*  
2           *tion established under this subparagraph.*

3           “(C) *DISAPPROVAL.*—*The Commission may*  
4           *disapprove a request for prior approval under*  
5           *subparagraph (B) in accordance with criteria*  
6           *applicable to disapproval in paragraph (4).*

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

10 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**  
11 **CHANGES.**

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

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

16           “(a) *IN GENERAL.*—

17           “(1) *REGISTRATION.*—

18           “(A) *IN GENERAL.*—*A trading facility that*  
19           *offers or seeks to offer a cash or spot market in*  
20           *at least 1 digital commodity shall register with*  
21           *the Commission as a digital commodity ex-*  
22           *change.*

23           “(B) *APPLICATION.*—*A person desiring to*  
24           *register as a digital commodity exchange shall*  
25           *submit to the Commission an application in*



1        *such form and containing such information as*  
2        *the Commission may require for the purpose of*  
3        *making the determinations required for ap-*  
4        *proval.*

5            *“(C) EXEMPTIONS.—A trading facility that*  
6        *offers or seeks to offer a cash or spot market in*  
7        *at least 1 digital commodity shall not be re-*  
8        *quired to register under this section if the trad-*  
9        *ing facility—*

10            *“(i) permits no more than a de mini-*  
11            *mis amount of trading activity; or*

12            *“(ii) serves only customers in a single*  
13            *State or territory.*

14        *“(2) ADDITIONAL REGISTRATIONS.—*

15            *“(A) WITH THE COMMISSION.—*

16            *“(i) IN GENERAL.—A registered digital*  
17        *commodity exchange may also register as—*

18            *“(I) a designated contract market;*

19            *or*

20            *“(II) a swap execution facility.*

21            *“(ii) RULES.—For an entity with mul-*  
22        *tiple registrations under clause (i), the*  
23        *Commission—*

24            *“(I) shall prescribe rules to ex-*  
25        *empt the entity from duplicative, con-*

1 *flicting, or unduly burdensome provi-*  
2 *sions of this Act and the rules under*  
3 *this Act, to the extent such an exemp-*  
4 *tion would foster the development of*  
5 *fair and orderly cash or spot markets*  
6 *in digital commodities, be necessary or*  
7 *appropriate in the public interest, and*  
8 *be consistent with the protection of cus-*  
9 *tomers; and*

10 *“(II) may, after an analysis of*  
11 *the risks and benefits, prescribe rules to*  
12 *provide for portfolio margining, as*  
13 *may be necessary to protect market*  
14 *participants, promote fair and equi-*  
15 *table trading in digital commodity*  
16 *markets, and promote responsible eco-*  
17 *nomie or financial innovation.*

18 *“(B) WITH THE SECURITIES AND EX-*  
19 *CHANGE COMMISSION.—A registered digital com-*  
20 *modity exchange may register with the Securities*  
21 *and Exchange Commission as a digital asset*  
22 *trading system to list or trade contracts of sale*  
23 *for digital assets deemed securities.*

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

1           “(i) *IN GENERAL.*—A registered digital  
2           commodity exchange shall also be a member  
3           of a registered futures association and com-  
4           ply with rules related to such activity, if the  
5           registered digital commodity exchange ac-  
6           cepts customer funds required to be seg-  
7           regated under subsection (d).

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

15          “(D) *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 the  
19          person is registered with another State or Fed-  
20          eral 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           *modity as if the agreement, contract, or trans-*  
2           *action were a contract of sale of a commodity for*  
3           *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           “(2) *PROHIBITION ON ACTING AS A*  
10          *COUNTERPARTY.—*

11           “(A) *IN GENERAL.—A digital commodity*  
12           *exchange or any affiliate of such an exchange*  
13           *shall not trade on or subject to the rules of the*  
14           *digital commodity exchange for its own account.*

15           “(B) *EXCEPTIONS.—The Commission shall,*  
16           *by rule, permit a digital commodity exchange or*  
17           *any affiliate of a digital commodity exchange to*  
18           *engage in trading on an affiliated exchange so*  
19           *long as the trading is not solely for the purpose*  
20           *of the profit of the exchange, including the fol-*  
21           *lowing:*

22           “(i) *CUSTOMER DIRECTION.—A trans-*  
23           *action for, or entered into at the direction*  
24           *of, or for the benefit of, an unaffiliated cus-*  
25           *tomer.*

1           “(ii) *RISK MANAGEMENT.*—A trans-  
2           action to manage the risks associated with  
3           the digital commodity business of the ex-  
4           change.

5           “(iii) *FUNCTIONAL USE.*—A trans-  
6           action related to the functional operation of  
7           a blockchain network.

8           “(C) *NOTICE REQUIREMENT.*—In order for  
9           a digital commodity exchange or any affiliate of  
10          a digital commodity exchange to engage in trad-  
11          ing on the affiliated exchange pursuant to sub-  
12          section (B), notice must be given to the Commis-  
13          sion that shall enumerate how any proposed ac-  
14          tivity is consistent with the exceptions in sub-  
15          section (B) and the principles of the Act.

16          “(D) *DELEGATION.*—The Commission may,  
17          by rule, delegate authority to the Director of the  
18          Division of Market Oversight, or such other em-  
19          ployee or employees as the Director of the Divi-  
20          sion of Market Oversight may designate from  
21          time to time, to carry out these provisions.

22          “(3) *TRADING SECURITIES.*—A registered digital  
23          commodity exchange that is also registered with the  
24          Securities and Exchange Commission may offer a  
25          contract of sale of a digital asset deemed a security.

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

7           “(c) *CORE PRINCIPLES FOR DIGITAL COMMODITY EX-*  
8 *CHANGES.—*

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 otherwise*  
21 *determined by the Commission by rule or regula-*  
22 *tion, a digital commodity exchange described in*  
23 *subparagraph (A) shall have reasonable discre-*  
24 *tion in establishing the manner in which the*

1           *digital commodity exchange complies with the*  
2           *core principles described in this subsection.*

3           “(2) *COMPLIANCE WITH RULES.—A digital com-*  
4           *modity 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 the*  
10                           *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, in-*  
16                   *vestigate, 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 operation*  
24                   *of the exchange, including rules specifying trad-*

1           *ing procedures to be used in entering and exe-*  
2           *cuting orders traded or posted on the facility.*

3           “(3) *LISTING STANDARDS FOR DIGITAL COMMOD-*  
4           *ITIES.—*

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.— With*  
17           *respect to a digital commodity and each*  
18           *blockchain system to which the digital com-*  
19           *modity relates for which the digital com-*  
20           *modity exchange will make the digital com-*  
21           *modity available to the customers of the dig-*  
22           *ital commodity exchange, the information*  
23           *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 ASSET ECONOM-*  
11          *ICS.*—*A narrative description of the*  
12          *purpose of any blockchain system to*  
13          *which the digital asset relates and the*  
14          *operation of any such blockchain sys-*  
15          *tem, including—*

16                 “(aa) *information explaining*  
17                 *the launch and supply process, in-*  
18                 *cluding the number of digital as-*  
19                 *sets to be issued in an initial allo-*  
20                 *cation, the total number of digital*  
21                 *assets to be created, the release*  
22                 *schedule for the digital assets, and*  
23                 *the total number of digital assets*  
24                 *then outstanding;*

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

9           “(cc) an explanation of gov-  
10          ernance mechanisms for imple-  
11          menting changes to the blockchain  
12          system or forming consensus  
13          among holders of the digital as-  
14          sets; 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 VOL-*  
20          *ATILITY.*—*The trading volume and vol-*  
21          *atility of the digital commodity.*

22          “(V) *ADDITIONAL INFORMA-*  
23          *TION.*—*Such additional information as*  
24          *the Commission may, by rule, deter-*  
25          *mine to be necessary for a customer to*

1            *understand the financial and oper-*  
2            *ational risks of a digital commodity,*  
3            *and to be in the public interest or in*  
4            *furtherance of the requirements of this*  
5            *Act.*

6            “(iii) *FORMAT.—The Commission shall*  
7            *prescribe rules and regulations for the*  
8            *standardization and simplification of dis-*  
9            *losures under clause (ii), including requir-*  
10           *ing 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            “(C) *ADDITIONAL LISTING CONSIDER-*  
18            *ATIONS.—In addition to the requirements of sub-*  
19            *paragraphs (A) and (B), a digital commodity*  
20            *exchange shall consider—*

21                    *“(i) if a sufficient percentage of the*  
22                    *units of the digital asset are units of a dig-*  
23                    *ital commodity to permit robust price dis-*  
24                    *covery;*

1           “(ii) if it is reasonably unlikely that  
2           the transaction history can be fraudulently  
3           altered by any person or group of persons  
4           acting collectively;

5           “(iii) if the operating structure and  
6           system of the digital commodity is secure  
7           from cybersecurity threats;

8           “(iv) if the functionality of the digital  
9           commodity will protect holders from oper-  
10          ational failures;

11          “(v) if sufficient public information  
12          about the operation, functionality, and use  
13          of the digital commodity is available; and

14          “(vi) any other factor which the Com-  
15          mission has, by rule, determined to be in  
16          the public interest or in furtherance of the  
17          requirements of this Act.

18          “(D) RESTRICTED DIGITAL ASSETS.—A dig-  
19          ital commodity exchange shall not permit the  
20          trading of a unit of a digital asset that is a re-  
21          stricted digital asset.

22          “(4) TREATMENT OF CUSTOMER ASSETS.—A dig-  
23          ital commodity exchange shall establish standards  
24          and procedures that are designed to protect and en-

1       *sure the safety of customer money, assets, and prop-*  
2       *erty.*

3               “(5) *MONITORING OF TRADING AND TRADE PROC-*  
4       *ESSING.—*

5               “(A) *IN GENERAL.—A digital commodity*  
6       *exchange shall provide a competitive, open, and*  
7       *efficient market and mechanism for executing*  
8       *transactions that protects the price discovery*  
9       *process of trading on the exchange.*

10              “(B) *PROTECTION OF MARKETS AND MAR-*  
11       *KET PARTICIPANTS.—A digital commodity ex-*  
12       *change shall establish and enforce rules—*

13                   “(i) *to protect markets and market*  
14       *participants from abusive practices com-*  
15       *mitted by any party, including abusive*  
16       *practices committed by a party acting as*  
17       *an agent for a participant; and*

18                   “(ii) *to promote fair and equitable*  
19       *trading on the exchange.*

20              “(C) *TRADING PROCEDURES.—A digital*  
21       *commodity exchange shall—*

22                   “(i) *establish and enforce rules or*  
23       *terms and conditions defining, or specifica-*  
24       *tions detailing—*

1           “(I) trading procedures to be used  
2           in entering and executing orders trad-  
3           ed on or through the facilities of the  
4           digital commodity exchange; and

5           “(II) procedures for trade proc-  
6           essing of digital commodities on or  
7           through the facilities of the digital  
8           commodity exchange; and

9           “(ii) monitor trading in digital com-  
10          modities to prevent manipulation, price dis-  
11          tortion, and disruptions of the delivery or  
12          cash settlement process through surveillance,  
13          compliance, and disciplinary practices and  
14          procedures, including methods for con-  
15          ducting real-time monitoring of trading  
16          and comprehensive and accurate trade re-  
17          constructions.

18          “(6) *ABILITY TO OBTAIN INFORMATION.*—A dig-  
19          ital commodity exchange shall—

20               “(A) establish and enforce rules that will  
21               allow the facility to obtain any necessary infor-  
22               mation to perform any of the functions described  
23               in this section;

24               “(B) provide the information to the Com-  
25               mission on request; and

1           “(C) *have the capacity to carry out such*  
2           *international information-sharing agreements as*  
3           *the Commission may require.*

4           “(7) *EMERGENCY AUTHORITY.—A digital com-*  
5           *modity exchange shall adopt rules to provide for the*  
6           *exercise of emergency authority, in consultation or co-*  
7           *operation with the Commission or a registered entity,*  
8           *as is necessary and appropriate, including the au-*  
9           *thority to facilitate the liquidation or transfer of open*  
10           *positions in any digital commodity or to suspend or*  
11           *curtail trading in a digital commodity.*

12           “(8) *TIMELY PUBLICATION OF TRADING INFOR-*  
13           *MATION.—*

14           “(A) *IN GENERAL.—A digital commodity*  
15           *exchange shall make public timely information*  
16           *on price, trading volume, and other trading data*  
17           *on digital commodities to the extent prescribed*  
18           *by the Commission.*

19           “(B) *CAPACITY OF DIGITAL COMMODITY EX-*  
20           *CHANGE.—A digital commodity exchange shall*  
21           *have the capacity to electronically capture and*  
22           *transmit trade information with respect to*  
23           *transactions executed on the exchange.*

24           “(9) *RECORDKEEPING AND REPORTING.—*

1           “(A) *IN GENERAL.*—A digital commodity  
2 exchange shall—

3           “(i) *maintain records of all activities*  
4 *relating to the business of the facility, in-*  
5 *cluding a complete audit trail, in a form*  
6 *and manner acceptable to the Commission*  
7 *for a period of 5 years;*

8           “(ii) *report to the Commission, in a*  
9 *form and manner acceptable to the Commis-*  
10 *sion, such information as the Commission*  
11 *determines to be necessary or appropriate*  
12 *for the Commission to perform the duties of*  
13 *the Commission under this Act; and*

14           “(iii) *keep any such records of digital*  
15 *commodities which relate to a security open*  
16 *to inspection and examination by the Secu-*  
17 *rities and Exchange Commission.*

18           “(B) *INFORMATION-SHARING.*—Subject to  
19 section 8, and on request, the Commission shall  
20 share information collected under subparagraph  
21 (A) with—

22           “(i) *the Board;*

23           “(ii) *the Securities and Exchange*  
24 *Commission;*



1           “(iii) each appropriate Federal bank-  
2           ing agency;

3           “(iv) each appropriate State bank su-  
4           pervisor (within the meaning of section 3 of  
5           the Federal Deposit Insurance Act);

6           “(v) the Financial Stability Oversight  
7           Council;

8           “(vi) the Department of Justice; and

9           “(vii) any other person that the Com-  
10          mission determines to be appropriate, in-  
11          cluding—

12                   “(I) foreign financial supervisors  
13                   (including foreign futures authorities);

14                   “(II) foreign central banks; and

15                   “(III) foreign ministries.

16           “(C) *CONFIDENTIALITY AGREEMENT.*—Be-  
17          fore the Commission may share information with  
18          any entity described in subparagraph (B), the  
19          Commission shall receive a written agreement  
20          from the entity stating that the entity shall abide  
21          by the confidentiality requirements described in  
22          section 8 relating to the information on digital  
23          commodities that is provided.

24           “(D) *PROVIDING INFORMATION.*—A digital  
25          commodity exchange shall provide to the Com-

1           *mission (including any designee of the Commis-*  
2           *sion) information under subparagraph (A) in*  
3           *such form and at such frequency as is required*  
4           *by the Commission.*

5           “(10) *ANTITRUST CONSIDERATIONS.*—*Unless nec-*  
6           *essary or appropriate to achieve the purposes of this*  
7           *Act, a digital commodity exchange shall not—*

8                   “(A) *adopt any rules or take any actions*  
9                   *that result in any unreasonable restraint of*  
10                   *trade; or*

11                   “(B) *impose any material anticompetitive*  
12                   *burden on trading.*

13           “(11) *CONFLICTS OF INTEREST.*—*A registered*  
14           *digital commodity exchange shall implement conflict-*  
15           *of-interest systems and procedures that—*

16                   “(A) *establish structural and institutional*  
17                   *safeguards—*

18                           “(i) *to minimize conflicts of interest*  
19                           *that might potentially bias the judgment or*  
20                           *supervision of the digital commodity ex-*  
21                           *change and contravene the principles of fair*  
22                           *and equitable trading and the business con-*  
23                           *duct standards described in this Act, includ-*  
24                           *ing conflicts arising out of transactions or*  
25                           *arrangements with affiliates (including af-*

1           *filiates engaging in digital commodity ac-*  
2           *tivities) which may include information*  
3           *partitions and the legal separation of dif-*  
4           *ferent persons or entities involved in digital*  
5           *commodity activities; and*

6           “(ii) to ensure that the activities of  
7           any person within the digital commodity  
8           exchange or any affiliated entity relating to  
9           research or analysis of the price or market  
10          for any digital commodity or acting in a  
11          role of providing dealing, brokering, or ad-  
12          vising activities are separated by appro-  
13          priate informational partitions within the  
14          digital commodity exchange or any affili-  
15          ated entity from the review, pressure, or  
16          oversight of persons whose involvement in  
17          pricing, trading, exchange, or clearing ac-  
18          tivities might potentially bias their judg-  
19          ment or supervision and contravene the core  
20          principles of open access and the business  
21          conduct standards described in this Act;  
22          and

23          “(B) address such other issues as the Com-  
24          mission determines to be appropriate.

25          “(12) *FINANCIAL RESOURCES.*—

1           “(A) *IN GENERAL.*—A digital commodity  
2           exchange shall have adequate financial, oper-  
3           ational, and managerial resources, as determined  
4           by the Commission, to discharge each responsi-  
5           bility of the digital commodity exchange.

6           “(B) *MINIMUM AMOUNT OF FINANCIAL RE-*  
7           *SOURCES.*—A digital commodity exchange shall  
8           possess financial resources that, at a minimum,  
9           exceed the total amount that would enable the  
10          digital commodity exchange to conduct an or-  
11          derly wind-down of its activities.

12          “(13) *DISCIPLINARY PROCEDURES.*—A digital  
13          commodity exchange shall establish and enforce dis-  
14          ciplinary procedures that authorize the digital com-  
15          modity exchange to discipline, suspend, or expel mem-  
16          bers or market participants that violate the rules of  
17          the digital commodity exchange, or similar methods  
18          for performing the same functions, including delega-  
19          tion of the functions to third parties.

20          “(14) *GOVERNANCE FITNESS STANDARDS.*—

21                 “(A) *GOVERNANCE ARRANGEMENTS.*—A  
22                 digital commodity exchange shall establish gov-  
23                 ernance arrangements that are transparent to  
24                 fulfill public interest requirements.

1           “(B) *FITNESS STANDARDS.*—A digital com-  
2           modity exchange shall establish and enforce ap-  
3           propriate fitness standards for—

4                     “(i) *directors; and*

5                     “(ii) *any individual or entity with di-*  
6                     *rect access to, or control of, customer assets.*

7           “(15) *SYSTEM SAFEGUARDS.*—A digital com-  
8           modity exchange shall—

9                     “(A) *establish and maintain a program of*  
10                    *risk analysis and oversight to identify and mini-*  
11                    *mize sources of operational and security risks,*  
12                    *through the development of appropriate controls*  
13                    *and procedures, and automated systems, that—*

14                     “(i) *are reliable and secure; and*

15                     “(ii) *have adequate scalable capacity;*

16                     “(B) *establish and maintain emergency pro-*  
17                    *cedures, backup facilities, and a plan for disaster*  
18                    *recovery that allow for—*

19                     “(i) *the timely recovery and resump-*  
20                    *tion of operations; and*

21                     “(ii) *the fulfillment of the responsibil-*  
22                    *ities and obligations of the digital com-*  
23                    *modity exchange; and*

1           “(C) periodically conduct tests to verify that  
2           the backup resources of the digital commodity ex-  
3           change are sufficient to ensure continued—

4                   “(i) order processing and trade match-  
5                   ing;

6                   “(ii) price reporting;

7                   “(iii) market surveillance; and

8                   “(iv) maintenance of a comprehensive  
9                   and accurate audit trail.

10          “(d) *HOLDING OF CUSTOMER ASSETS.*—

11               “(1) *IN GENERAL.*—A digital commodity ex-  
12               change shall hold customer money, assets, and prop-  
13               erty in a manner to minimize the risk of loss to the  
14               customer or unreasonable delay in the access to the  
15               money, assets, and property of the customer.

16          “(A) *SEGREGATION OF FUNDS.*—

17               “(i) *IN GENERAL.*—A digital com-  
18               modity exchange shall treat and deal with  
19               all money, assets, and property that is re-  
20               ceived by the digital commodity exchange,  
21               or accrues to a customer as the result of  
22               trading in digital commodities, as belonging  
23               to the customer.

24               “(ii) *COMMINGLING PROHIBITED.*—  
25               Money, assets, and property of a customer

1           *described in clause (i) shall be separately*  
2           *accounted for and shall not be commingled*  
3           *with the funds of the digital commodity ex-*  
4           *change or be used to margin, secure, or*  
5           *guarantee any trades or accounts of any*  
6           *customer or person other than the person for*  
7           *whom the same are held.*

8           “(B) *EXCEPTIONS.*—

9                   “(i) *USE OF FUNDS.*—

10                           “(I) *IN GENERAL.*—*Notwith-*  
11                           *standing subparagraph (A), money, as-*  
12                           *sets, and property of customers of a*  
13                           *digital commodity exchange described*  
14                           *in subparagraph (A) may, for conven-*  
15                           *ience, be commingled and deposited in*  
16                           *the same account or accounts with any*  
17                           *bank, trust company, derivatives clear-*  
18                           *ing organization, or qualified digital*  
19                           *commodity custodian.*

20                           “(II) *WITHDRAWAL.*—*Notwith-*  
21                           *standing subparagraph (A), such share*  
22                           *of the money, assets, and property de-*  
23                           *scribed in item (aa) as in the normal*  
24                           *course of business shall be necessary to*  
25                           *margin, guarantee, secure, transfer,*

1           *adjust, or settle a contract of sale of a*  
2           *digital commodity with a registered*  
3           *entity may be withdrawn and applied*  
4           *to such purposes, including the pay-*  
5           *ment of commissions, brokerage, inter-*  
6           *est, taxes, storage, and other charges,*  
7           *lawfully accruing in connection with*  
8           *the contract of sale of a digital com-*  
9           *modity.*

10           “(i) *COMMISSION ACTION.*—*Notwith-*  
11           *standing subparagraph (A), in accordance*  
12           *with such terms and conditions as the Com-*  
13           *mission may prescribe by rule, regulation,*  
14           *or order, any money, assets, or property of*  
15           *the customers of a digital commodity ex-*  
16           *change described in subparagraph (A) may*  
17           *be commingled and deposited in customer*  
18           *accounts with any other money, assets, or*  
19           *property received by the digital commodity*  
20           *exchange and required by the Commission*  
21           *to be separately accounted for and treated*  
22           *and dealt with as belonging to the customer*  
23           *of the digital commodity exchange.*

24           “(2) *PERMITTED INVESTMENTS.*—*Money de-*  
25           *scribed in subparagraph (A) may be invested in obli-*



1 *gations of the United States, in general obligations of*  
2 *any State or of any political subdivision of a State,*  
3 *and in obligations fully guaranteed as to principal*  
4 *and interest by the United States, or in any other in-*  
5 *vestment that the Commission may by rule or regula-*  
6 *tion prescribe, and such investments shall be made in*  
7 *accordance with such rules and regulations and sub-*  
8 *ject to such conditions as the Commission may pre-*  
9 *scribe.*

10 “(3) *CUSTOMER PROTECTION DURING BANK-*  
11 *RUPTCY.—*

12 “(A) *CUSTOMER PROPERTY.—All assets held*  
13 *on behalf of a customer by a digital commodity*  
14 *exchange, and all money, assets, and property of*  
15 *any customer received by a digital commodity*  
16 *exchange for trading or custody, or to facilitate,*  
17 *margin, guarantee, or secure contracts of sale of*  
18 *a digital commodity (including money, assets, or*  
19 *property accruing to the customer as the result*  
20 *of the transactions), shall be considered customer*  
21 *property for purposes of section 761 of title 11,*  
22 *United States Code.*

23 “(B) *TRANSACTIONS.—A transaction in-*  
24 *volving a unit of a digital commodity occurring*  
25 *on or subject to the rules of a digital commodity*

1           *exchange shall be considered a ‘contract for the*  
2           *purchase or sale of a commodity for future deliv-*  
3           *ery, on or subject to the rules of, a contract mar-*  
4           *ket or board of trade’ for the purposes of the defi-*  
5           *inition of a ‘commodity contract’ in section 761*  
6           *of title 11, United States Code.*

7           “(C) *EXCHANGES.*—*A digital commodity*  
8           *exchange shall be considered a futures commis-*  
9           *sion merchant for purposes of section 761 of title*  
10           *11, United States 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, or*  
17           *property as belonging to the digital com-*  
18           *modity exchange; or*

19           “(ii) *for any other person, including*  
20           *any depository, other digital commodity ex-*  
21           *change, or digital commodity custodian that*  
22           *has received any customer money, assets, or*  
23           *property for deposit, to hold, dispose of, or*  
24           *use any such money, assets, or property, or*  
25           *property, as belonging to the depositing dig-*

1            *ital commodity exchange or any person*  
2            *other than the customers of the digital com-*  
3            *modity exchange.*

4            “(B) *USE FURTHER DEFINED.*—*For pur-*  
5            *poses of this section, ‘use’ of a digital commodity*  
6            *includes utilizing any unit of a digital asset to*  
7            *participate in a blockchain service defined in*  
8            *paragraph (5) or a decentralized governance sys-*  
9            *tem associated with the digital commodity or the*  
10           *blockchain system to which the digital com-*  
11           *modity relates in any manner other than that*  
12           *expressly directed by the customer from whom*  
13           *the unit of a digital commodity was received.*

14           “(5) *PARTICIPATION IN BLOCKCHAIN SERV-*  
15           *ICES.*—

16           “(A) *IN GENERAL.*—*A customer shall have*  
17           *the right to waive the restrictions in paragraph*  
18           *(1) for any unit of a digital commodity to be*  
19           *used under subparagraph (B), by affirmatively*  
20           *electing, in writing to the digital commodity ex-*  
21           *change, to waive the restrictions.*

22           “(B) *USE OF FUNDS.*—*Customer digital*  
23           *commodities removed from segregation under*  
24           *subparagraph (A) may be pooled and used by the*  
25           *digital commodity exchange or its designee to*

1           *provide a blockchain service for a blockchain sys-*  
2           *tem to which the unit of the digital asset re-*  
3           *moved from segregation in subparagraph (A) re-*  
4           *lates.*

5           “(C) *LIMITATIONS.*—

6           “(i) *IN GENERAL.*—*The Commission*  
7           *may, by rule, establish notice and disclosure*  
8           *requirements, and any other limitations*  
9           *and rules related to the waiving of any re-*  
10           *strictions under this paragraph that are*  
11           *reasonably necessary to protect customers,*  
12           *including eligible contract participants,*  
13           *non-eligible contract participants, or any*  
14           *other class of customers.*

15           “(ii) *CUSTOMER CHOICE.*—*A digital*  
16           *commodity exchange may not require a*  
17           *waiver from a customer described in sub-*  
18           *paragraph (A) as a condition of doing busi-*  
19           *ness on the exchange.*

20           “(D) *BLOCKCHAIN SERVICE DEFINED.*—*In*  
21           *this subparagraph, the term ‘blockchain service’*  
22           *means any activity relating to validating trans-*  
23           *actions on a blockchain system, providing secu-*  
24           *rity for a blockchain system, or other similar ac-*

1           *tivity required for the ongoing operation of a*  
2           *blockchain system.*

3           “(e) *MARKET ACCESS REQUIREMENTS.*—

4           “(1) *IN GENERAL.*—*A digital commodity ex-*  
5           *change shall require any person who is not an eligible*  
6           *contract participant to access trading on the exchange*  
7           *through a digital commodity broker.*

8           “(2) *AFFILIATED COMMODITY BROKERS.*—*A reg-*  
9           *istered digital commodity exchange may allow an af-*  
10           *iliated digital commodity broker to facilitate access*  
11           *to the digital commodity exchange, if—*

12           “(A) *no other digital commodity brokers fa-*  
13           *ilitate access to the exchange;*

14           “(B) *the affiliated digital commodity can-*  
15           *not provide customer access to another digital*  
16           *commodity exchange; and*

17           “(C) *the affiliated digital commodity broker*  
18           *is not also registered as a digital commodity*  
19           *dealer.*

20           “(3) *DIRECT ACCESS FOR ELIGIBLE CONTRACT*  
21           *PARTICIPANTS.*—*Nothing in this section shall prohibit*  
22           *a digital commodity exchange in compliance with this*  
23           *section from permitting direct access for eligible con-*  
24           *tract participants.*

25           “(4) *ADDITIONAL REQUIREMENTS.*—

1           “(A) *IN GENERAL.*—*The Commission may,*  
2           *by rule, impose any additional requirements re-*  
3           *lated to the operations and activities of the dig-*  
4           *ital commodity exchange and the affiliated dig-*  
5           *ital commodity broker necessary to protect mar-*  
6           *ket participants, promote fair and equitable*  
7           *trading on the digital commodity exchange, and*  
8           *promote responsible economic or financial inno-*  
9           *vation.*

10           “(B) *DELEGATION OF AUTHORITY.*—*The*  
11           *Commission may delegate to a registered futures*  
12           *association such oversight and regulatory re-*  
13           *quirements as the Commission determines are*  
14           *necessary to—*

15                   “(i) *supervise the activities of the dig-*  
16                   *ital commodity exchange and an affiliated*  
17                   *digital commodity broker; and*

18                   “(ii) *protect market participants, pro-*  
19                   *mote fair and equitable trading on the dig-*  
20                   *ital commodity exchange, and promote re-*  
21                   *sponsible economic or financial innovation.*

22           “(C) *COMPETITIVE ACCESS RULE.*—*Not-*  
23           *withstanding paragraph (2)(A), the Commission*  
24           *shall, by rule, adopt standards that permit a*  
25           *digital commodity exchange to allow both affili-*

1            *ated and unaffiliated digital commodity brokers*  
2            *to facilitate access to the digital commodity ex-*  
3            *change. The Commission rule shall address—*

4                    *“(i) additional requirements for inde-*  
5                    *pendent governance arrangements and fit-*  
6                    *ness standards of affiliated entities;*

7                    *“(ii) open access;*

8                    *“(iii) conflicts of interest;*

9                    *“(iv) antitrust considerations; and*

10                    *“(v) any other factor that the Commis-*  
11                    *sion determines is necessary or appropriate*  
12                    *to foster an open and competitive market*  
13                    *and is in the public interest.*

14            *“(f) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—*

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 ex-  
2           change, resolve any conflicts of interest that may  
3           arise;

4           “(D) establish and administer the policies  
5           and procedures required to be established pursu-  
6           ant 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 com-  
13          pliance office reviews, look backs, internal or ex-  
14          ternal audit findings, self-reported errors, or  
15          through validated complaints.

16          “(3) REQUIREMENTS FOR PROCEDURES.—In es-  
17          tablishing procedures under paragraph (2)(F), the  
18          chief compliance officer shall design the procedures to  
19          establish the handling, management response, remedi-  
20          ation, retesting, and closing of noncompliance issues.

21          “(4) ANNUAL REPORTS.—

22          “(A) IN GENERAL.—In accordance with  
23          rules prescribed by the Commission, the chief  
24          compliance officer shall annually prepare and  
25          sign a report that contains a description of—



1           “(i) the compliance of the digital com-  
2           modity exchange with this Act; and

3           “(ii) the policies and procedures, in-  
4           cluding the code of ethics and conflict of in-  
5           terest policies, of the digital commodity ex-  
6           change.

7           “(B) REQUIREMENTS.—The chief compli-  
8           ance officer shall—

9           “(i) submit each report described in  
10          subparagraph (A) with the appropriate fi-  
11          nancial report of the digital commodity ex-  
12          change that is required to be submitted to  
13          the Commission pursuant to this section;  
14          and

15          “(ii) include in the report a certifi-  
16          cation that, under penalty of law, the report  
17          is accurate and complete.

18          “(g) APPOINTMENT OF TRUSTEE.—

19          “(1) IN GENERAL.—If a proceeding under section  
20          5e results in the suspension or revocation of the reg-  
21          istration of a digital commodity exchange, or if a dig-  
22          ital commodity exchange withdraws from registration,  
23          the Commission, on notice to the digital commodity  
24          exchange, may apply to the appropriate United

1       *States district court where the digital commodity ex-*  
2       *change is located for the appointment of a trustee.*

3               “(2) *ASSUMPTION OF JURISDICTION.—If the*  
4       *Commission applies for appointment of a trustee*  
5       *under paragraph (1)—*

6                       “(A) *the court may take exclusive jurisdic-*  
7       *tion over the digital commodity exchange and*  
8       *the records and assets of the digital commodity*  
9       *exchange, wherever located; and*

10                      “(B) *if the court takes jurisdiction under*  
11       *subparagraph (A), the court shall appoint the*  
12       *Commission, or a person designated by the Com-*  
13       *mission, as trustee with power to take possession*  
14       *and continue to operate or terminate the oper-*  
15       *ations of the digital commodity exchange in an*  
16       *orderly manner for the protection of customers*  
17       *subject to such terms and conditions as the court*  
18       *may prescribe.*

19               “(h) *QUALIFIED DIGITAL COMMODITY CUSTODIAN.—*  
20       *A digital commodity exchange shall hold in a qualified dig-*  
21       *ital commodity custodian each unit of a digital commodity*  
22       *that is—*

23                      “(1) *the property of a customer of the digital*  
24       *commodity exchange;*

1           “(2) required to be held by the digital commodity  
2 exchange under subsection (c)(12) of this section; or

3           “(3) otherwise so required by the Commission to  
4 reasonably protect customers or promote the public  
5 interest.

6           “(i) EXEMPTIONS.—

7           “(1) In order to promote responsible economic or  
8 financial innovation and fair competition, or protect  
9 customers, the Commission may (on its own initiative  
10 or on application of the registered digital commodity  
11 exchange) exempt, either unconditionally or on stated  
12 terms or conditions or for stated periods and either  
13 retroactively or prospectively, or both, a registered  
14 digital commodity exchange from the requirements of  
15 this section, if the Commission determines that—

16           “(A) the exemption would be consistent with  
17 the public interest and the purposes of this Act;  
18 and

19           “(B) the exemption will not have a material  
20 adverse effect on the ability of the Commission or  
21 the digital commodity exchange to discharge reg-  
22 ulatory or self-regulatory duties under this Act.

23           “(2) The Commission may exempt, conditionally  
24 or unconditionally, a digital commodity exchange  
25 from registration under this section if the Commis-

1        *sion finds that the digital commodity exchange is sub-*  
2        *ject to comparable, comprehensive supervision and*  
3        *regulation on a consolidated basis by the appropriate*  
4        *governmental authorities in the home country of the*  
5        *facility.*

6        “(j) *CUSTOMER DEFINED.*—*In this section, the term*  
7        *‘customer’ means any person that maintains an account for*  
8        *the trading of digital commodities directly with a digital*  
9        *commodity exchange (other than a person that is owned or*  
10       *controlled, directly or indirectly, by the digital commodity*  
11       *exchange) for its own behalf or on behalf of any other per-*  
12       *son.*

13       “(k) *FEDERAL PREEMPTION.*—*Notwithstanding any*  
14       *other provision of law, the Commission shall have exclusive*  
15       *jurisdiction over any digital commodity exchange registered*  
16       *under this section.*

17       “(l) *TREATMENT UNDER THE BANK SECRECY ACT.*—  
18       *A registered digital commodity exchange shall be treated as*  
19       *a financial institution for purposes of the Bank Secrecy*  
20       *Act.*

21       “(m) *WITHDRAWAL OF CERTIFICATION OF A*  
22       *BLOCKCHAIN SYSTEM.*—

23                “(1) *IN GENERAL.*—

24                        “(A) *DETERMINATION BY A DIGITAL COM-*  
25                        *MODITY EXCHANGE.*—*With respect to a certifi-*

1           *cation of a blockchain system that becomes effec-*  
2           *tive pursuant to section 44(f) of the Securities*  
3           *Exchange Act of 1934, if a digital commodity ex-*  
4           *change determines that the blockchain system*  
5           *may not be a decentralized network, the digital*  
6           *commodity exchange shall notify the Commission*  
7           *of such determination.*

8           “(B) *WITHDRAWAL PROCESS.*—*With respect*  
9           *to each notification received under subparagraph*  
10          *(A), the Commission shall initiate a withdrawal*  
11          *process under which the Commission shall—*

12                   “(i) *publish a notice announcing the*  
13                   *proposed withdrawal;*

14                   “(ii) *provide a 30 day comment period*  
15                   *with respect to the proposed withdrawal;*  
16                   *and*

17                   “(iii) *after the end of the 30-day com-*  
18                   *ment required under clause (ii), publish ei-*  
19                   *ther—*

20                           “(I) *a notification of withdrawal*  
21                           *of the applicable certification; or*

22                           “(II) *a notice that the Commis-*  
23                           *sion is not withdrawing the certifi-*  
24                           *cation.*

1           “(C) *DETAILED ANALYSIS REQUIRED.*—*The*  
2           *Commission shall include, with each publication*  
3           *of a notification of withdrawal described under*  
4           *subparagraph (B)(iii)(I), a detailed analysis of*  
5           *the factors on which the decision was based.*

6           “(2) *RECERTIFICATION.*—*With respect to a*  
7           *blockchain system for which a certification has been*  
8           *withdrawn under this subsection, no person may*  
9           *make a certification under section 44(a) of the Secu-*  
10           *rities Exchange Act of 1934 with respect to such*  
11           *blockchain system during the 90-day period beginning*  
12           *on the date of such withdrawal.*

13           “(3) *APPEAL OF WITHDRAWAL.*—

14           “(A) *IN GENERAL.*—*If a certification is*  
15           *withdrawn under this subsection, a person mak-*  
16           *ing may appeal the decision to the United States*  
17           *Court of Appeals for the District of Columbia,*  
18           *not later than 60 days after the notice of with-*  
19           *drawal is made.*

20           “(B) *REVIEW.*—*In an appeal under sub-*  
21           *paragraph (A), the court shall have de novo re-*  
22           *view of the determination to withdraw the cer-*  
23           *tification.”.*

1 **SEC. 405. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

2       *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*  
3 *amended by the preceding provisions of this Act, is amended*  
4 *by inserting after section 5i the following:*

5 **“SEC. 5j. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

6       “(a) *IN GENERAL.*—*For purposes of this Act, a quali-*  
7 *fied digital commodity custodian is a digital commodity*  
8 *custodian who meets the following conditions:*

9               “(1) *SUPERVISION.*—*The digital commodity cus-*  
10 *todian is subject to adequate supervision and appro-*  
11 *priate regulation.*

12               “(2) *NO PROHIBITION.*—*The digital commodity*  
13 *custodian is—*

14                       “(A) *subject to the supervision of—*

15                               “(i) *an appropriate Federal banking*  
16 *agency;*

17                               “(ii) *a State bank supervisor (within*  
18 *the meaning of section 3 of the Federal De-*  
19 *posit Insurance Act);*

20                               “(iii) *the Commission or the Securities*  
21 *and Exchange Commission; or*

22                               “(iv) *an appropriate foreign govern-*  
23 *mental authority in the home country of the*  
24 *digital commodity custodian; and*

25                               “(B) *not prohibited by the applicable super-*  
26 *visor referred to in subparagraph (A) from en-*

1           gaging in any activity with respect to the hold-  
2           ing of digital commodities.

3           “(3) *INFORMATION-SHARING.*—

4                   “(A) *IN GENERAL.*—The digital commodity  
5           custodian agrees to such periodic sharing of in-  
6           formation regarding customer accounts the dig-  
7           ital commodity custodian holds on behalf of an  
8           entity registered with the Commission, as the  
9           Commission determines by rule shall be reason-  
10          ably necessary to effectuate any of the provisions,  
11          or to accomplish any of the purposes, of this Act.

12                   “(B) *PROVISION OF INFORMATION.*—Any  
13          person that is subject to regulation and examina-  
14          tion by an appropriate Federal banking agency  
15          may satisfy any information request described in  
16          subparagraph (A), by providing the Commission  
17          with a detailed listing, in writing, of the digital  
18          commodities of a customer within the custody or  
19          use of the person.

20          “(b) *ADEQUATE SUPERVISION AND APPROPRIATE*  
21 *REGULATION FURTHER DEFINED.*—

22                   “(1) *IN GENERAL.*—In subsection (a), the terms  
23          ‘adequate supervision’ and ‘appropriate regulation’  
24          mean such minimum standards for supervision and  
25          regulation as are reasonably necessary to protect the



1 *digital commodities of customers of an entity reg-*  
2 *istered with the Commission, including minimum*  
3 *standards relating to—*

4 *“(A) accessibility of customer assets;*

5 *“(B) financial resources;*

6 *“(C) risk management requirements;*

7 *“(D) governance arrangements;*

8 *“(E) fitness standards for officers and direc-*  
9 *tors;*

10 *“(F) recordkeeping;*

11 *“(G) information-sharing; and*

12 *“(H) conflicts of interest.*

13 *“(2) DEEMED COMPLIANCE.—For purposes of*  
14 *subsection (a), a digital commodity custodian is*  
15 *deemed to be subject to adequate supervision and ap-*  
16 *propriate regulation, if the digital commodity custo-*  
17 *dian is—*

18 *“(A) subject to the supervision of the Com-*  
19 *mission; or*

20 *“(B) a bank subject to the supervision of an*  
21 *appropriate Federal banking agency or a State*  
22 *bank supervisor (within the meaning of section*  
23 *3 of the Federal Deposit Insurance Act).*

24 *“(3) RULEMAKING AUTHORITY.—For purposes of*  
25 *subsection (a), the Commission may, by rule, further*

1       *define the terms ‘adequate supervision’ and ‘appro-*  
2       *prate regulation’ as necessary in the public interest,*  
3       *as appropriate for the protection of customers, and*  
4       *consistent with the purposes of this Act.*

5       “(c) *AUTHORITY TO TEMPORARILY SUSPEND STAND-*  
6       *ARDS.—The Commission may, by rule or order, tempo-*  
7       *rarily suspend, in whole or in part, any requirement im-*  
8       *posed under, or any standard referred to in, this section*  
9       *if the Commission determines that the suspension would be*  
10      *consistent with the public interest and the purposes of this*  
11      *Act.”.*

12      **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**  
13                                      **COMMODITY BROKERS AND DEALERS.**

14              *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*  
15      *amended by the preceding provisions of this Act, is amended*  
16      *by inserting after section 4t the following:*

17      **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**  
18                                      **COMMODITY BROKERS AND DEALERS.**

19              “(a) *REGISTRATION.—It shall be unlawful for any per-*  
20      *son to act as a digital commodity broker or digital com-*  
21      *modity dealer unless the person is registered as such with*  
22      *the Commission.*

23              “(b) *REQUIREMENTS.—*

24                      “(1) *IN GENERAL.—A person shall register as a*  
25      *digital commodity broker or digital commodity dealer*

1 *by filing a registration application with the Commis-*  
2 *sion.*

3 “(2) *CONTENTS.*—

4 “(A) *IN GENERAL.*—*The application shall*  
5 *be made in such form and manner as is pre-*  
6 *scribed by the Commission, and shall contain*  
7 *such information as the Commission considers*  
8 *necessary concerning the business in which the*  
9 *applicant is or will be engaged.*

10 “(B) *CONTINUAL REPORTING.*—*A person*  
11 *that is registered as a digital commodity broker*  
12 *or digital commodity dealer shall continue to*  
13 *submit to the Commission reports that contain*  
14 *such information pertaining to the business of*  
15 *the person as the Commission may require.*

16 “(3) *TRANSITION.*—*Within 180 days after the*  
17 *date of the enactment of this section, the Commission*  
18 *shall prescribe rules providing for the registration of*  
19 *digital commodity brokers and digital commodity*  
20 *dealers under this section.*

21 “(4) *STATUTORY DISQUALIFICATION.*—*Except to*  
22 *the extent otherwise specifically provided by rule, reg-*  
23 *ulation, or order, it shall be unlawful for a digital*  
24 *commodity broker or digital commodity dealer to per-*  
25 *mit any person who is associated with a digital com-*

1        *modity broker or a digital commodity dealer and who*  
2        *is subject to a statutory disqualification to effect or*  
3        *be involved in effecting a contract of sale of a digital*  
4        *commodity on behalf of the digital commodity broker*  
5        *or the digital commodity dealer, respectively, if the*  
6        *digital commodity broker or digital commodity deal-*  
7        *er, respectively, knew, or in the exercise of reasonable*  
8        *care should have known, of the statutory disqualifica-*  
9        *tion.*

10            “(5) *LIMITATIONS ON CERTAIN ASSETS.—A dig-*  
11        *ital commodity broker or digital commodity dealer*  
12        *shall not offer, offer to enter into, enter into, or facili-*  
13        *tate any contract of sale of a digital commodity that*  
14        *has not been certified under section 5c(d).*

15            “(c) *ADDITIONAL REGISTRATIONS.—*

16            “(1) *WITH THE COMMISSION.—Any person re-*  
17        *quired to be registered as a digital commodity broker*  
18        *or digital commodity dealer may also be registered as*  
19        *a futures commission merchant, introducing broker,*  
20        *or swap dealer.*

21            “(2) *WITH THE SECURITIES AND EXCHANGE*  
22        *COMMISSION.—Any person required to be registered as*  
23        *a digital commodity broker or digital commodity*  
24        *dealer under this section may register with the Secu-*  
25        *rities and Exchange Commission as a digital asset*

1 *broker or digital asset dealer, pursuant to section*  
2 *15(b) of the Securities Exchange Act of 1934, as ap-*  
3 *plicable, if the digital asset broker or digital asset*  
4 *dealer limits its solicitation of orders, acceptance of*  
5 *orders, or execution of orders, or placing of orders on*  
6 *behalf of others involving any contract of sale of dig-*  
7 *ital assets.*

8 “(3) *WITH MEMBERSHIP IN A REGISTERED FU-*  
9 *TURES ASSOCIATION.*—*Any person required to be reg-*  
10 *istered as a digital commodity broker or digital com-*  
11 *modity dealer under this section shall be a member of*  
12 *a registered futures association.*

13 “(4) *REGISTRATION REQUIRED.*—*Any person re-*  
14 *quired to be registered as a digital commodity broker*  
15 *or digital commodity dealer under this section shall*  
16 *register with the Commission as such regardless of*  
17 *whether the person is registered with another State or*  
18 *Federal regulator.*

19 “(d) *RULEMAKING.*—

20 “(1) *IN GENERAL.*—*The Commission shall pre-*  
21 *scribe such rules applicable to registered digital com-*  
22 *modity brokers and registered digital commodity deal-*  
23 *ers as are appropriate to carry out this section, in-*  
24 *cluding rules in the public interest that limit the ac-*

1 *tivities of digital commodity brokers and digital com-*  
2 *modity dealers.*

3 “(2) *MULTIPLE REGISTRANTS.—The Commission*  
4 *shall prescribe rules or regulations permitting, or*  
5 *may otherwise authorize, exemptions or additional re-*  
6 *quirements applicable to persons with multiple reg-*  
7 *istrations under this Act, including as futures com-*  
8 *mission merchants, introducing brokers, digital com-*  
9 *modity brokers, digital commodity dealers, or swap*  
10 *dealers, as may be in the public interest to reduce*  
11 *compliance costs and promote customer protection.*

12 “(e) *CAPITAL REQUIREMENTS.—*

13 “(1) *IN GENERAL.—Each digital commodity*  
14 *broker and digital commodity dealer shall meet such*  
15 *minimum capital requirements as the Commission*  
16 *may prescribe to address the risks associated with*  
17 *digital commodity trading and to ensure that the dig-*  
18 *ital commodity broker or digital commodity dealer,*  
19 *respectively, is able to—*

20 “(A) *meet, and continue to meet, at all*  
21 *times, the obligations of such registrant; and*

22 “(B) *in the case of a digital commodity*  
23 *dealer, fulfill the counterparty obligations of the*  
24 *digital commodity dealer for any margined, le-*  
25 *veraged, or financed transactions.*

1           “(2) *RULE OF CONSTRUCTION.*—*Nothing in this*  
2 *section shall limit, or be construed to limit, the au-*  
3 *thority of the Securities and Exchange Commission to*  
4 *set financial responsibility rules for a broker or dealer*  
5 *registered pursuant to section 15(b) of the Securities*  
6 *Exchange Act of 1934 (15 U.S.C. 78o(b)) (except for*  
7 *section 15(b)(11) of such Act (15 U.S.C. 78o(b)(11))*  
8 *in accordance with section 15(c)(3) of such Act (15*  
9 *U.S.C. 78o(c)(3)).*

10           “(3) *FUTURES COMMISSION MERCHANTS AND*  
11 *OTHER DEALERS.*—

12           “(A) *IN GENERAL.*—*Each futures commis-*  
13 *sion merchant, introducing broker, digital com-*  
14 *modity broker, digital commodity dealer, broker,*  
15 *and dealer shall maintain sufficient capital to*  
16 *comply with the stricter of any applicable cap-*  
17 *ital requirements to which the futures commis-*  
18 *sion merchant, introducing broker, digital com-*  
19 *modity broker, digital commodity dealer, broker,*  
20 *or dealer, respectively, is subject under this Act*  
21 *or the Securities Exchange Act of 1934 (15*  
22 *U.S.C. 78a et seq.).*

23           “(B) *COORDINATION OF CAPITAL REQUIRE-*  
24 *MENTS.*—

1                   “(i) *COMMISSION RULE.*—*The Commis-*  
2                   *sion shall, by rule, provide appropriate off-*  
3                   *sets to any applicable capital requirement*  
4                   *for a person with multiple registrations as*  
5                   *a digital commodity dealer, digital com-*  
6                   *modity broker, futures commission mer-*  
7                   *chant, or introducing broker.*

8                   “(ii) *JOINT RULE.*—*The Commission*  
9                   *and the Securities and Exchange Commis-*  
10                  *sion shall jointly, by rule, provide appro-*  
11                  *priate offsets to any applicable capital re-*  
12                  *quirement for a person with multiple reg-*  
13                  *istrations as a digital commodity dealer,*  
14                  *digital commodity broker, futures commis-*  
15                  *sion merchant, introducing broker, broker,*  
16                  *or dealer.*

17                  “(f) *REPORTING AND RECORDKEEPING.*—*Each digital*  
18                  *commodity broker and digital commodity dealer—*

19                         “(1) *shall make such reports as are required by*  
20                         *the Commission by rule or regulation regarding the*  
21                         *transactions, positions, and financial condition of the*  
22                         *digital commodity broker or digital commodity deal-*  
23                         *er, respectively;*



1           “(2) shall keep books and records in such form  
2           and manner and for such period as may be prescribed  
3           by the Commission by rule or regulation; and

4           “(3) shall keep the books and records open to in-  
5           spection and examination by any representative of  
6           the Commission.

7           “(g) *DAILY TRADING RECORDS.*—

8           “(1) *IN GENERAL.*—Each digital commodity  
9           broker and digital commodity dealer shall maintain  
10          daily trading records of the transactions of the digital  
11          commodity broker or digital commodity dealer, re-  
12          spectively, and all related records (including related  
13          forward or derivatives transactions) and recorded  
14          communications, including electronic mail, instant  
15          messages, and recordings of telephone calls, for such  
16          period as the Commission may require by rule or reg-  
17          ulation.

18          “(2) *INFORMATION REQUIREMENTS.*—The daily  
19          trading records shall include such information as the  
20          Commission shall require by rule or regulation.

21          “(3) *COUNTERPARTY RECORDS.*—Each digital  
22          commodity broker and digital commodity dealer shall  
23          maintain daily trading records for each customer or  
24          counterparty in a manner and form that is identifi-  
25          able with each digital commodity transaction.

1           “(4) *AUDIT TRAIL.*—*Each digital commodity*  
2 *broker and digital commodity dealer shall maintain*  
3 *a complete audit trail for conducting comprehensive*  
4 *and accurate trade reconstructions.*

5           “(h) *BUSINESS CONDUCT STANDARDS.*—

6           “(1) *IN GENERAL.*—*Each digital commodity*  
7 *broker and digital commodity dealer shall conform*  
8 *with such business conduct standards as the Commis-*  
9 *sion, by rule or regulation, prescribes related to—*

10                   “(A) *fraud, manipulation, and other abu-*  
11 *sive practices involving spot or margined, lever-*  
12 *aged, or financed digital commodity transactions*  
13 *(including transactions that are offered but not*  
14 *entered into);*

15                   “(B) *diligent supervision of the business of*  
16 *the registered digital commodity broker or dig-*  
17 *ital commodity dealer, respectively; and*

18                   “(C) *such other matters as the Commission*  
19 *deems appropriate.*

20           “(2) *BUSINESS CONDUCT REQUIREMENTS.*—*The*  
21 *Commission shall, by rule, prescribe business conduct*  
22 *requirements which—*

23                   “(A) *require disclosure by a registered dig-*  
24 *ital commodity broker and registered digital*  
25 *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 re-*  
18                    *quirements 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 PRACTICES.*—*It shall be unlawful for a digital commodity*  
2           *broker or digital commodity dealer to—*

3                     “(A) *employ any device, scheme, or artifice*  
4                     *to defraud any customer or counterparty;*

5                     “(B) *engage in any transaction, practice, or*  
6                     *course of business that operates as a fraud or de-*  
7                     *ceit on any customer or counterparty; or*

8                     “(C) *engage in any act, practice, or course*  
9                     *of business that is fraudulent, deceptive, or ma-*  
10                    *nipulative.*

11           “(i) *DUTIES.*—

12                     “(1) *RISK MANAGEMENT PROCEDURES.*—*Each*  
13                     *digital commodity broker and digital commodity*  
14                     *dealer shall establish robust and professional risk*  
15                     *management systems adequate for managing the day-*  
16                     *to-day business of the digital commodity broker or*  
17                     *digital commodity dealer, respectively.*

18                     “(2) *DISCLOSURE OF GENERAL INFORMATION.*—  
19                     *Each digital commodity broker and digital com-*  
20                     *modity dealer shall disclose to the Commission infor-*  
21                     *mation concerning—*

22                     “(A) *the terms and conditions of the trans-*  
23                     *actions of the digital commodity broker or dig-*  
24                     *ital commodity dealer, respectively;*  
25

1           “(B) the trading operations, mechanisms,  
2           and practices of the digital commodity broker or  
3           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 informa-  
15                 tion to perform any of the functions described in  
16                 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          implement conflict-of-interest systems and procedures  
22          that—

23                 “(A) establish structural and institutional  
24                 safeguards—

1           “(i) to minimize conflicts of interest  
2           that might potentially bias the judgment or  
3           supervision of the digital commodity broker  
4           or digital commodity dealer, respectively,  
5           and contravene the principles of fair and  
6           equitable trading and the business conduct  
7           standards described in this Act, including  
8           conflicts arising out of transactions or ar-  
9           rangements with affiliates (including affili-  
10          ates acting as digital asset issuers, digital  
11          commodity dealers, or qualified digital com-  
12          modity custodians), which may include in-  
13          formation partitions and the legal separa-  
14          tion of different persons involved in digital  
15          commodity activities; and

16          “(ii) to ensure that the activities of  
17          any person within the digital commodity  
18          broker or digital commodity dealer relating  
19          to research or analysis of the price or mar-  
20          ket for any digital commodity or acting in  
21          a role of providing exchange activities or  
22          making determinations as to accepting ex-  
23          change customers are separated by appro-  
24          priate informational partitions within the  
25          digital commodity broker or digital com-

1            *modity dealer from the review, pressure, or*  
2            *oversight of persons whose involvement in*  
3            *pricing, trading, exchange, or clearing ac-*  
4            *tivities might potentially bias their judg-*  
5            *ment or supervision and contravene the core*  
6            *principles of open access and the business*  
7            *conduct standards described in this Act;*  
8            *and*

9            *“(B) address such other issues as the Com-*  
10           *mission determines to be appropriate.*

11           *“(5) ANTITRUST CONSIDERATIONS.—Unless nec-*  
12           *essary or appropriate to achieve the purposes of this*  
13           *Act, a digital commodity broker or digital commodity*  
14           *dealer shall not—*

15           *“(A) adopt any process or take any action*  
16           *that results in any unreasonable restraint of*  
17           *trade; or*

18           *“(B) impose any material anticompetitive*  
19           *burden on trading or clearing.*

20           *“(j) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—*

21           *“(1) IN GENERAL.—Each digital commodity*  
22           *broker and digital commodity dealer shall designate*  
23           *an individual to serve as a chief compliance officer.*

24           *“(2) DUTIES.—The chief compliance officer*  
25           *shall—*

1           “(A) report directly to the board or to the  
2 senior officer of the registered digital commodity  
3 broker or registered digital commodity dealer;

4           “(B) review the compliance of the registered  
5 digital commodity broker or registered digital  
6 commodity dealer with respect to the registered  
7 digital commodity broker and registered digital  
8 commodity dealer requirements described in this  
9 section;

10           “(C) in consultation with the board of di-  
11 rectors, a body performing a function similar to  
12 the board, or the senior officer of the organiza-  
13 tion, resolve any conflicts of interest that may  
14 arise;

15           “(D) be responsible for administering each  
16 policy and procedure that is required to be estab-  
17 lished pursuant to this section;

18           “(E) ensure compliance with this Act (in-  
19 cluding regulations), including each rule pre-  
20 scribed by the Commission under this section;

21           “(F) establish procedures for the remedi-  
22 ation of noncompliance issues identified by the  
23 chief compliance officer through any—

24                   “(i) compliance office review;

25                   “(ii) look-back;



1                   “(iii) *internal or external audit find-*  
2                   *ing;*

3                   “(iv) *self-reported error; or*

4                   “(v) *validated complaint; and*

5                   “(G) *establish and follow appropriate proce-*  
6                   *dures for the handling, management response, re-*  
7                   *mediation, retesting, and closing of noncompli-*  
8                   *ance issues.*

9                   “(3) *ANNUAL REPORTS.—*

10                   “(A) *IN GENERAL.—In accordance with*  
11                   *rules prescribed by the Commission, the chief*  
12                   *compliance officer shall annually prepare and*  
13                   *sign a report that contains a description of—*

14                   “(i) *the compliance of the registered*  
15                   *digital commodity broker or registered dig-*  
16                   *ital commodity dealer with respect to this*  
17                   *Act (including regulations); and*

18                   “(ii) *each policy and procedure of the*  
19                   *registered digital commodity broker or reg-*  
20                   *istered digital commodity dealer of the chief*  
21                   *compliance officer (including the code of*  
22                   *ethics and conflict of interest policies).*

23                   “(B) *REQUIREMENTS.—The chief compli-*  
24                   *ance officer shall ensure that a compliance report*  
25                   *under subparagraph (A)—*

1           “(i) accompanies each appropriate fi-  
2           nancial report of the registered digital com-  
3           modity broker or registered digital com-  
4           modity dealer that is required to be fur-  
5           nished to the Commission pursuant to this  
6           section; and

7           “(ii) includes a certification that,  
8           under penalty of law, the compliance report  
9           is accurate and complete.

10       “(k) *SEGREGATION OF DIGITAL COMMODITIES.*—

11       “(1) *HOLDING OF CUSTOMER ASSETS.*—

12       “(A) *IN GENERAL.*—Each digital com-  
13       modity broker and digital commodity dealer  
14       shall hold customer money, assets, and property  
15       in a manner to minimize the risk of loss to the  
16       customer or unreasonable delay in customer ac-  
17       cess to the money, assets, and property of the  
18       customer.

19       “(B) *QUALIFIED DIGITAL COMMODITY CUS-*  
20       *TODIAN.*—Each digital commodity broker and  
21       digital commodity dealer shall hold in a quali-  
22       fied digital commodity custodian each unit of a  
23       digital commodity that is—

24       “(i) the property of a customer or  
25       counterparty of the digital commodity

1           *broker or digital commodity dealer, respec-*  
2           *tively;*

3           “(ii) *required to be held by the digital*  
4           *commodity broker or digital commodity*  
5           *dealer under subsection (e); or*

6           “(iii) *otherwise so required by the*  
7           *Commission to reasonably protect customers*  
8           *or promote the public interest.*

9           “(2) *SEGREGATION OF FUNDS.—*

10           “(A) *IN GENERAL.—Each digital com-*  
11           *modity broker and digital commodity dealer*  
12           *shall treat and deal with all money, assets, and*  
13           *property that is received by the registered digital*  
14           *commodity broker or registered digital com-*  
15           *modity dealer, or accrues to a customer as the*  
16           *result of trading in digital commodities, as be-*  
17           *longing to the customer.*

18           “(B) *COMMINGLING PROHIBITED.—*

19           “(i) *IN GENERAL.—Except as provided*  
20           *in clause (ii), each digital commodity*  
21           *broker and digital commodity dealer shall*  
22           *separately account for money, assets, and*  
23           *property of a digital commodity customer,*  
24           *and shall not commingle any such money,*  
25           *assets, or property with the funds of the dig-*

1            *ital commodity broker or digital commodity*  
2            *dealer, respectively, or use any such money,*  
3            *assets, or property to margin, secure, or*  
4            *guarantee any trades or accounts of any*  
5            *customer or person other than the person for*  
6            *whom the money, assets, or property are*  
7            *held.*

8            “(ii) *EXCEPTIONS.—*

9                    “(I) *USE OF FUNDS.—*

10                            “(aa) *IN GENERAL.—A dig-*  
11                            *ital commodity broker or digital*  
12                            *commodity dealer may, for con-*  
13                            *venience, commingle and deposit*  
14                            *in the same account or accounts*  
15                            *with any bank, trust company,*  
16                            *derivatives clearing organization,*  
17                            *or qualified digital commodity*  
18                            *custodian money, assets, and*  
19                            *property of customers.*

20                            “(bb) *WITHDRAWAL.—The*  
21                            *share of the money, assets, and*  
22                            *property described in item (aa) as*  
23                            *in the normal course of business*  
24                            *shall be necessary to margin,*  
25                            *guarantee, secure, transfer, adjust,*

1            *or settle a contract of sale of a*  
2            *digital commodity with a reg-*  
3            *istered entity may be withdrawn*  
4            *and applied to such purposes, in-*  
5            *cluding the payment of commis-*  
6            *sions, brokerage, interest, taxes,*  
7            *storage, and other charges, law-*  
8            *fully accruing in connection with*  
9            *the contract.*

10            “(II) *COMMISSION ACTION.—In*  
11            *accordance with such terms and condi-*  
12            *tions as the Commission may prescribe*  
13            *by rule, regulation, or order, any*  
14            *money, assets, or property of the cus-*  
15            *tomers of a digital commodity broker*  
16            *or digital commodity dealer may be*  
17            *commingled and deposited in customer*  
18            *accounts with any other money, assets,*  
19            *or property received by the digital*  
20            *commodity broker or digital com-*  
21            *modity dealer, respectively, and re-*  
22            *quired by the Commission to be sepa-*  
23            *rately accounted for and treated and*  
24            *dealt with as belonging to the customer*

1                   *of the digital commodity broker or dig-*  
2                   *ital commodity dealer, respectively.*

3                   “(3) *PERMITTED INVESTMENTS.*—*Money de-*  
4                   *scribed in paragraph (2) may be invested in obliga-*  
5                   *tions of the United States, in general obligations of*  
6                   *any State or of any political subdivision of a State,*  
7                   *in obligations fully guaranteed as to principal and*  
8                   *interest by the United States, or in any other invest-*  
9                   *ment that the Commission may by rule or regulation*  
10                  *allow.*

11                  “(4) *CUSTOMER PROTECTION DURING BANK-*  
12                  *RUPTCY.*—

13                   “(A) *CUSTOMER PROPERTY.*—*All money,*  
14                   *assets, or property described in paragraph (2)*  
15                   *shall be considered customer property for pur-*  
16                   *poses of section 761 of title 11, United States*  
17                   *Code.*

18                   “(B) *TRANSACTIONS.*—*A transaction in-*  
19                   *volving a unit of a digital commodity occurring*  
20                   *with a digital commodity dealer shall be consid-*  
21                   *ered a ‘contract for the purchase or sale of a*  
22                   *commodity for future delivery, on or subject to*  
23                   *the rules of, a contract market or board of trade’*  
24                   *for purposes of the definition of a ‘commodity*

1           *contract’ in section 761 of title 11, United States*  
2           *Code.*

3           “(C) *BROKERS AND DEALERS.*—*A digital*  
4           *commodity dealer and a digital commodity*  
5           *broker shall be considered a futures commission*  
6           *merchant for purposes of section 761 of title 11,*  
7           *United States Code.*

8           “(D) *ASSETS REMOVED FROM SEGREGA-*  
9           *TION.*—*Assets removed from segregation due to a*  
10           *customer election under paragraph (5) shall not*  
11           *be considered customer property for purposes of*  
12           *section 761 of title 11, United States Code.*

13           “(5) *MISUSE OF CUSTOMER PROPERTY.*—

14           “(A) *IN GENERAL.*—*It shall be unlawful—*

15                   “(i) *for any digital commodity broker*  
16                   *or digital commodity dealer that has re-*  
17                   *ceived any customer money, assets, or prop-*  
18                   *erty for custody to dispose of, or use any*  
19                   *such money, assets, or property as belonging*  
20                   *to the digital commodity broker or digital*  
21                   *commodity dealer, respectively; or*

22                   “(ii) *for any other person, including*  
23                   *any depository, digital commodity ex-*  
24                   *change, other digital commodity broker,*  
25                   *other digital commodity dealer, or digital*

1           *commodity custodian that has received any*  
2           *customer money, assets, or property for de-*  
3           *posit, to hold, dispose of, or use any such*  
4           *money, assets, or property, as belonging to*  
5           *the depositing digital commodity broker or*  
6           *digital commodity dealer or any person*  
7           *other than the customers of the digital com-*  
8           *modity broker or digital commodity dealer,*  
9           *respectively.*

10           “(B) *USE FURTHER DEFINED.*—*For pur-*  
11           *poses of this section, ‘use’ of a digital commodity*  
12           *includes utilizing any unit of a digital asset to*  
13           *participate in a blockchain service defined in*  
14           *paragraph (6) or a decentralized governance sys-*  
15           *tem associated with the digital commodity or the*  
16           *blockchain system to which the digital com-*  
17           *modity relates in any manner other than that*  
18           *expressly directed by the customer from whom*  
19           *the unit of a digital commodity was received.*

20           “(6) *PARTICIPATION IN BLOCKCHAIN SERV-*  
21           *ICES.*—

22           “(A) *IN GENERAL.*—*A customer shall have*  
23           *the right to waive the restrictions in paragraph*  
24           *(1) for any unit of a digital commodity to be*  
25           *used under subparagraph (B), by affirmatively*



1           *electing, in writing to the digital commodity*  
2           *broker or digital commodity dealer, to waive the*  
3           *restrictions.*

4           “(B) *USE OF FUNDS.*—*Customer digital*  
5           *commodities removed from segregation under*  
6           *subparagraph (A) may be pooled and used by the*  
7           *digital commodity broker or digital commodity*  
8           *dealer, or one of their designees, to provide a*  
9           *blockchain service for a blockchain system to*  
10           *which the unit of the digital asset removed from*  
11           *segregation in subparagraph (A) relates.*

12           “(C) *LIMITATIONS.*—

13           “(i) *IN GENERAL.*—*The Commission*  
14           *may, by rule, establish notice and disclosure*  
15           *requirements, and any other limitations*  
16           *and rules related to the waiving of any re-*  
17           *strictions under this paragraph that are*  
18           *reasonably necessary to protect customers,*  
19           *including eligible contract participants,*  
20           *non-eligible contract participants, or any*  
21           *other class of customers.*

22           “(ii) *CUSTOMER CHOICE.*—*A digital*  
23           *commodity broker or digital commodity*  
24           *dealer may not require a waiver from a*  
25           *customer described in subparagraph (A) as*

1           *a condition of doing business with the*  
2           *broker or dealer.*

3           “(D) *BLOCKCHAIN SERVICE DEFINED.*—*In*  
4           *this subparagraph, the term ‘blockchain service’*  
5           *means any activity relating to validating trans-*  
6           *actions on a blockchain system, providing secu-*  
7           *rity for a blockchain system, or other similar ac-*  
8           *tivity required for the ongoing operation of a*  
9           *blockchain system.*

10          “(l) *FEDERAL PREEMPTION.*—*Notwithstanding any*  
11          *other provision of law, the Commission shall have exclusive*  
12          *jurisdiction over any digital commodity broker or digital*  
13          *commodity dealer registered under this section.*

14          “(m) *EXEMPTIONS.*—*In order to promote responsible*  
15          *economic or financial innovation and fair competition, or*  
16          *protect customers, the Commission may (on its own initia-*  
17          *tive or on application of the registered digital commodity*  
18          *broker or registered digital commodity dealer) exempt, un-*  
19          *conditionally or on stated terms or conditions, or for stated*  
20          *periods, and retroactively or prospectively, or both, a reg-*  
21          *istered digital commodity broker or registered digital com-*  
22          *modity dealer from the requirements of this section, if the*  
23          *Commission determines that—*

24                 “(1)(A) *the exemption would be consistent with*  
25                 *the public interest and the purposes of this Act; and*

1           “(B) the exemption will not have a material ad-  
2           verse effect on the ability of the Commission to dis-  
3           charge regulatory duties under this Act; or

4           “(2) the registered digital commodity broker or  
5           registered digital commodity dealer is subject to com-  
6           parable, comprehensive supervision and regulation by  
7           the appropriate government authorities in the home  
8           country of the registered digital commodity broker or  
9           registered digital commodity dealer, respectively.

10          “(n) *TREATMENT UNDER THE BANK SECRECY ACT.*—  
11          *A registered digital commodity broker and a registered dig-*  
12          *ital commodity dealer shall be treated as a financial insti-*  
13          *tution for purposes of the Bank Secrecy Act.”.*

14          **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

15          (a) *IN GENERAL.*—Section 4k of the Commodity Ex-  
16          change Act (7 U.S.C. 6k) is amended—

17                  (1) by redesignating subsections (4) through (6)  
18                  as subsections (5) through (7), respectively; and

19                  (2) by inserting after subsection (3) the fol-  
20                  lowing:

21                  “(4) It shall be unlawful for any person to act as an  
22                  associated person of a digital commodity broker or an asso-  
23                  ciated person of a digital commodity dealer unless the per-  
24                  son is registered with the Commission under this Act and  
25                  such registration shall not have expired, been suspended

1 *(and the period of suspension has not expired), or been re-*  
2 *voked. It shall be unlawful for a digital commodity broker*  
3 *or a digital commodity dealer to permit such a person to*  
4 *become or remain associated with the digital commodity*  
5 *broker or digital commodity dealer if the digital commodity*  
6 *broker or digital commodity dealer knew or should have*  
7 *known that the person was not so registered or that the reg-*  
8 *istration had expired, been suspended (and the period of*  
9 *suspension has not expired), or been revoked.”; and*

10 *(3) in subsection (5) (as so redesignated), by*  
11 *striking “or of a commodity trading advisor” and in-*  
12 *serting “of a commodity trading advisor, of a digital*  
13 *commodity broker, or of a digital commodity dealer”.*

14 *(b) CONFORMING AMENDMENTS.—The Commodity Ex-*  
15 *change Act (7 U.S.C. 1a et seq.) is amended by striking*  
16 *“section 4k(6)” each place it appears and inserting “section*  
17 *4k(7)”.*

18 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERATORS**

19 **AND COMMODITY TRADING ADVISORS.**

20 *Section 4m(3) of the Commodity Exchange Act (7*  
21 *U.S.C. 6m(3)) is amended—*

22 *(1) in subparagraph (A)—*

23 *(A) by striking “any commodity trading*  
24 *advisor” and inserting “a commodity pool oper-*  
25 *ator or commodity trading advisor”; and*

1           (B) by striking “acting as a commodity  
2 trading advisor” and inserting “acting as a  
3 commodity pool operator or commodity trading  
4 advisor”; and

5           (2) in subparagraph (C), by inserting “digital  
6 commodities,” after “physical commodities.”

7 **SEC. 409. EXCLUSION FOR ANCILLARY ACTIVITIES.**

8           *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*  
9 *amended by the preceding provisions of this Act, is amended*  
10 *by inserting after section 4u the following:*

11 **“SEC. 4v. EXCLUSION FOR ANCILLARY ACTIVITIES.**

12           “(a) *IN GENERAL.*—Notwithstanding any other provi-  
13 sion of this Act, a person shall not be subject to this Act  
14 and the regulations promulgated under this Act solely based  
15 on the person undertaking any ancillary activities.

16           “(b) *EXCEPTIONS.*—Subsection (a) shall not be con-  
17 strued to apply to the anti-fraud, anti-manipulation, or  
18 false reporting enforcement authorities of the Commission.

19           “(c) *ANCILLARY ACTIVITIES DEFINED.*—In this sec-  
20 tion, the term ‘ancillary activities’ means any of the fol-  
21 lowing activities related to the operation of a blockchain  
22 system:

23           “(1) *Compiling network transactions, operating*  
24 *or participating in a pool, relaying, searching, se-*

1 *quencing, validating, or acting in a similar capacity*  
2 *with respect to contract of sale of a digital asset.*

3 *“(2) Providing computational work, operating a*  
4 *node, or procuring, offering, or utilizing network*  
5 *bandwidth, or other similar incidental services with*  
6 *respect to a contract of sale of a digital asset.*

7 *“(3) Providing a user-interface that enables a*  
8 *user to read, and access data about a blockchain sys-*  
9 *tem, send messages, or otherwise interact with a*  
10 *blockchain system.*

11 *“(4) Developing, publishing, constituting, ad-*  
12 *ministering, maintaining, or otherwise distributing a*  
13 *blockchain system.*

14 *“(5) Developing, publishing, constituting, ad-*  
15 *ministering, maintaining, or otherwise distributing*  
16 *software or systems that create or deploy hardware or*  
17 *software, including wallets or other systems, facili-*  
18 *tating an individual user’s own personal ability to*  
19 *keep, safeguard, or custody a user’s digital commod-*  
20 *ities or related private keys.”.*

21 **SEC. 410. FUNDING FOR IMPLEMENTATION, ADMINISTRA-**  
22 **TION, AND ENFORCEMENT.**

23 *Out of any money in the Treasury of the United States*  
24 *not otherwise appropriated, there are appropriated*  
25 *\$120,000,000 to the Commodity Futures Trading Commis-*

1 sion for the implementation, administration, and enforce-  
2 ment of the provisions of this Act to be administered by  
3 the Commodity Futures Trading Commission, which  
4 amounts shall remain available through the 5-year period  
5 that begins with the date of the enactment of this Act.

6 **SEC. 411. EFFECTIVE DATE.**

7 Unless otherwise provided in this title, this title and  
8 the amendments made by this title shall take effect 360 days  
9 after the date of enactment of this Act, except that, to the  
10 extent a provision of this title requires a rulemaking, the  
11 provision shall take effect on the later of—

12 (1) 360 days after the date of enactment of this  
13 Act; or

14 (2) 60 days after the publication in the Federal  
15 Register of the final rule implementing the provision.

16 **TITLE V.—INNOVATION AND**  
17 **TECHNOLOGY IMPROVEMENTS**

18 **SEC. 501. CODIFICATION OF THE SEC STRATEGIC HUB FOR**  
19 **INNOVATION AND FINANCIAL TECHNOLOGY.**

20 Section 4 of the Securities Exchange Act of 1934 (15  
21 U.S.C. 78d) is amended by adding at the end the following:

22 “(l) **STRATEGIC HUB FOR INNOVATION AND FINANCIAL**  
23 **TECHNOLOGY.**—

24 “(1) **OFFICE ESTABLISHED.**—There is established  
25 within the Commission the Strategic Hub for Innova-

1        *tion and Financial Technology (referred to in this*  
2        *section as the ‘FinHub’).*

3                “(2) *PURPOSES.—The purposes of FinHub are*  
4        *as follows:*

5                        “(A) *To assist in shaping the approach of*  
6        *the Commission to technological advancements in*  
7        *the financial industry.*

8                        “(B) *To examine financial technology inno-*  
9        *vations within capital markets, market partici-*  
10        *pants, and investors.*

11                        “(C) *To coordinate the response of the Com-*  
12        *mission to emerging technologies in financial,*  
13        *regulatory, and supervisory systems.*

14                “(3) *DIRECTOR OF FINHUB.—FinHub shall have*  
15        *a Director who shall be appointed by the Commission,*  
16        *from among individuals having experience in both*  
17        *emerging technologies and Federal securities law and*  
18        *serve at the pleasure of the Commission. The Director*  
19        *shall report directly to the Commission and perform*  
20        *such functions and duties as the Commission may*  
21        *prescribe.*

22                “(4) *RESPONSIBILITIES.—FinHub shall—*

23                        “(A) *foster responsible technological innova-*  
24        *tion and fair competition within the Commis-*



1            *sion, including around financial technology, reg-*  
2            *ulatory technology, and supervisory technology;*

3            *“(B) provide internal education and train-*  
4            *ing to the Commission regarding financial tech-*  
5            *nology;*

6            *“(C) advise the Commission regarding fi-*  
7            *nancial technology that would serve the Commis-*  
8            *sion’s oversight functions;*

9            *“(D) analyze technological advancements*  
10           *and the impact of regulatory requirements on fi-*  
11           *nancial technology companies;*

12           *“(E) advise the Commission with respect to*  
13           *rulemakings or other agency or staff action re-*  
14           *garding financial technology;*

15           *“(F) provide businesses working in emerg-*  
16           *ing financial technology fields with information*  
17           *on the Commission, its rules and regulations;*  
18           *and*

19           *“(G) encourage firms working in emerging*  
20           *technology fields to engage with the Commission*  
21           *and obtain feedback from the Commission on po-*  
22           *tential regulatory issues.*

23           *“(5) ACCESS TO DOCUMENTS.—The Commission*  
24           *shall ensure that FinHub has full access to the docu-*  
25           *ments and information of the Commission and any*

1 *self-regulatory organization, as necessary to carry out*  
2 *the functions of FinHub.*

3 “(6) *REPORT TO CONGRESS.*—

4 “(A) *IN GENERAL.*—Not later than October  
5 31 of each year after 2024, *FinHub* shall submit  
6 to the Committee on Banking, Housing, and  
7 Urban Affairs of the Senate and the Committee  
8 on Financial Services of the House of Represent-  
9 atives a report on the activities of *FinHub* dur-  
10 ing the immediately preceding fiscal year.

11 “(B) *CONTENTS.*—Each report required  
12 under subparagraph (A) shall include—

13 “(i) the total number of persons that  
14 met with *FinHub*;

15 “(ii) the total number of market par-  
16 ticipants *FinHub* met with, including the  
17 classification of those participants;

18 “(iii) a summary of general issues dis-  
19 cussed during meetings with persons;

20 “(iv) information on steps *FinHub* has  
21 taken to improve Commission services, in-  
22 cluding responsiveness to the concerns of  
23 persons;

24 “(v) recommendations—

1                   “(I) with respect to the regula-  
2                   tions of the Commission and the guid-  
3                   ance and orders of the Commission;  
4                   and

5                   “(II) for such legislative actions  
6                   as the FinHub determines appropriate;  
7                   and

8                   “(vi) any other information, as deter-  
9                   mined appropriate by the Director of  
10                  FinHub.

11                  “(C) CONFIDENTIALITY.—A report under  
12                  subparagraph (A) may not contain confidential  
13                  information.

14                  “(7) SYSTEMS OF RECORDS.—

15                  “(A) IN GENERAL.—The Commission shall  
16                  establish a detailed system of records (as defined  
17                  under section 552a of title 5, United States  
18                  Code) to assist FinHub in communicating with  
19                  interested parties.

20                  “(B) ENTITIES COVERED BY THE SYS-  
21                  TEM.—Entities covered by the system required  
22                  under subparagraph (A) include entities or per-  
23                  sons submitting requests or inquiries and other  
24                  information to Commission through FinHub.

1                   “(C) SECURITY AND STORAGE OF  
2 RECORDS.—*FinHub shall store—*

3                   “(i) *electronic records—*

4                                 “(I) *in the system required under*  
5                                 *subparagraph (A); or*

6                                 “(II) *on the secure network or*  
7                                 *other electronic medium, such as*  
8                                 *encrypted hard drives or back-up*  
9                                 *media, of the Commission; and*

10                   “(ii) *paper records in secure facilities.*

11                   “(8) *EFFECTIVE DATE.—This subsection shall*  
12                   *take effect on the date that is 180 days after the date*  
13                   *of the enactment of this subsection.”.*

14 **SEC. 502. CODIFICATION OF LABCFTC.**

15                   “(a) *IN GENERAL.—Section 18 of the Commodity Ex-*  
16                   *change Act (7 U.S.C. 22) is amended by adding at the end*  
17                   *the following:*

18                   “(c) *LABCFTC.—*

19                                 “(1) *ESTABLISHMENT.—There is established in*  
20                                 *the Commission LabCFTC.*

21                                 “(2) *PURPOSE.—The purposes of LabCFTC are*  
22                                 *to—*

23   “(A) *promote responsible financial tech-*  
24   *nology innovation and fair competition for the*  
25   *benefit of the American public;*

1           “(B) serve as an information platform to  
2 inform the Commission about new financial  
3 technology innovation; and

4           “(C) provide outreach to financial tech-  
5 nology innovators to discuss their innovations  
6 and the regulatory framework established by this  
7 Act and the regulations promulgated thereunder.

8           “(3) DIRECTOR.—LabCFTC shall have a Direc-  
9 tor, who shall be appointed by the Commission and  
10 serve at the pleasure of the Commission. Notwith-  
11 standing section 2(a)(6)(A), the Director shall report  
12 directly to the Commission and perform such func-  
13 tions and duties as the Commission may prescribe.

14           “(4) DUTIES.—LabCFTC shall—

15           “(A) advise the Commission with respect to  
16 rulemakings or other agency or staff action re-  
17 garding financial technology;

18           “(B) provide internal education and train-  
19 ing to the Commission regarding financial tech-  
20 nology;

21           “(C) advise the Commission regarding fi-  
22 nancial technology that would bolster the Com-  
23 mission’s oversight functions;

24           “(D) engage with academia, students, and  
25 professionals on financial technology issues,

1           *ideas, and technology relevant to activities under*  
2           *this Act;*

3           “(E) *provide persons working in emerging*  
4           *technology fields with information on the Com-*  
5           *mission, its rules and regulations, and the role*  
6           *of a registered futures association; and*

7           “(F) *encourage persons working in emerg-*  
8           *ing technology fields to engage with the Commis-*  
9           *sion and obtain feedback from the Commission*  
10          *on potential regulatory issues.*

11          “(5) *ACCESS TO DOCUMENTS.—The Commission*  
12          *shall ensure that LabCFTC has full access to the doc-*  
13          *uments and information of the Commission and any*  
14          *self-regulatory organization or registered futures asso-*  
15          *ciation, as necessary to carry out the functions of*  
16          *LabCFTC.*

17          “(6) *REPORT TO CONGRESS.—*

18                 “(A) *IN GENERAL.—Not later than October*  
19                 *31 of each year after 2024, LabCFTC shall sub-*  
20                 *mit to the Committee on Agriculture of the*  
21                 *House of Representatives and the Committee on*  
22                 *Agriculture, Nutrition, and Forestry of the Sen-*  
23                 *ate a report on its activities.*

24                 “(B) *CONTENTS.—Each report required*  
25                 *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 regulations,  
11 guidance, and orders of the Commission  
12 and such legislative actions as may be ap-  
13 propriate; 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           “(7) SYSTEMS OF RECORDS.—

20           “(A) IN GENERAL.—The Commission shall  
21 establish a detailed system of records (as defined  
22 in section 552a of title 5, United States Code) to  
23 assist LabCFTC in communicating with inter-  
24 ested parties.

1                   “(B) *PERSONS COVERED BY THE SYSTEM.*—  
2                   *The persons covered by the system of records*  
3                   *shall include persons submitting requests or in-*  
4                   *quiries and other information to the Commission*  
5                   *through LabCFTC.*

6                   “(C)    *SECURITY    AND    STORAGE    OF*  
7                   *RECORDS.*—*The system of records shall store*  
8                   *records electronically or on paper in secure fa-*  
9                   *ilities, and shall store electronic records on the*  
10                  *secure network of the Commission and on other*  
11                  *electronic media, such as encrypted hard drives*  
12                  *and back-up media, as needed.”.*

13                  (b) *CONFORMING AMENDMENTS.*—*Section 2(a)(6)(A)*  
14 *of such Act (7 U.S.C. 2(a)(6)(A)) is amended—*

15                   (1) *by striking “paragraph and in” and insert-*  
16                   *ing “paragraph,”; and*

17                   (2) *by inserting “and section 18(c)(3),” before*  
18                   *“the executive”.*

19                  (c) *EFFECTIVE DATE.*—*The Commodity Futures Trad-*  
20 *ing Commission shall implement the amendments made by*  
21 *this section (including complying with section 18(c)(7) of*  
22 *the Commodity Exchange Act) within 180 days after the*  
23 *date of the enactment of this Act.*



1 **SEC. 503. CFTC-SEC JOINT ADVISORY COMMITTEE ON DIG-**  
2 **ITAL ASSETS.**

3 (a) *ESTABLISHMENT.*—*The Commodity Futures Trad-*  
4 *ing Commission and the Securities and Exchange Commis-*  
5 *sion (in this section referred to as the “Commissions”)* shall  
6 *jointly establish the Joint Advisory Committee on Digital*  
7 *Assets (in this section referred to as the “Committee”).*

8 (b) *PURPOSE.*—

9 (1) *IN GENERAL.*—*The Committee shall—*

10 (A) *provide the Commissions with advice on*  
11 *the rules, regulations, and policies of the Com-*  
12 *missions related to digital assets;*

13 (B) *further the regulatory harmonization of*  
14 *digital asset policy between the Commissions;*

15 (C) *examine and disseminate methods for*  
16 *describing, measuring, and quantifying digital*  
17 *asset—*

18 (i) *decentralization;*

19 (ii) *functionality;*

20 (iii) *information asymmetries; and*

21 (iv) *transaction and network security;*

22 (D) *examine the potential for digital assets,*  
23 *blockchain systems, and distributed ledger tech-*  
24 *nology to improve efficiency in the operation of*  
25 *financial market infrastructure and better pro-*

1           *tect financial market participants, including*  
2           *services and systems which provide—*

3                     *(i) improved customer protections;*

4                     *(ii) public availability of information;*

5                     *(iii) greater transparency regarding*  
6           *customer funds;*

7                     *(iv) reduced transaction cost; and*

8                     *(v) increased access to financial mar-*  
9           *ket services; and*

10                    *(E) discuss the implementation by the Com-*  
11           *missions of this Act and the amendments made*  
12           *by this Act.*

13           (2) *REVIEW BY AGENCIES.—Each Commission*  
14           *shall—*

15                     *(A) review the findings and recommenda-*  
16           *tions of the Committee;*

17                     *(B) each time the Committee submits a*  
18           *finding or recommendation to a Commission,*  
19           *promptly issue a public statement—*

20                     *(i) assessing the finding or rec-*  
21           *ommendation of the Committee;*

22                     *(ii) disclosing the action or decision*  
23           *not to take action made by the Commission*  
24           *in response to a finding or recommendation;*  
25           *and*

1                   (iii) the reasons for the action or deci-  
2                   sion not to take action; and

3                   (C) each time the Committee submits a  
4                   finding or recommendation to a Commission,  
5                   provide the Committee with a formal response to  
6                   the finding or recommendation not later than 3  
7                   months after the date of the submission of the  
8                   finding or recommendation.

9           (c) *MEMBERSHIP AND LEADERSHIP.*—

10                   (1) *NON-FEDERAL MEMBERS.*—

11                           (A) *IN GENERAL.*—*The Commissions shall*  
12                           *appoint at least 20 nongovernmental stake-*  
13                           *holders with a wide diversity of opinion and who*  
14                           *represent a broad spectrum of interests rep-*  
15                           *resenting the digital asset ecosystem, equally di-*  
16                           *vided between the Commissions, to serve as mem-*  
17                           *bers of the Committee. The appointees shall in-*  
18                           *clude—*

19                                   (i) *digital asset issuers;*

20                                   (ii) *persons registered with the Com-*  
21                                   *missions and engaged in digital asset re-*  
22                                   *lated activities;*

23                                   (iii) *individuals engaged in academic*  
24                                   *research relating to digital assets; and*

25                                   (iv) *digital asset users.*

1           (B) *MEMBERS NOT COMMISSION EMPLOY-*  
2           *EES.—Members appointed under subparagraph*  
3           *(A) shall not be deemed to be employees or agents*  
4           *of a Commission solely by reason of membership*  
5           *on the Committee.*

6           (2) *CO-DESIGNATED FEDERAL OFFICERS.—*

7           (A) *NUMBER; APPOINTMENT.—There shall*  
8           *be 2 co-designated Federal officers of the Com-*  
9           *mittee, as follows:*

10                   (i) *The Director of LabCFTC of the*  
11                   *Commodity Futures Trading Commission.*

12                   (ii) *The Director of the Strategic Hub*  
13                   *for Innovation and Financial Technology of*  
14                   *the Securities and Exchange Commission.*

15           (B) *DUTIES.—The duties required by chap-*  
16           *ter 10 of title 5, United States Code, to be car-*  
17           *ried out by a designated Federal officer with re-*  
18           *spect to the Committee shall be shared by the co-*  
19           *designated Federal officers of the Committee.*

20           (3) *COMMITTEE LEADERSHIP.—*

21           (A) *COMPOSITION; ELECTION.—The Com-*  
22           *mittee members shall elect, from among the Com-*  
23           *mittee members—*

24                   (i) *a chair;*

25                   (ii) *a vice chair;*

1                   (iii) a secretary; and

2                   (iv) an assistant secretary.

3                   (B) *TERM OF OFFICE.*—Each member elect-  
4                   ed under subparagraph (A) in a 2-year period  
5                   referred to in section 1013(b)(2) of title 5,  
6                   United States Code, shall serve in the capacity  
7                   for which the member was so elected, until the  
8                   end of the 2-year period.

9                   (d) *NO COMPENSATION FOR COMMITTEE MEMBERS.*—

10                  (1) *NON-FEDERAL MEMBERS.*—All Committee  
11                  members appointed under subsection (d)(1) shall—

12                         (A) serve without compensation; and

13                         (B) while away from the home or regular  
14                         place of business of the member in the perform-  
15                         ance of services for the Committee, be allowed  
16                         travel expenses, including per diem in lieu of  
17                         subsistence, in the same manner as persons em-  
18                         ployed intermittently in the Government service  
19                         are allowed expenses under section 5703(b) of  
20                         title 5, United States Code.

21                  (2) *NO COMPENSATION FOR CO-DESIGNATED*  
22                  *FEDERAL OFFICERS.*—The co-designated Federal offi-  
23                  cers shall serve without compensation in addition to  
24                  that received for their services as officers or employees  
25                  of the United States.

1       (e) *FREQUENCY OF MEETINGS.*—*The Committee shall*  
2 *meet—*

3           (1) *not less frequently than twice annually; and*

4           (2) *at such other times as either Commission*  
5 *may request.*

6       (f) *DURATION.*—*Section 1013(a)(2) of title 5, United*  
7 *States Code, shall not apply to the Committee.*

8       (g) *TIME LIMITS.*—*The Commissions shall—*

9           (1) *adopt a joint charter for the Committee with-*  
10 *in 90 days after the date of the enactment of this sec-*  
11 *tion;*

12           (2) *appoint members to the Committee within*  
13 *120 days after such date of enactment; and*

14           (3) *hold the initial meeting of the Committee*  
15 *within 180 days after such date of enactment.*

16       (h) *FUNDING.*—*The Commissions shall jointly fund the*  
17 *Committee.*

18 **SEC. 504. MODERNIZATION OF THE SECURITIES AND EX-**

19 **CHANGE COMMISSION MISSION.**

20       (a) *SECURITIES ACT OF 1933.*—*Section 2(b) of the Se-*  
21 *curities Act of 1933 (15 U.S.C. 77(b)) is amended—*

22           (1) *in the heading, by inserting “INNOVATION,”*  
23 *after “EFFICIENCY,”; and*

24           (2) *by inserting “innovation,” after “efficiency,”.*

1       (b) *SECURITIES EXCHANGE ACT OF 1934*.—Section  
2 3(f) of the *Securities Exchange Act of 1934* (15 U.S.C.  
3 78(c)) is amended—

4           (1) in the heading, by inserting “*INNOVATION*,”  
5 after “*EFFICIENCY*,”; and

6           (2) by inserting “*innovation*,” after “*efficiency*,”.

7       (c) *INVESTMENT ADVISERS ACT OF 1940*.—Section  
8 202(c) of the *Investment Advisers Act of 1940* (15 U.S.C.  
9 80b–2) is amended—

10           (1) in the heading, by inserting “*INNOVATION*,”  
11 after “*EFFICIENCY*,”; and

12           (2) by inserting “*innovation*,” after “*efficiency*,”.

13       (d) *INVESTMENT COMPANY ACT OF 1940*.—Section  
14 2(c) of the *Investment Company Act of 1940* (15 U.S.C.  
15 80a–2) is amended—

16           (1) in the heading, by inserting “*INNOVATION*,”  
17 after “*EFFICIENCY*,”; and

18           (2) by inserting “*innovation*,” after “*efficiency*,”.

19 **SEC. 505. 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 that  
23 analyzes—

24           (1) the nature, size, role, and use of decentralized  
25 finance blockchain protocols;

1           (2) *the operation of blockchain protocols that*  
2           *comprise decentralized finance;*

3           (3) *the interoperability of blockchain protocols*  
4           *and blockchain systems;*

5           (4) *the interoperability of blockchain protocols*  
6           *and software-based systems, including websites and*  
7           *wallets;*

8           (5) *the decentralized governance systems through*  
9           *which blockchain protocols may be developed, pub-*  
10          *lished, constituted, administered, maintained, or oth-*  
11          *erwise distributed, including—*

12                 (A) *whether the systems enhance or detract*  
13                 *from—*

14                         (i) *the decentralization of the decen-*  
15                         *tralized finance; and*

16                         (ii) *the inherent risks of the decentral-*  
17                         *ized governance system; and*

18                 (B) *any procedures or requirements that*  
19                 *would mitigate the risks identified in subpara-*  
20                 *graph (A)(ii);*

21           (6) *the benefits of decentralized finance, includ-*  
22           *ing—*

23                 (A) *operational resilience and interoper-*  
24                 *ability of blockchain-based systems;*

25                 (B) *market competition and innovation;*



1                   (C) transaction efficiency;

2                   (D) transparency and traceability of trans-  
3 actions; and

4                   (E) disintermediation; and

5           (7) the risks of decentralized finance, includ-  
6 ing—

7                   (A) pseudonymity of users and transactions;

8                   (B) disintermediation; and

9                   (C) cybersecurity vulnerabilities;

10           (8) the extent to which decentralized finance has  
11 integrated with the traditional financial markets and  
12 any potential risks to stability of the markets;

13           (9) how the levels of illicit activity in decentral-  
14 ized finance compare with the levels of illicit activity  
15 in traditional financial markets;

16           (10) how decentralized finance may increase the  
17 accessibility of cross-border transactions; and

18           (11) the feasibility of embedding self-executing  
19 compliance and risk controls into decentralized fi-  
20 nance.

21           (b) *REPORT.*—Not later than 1 year after the date of  
22 enactment of this Act, the Commodity Futures Trading  
23 Commission and the Securities and Exchange Commission  
24 shall jointly submit to the relevant congressional committees

1 *a report that includes the results of the study required by*  
2 *subsection (a).*

3 *(c) GAO STUDY.—The Comptroller General of the*  
4 *United States shall—*

5 *(1) carry out a study on decentralized finance*  
6 *that analyzes the information described under para-*  
7 *graphs (1) through (11) of subsection (a); and*

8 *(2) not later than 1 year after the date of enact-*  
9 *ment of this Act, submit to the relevant congressional*  
10 *committees a report that includes the results of the*  
11 *study required by paragraph (1).*

12 *(d) DEFINITIONS.—In this section:*

13 *(1) DECENTRALIZED FINANCE.—*

14 *(A) IN GENERAL.—The term “decentralized*  
15 *finance” means blockchain protocols that allow*  
16 *users to engage in financial transactions in a*  
17 *self-directed manner so that a third-party inter-*  
18 *mediary does not effectuate the transactions or*  
19 *take custody of digital assets of a user during*  
20 *any part of the transactions.*

21 *(B) RELATIONSHIP TO ANCILLARY ACTIVI-*  
22 *TIES.—The term “decentralized finance” shall*  
23 *not be interpreted to limit or exclude any activ-*  
24 *ity from the meaning of “ancillary activities”,*  
25 *as defined in section 15H(c) of the Securities Ex-*

1           *change Act of 1934 or section 4v(c) of the Com-*  
2           *modity Exchange Act.*

3           (2) *RELEVANT CONGRESSIONAL COMMITTEES.*—

4           *The term “relevant congressional committees”*  
5           *means—*

6                     (A) *the Committees on Financial Services*  
7                     *and Agriculture of the House of Representatives;*  
8                     *and*

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

12 **SEC. 506. STUDY ON NON-FUNGIBLE DIGITAL ASSETS.**

13           (a) *The Comptroller General of the United States shall*  
14           *carry out a study of non-fungible digital assets that ana-*  
15           *lyzes—*

16                     (1) *the nature, size, role, purpose, and use of*  
17                     *non-fungible digital assets;*

18                     (2) *the similarities and differences between non-*  
19                     *fungible digital assets and other digital assets, includ-*  
20                     *ing digital commodities and payments stablecoins,*  
21                     *and how the markets for those digital assets intersect*  
22                     *with each other;*

23                     (3) *how non-fungible digital assets are minted by*  
24                     *issuers and subsequently administered to purchasers;*

1           (4) *how non-fungible digital assets are stored*  
2 *after being purchased by a consumer;*

3           (5) *the interoperability of non-fungible digital*  
4 *assets between different blockchain systems;*

5           (6) *the scalability of different non-fungible dig-*  
6 *ital asset marketplaces;*

7           (7) *the benefits of non-fungible digital assets, in-*  
8 *cluding verifiable digital ownership;*

9           (8) *the risks of non-fungible tokens, including—*

10                   (A) *intellectual property rights;*

11                   (B) *cybersecurity risks; and*

12                   (C) *market risks;*

13           (9) *whether and how non-fungible digital assets*  
14 *have integrated with traditional marketplaces, includ-*  
15 *ing those for music, real estate, gaming, events, and*  
16 *travel;*

17           (10) *whether non-fungible tokens can be used to*  
18 *facilitate commerce or other activities through the*  
19 *representation of documents, identification, contracts,*  
20 *licenses, and other commercial, government, or per-*  
21 *sonal records;*

22           (11) *any potential risks to traditional markets*  
23 *from such integration; and*

24           (12) *the levels and types of illicit activity in*  
25 *non-fungible digital asset markets.*

1       (b) *REPORT.*—Not later than 1 year after the date of  
2 the enactment of this Act, the Secretary of Commerce, shall  
3 make publicly available a report that includes the results  
4 of the study required by subsection (a).

5 **SEC. 507. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**  
6 **IMPROVEMENTS.**

7       (a) *IN GENERAL.*—The Commodity Futures Trading  
8 Commission and the Securities and Exchange Commission  
9 shall jointly conduct a study to assess whether additional  
10 guidance or rules are necessary to facilitate the development  
11 of tokenized securities and derivatives products, and to the  
12 extent such guidance or rules would foster the development  
13 of fair and orderly financial markets, be necessary or ap-  
14 propriate in the public interest, and be consistent with the  
15 protection of investors and customers.

16       (b) *REPORT.*—

17           (1) *TIME LIMIT.*—Not later than 1 year after the  
18 date of enactment of this Act, the Commodity Futures  
19 Trading Commission and the Securities and Ex-  
20 change Commission shall jointly submit to the rel-  
21 evant congressional committees a report that includes  
22 the results of the study required by subsection (a).

23           (2) *RELEVANT CONGRESSIONAL COMMITTEES DE-*  
24 *FINED.*—In this section, the term “relevant congres-  
25 sional committees” means—

1           (A) *the Committees on Financial Services*  
 2           *and on Agriculture of the House of Representa-*  
 3           *tives; and*

4           (B) *the Committees on Banking, Housing,*  
 5           *and Urban Affairs and on Agriculture, Nutri-*  
 6           *tion, and Forestry of the Senate.*

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

8           **(a) SHORT TITLE.—This Act may be cited as**  
 9 **the “Financial Innovation and Technology for**  
 10 **the 21st Century Act”.**

11           **(b) TABLE OF CONTENTS.—The table of con-**  
 12 **tents for 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. Joint rulemakings.**

**Sec. 106. Notice of intent to register for digital commodity ex-  
changes, brokers, and dealers.**

**Sec. 107. Notice of intent to register for digital asset brokers,  
dealers, and trading systems.**

**Sec. 108. Commodity Exchange Act savings provisions.**

**Sec. 109. International harmonization.**

**Sec. 110. Implementation.**

**TITLE II— OFFERS AND SALES OF DIGITAL ASSETS**

**Sec. 201. Exempted transactions in digital assets.**

**Sec. 202. Requirements for offers and sales of certain digital  
assets.**

**Sec. 203. Enhanced disclosure requirements.**

**Sec. 204. Certification of certain digital assets.**

**Sec. 205. Effective date.**

**TITLE III—REGISTRATION FOR DIGITAL ASSET INTER-MEDIARIES AT THE SECURITIES AND EXCHANGE COMMISSION**

- Sec. 301. Treatment of digital commodities and other digital assets.**
- Sec. 302. Anti-fraud authority over permitted payment stablecoins.**
- Sec. 303. Registration of digital asset trading systems.**
- Sec. 304. Requirements for digital asset trading systems.**
- Sec. 305. Registration of digital asset brokers and digital asset dealers.**
- Sec. 306. Requirements of digital asset brokers and digital asset dealers.**
- Sec. 307. Rules related to conflicts of interest.**
- Sec. 308. Treatment of certain digital assets in connection with federally regulated intermediaries.**
- Sec. 309. Exclusion for ancillary activities.**
- Sec. 310. Registration and requirements for notice-registered digital asset clearing agencies.**
- Sec. 311. Treatment of custody activities by banking institutions.**
- Sec. 312. Effective date; administration.**

**TITLE IV—REGISTRATION FOR DIGITAL ASSET INTER-MEDIARIES AT THE COMMODITY FUTURES TRADING COMMISSION**

- Sec. 401. Commission jurisdiction over digital commodity transactions.**
- Sec. 402. Requiring futures commission merchants to use qualified digital commodity custodians.**
- Sec. 403. Trading certification and approval for digital commodities.**
- Sec. 404. Registration of digital commodity exchanges.**
- Sec. 405. Qualified digital commodity custodians.**
- Sec. 406. Registration and regulation of digital commodity brokers and dealers.**
- Sec. 407. Registration of associated persons.**
- Sec. 408. Registration of commodity pool operators and commodity trading advisors.**
- Sec. 409. Exclusion for ancillary activities.**
- Sec. 410. Effective date.**

**TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS**

- Sec. 501. Codification of the SEC Strategic Hub for Innovation and Financial Technology.**
- Sec. 502. Codification of LabCFTC.**
- Sec. 503. CFTC-SEC Joint Advisory Committee on Digital Assets.**
- Sec. 504. Study on decentralized finance.**
- Sec. 505. Study on non-fungible digital assets.**

Sec. 506. Study on expanding financial literacy amongst digital asset holders.

Sec. 507. Study on financial market infrastructure improvements.

TITLE VI—MISCELLANEOUS

Sec. 601. Findings; sense of Congress.

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**  
7 **(15 U.S.C. 77b(a)) is amended by adding at the**  
8 **end the following:**

9 **“(20) AFFILIATED PERSON.—The term**  
10 **‘affiliated person’ means a person (includ-**  
11 **ing a related person) that—**

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

14 **“(i) directly, or indirectly**  
15 **through one or more inter-**  
16 **mediaries, controls, or is con-**  
17 **trolled by, or is under common**  
18 **control with, such digital asset**  
19 **issuer; and**

20 **“(ii) was described under**  
21 **clause (i) at any point in the pre-**  
22 **vious 3-month period; or**



1           **“(B) with respect to any digital**  
2           **asset—**

3                   **“(i) beneficially owns 5 per-**  
4                   **cent or more of the units of such**  
5                   **digital asset that are then out-**  
6                   **standing; and**

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

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

12                   **“(A) where data is—**

13                           **“(i) shared across a network**  
14                           **to create a public ledger of**  
15                           **verified transactions or informa-**  
16                           **tion among network participants;**

17                           **“(ii) linked using cryptog-**  
18                           **raphy to maintain the integrity of**  
19                           **the public ledger and to execute**  
20                           **other functions; and**

21                           **“(iii) distributed among net-**  
22                           **work participants in an auto-**  
23                           **mated fashion to concurrently up-**  
24                           **date network participants on the**

1           state of the public ledger and any  
2           other functions; and

3           “(B) composed of source code that  
4           is publicly available.

5           “(22) BLOCKCHAIN PROTOCOL.—The  
6           term ‘blockchain protocol’ means any  
7           executable software deployed to a  
8           blockchain composed of source code that  
9           is publicly available and accessible, in-  
10          cluding a smart contract or any network  
11          of smart contracts.

12          “(23) BLOCKCHAIN SYSTEM.—The term  
13          ‘blockchain system’ means any  
14          blockchain or blockchain protocol.

15          “(24) DECENTRALIZED NETWORK.—With  
16          respect to a blockchain system to which a  
17          digital asset relates, the term ‘decentral-  
18          ized network’ means the following condi-  
19          tions are met:

20                 “(A) During the previous 12-  
21                 month period, no person—

22                         “(i) had the unilateral author-  
23                         ity, directly or indirectly, through  
24                         any contract, arrangement, un-  
25                         derstanding, relationship, or oth-

1           erwise, to control or materially  
2           alter the functionality or oper-  
3           ation of the blockchain system; or

4           “(ii) had the unilateral au-  
5           thority to restrict or prohibit any  
6           person who is not a digital asset  
7           issuer, related person, or an affili-  
8           ated person from—

9                   “(I) using, earning, or  
10                   transmitting the digital asset;

11                   “(II) deploying software  
12                   that uses or integrates with  
13                   the blockchain system;

14                   “(III) participating in a  
15                   decentralized governance sys-  
16                   tem with respect to the  
17                   blockchain system; or

18                   “(IV) operating a node,  
19                   validator, or other form of  
20                   computational infrastructure  
21                   with respect to the blockchain  
22                   system.

23           “(B) During the previous 12-  
24           month period—

1           “(i) no digital asset issuer or  
2 affiliated person beneficially  
3 owned, in the aggregate, 20 per-  
4 cent or more of the total amount  
5 of units of such digital asset  
6 that—

7                   “(I) can be created, issued,  
8 or distributed in such  
9 blockchain system; and

10                   “(II) were freely  
11 transferrable or otherwise  
12 used or available to be used  
13 for the purposes of such  
14 blockchain system;

15           “(ii) no digital asset issuer or  
16 affiliated person had the unilat-  
17 eral authority to direct the vot-  
18 ing, in the aggregate, of 20 per-  
19 cent or more of the outstanding  
20 voting power of such digital asset  
21 or related decentralized govern-  
22 ance system; or

23           “(iii) the digital asset did not  
24 include voting power with respect

1           to any decentralized governance  
2           system of the blockchain system.

3           “(C) During the previous 3-month  
4           period, the digital asset issuer, any  
5           affiliated person, or any related per-  
6           son has not implemented or contrib-  
7           uted any intellectual property to the  
8           source code of the blockchain system  
9           that materially alters the  
10          functionality or operation of the  
11          blockchain system, unless such imple-  
12          mentation or contribution to the  
13          source code—

14                 “(i) addressed vulnerabilities,  
15                 errors, regular maintenance, cy-  
16                 bersecurity risks, or other tech-  
17                 nical changes to the blockchain  
18                 system; or

19                 “(ii) were adopted through  
20                 the consensus or agreement of a  
21                 decentralized governance system.

22          “(D) During the previous 3-month  
23          period, neither any digital asset  
24          issuer nor any affiliated person de-  
25          scribed under paragraph (20)(A) has

1           **marketed to the public the digital as-**  
2           **sets as an investment.**

3           **“(E) During the previous 12-**  
4           **month period, all issuances of units of**  
5           **such digital asset through the pro-**  
6           **grammatic functioning of the**  
7           **blockchain system were end user dis-**  
8           **tributions.**

9           **“(25) DECENTRALIZED GOVERNANCE SYS-**  
10          **TEM.—**

11           **“(A) IN GENERAL.—The term ‘de-**  
12           **centralized governance system’**  
13           **means, with respect to a blockchain**  
14           **system, any rules-based system per-**  
15           **mitting persons using the blockchain**  
16           **system or the digital assets related to**  
17           **such blockchain system to form con-**  
18           **sensus or reach agreement in the de-**  
19           **velopment, provision, publication,**  
20           **management, or administration of**  
21           **such blockchain system.**

22           **“(B) RELATIONSHIP OF PERSONS TO**  
23           **DECENTRALIZED GOVERNANCE SYS-**  
24           **TEMS.—Persons acting through a de-**  
25           **centralized governance system shall**

1           **be treated as separate persons unless**  
2           **such persons are under common con-**  
3           **trol.**

4           **“(C) EXCLUSION.—The term ‘decen-**  
5           **tralized governance system’ does not**  
6           **include a system in which—**

7                   **“(i) a person or group of per-**  
8                   **sons under common control have**  
9                   **the ability to—**

10                           **“(I) unilaterally alter the**  
11                           **rules of consensus or agree-**  
12                           **ment for the blockchain sys-**  
13                           **tem; or**

14                           **“(II) determine the final**  
15                           **outcome of decisions related**  
16                           **to the development, provision,**  
17                           **publication, management, or**  
18                           **administration of such**  
19                           **blockchain system;**

20                           **“(ii) a person or group of per-**  
21                           **sons is directly engaging in an ac-**  
22                           **tivity that requires registration**  
23                           **with the Commission or the Com-**  
24                           **modity Futures Trading Commis-**  
25                           **sion other than—**

1           **“(I) developing, providing,**  
2           **publishing, managing, or ad-**  
3           **ministering a blockchain sys-**  
4           **tem; or**

5           **“(II) an activity with re-**  
6           **spect to which the organiza-**  
7           **tion is exempt from such reg-**  
8           **istration; or**

9           **“(iii) a person or group of per-**  
10          **sons seeking to knowingly evade**  
11          **the requirements imposed on a**  
12          **digital asset issuer, a related per-**  
13          **son, an affiliated person, or any**  
14          **other person registered (or re-**  
15          **quired to be registered) under the**  
16          **securities laws, the Financial In-**  
17          **novation and Technology for the**  
18          **21st Century Act, or the Com-**  
19          **modity Exchange Act.**

20          **“(26) DIGITAL ASSET.—**

21           **“(A) IN GENERAL.—The term ‘dig-**  
22           **ital asset’ means any fungible digital**  
23           **representation of value that can be**  
24           **exclusively possessed and trans-**  
25           **ferred, person to person, without nec-**



1           **essary reliance on an intermediary,**  
2           **and is recorded on a cryptographi-**  
3           **cally secured public distributed ledg-**  
4           **er.**

5           **“(B) EXCLUSIONS.—The term ‘dig-**  
6           **ital asset’ does not include—**

7                   **“(i) any note, stock, treasury**  
8                   **stock, security future, security-**  
9                   **based swap, bond, debenture, evi-**  
10                   **dence of indebtedness, certificate**  
11                   **of interest or participation in any**  
12                   **profit-sharing agreement, collat-**  
13                   **eral-trust                                   certificate,**  
14                   **preorganization certificate or**  
15                   **subscription, or transferable**  
16                   **share; or**

17                   **“(ii) any asset, which based on**  
18                   **its terms and other characteris-**  
19                   **tics, is, represents, or is function-**  
20                   **ally equivalent to an agreement,**  
21                   **contract, or transaction that is—**

22                           **“(I) a contract of sale of a**  
23                           **commodity (as defined under**  
24                           **section 1a of the Commodity**

1           **Exchange Act) for future de-**  
2           **livery or an option thereon;**

3           **“(II) a security futures**  
4           **product;**

5           **“(III) a swap;**

6           **“(IV) an agreement, con-**  
7           **tract, or transaction de-**  
8           **scribed in section 2(c)(2)(C)(i)**  
9           **or 2(c)(2)(D)(i) of the Com-**  
10          **modity Exchange Act;**

11          **“(V) a commodity option**  
12          **authorized under section 4c of**  
13          **the Commodity Exchange Act;**  
14          **or**

15          **“(VI) a leverage trans-**  
16          **action authorized under sec-**  
17          **tion 19 of the Commodity Ex-**  
18          **change Act.**

19          **“(C) RULE OF CONSTRUCTION.—**  
20          **Nothing in this paragraph shall be**  
21          **construed to create a presumption**  
22          **that a digital asset is a representation**  
23          **of any type of security not excluded**  
24          **from the definition of digital asset.**

1           **“(D) RELATIONSHIP TO A**  
2           **BLOCKCHAIN SYSTEM.—A digital asset is**  
3           **considered to relate to a blockchain**  
4           **system if the digital asset is intrinsi-**  
5           **cally linked to the blockchain system,**  
6           **including—**

7                   **“(i) where the digital asset’s**  
8                   **value is reasonably expected to be**  
9                   **generated by the programmatic**  
10                  **functioning of the blockchain sys-**  
11                  **tem;**

12                  **“(ii) where the digital asset**  
13                  **has voting rights with respect to**  
14                  **the decentralized governance sys-**  
15                  **tem of the blockchain system; or**

16                  **“(iii) where the digital asset is**  
17                  **issued through the programmatic**  
18                  **functioning of the blockchain sys-**  
19                  **tem.**

20           **“(E) TREATMENT OF CERTAIN DIG-**  
21           **ITAL ASSETS SOLD PURSUANT TO AN IN-**  
22           **VESTMENT CONTRACT.—A digital asset**  
23           **offered or sold or intended to be of-**  
24           **fered or sold pursuant to an invest-**  
25           **ment contract is not and does not be-**

1           **come a security as a result of being**  
2           **sold or otherwise transferred pursu-**  
3           **ant to that investment contract.**

4           **“(27) DIGITAL ASSET ISSUER.—**

5                   **“(A) IN GENERAL.—With respect to**  
6                   **a digital asset, the term ‘digital asset**  
7                   **issuer’ means any person that, in ex-**  
8                   **change for any consideration—**

9                           **“(i) issues or causes to be**  
10                           **issued a unit of such digital asset**  
11                           **to a person; or**

12                           **“(ii) offers or sells a right to a**  
13                           **future issuance of a unit of such**  
14                           **digital asset to a person.**

15                   **“(B) EXCLUSION.—The term ‘digital**  
16                   **asset issuer’ does not include any per-**  
17                   **son solely because such person de-**  
18                   **ploys source code that creates or**  
19                   **issues units of a digital asset that are**  
20                   **only distributed in end user distribu-**  
21                   **tions.**

22                   **“(C) PROHIBITION ON EVASION.—It**  
23                   **shall be unlawful for any person to**  
24                   **knowingly evade classification as a**  
25                   **‘digital asset issuer’ and facilitate an**

1           **arrangement for the primary purpose**  
2           **of effecting a sale, distribution, or**  
3           **other issuance of a digital asset.**

4           **“(28) DIGITAL ASSET MATURITY DATE.—**

5           **The term ‘digital asset maturity date’**  
6           **means, with respect to any digital asset,**  
7           **the first date on which 20 percent or**  
8           **more of the total units of such digital**  
9           **asset that are then outstanding as of such**  
10          **date are—**

11                   **“(A) digital commodities; or**

12                   **“(B) digital assets that have been**  
13                   **registered with the Commission.**

14          **“(29) DIGITAL COMMODITY.—The term**  
15          **‘digital commodity’ has the meaning**  
16          **given that term under section 1a of the**  
17          **Commodity Exchange Act (7 U.S.C. 1a).**

18          **“(30) END USER DISTRIBUTION.—**

19                   **“(A) IN GENERAL.—The term ‘end**  
20                   **user distribution’ means an issuance**  
21                   **of a unit of a digital asset that—**

22                           **“(i) does not involve an ex-**  
23                           **change of more than a nominal**  
24                           **value of cash, property, or other**  
25                           **assets; and**

1           “(ii) is distributed in a broad,  
2           equitable, and non-discretionary  
3           manner based on conditions capa-  
4           ble of being satisfied by any par-  
5           ticipant in the blockchain system,  
6           including as incentive-based re-  
7           wards—

8                   “(I) to users of the digital  
9                   asset or any blockchain sys-  
10                  tem to which the digital asset  
11                  relates;

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

19                  “(III) to the existing hold-  
20                  ers of another digital asset, in  
21                  proportion to the total units  
22                  of such other digital asset as  
23                  are held by each person.

24           “(B) PROHIBITION ON EVASION.—It  
25           shall be unlawful for any person to

1           **facilitate an end user distribution to**  
2           **knowingly evade classification as a**  
3           **digital asset issuer, related person, or**  
4           **an affiliated person, or the require-**  
5           **ments related to a digital asset**  
6           **issuance.**

7           **“(31) FUNCTIONAL NETWORK.—With re-**  
8           **spect to a blockchain system to which a**  
9           **digital asset relates, the term ‘functional**  
10          **network’ means the network allows net-**  
11          **work participants to use such digital**  
12          **asset for—**

13                 **“(A) the transmission and storage**  
14                 **of value on the blockchain system;**

15                 **“(B) the participation in services**  
16                 **provided by or an application run-**  
17                 **ning on the blockchain system; or**

18                 **“(C) the participation in the de-**  
19                 **centralized governance system of the**  
20                 **blockchain system.**

21           **“(32)           PERMITTED           PAYMENT**  
22           **STABLECOIN.—The term ‘permitted pay-**  
23           **ment stablecoin’—**

24                 **“(A) means a digital asset—**

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

4           “(ii) the issuer of which—

5                 “(I) is obligated to con-  
6                 vert, redeem, or repurchase  
7                 for a fixed amount of mone-  
8                 tary value; or

9                 “(II) represents will main-  
10                tain or creates the reasonable  
11                expectation that it will main-  
12                tain a stable value relative to  
13                the value of a fixed amount of  
14                monetary value; and

15           “(iii) that is subject to regula-  
16           tion by a Federal or State regu-  
17           lator with authority over entities  
18           that issue payment stablecoins;  
19           and

20           “(B) that is not—

21                 “(i) a national currency; or

22                 “(ii) a security issued by an  
23                 investment company registered  
24                 under section 8(a) of the Invest-



1                   ment Company Act of 1940 (15  
2                   U.S.C. 80a-8(a)).

3                   **“(33) RELATED PERSON.—**With respect  
4                   to a digital asset issuer, the term ‘related  
5                   person’ means—

6                   **“(A) a founder, promoter, em-**  
7                   **ployee, consultant, advisor, or person**  
8                   **serving in a similar capacity;**

9                   **“(B) any person that is or was in**  
10                  **the previous 6-month period an exec-**  
11                  **utive officer, director, trustee, gen-**  
12                  **eral partner, advisory board member,**  
13                  **or person serving in a similar capac-**  
14                  **ity;**

15                  **“(C) any equity holder or other se-**  
16                  **curity holder; or**

17                  **“(D) any other person that re-**  
18                  **ceived a unit of digital asset from**  
19                  **such digital asset issuer through—**

20                  **“(i) an exempt offering, other**  
21                  **than an offering made in reliance**  
22                  **on section 4(a)(8); or**

23                  **“(ii) a distribution that is not**  
24                  **an end user distribution de-**  
25                  **scribed under section 42(d)(1) of**

1           **the Securities Exchange Act of**  
2           **1934.**

3           **“(34) RESTRICTED DIGITAL ASSET.—**

4           **“(A) IN GENERAL.—The term ‘re-**  
5           **stricted digital asset’ means—**

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

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

23                   **“(II) acquired by such per-**  
24                   **son in a transaction that was**

1           not executed on a digital com-  
2           modity exchange;

3           “(ii) any digital asset held by  
4           a related person or an affiliated  
5           person during any period when  
6           any blockchain system to which  
7           the digital asset relates is not a  
8           functional network or not cer-  
9           tified to be a decentralized net-  
10          work under section 44 of the Se-  
11          curities Exchange Act of 1934; or

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

15          “(B) EXCLUSION.—The term ‘re-  
16          stricted digital asset’ does not include  
17          a permitted payment stablecoin.

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

22          “(36) SOURCE CODE.—With respect to a  
23          blockchain system, the term ‘source code’  
24          means a listing of commands to be com-

1       **piled or assembled into an executable**  
2       **computer program.”.**

3       **SEC. 102. DEFINITIONS UNDER THE SECURITIES EX-**  
4               **CHANGE ACT OF 1934.**

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

7               **(8) by redesignating the second para-**  
8               **graph (80) (relating to funding portals) as**  
9               **paragraph (81); and**

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

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

14                      **“(A) section 21 of the Federal De-**  
15                      **posit Insurance Act (12 U.S.C. 1829b);**

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

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

21              **“(83) DIGITAL ASSET BROKER.—The**  
22              **term ‘digital asset broker’—**

23                      **“(A) means any person engaged in**  
24                      **the business of effecting transactions**

1           in restricted digital assets for the ac-  
2           count of others; and

3           “(B) does not include a blockchain  
4           protocol or a person or group of per-  
5           sons solely because of their develop-  
6           ment of a blockchain protocol.

7           “(84) **DIGITAL ASSET CUSTODIAN.**—The  
8           term ‘digital asset custodian’ means an  
9           entity in the business of providing custo-  
10          dial or safekeeping services for restricted  
11          digital assets.

12          “(85) **DIGITAL ASSET DEALER.**—The  
13          term ‘digital asset dealer’—

14                 “(A) means any person engaged in  
15                 the business of buying and selling re-  
16                 stricted digital assets for such per-  
17                 son’s own account through a broker  
18                 or otherwise; and

19                 “(B) does not include—

20                         “(i) a person that buys or sells  
21                         restricted digital assets for such  
22                         person’s own account, either indi-  
23                         vidually or in a fiduciary capac-  
24                         ity, but not as a part of a regular  
25                         business; or

1                   “(ii) a blockchain protocol or  
2                   a person or group of persons sole-  
3                   ly because of their development  
4                   of a blockchain protocol.

5                   “(86) DIGITAL ASSET TRADING SYSTEM.—  
6                   The term ‘digital asset trading system’—

7                   “(A) means any organization, as-  
8                   sociation, person, or group of per-  
9                   sons, whether incorporated or unin-  
10                  corporated, that constitutes, main-  
11                  tains, or provides a market place or  
12                  facilities for bringing together pur-  
13                  chasers and sellers of restricted dig-  
14                  ital assets or for otherwise per-  
15                  forming with respect to digital assets  
16                  the functions commonly performed  
17                  by a stock exchange within the mean-  
18                  ing of section 240.3b-16 of title 17,  
19                  Code of Federal Regulations, as in ef-  
20                  fect on the date of enactment of this  
21                  paragraph; and

22                  “(B) does not include a blockchain  
23                  protocol or a person or group of per-  
24                  sons solely because of their develop-  
25                  ment of a blockchain protocol.

1           **“(87) MIXED DIGITAL ASSET TRANS-**  
2           **ACTION.—The term ‘mixed digital asset**  
3           **transaction’ means an agreement, con-**  
4           **tract, or transaction involving a re-**  
5           **stricted digital asset and a digital com-**  
6           **modity.**

7           **“(88) NOTICE-REGISTERED DIGITAL ASSET**  
8           **CLEARING AGENCY.—The term ‘notice-reg-**  
9           **istered digital asset clearing agency’**  
10           **means a clearing agency that has reg-**  
11           **istered with the Commission pursuant to**  
12           **section 17A(b)(9).**

13           **“(89) ADDITIONAL DIGITAL ASSET-RE-**  
14           **LATED TERMS.—**

15           **“(A) SECURITIES ACT OF 1933.—The**  
16           **terms ‘affiliated person’, ‘blockchain**  
17           **system’, ‘decentralized governance**  
18           **system’, ‘decentralized network’, ‘dig-**  
19           **ital asset’, ‘digital asset issuer’, ‘dig-**  
20           **ital asset maturity date’, ‘end user**  
21           **distribution’, ‘functional network’,**  
22           **‘mixed digital asset transaction’, ‘per-**  
23           **mitted payment stablecoin’, ‘related**  
24           **person’, ‘restricted digital asset’, and**  
25           **‘source code’ have the meaning given**

1           those terms, respectively, under sec-  
2           tion 2(a) of the Securities Act of 1933  
3           (15 U.S.C. 77b(a)).

4           “(B) COMMODITY EXCHANGE ACT.—  
5           The terms ‘digital commodity’, ‘digital  
6           commodity broker’, ‘digital com-  
7           modity dealer’, and ‘digital com-  
8           modity exchange’ have the meaning  
9           given those terms, respectively, under  
10          section 1a of the Commodity Ex-  
11          change Act (7 U.S.C. 1a).”.

12   SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-  
13                                   CHANGE ACT.

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

16           (1) in paragraph (10)(A)—

17                   (A) by redesignating clauses (iii)  
18                   and (iv) as clauses (iv) and (v), re-  
19                   spectively; and

20                   (B) by inserting after clause (ii)  
21                   the following:

22                                   “(iii) digital commodity;”;

23           (2) in paragraph (11)—

24                   (A) in subparagraph (A)(i)—



1           **(i) by redesignating sub-**  
2           **clauses (III) and (IV) as sub-**  
3           **clauses (IV) and (V), respectively;**  
4           **and**

5           **(ii) by inserting after sub-**  
6           **clause (II) the following:**

7                   **“(III) digital commodity;”;**

8           **and**

9           **(B) by redesignating subpara-**  
10          **graph (B) as subparagraph (C) and in-**  
11          **serting after subparagraph (A) the**  
12          **following:**

13                  **“(B) EXCLUSION.—The term ‘com-**  
14                  **modity pool operator’ does not in-**  
15                  **clude—**

16                          **“(i) a decentralized govern-**  
17                          **ance system; or**

18                          **“(ii) ancillary activities, as de-**  
19                          **fin ed in section 4v.”;**

20          **(3) in paragraph (12)(A)(i)—**

21                  **(A) in subclause (II), by adding at**  
22          **the end a semicolon;**

23                  **(B) by redesignating subclauses**  
24          **(III) and (IV) as subclauses (IV) and**  
25          **(V), respectively; and**

1           (C) by inserting after subclause  
2           (II) the following:

3                       “(III) a digital com-  
4                       modity;”;

5           (4) in paragraph (40)—

6                       (A) by striking “and” at the end of  
7                       subparagraph (E);

8                       (B) by striking the period at the  
9                       end of subparagraph (F) and insert-  
10                      ing “; and”; and

11                      (C) by adding at the end the fol-  
12                      lowing:

13                               “(G) a digital commodity ex-  
14                               change registered under section 5i.”;  
15                               and

16                      (5) by adding at the end the fol-  
17                      lowing:

18                               “(52) ASSOCIATED PERSON OF A DIGITAL  
19                               COMMODITY BROKER.—

20                                       “(A) IN GENERAL.—Except as pro-  
21                                       vided in subparagraph (B), the term  
22                                       ‘associated person of a digital com-  
23                                       modity broker’ means a person who is  
24                                       associated with a digital commodity  
25                                       broker as a partner, officer, em-

1           **ployee, or agent (or any person occu-**  
2           **pying a similar status or performing**  
3           **similar functions) in any capacity**  
4           **that involves—**

5                   **“(i) the solicitation or accept-**  
6                   **ance of a contract for sale of a**  
7                   **digital commodity; or**

8                   **“(ii) the supervision of any**  
9                   **person engaged in the solicitation**  
10                  **or acceptance of a contract for**  
11                  **sale of a digital commodity.**

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

18                  **“(53) ASSOCIATED PERSON OF A DIGITAL**  
19                  **COMMODITY DEALER.—**

20                   **“(A) IN GENERAL.—Except as pro-**  
21                   **vided in subparagraph (B), the term**  
22                   **‘associated person of a digital com-**  
23                   **modity dealer’ means a person who is**  
24                   **associated with a digital commodity**  
25                   **dealer as a partner, officer, employee,**

1 or agent (or any person occupying a  
2 similar status or performing similar  
3 functions) in any capacity that in-  
4 volves—

5 “(i) the solicitation or accept-  
6 ance of a contract for sale of a  
7 digital commodity; or

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

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

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

20 “(A) section 21 of the Federal De-  
21 posit Insurance Act (12 U.S.C. 1829b);

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

1           **“(C) subchapter II of chapter 53 of**  
2           **title 31, United States Code.**

3           **“(55) DIGITAL COMMODITY.—**

4           **“(A) IN GENERAL.—The term ‘dig-**  
5           **ital commodity’ means—**

6                   **“(i) any unit of a digital asset**  
7                   **held by a person, other than a**  
8                   **digital asset issuer, a related per-**  
9                   **son, or an affiliated person, be-**  
10                  **fore the first date on which each**  
11                  **blockchain system to which the**  
12                  **digital asset relates is a func-**  
13                  **tional network and certified to be**  
14                  **a decentralized network under**  
15                  **section 44 of the Securities Ex-**  
16                  **change Act of 1934, that was—**

17                   **“(I) issued to the person**  
18                   **through an end user distribu-**  
19                   **tion described under section**  
20                   **42(d)(1) of the Securities Ex-**  
21                   **change Act of 1934; or**

22                   **“(II) acquired by such per-**  
23                   **son in a transaction that was**  
24                   **executed on a digital com-**  
25                   **modity exchange; or**

1           “(ii) any unit of a digital asset  
2 held by a person, other than a  
3 digital asset issuer, a related per-  
4 son, or an affiliated person, after  
5 the first date on which each  
6 blockchain system to which the  
7 digital asset relates is a func-  
8 tional network and certified to be  
9 a decentralized network under  
10 section 44 of the Securities Ex-  
11 change Act of 1934; and

12           “(iii) any unit of a digital  
13 asset held by a related person or  
14 an affiliated person during any  
15 period when any blockchain sys-  
16 tem to which the digital asset re-  
17 lates is a functional network and  
18 certified to be a decentralized  
19 network under section 44 of the  
20 Securities Exchange Act of 1934.

21           “(B) EXCLUSION.—The term ‘digital  
22 commodity’ does not include a per-  
23 mitted payment stablecoin.

24           “(56) DIGITAL COMMODITY BROKER.—

1           “(A) IN GENERAL.—The term ‘dig-  
2           ital commodity broker’ means any  
3           person who, in a digital commodity  
4           cash or spot market, is—

5                   “(i) engaged in soliciting or  
6                   accepting orders for the purchase  
7                   or sale of a unit of a digital com-  
8                   modity from a customer that is  
9                   not an eligible contract partici-  
10                  pant;

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

17                  “(iii) registered with the Com-  
18                  mission as a digital commodity  
19                  broker.

20           “(B) EXCEPTIONS.—The term ‘dig-  
21           ital commodity broker’ does not in-  
22           clude a person solely because the per-  
23           son—

24                   “(i) enters into a digital com-  
25                   modity transaction the primary

1           purpose of which is to make,  
2           send, receive, or facilitate pay-  
3           ments, whether involving a pay-  
4           ment service provider or on a  
5           peer-to-peer basis; or

6           “(ii) validates a digital com-  
7           modity transaction, operates a  
8           node, or engages in similar activ-  
9           ity to participate in facilitating,  
10          operating, or securing a  
11          blockchain system.

12          “(57) DIGITAL COMMODITY CUSTODIAN.—

13          The term ‘digital commodity custodian’  
14          means a bank or trust company in the  
15          business of holding, maintaining, or safe-  
16          guarding digital commodities.

17          “(58) DIGITAL COMMODITY DEALER.—

18          “(A) IN GENERAL.—The term ‘dig-  
19          ital commodity dealer’ means any  
20          person who—

21                  “(i) in digital commodity cash  
22                  or spot markets—

23                          “(I) holds itself out as a  
24                          dealer in a digital commodity;



1           **“(II) makes a market in a**  
2           **digital commodity;**

3           **“(III) regularly enters into**  
4           **digital commodity trans-**  
5           **actions with counterparties as**  
6           **an ordinary course of busi-**  
7           **ness for its own account; or**

8           **“(IV) engages in any activ-**  
9           **ity causing the person to be**  
10           **commonly known in the trade**  
11           **as a dealer or market maker**  
12           **in a digital commodity;**

13           **“(ii) regularly enters into any**  
14           **agreement, contract, or trans-**  
15           **action described in subsection**  
16           **(c)(2)(D)(i) involving a digital**  
17           **commodity; or**

18           **“(iii) is registered with the**  
19           **Commission as a digital com-**  
20           **modity dealer.**

21           **“(B) EXCEPTION.—The term ‘digital**  
22           **commodity dealer’ does not include a**  
23           **person solely because the person—**

1           “(i) enters into a digital com-  
2           modity transaction with an eligi-  
3           ble contract participant;

4           “(ii) enters into a digital com-  
5           modity transaction on or through  
6           a registered digital commodity ex-  
7           change;

8           “(iii) enters into a digital com-  
9           modity transaction for the per-  
10          son’s own account, either individ-  
11          ually or in a fiduciary capacity,  
12          but not as a part of a regular  
13          business;

14          “(iv) enters into a digital com-  
15          modity transaction the primary  
16          purpose of which is to make,  
17          send, receive, or facilitate pay-  
18          ments, whether involving a pay-  
19          ment service provider or on a  
20          peer-to-peer basis; or

21          “(v) validates a digital com-  
22          modity transaction, operates a  
23          node, or engages in similar activ-  
24          ity to participate in facilitating,

1                   **operating, or securing a**  
2                   **blockchain system.**

3                   **“(59) DIGITAL COMMODITY EXCHANGE.—**

4                   **The term ‘digital commodity exchange’**  
5                   **means a trading facility that offers or**  
6                   **seeks to offer a cash or spot market in at**  
7                   **least 1 digital commodity.**

8                   **“(60) DIGITAL ASSET-RELATED DEFINI-**  
9                   **TIONS.—**

10                   **“(A) SECURITIES ACT OF 1933.—The**  
11                   **terms ‘affiliated person’, ‘blockchain**  
12                   **system’, ‘decentralized governance**  
13                   **system’, ‘decentralized network’, ‘dig-**  
14                   **ital asset’, ‘digital asset issuer’, ‘end**  
15                   **user distribution’, ‘functional net-**  
16                   **work’, ‘permitted payment**  
17                   **stablecoin’, ‘related person’, and ‘re-**  
18                   **stricted digital asset’ have the mean-**  
19                   **ing given the terms, respectively,**  
20                   **under section 2(a) of the Securities**  
21                   **Act of 1933 (15 U.S.C. 77b(a)).**

22                   **“(B) SECURITIES EXCHANGE ACT OF**  
23                   **1934.—The terms ‘digital asset broker’**  
24                   **and ‘digital asset dealer’ have the**  
25                   **meaning given those terms, respec-**

1           **tively, under section 3(a) of the Secu-**  
2           **rities Exchange Act of 1934 (15 U.S.C.**  
3           **78c(a)).**

4           **“(61) MIXED DIGITAL ASSET TRANS-**  
5           **ACTION.—The term ‘mixed digital asset**  
6           **transaction’ has the meaning given that**  
7           **term under section 3(a) of the Securities**  
8           **Exchange Act of 1934 (15 U.S.C. 78c(a)).”.**

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

10   **In this Act:**

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

19           **(2) DEFINITIONS UNDER THE SECURITIES**  
20           **ACT OF 1933.—The terms “affiliated per-**  
21           **son”, “blockchain”, “blockchain system”,**  
22           **“blockchain protocol”, “decentralized net-**  
23           **work”, “digital asset”, “digital asset**  
24           **issuer”, “digital asset maturity date”,**  
25           **“digital asset trading system”, “end user**

1 **distribution”, “functional network”, “per-**  
2 **mitted payment stablecoin”, “restricted**  
3 **digital asset”, “securities laws”, and**  
4 **“source code” have the meaning given**  
5 **those terms, respectively, under section**  
6 **2(a) of the Securities Act of 1933 (15**  
7 **U.S.C. 77b(a)).**

8 **(3) DEFINITIONS UNDER THE SECURITIES**  
9 **EXCHANGE ACT OF 1934.—The terms “Bank**  
10 **Secrecy Act”, “digital asset broker”, “dig-**  
11 **ital asset dealer”, “digital asset trading**  
12 **system”, “mixed digital asset trans-**  
13 **action”, and “self-regulatory organiza-**  
14 **tion” have the meaning given those**  
15 **terms, respectively, under section 3(a) of**  
16 **the Securities Exchange Act of 1934 (15**  
17 **U.S.C. 78c(a)).**

18 **SEC. 105. JOINT RULEMAKINGS.**

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

23 **(1) The terms “affiliated person”,**  
24 **“blockchain”, “blockchain system”,**  
25 **“blockchain protocol”, “decentralized net-**

1       **work”, “decentralized governance sys-**  
2       **tem”, “digital asset”, “digital asset**  
3       **issuer”, “digital asset maturity date”,**  
4       **“end user distribution”, “functional net-**  
5       **work”, “related person”, “restricted dig-**  
6       **ital asset”, and “source code”, as defined**  
7       **under section 2(a) of the Securities Act of**  
8       **1933.**

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

13               **(3) The term “digital commodity”, as**  
14       **defined under section 1a of the Com-**  
15       **modity Exchange Act.**

16       **(b) JOINT RULEMAKING FOR EXCHANGES.—**  
17       **The Commodity Futures Trading Commission**  
18       **and the Securities and Exchange Commission**  
19       **shall jointly issue rules to exempt persons du-**  
20       **ally registered with the Commodity Futures**  
21       **Trading Commission as a digital commodity**  
22       **exchange and with the Securities and Ex-**  
23       **change Commission as a digital asset trading**  
24       **system from duplicative, conflicting, or un-**  
25       **duly burdensome provisions of this Act, the**

1 securities laws, and the Commodity Exchange  
2 Act and the rules thereunder, to the extent  
3 such exemption would foster the development  
4 of fair and orderly markets in digital assets,  
5 be necessary or appropriate in the public in-  
6 terest, and be consistent with the protection  
7 of investors.

8 (c) **JOINT RULEMAKING FOR MIXED DIGITAL**  
9 **ASSET TRANSACTIONS.**—The Commodity Fu-  
10 tures Trading Commission and the Securities  
11 and Exchange Commission shall jointly issue  
12 rules applicable to mixed digital asset trans-  
13 actions under this Act and the amendments  
14 made by this Act.

15 (d) **PROTECTION OF SELF-CUSTODY.**—

16 (1) **IN GENERAL.**—The Financial  
17 Crimes Enforcement Network may not  
18 issue any rule or order that would pro-  
19 hibit a U.S. individual from—

20 (A) maintaining a hardware wal-  
21 let, software wallet, or other means to  
22 facilitate such individual's own cus-  
23 tody of digital assets; or

1           **(B) conducting transactions and**  
2           **self-custody digital assets for any law-**  
3           **ful purpose.**

4           **(2) RULE OF CONSTRUCTION.—Para-**  
5           **graph (1) may not be construed to limit**  
6           **the ability of Financial Crimes Enforce-**  
7           **ment Network to carry out any enforce-**  
8           **ment authority.**

9           **(e) JOINT RULEMAKING, PROCEDURES, OR**  
10          **GUIDANCE FOR DELISTING.—Not later than 30**  
11          **days after the date of the enactment of this**  
12          **Act, the Commodity Futures Trading Commis-**  
13          **sion and the Securities and Exchange Com-**  
14          **mission shall jointly issue rules, procedures,**  
15          **or guidance (as determined appropriate by**  
16          **the Commissions) regarding the process to**  
17          **delist an asset for trading under sections 106**  
18          **and 107 of this Act if the Commissions deter-**  
19          **mine that the listing is inconsistent with the**  
20          **Commodity Exchange Act, the securities laws**  
21          **(including regulations under those laws), or**  
22          **this Act.**



1 **SEC. 106. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
2 **COMMODITY EXCHANGES, BROKERS, AND**  
3 **DEALERS.**

4 **(a) IN GENERAL.—**

5 **(1) NOTICE OF INTENT TO REGISTER.—**

6 **Any person may file a notice of intent to**  
7 **register with the Commodity Futures**  
8 **Trading Commission (in this subsection**  
9 **referred to as the “Commission”) as a—**

10 **(A) digital commodity exchange,**  
11 **for a person intending to register as a**  
12 **digital commodity exchange under**  
13 **section 5i of the Commodity Ex-**  
14 **change Act;**

15 **(B) digital commodity broker, for**  
16 **a person intending to register as a**  
17 **digital commodity broker under sec-**  
18 **tion 4u of such Act; or**

19 **(C) digital commodity dealer, for**  
20 **a person intending to register as a**  
21 **digital commodity dealer under sec-**  
22 **tion 4u of such Act.**

23 **(2) FILING.—A person desiring to file a**  
24 **notice of intent to register under para-**  
25 **graph (1) shall be in compliance with this**

1       **section if the person submits to the Com-**  
2       **mission—**

3               **(A) a statement of the nature of**  
4               **the registrations the filer intends to**  
5               **pursue;**

6               **(B) the information required by**  
7               **subsections (b) and (c).**

8       **(b) DISCLOSURE OF GENERAL INFORMA-**  
9       **TION.—A person filing a notice of intent to reg-**  
10       **ister under subsection (a) shall disclose to the**  
11       **Commission the following:**

12               **(1) Information concerning the man-**  
13               **agement of the person, including infor-**  
14               **mation describing—**

15                       **(A) the ownership and manage-**  
16                       **ment of the person;**

17                       **(B) the financial condition of the**  
18                       **person;**

19                       **(C) affiliated entities; and**

20                       **(D) potential conflicts of interest.**

21               **(2) Information concerning the oper-**  
22               **ations of the person, including—**

23                       **(A) any rulebook or other cus-**  
24                       **tomer order fulfilment rules;**

1           **(B) risk management procedures;**  
2           **and**

3           **(C) a description of the product**  
4           **listing process.**

5           **(c) LISTING INFORMATION.—A person filing**  
6           **a notice of intent to register under subsection**  
7           **(a) shall provide to the Commission and the**  
8           **Securities and Exchange Commission a de-**  
9           **tailed description of the product listing deter-**  
10           **mination made by the person for each asset**  
11           **listed or offered for trading by the person.**

12           **(d) REQUIREMENTS.—A person filing a no-**  
13           **tice of intent to register under subsection (a)**  
14           **shall comply with the following requirements:**

15           **(1) BOOKS AND RECORDS.—The person**  
16           **shall keep their books and records open**  
17           **to inspection and examination by the**  
18           **Commission.**

19           **(2) CUSTOMER DISCLOSURES.—The per-**  
20           **son shall disclose to consumers—**

21           **(A) information about the mate-**  
22           **rial risks and characteristics of the**  
23           **assets listed for trading on the per-**  
24           **son; and**

1           **(B) information about the mate-**  
2           **rial risks and characteristics of the**  
3           **transactions facilitated by the person.**

4           **(3) CUSTOMER ASSETS.—**

5           **(A) IN GENERAL.—The person**  
6           **shall—**

7                   **(i) hold customer money, as-**  
8                   **sets, and property in a manner to**  
9                   **minimize the risk of loss to the**  
10                  **customer or unreasonable delay**  
11                  **in customer access to money, as-**  
12                  **sets, and property of the cus-**  
13                  **tomers;**

14                  **(ii) treat and deal with all**  
15                  **money, assets, and property, in-**  
16                  **cluding any rights associated**  
17                  **with any such money, assets, or**  
18                  **property, of any customer re-**  
19                  **ceived as belonging to the cus-**  
20                  **tomers;**

21                  **(iii) segregate all money, as-**  
22                  **sets, and property received from**  
23                  **any customer of the person from**  
24                  **the funds of the person, except**  
25                  **that—**

1           **(I) the money, assets, and**  
2           **property of any customer may**  
3           **be commingled with that of**  
4           **any other customer, if sepa-**  
5           **rately accounted for; and**

6           **(II) the share of the**  
7           **money, assets, and property,**  
8           **as in the normal course of**  
9           **business are necessary to**  
10          **margin, guarantee, secure,**  
11          **transfer, adjust, or settle a**  
12          **contract of sale of a com-**  
13          **modity asset, may be with-**  
14          **drawn and applied to do so,**  
15          **including the payment of com-**  
16          **missions, brokerage, interest,**  
17          **taxes, storage, and other**  
18          **charges lawfully accruing in**  
19          **connection with the contract**  
20          **of sale of a digital commodity.**

21          **(B) ADDITIONAL RESOURCES.—**

22               **(i) IN GENERAL.—This section**  
23               **shall not prevent or be construed**  
24               **to prevent the person from add-**  
25               **ing to the customer money, assets,**

1           **and property required to be seg-**  
2           **regated under subparagraph (A),**  
3           **additional amounts of money, as-**  
4           **sets, or property from the account**  
5           **of the person as the person deter-**  
6           **mines necessary to prevent the**  
7           **account of a customer from be-**  
8           **coming under-segregated.**

9           **(ii) TREATMENT AS CUSTOMER**  
10          **FUNDS.—Any money, assets, or**  
11          **property deposited pursuant to**  
12          **clause (i) shall be considered cus-**  
13          **tomers property within the mean-**  
14          **ing of this subsection.**

15          **(e) COMPLIANCE AND ENFORCEMENT.—**

16           **(1) IN GENERAL.—A person who has**  
17           **filed a notice of intent to register under**  
18           **this section and is in compliance with**  
19           **this section shall not be subject to an en-**  
20           **forcement action by the Securities and**  
21           **Exchange Commission for—**

22                   **(A) listing or offering a digital**  
23                   **asset deemed a security; or**

24                   **(B) failing to register as a na-**  
25                   **tional securities exchange, broker,**

1           **dealer, or clearing agency, for activi-**  
2           **ties related to digital assets deemed a**  
3           **security.**

4           **(2) NONCOMPLIANCE.—Paragraph (1)**  
5           **shall not apply if, after notice from the**  
6           **Commission and a reasonable oppor-**  
7           **tunity to correct the deficiency, a person**  
8           **who has submitted a notice of intent to**  
9           **register is not in compliance with this**  
10          **section.**

11          **(3) ANTI-FRAUD AND ANTI-MANIPULA-**  
12          **TION.—Paragraph (1) shall not be con-**  
13          **strued to limit any anti-manipulation,**  
14          **anti-fraud, or false reporting enforcement**  
15          **authority of the Commission or the Secu-**  
16          **rities and Exchange Commission.**

17          **(4) DELISTING.—Paragraph (1) shall**  
18          **not be construed to limit the authority of**  
19          **the Commission or the Securities and Ex-**  
20          **change Commission to require a person**  
21          **to delist an asset for trading if the Com-**  
22          **mission or the Securities and Exchange**  
23          **Commission determines that the listing is**  
24          **inconsistent with the Commodity Ex-**

1 **change Act, the securities laws (including**  
2 **regulations under those laws), or this Act.**

3 **(f) FINAL REGISTRATION.—**

4 **(1) IN GENERAL.—A person may not**  
5 **file a notice of intent to register with the**  
6 **Commission after the Commission has fi-**  
7 **nalized its rules for the registration of**  
8 **digital commodity exchanges, digital**  
9 **commodity brokers, or digital commodity**  
10 **dealers, as appropriate.**

11 **(2) TRANSITION TO FINAL REGISTRA-**  
12 **TION.—**

13 **(A) ONGOING DEFERRAL FOR ENTI-**  
14 **TIES REGISTERED WITH THE COMMIS-**  
15 **SION.—Subsection (e)(1) shall con-**  
16 **tinue to apply to a person who has**  
17 **submitted a notice of intent to reg-**  
18 **ister while the person is registered**  
19 **with the Commission as a digital com-**  
20 **modity exchange, a digital commodity**  
21 **broker, or a digital commodity dealer,**  
22 **as appropriate.**

23 **(B) END OF DEFERRAL.—Subsection**  
24 **(e)(1) shall not apply to a person who**



1           **has submitted a notice of intent to**  
2           **register if—**

3                   **(i) the Commission—**

4                           **(I) determines that the**  
5                           **person has failed to comply**  
6                           **with the requirements of this**  
7                           **section; or**

8                           **(II) denies the application**  
9                           **of the person to register; or**

10                          **(ii) the digital commodity ex-**  
11                          **change, digital commodity broker,**  
12                          **or digital commodity dealer that**  
13                          **filed a notice of intent to register**  
14                          **failed to register as such with the**  
15                          **Commission within 180 days after**  
16                          **the Commission finalized the**  
17                          **rules of the Commission for the**  
18                          **registration of digital commodity**  
19                          **exchanges, digital commodity bro-**  
20                          **kers, or digital commodity deal-**  
21                          **ers, as appropriate.**

22           **(g) LIABILITY OF THE FILER.—It shall be un-**  
23           **lawful for any person to provide false infor-**  
24           **mation in support of a filing under this sec-**  
25           **tion if the person knowingly or reasonably**

1 **should have known that the information was**  
2 **false.**

3 **SEC. 107. NOTICE OF INTENT TO REGISTER FOR DIGITAL**  
4 **ASSET BROKERS, DEALERS, AND TRADING**  
5 **SYSTEMS.**

6 **(a) IN GENERAL.—**

7 **(1) NOTICE OF INTENT TO REGISTER.—**  
8 **Any person may file a notice of intent to**  
9 **register with the Securities and Ex-**  
10 **change Commission (in this section re-**  
11 **ferred to as the “Commission”) as—**

12 **(A) a digital asset trading system,**  
13 **for a person intending to register as a**  
14 **digital asset trading system under**  
15 **section 6(m) of the Securities Ex-**  
16 **change Act of 1934;**

17 **(B) a digital asset broker, for a**  
18 **person intending to register as a dig-**  
19 **ital asset broker under section 15H of**  
20 **the Securities Exchange Act of 1934;**  
21 **or**

22 **(C) a digital asset dealer, for a**  
23 **person intending to register as a dig-**  
24 **ital asset dealer under section 15H of**  
25 **the Securities Exchange Act of 1934.**

1           **(2) FILING.—A person desiring to file a**  
2           **notice of intent to register under para-**  
3           **graph (1) shall be in compliance with this**  
4           **section if the person submits to the Com-**  
5           **mission—**

6                   **(A) a statement of the nature of**  
7                   **the registrations the filer intends to**  
8                   **pursue; and**

9                   **(B) the information required by**  
10                   **subsections (b) and (c).**

11           **(b) DISCLOSURE OF GENERAL INFORMA-**  
12           **TION.—A person filing a notice of intent to reg-**  
13           **ister under subsection (a) shall disclose to the**  
14           **Commission the following:**

15                   **(1) Information concerning the man-**  
16                   **agement of the person, including infor-**  
17                   **mation describing—**

18                           **(A) the ownership and manage-**  
19                           **ment of the person;**

20                           **(B) the financial condition of the**  
21                           **person;**

22                           **(C) affiliated entities; and**

23                           **(D) potential conflicts of interest.**

24                   **(2) Information concerning the oper-**  
25                   **ations of the person, including—**

1           **(A) any rulebook or other cus-**  
2           **tomers order fulfilment rules;**

3           **(B) risk management procedures;**  
4           **and**

5           **(C) a description of the product**  
6           **listing process.**

7           **(c) LISTING INFORMATION.—A person filing**  
8           **a notice of intent to register under subsection**  
9           **(a) shall provide to the Commission and the**  
10          **Commodity Futures Trading Commission a**  
11          **detailed description of the product listing de-**  
12          **termination made by the person for each**  
13          **asset listed or offered for trading by the per-**  
14          **son.**

15          **(d) REQUIREMENTS.—A person filing a no-**  
16          **tice of intent to register under subsection (a)**  
17          **shall comply with the following requirements:**

18               **(1) NATIONAL SECURITIES ASSOCIA-**  
19               **TION.—The person shall be a member of a**  
20               **national securities association registered**  
21               **under section 15A of the Securities Ex-**  
22               **change Act of 1934 (15 U.S.C. 78o-3), and**  
23               **shall comply with the rules of the asso-**  
24               **ciation, including the rules of the associa-**

1       **tion pertaining to customer disclosures**  
2       **and protection of customer assets.**

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

7           **(3) CUSTOMER DISCLOSURES.—The per-**  
8       **son shall disclose to customers—**

9           **(A) information about the mate-**  
10       **rial risks and characteristics of the**  
11       **assets listed for trading on the per-**  
12       **son;**

13           **(B) information about the mate-**  
14       **rial risks and characteristics of the**  
15       **transactions facilitated by the person;**  
16       **and**

17           **(C) in their disclosure documents,**  
18       **offering documents, and promotional**  
19       **material, in a prominent manner, that**  
20       **they are not registered with or regu-**  
21       **lated by the Commission.**

22           **(4) CUSTOMER ASSETS.—**

23           **(A) IN GENERAL.—The person**  
24       **shall—**

1           **(i) hold customer money, as-**  
2           **sets, and property in a manner to**  
3           **minimize the risk of loss to the**  
4           **customer or unreasonable delay**  
5           **in customer access to money, as-**  
6           **sets, and property of the cus-**  
7           **tomers;**

8           **(ii) treat and deal with all**  
9           **money, assets, and property, in-**  
10           **cluding any rights associated**  
11           **with any such money, assets, or**  
12           **property, of any customer re-**  
13           **ceived as belonging to the cus-**  
14           **tomers;**

15           **(iii) segregate all money, as-**  
16           **sets, and property received from**  
17           **any customer of the person from**  
18           **the funds of the person, except**  
19           **that—**

20                   **(I) the money, assets, and**  
21                   **property of any customer may**  
22                   **be commingled with that of**  
23                   **any other customer, if sepa-**  
24                   **rately accounted for; and**

1           **(II) the share of the**  
2           **money, assets, and property,**  
3           **as in the normal course of**  
4           **business are necessary to**  
5           **margin, guarantee, secure,**  
6           **transfer, adjust, or settle a**  
7           **contract of sale of a digital**  
8           **asset, may be withdrawn and**  
9           **applied to do so, including the**  
10          **payment of commissions, bro-**  
11          **kerage, interest, taxes, stor-**  
12          **age, and other charges law-**  
13          **fully accruing in connection**  
14          **with the contract of sale of a**  
15          **digital asset.**

16          **(B) ADDITIONAL RESOURCES.—**

17           **(i) IN GENERAL.—This section**  
18           **shall not prevent or be construed**  
19           **to prevent the person from add-**  
20           **ing to the customer money, assets,**  
21           **and property required to be seg-**  
22           **regated under subparagraph (A)**  
23           **additional amounts of money, as-**  
24           **sets, or property from the account**  
25           **of the person as the person deter-**

1           **mines necessary to hold money,**  
2           **assets, or property equal to or in**  
3           **excess of the total digital asset**  
4           **obligation of the person.**

5           **(ii) TREATMENT AS CUSTOMER**  
6           **FUNDS.—Any money, assets, or**  
7           **property deposited pursuant to**  
8           **clause (i) shall be considered cus-**  
9           **tomer property within the mean-**  
10          **ing of this subsection.**

11          **(e) COMPLIANCE.—**

12           **(1) IN GENERAL.—A person who has**  
13           **filed a notice of intent to register under**  
14           **this section and is in compliance with**  
15           **this section shall be exempt from Com-**  
16           **mission rules and regulations pertaining**  
17           **to registering as a national securities ex-**  
18           **change, broker, dealer, or clearing agen-**  
19           **cy, for activities related to a digital asset**  
20           **deemed a security.**

21           **(2) NONCOMPLIANCE.—Paragraph (1)**  
22           **shall not apply if, after notice from the**  
23           **Commission and a reasonable oppor-**  
24           **tunity to correct the deficiency, a person**  
25           **who has submitted a notice of intent to**



1 register is not in compliance with this  
2 section.

3 (3) ANTI-FRAUD AND ANTI-MANIPULA-  
4 TION.—Paragraph (1) shall not be con-  
5 strued to limit any fraud, anti-manipula-  
6 tion, or false reporting enforcement au-  
7 thority of the Commission or the Com-  
8 modity Futures Trading Commission.

9 (4) DELISTING.—Paragraph (1) shall  
10 not be construed to limit the authority of  
11 the Commission and the Commodity Fu-  
12 tures Trading Commission to jointly re-  
13 quire a person to delist an asset for trad-  
14 ing if the Commission and the Com-  
15 modity Futures Trading Commission de-  
16 termines that the listing is inconsistent  
17 with the Commodity Exchange Act, the  
18 securities laws (including regulations  
19 under those laws), or this Act.

20 (f) FINAL REGISTRATION.—

21 (1) IN GENERAL.—A person may not  
22 file a notice of intent to register with the  
23 Commission after the Commission has fi-  
24 nalized its rules for the registration of  
25 digital asset brokers, digital asset deal-

1       **ers, digital asset trading systems, and no-**  
2       **tice-registered clearing agencies, as ap-**  
3       **propriate.**

4               **(2) TRANSITION TO FINAL REGISTRA-**  
5       **TION.—Subsection (e)(1) shall not apply to**  
6       **a person who has submitted a notice of**  
7       **intent to register if—**

8                       **(A) the Commission—**

9                               **(i) determines that the person**  
10                               **has failed to comply with the re-**  
11                               **quirements of this section; or**

12                               **(ii) denies the application of**  
13                               **the person to register; or**

14                       **(B) the digital asset broker, dig-**  
15       **ital asset dealer, or digital asset trad-**  
16       **ing system that filed a notice of in-**  
17       **tent to register failed to apply for**  
18       **registration as such with the Commis-**  
19       **sion within 180 days after the effec-**  
20       **tive date of the Commission’s final**  
21       **rules for the registration of digital**  
22       **asset brokers, digital asset dealers,**  
23       **and digital asset trading systems, as**  
24       **appropriate.**

1       **(g) LIABILITY OF THE FILER.—It shall be un-**  
2 **lawful for any person to provide false infor-**  
3 **mation in support of a filing under this sec-**  
4 **tion if the person knew or reasonably should**  
5 **have known that the information was false.**

6       **(h) NATIONAL SECURITIES ASSOCIATION.—A**  
7 **national securities association shall adopt**  
8 **rules for membership with such association**  
9 **for persons required to be members of such**  
10 **association under subsection (d)(1) within 180**  
11 **days after the date of enactment of this Act.**

12 **SEC. 108. COMMODITY EXCHANGE ACT SAVINGS PROVI-**  
13 **SIONS.**

14       **(a) IN GENERAL.—Nothing in this Act shall**  
15 **affect or apply to, or be interpreted to affect**  
16 **or apply to—**

17               **(1) any agreement, contract, or trans-**  
18 **action that is subject to regulation under**  
19 **the Commodity Exchange Act as—**

20                       **(A) a contract of sale of a com-**  
21 **modity for future delivery or an op-**  
22 **tion on such a contract;**

23                       **(B) a swap;**

24                       **(C) a security futures product;**

1           **(D) an option authorized under**  
2           **section 4c of such Act;**

3           **(E) an agreement, contract, or**  
4           **transaction described in section**  
5           **2(c)(2)(C)(i) of such Act; or**

6           **(F) a leverage transaction author-**  
7           **ized under section 19 of such Act; or**

8           **(2) the activities of any person with**  
9           **respect to any such agreement, contract,**  
10          **or transaction.**

11          **(b) PROHIBITIONS ON SPOT DIGITAL COM-**  
12          **MODITY ENTITIES.—Nothing in this Act author-**  
13          **izes, or shall be interpreted to authorize, a**  
14          **digital commodity exchange, digital com-**  
15          **modity broker, or digital commodity dealer to**  
16          **engage in any activities involving any trans-**  
17          **action, contract, or agreement described in**  
18          **subsection (a)(1), solely by virtue of being reg-**  
19          **istered or filing notice of intent to register as**  
20          **a digital commodity exchange, digital com-**  
21          **modity broker, or digital commodity dealer.**

22          **(c) DEFINITIONS.—In this section, each**  
23          **term shall have the meaning provided in the**  
24          **Commodity Exchange Act or the regulations**  
25          **prescribed under such Act.**

1 SEC. 109. INTERNATIONAL HARMONIZATION.

2 **In order to promote effective and con-**  
3 **sistent global regulation of digital assets, the**  
4 **Commodity Futures Trading Commission and**  
5 **the Securities and Exchange Commission, as**  
6 **appropriate—**

7 **(1) shall consult and coordinate with**  
8 **foreign regulatory authorities on the es-**  
9 **tablishment of consistent international**  
10 **standards with respect to the regulation**  
11 **of digital assets, restricted digital assets,**  
12 **and digital commodities; and**

13 **(2) may agree to such information-**  
14 **sharing arrangements as may be deemed**  
15 **to be necessary or appropriate in the**  
16 **public interest or for the protection of in-**  
17 **vestors, customers, and users of digital**  
18 **assets.**

19 SEC. 110. IMPLEMENTATION.

20 **(a) GLOBAL RULEMAKING TIMEFRAME.—Un-**  
21 **less otherwise provided in this Act or an**  
22 **amendment made by this Act, the Commodity**  
23 **Futures Trading Commission and the Securi-**  
24 **ties and Exchange Commission, or both, shall**  
25 **individually, and jointly where required, pro-**  
26 **mulgate rules and regulations required of**

1 each Commission under this Act or an amend-  
2 ment made by this Act not later than 360 days  
3 after the date of enactment of this Act.

4 (b) **RULES AND REGISTRATION BEFORE FINAL**  
5 **EFFECTIVE DATES.—**

6 (1) **IN GENERAL.—**In order to prepare  
7 for the implementation of this Act, the  
8 Commodity Futures Trading Commission  
9 and the Securities and Exchange Com-  
10 mission may, before any effective date  
11 provided in this Act—

12 (A) promulgate rules, regulations,  
13 or orders permitted or required by  
14 this Act;

15 (B) conduct studies and prepare  
16 reports and recommendations re-  
17 quired by this Act;

18 (C) register persons under this  
19 Act; and

20 (D) exempt persons, agreements,  
21 contracts, or transactions from provi-  
22 sions of this Act, under the terms con-  
23 tained in this Act.

24 (2) **LIMITATION ON EFFECTIVENESS.—**An  
25 action by the Commodity Futures Trad-

1       ing Commission or the Securities and Ex-  
2       change Commission under paragraph (1)  
3       shall not become effective before the ef-  
4       fective date otherwise applicable to the  
5       action under this Act.

6       **TITLE II— OFFERS AND SALES**  
7       **OF DIGITAL ASSETS**

8       SEC. 201. EXEMPTED TRANSACTIONS IN DIGITAL ASSETS.

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

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

13           “(8) transactions involving the offer  
14      or sale of units of a digital asset by a dig-  
15      ital asset issuer, if—

16           “(A) the aggregate amount of  
17      units of the digital asset sold by the  
18      digital asset issuer in reliance on the  
19      exemption provided under this para-  
20      graph, during the 12-month period  
21      preceding the date of such trans-  
22      action, including the amount sold in  
23      such transaction, is not more than  
24      \$75,000,000 (as such amount is annu-  
25      ally adjusted by the Commission to

1 reflect the change in the Consumer  
2 Price Index for All Urban Consumers  
3 published by the Bureau of Labor  
4 Statistics of the Department of  
5 Labor);

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

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

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



1           **“(C) after the completion of the**  
2           **transaction, the purchaser does not**  
3           **own more than 10 percent of the total**  
4           **amount of the units of the digital**  
5           **asset sold in reliance on the exemp-**  
6           **tion under this paragraph;**

7           **“(D) the transaction does not in-**  
8           **volve the offer or sale of any digital**  
9           **asset not offered as part of an invest-**  
10          **ment contract;**

11          **“(E) the transaction does not in-**  
12          **volve the offer or sale of a unit of a**  
13          **digital asset by a digital asset issuer**  
14          **that—**

15               **“(i) is not organized under the**  
16               **laws of a State, a territory of the**  
17               **United States, or the District of**  
18               **Columbia;**

19               **“(ii) is a development stage**  
20               **company that either—**

21                       **“(I) has no specific busi-**  
22                       **ness plan or purpose; or**

23                       **“(II) has indicated that**  
24                       **the business plan of the com-**  
25                       **pany is to merge with or ac-**

1           **quire an unidentified com-**  
2           **pany;**

3           **“(iii) is an investment com-**  
4           **pany, as defined in section 3 of**  
5           **the Investment Company Act of**  
6           **1940 (15 U.S.C. 80a-3), or is ex-**  
7           **cluded from the definition of in-**  
8           **vestment company by section 3(b)**  
9           **or section 3(c) of that Act (15**  
10          **U.S.C. 80a-3(b) or 80a-3(c));**

11          **“(iv) is issuing fractional un-**  
12          **divided interests in oil or gas**  
13          **rights, or a similar interest in**  
14          **other mineral rights;**

15          **“(v) is, or has been, subject to**  
16          **any order of the Commission en-**  
17          **tered pursuant to section 12(j) of**  
18          **the Securities Exchange Act of**  
19          **1934 during the 5-year period be-**  
20          **fore the filing of the offering**  
21          **statement; or**

22          **“(vi) is disqualified pursuant**  
23          **to section 230.262 of title 17, Code**  
24          **of Federal Regulations; and**

1           “(F) the issuer meets the require-  
2           ments of section 4B(a).”; and

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

5           “SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIG-  
6           ITAL ASSET TRANSACTIONS.

7           “(a) REQUIREMENTS FOR DIGITAL ASSET  
8           ISSUERS.—

9           “(1) INFORMATION REQUIRED IN STATE-  
10          MENT.—A digital asset issuer offering or  
11          selling a unit of digital asset in reliance  
12          on section 4(a)(8) shall file with the Com-  
13          mission a statement containing the fol-  
14          lowing information:

15                 “(A) The name, legal status (in-  
16                 cluding the jurisdiction in which the  
17                 issuer is organized and the date of or-  
18                 ganization), and website of the digital  
19                 asset issuer.

20                 “(B) The address and telephone  
21                 number of the issuer or a legal rep-  
22                 resentative of the issuer.

23                 “(C) A certification that the dig-  
24                 ital asset issuer meets the relevant re-

1           **quirements described under section**  
2           **4(a)(8).**

3           **“(D) An overview of the material**  
4           **aspects of the offering.**

5           **“(E) A description of the purpose**  
6           **and intended use of the offering pro-**  
7           **ceeds.**

8           **“(F) A description of the plan of**  
9           **distribution of any unit of a digital**  
10          **asset that is to be offered.**

11          **“(G) A description of the material**  
12          **risks surrounding ownership of a**  
13          **unit of a digital asset.**

14          **“(H) A description of the material**  
15          **aspects of the digital asset issuer’s**  
16          **business.**

17          **“(I) A description of exempt offer-**  
18          **ings conducted within the past three**  
19          **years by the digital asset issuer.**

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

24          **“(K) A description of any material**  
25          **transactions or relationships between**

1           **the digital asset issuer and affiliated**  
2           **persons.**

3           **“(L) A description of exempt offer-**  
4           **ings conducted within the past three**  
5           **years.**

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

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

18               **“(A) ANNUAL REPORTS.—An annual**  
19               **report that includes any material**  
20               **changes to the information described**  
21               **under paragraph (2) for the current**  
22               **fiscal year and for any fiscal year**  
23               **thereafter, unless the issuer is no**  
24               **longer obligated to file such annual**  
25               **report pursuant to paragraph (4).**

1           **“(B) SEMIANNUAL REPORTS.—Along**  
2 **with each annual report required**  
3 **under subparagraph (A), and sepa-**  
4 **rately six months thereafter, a report**  
5 **containing—**

6           **“(i) an updated description of**  
7 **the current state and timeline for**  
8 **the development of the**  
9 **blockchain system to which the**  
10 **digital asset relates, showing how**  
11 **and when the blockchain system**  
12 **intends or intended to be consid-**  
13 **ered a functional network and a**  
14 **decentralized network;**

15           **“(ii) the amount of money**  
16 **raised by the digital asset issuer**  
17 **in reliance on section 4(a)(8), how**  
18 **much of that money has been**  
19 **spent, and the general categories**  
20 **and amounts on which that**  
21 **money has been spent; and**

22           **“(iii) any material changes to**  
23 **the information in the most re-**  
24 **cent annual report.**

1           **“(C) CURRENT REPORTS.—A current**  
2           **report shall be filed with the Commis-**  
3           **sion reflecting any material changes**  
4           **to the information previously re-**  
5           **ported to the Commission by the dig-**  
6           **ital asset issuer.**

7           **“(4) TERMINATION OF REPORTING RE-**  
8           **QUIREMENTS.—**

9           **“(A) IN GENERAL.—The ongoing re-**  
10          **porting requirements under para-**  
11          **graph (3) shall not apply to a digital**  
12          **asset issuer 180 days after the end of**  
13          **the covered fiscal year.**

14          **“(B) COVERED FISCAL YEAR DE-**  
15          **FINED.—In this paragraph, the term**  
16          **‘covered fiscal year’ means the first**  
17          **fiscal year of an issuer in which the**  
18          **blockchain system to which the dig-**  
19          **ital asset relates is a functional net-**  
20          **work and certified to be a decentral-**  
21          **ized network under section 44 of the**  
22          **Securities Exchange Act of 1934.**

23          **“(b) REQUIREMENTS FOR INTERMEDIARIES.—**

24          **“(1) IN GENERAL.—A person acting as**  
25          **an intermediary in a transaction involv-**

1       **ing the offer or sale of a unit of a digital**  
2       **asset in reliance on section 4(a)(8) shall—**

3               **“(A) register with the Commission**  
4               **as a digital asset broker; and**

5               **“(B) be a member of a national se-**  
6               **curities association registered under**  
7               **section 15A of the Securities Ex-**  
8               **change Act of 1934 (15 U.S.C. 78o-3).**

9       **“(2) PURCHASER QUALIFICATION.—**

10              **“(A) IN GENERAL.—Each time, be-**  
11              **fore accepting any commitment (in-**  
12              **cluding any additional commitment**  
13              **from the same person), an inter-**  
14              **mediary or digital asset issuer shall**  
15              **have a reasonable basis for believing**  
16              **that the purchaser satisfies the re-**  
17              **quirements of section 4(a)(8).**

18              **“(B) RELIANCE ON PURCHASER’S**  
19              **REPRESENTATIONS.—For purposes of**  
20              **subparagraph (A), an intermediary or**  
21              **digital asset issuer may rely on a pur-**  
22              **chaser’s representations concerning**  
23              **the purchaser’s annual income and**  
24              **net worth and the amount of the pur-**  
25              **chaser’s other investments made, un-**



1           less the intermediary or digital asset  
2           issuer has reason to question the reli-  
3           ability of the representation.

4           “(C) RELIANCE ON INTERMEDIARY.—  
5           For purposes of determining whether  
6           a transaction meets the requirements  
7           described under subparagraph (A)  
8           through (C) of section 4(a)(8), a dig-  
9           ital asset issuer may rely on the ef-  
10          forts of an intermediary.

11         “(c) ADDITIONAL PROVISIONS.—

12           “(1) ACCEPTANCE OF WRITTEN OFFERS;  
13           SALES.—After an issuer files a statement  
14           under paragraph (1) to offer and sell a  
15           digital asset in reliance on section  
16           4(a)(8)—

17           “(A) written offers of the digital  
18           asset may be made; and

19           “(B) the issuer may sell the digital  
20           assets in reliance on section 4(a)(8), if  
21           such sales meet all other require-  
22           ments.

23           “(2) SOLICITATION OF INTEREST.—

24           “(A) IN GENERAL.—At any time be-  
25           fore the filing of a statement under

1 paragraph (1), a digital asset issuer  
2 may communicate orally or in writing  
3 to determine whether there is any in-  
4 terest in a contemplated offering.  
5 Such communications are deemed to  
6 be an offer of a unit of a digital asset  
7 for sale for purposes of the anti-fraud  
8 provisions of the Federal securities  
9 laws. No solicitation or acceptance of  
10 money or other consideration, nor of  
11 any commitment, binding or other-  
12 wise, from any person is permitted  
13 until the statement is filed.

14 “(B) CONDITIONS.—In any commu-  
15 nication described under subpara-  
16 graph (A), the digital asset issuer  
17 shall—

18 “(i) state that no money or  
19 other consideration is being solici-  
20 ited, and if sent in response, will  
21 not be accepted;

22 “(ii) state that no offer to buy  
23 a unit of a digital asset can be ac-  
24 cepted and no part of the pur-  
25 chase price can be received until

1           the statement is filed and then  
2           only through an intermediary;  
3           and

4           “(iii) state that a person’s in-  
5           dication of interest involves no  
6           obligation or commitment of any  
7           kind.

8           “(C) INDICATIONS OF INTEREST.—

9           Any written communication de-  
10          scribed under subparagraph (A) may  
11          include a means by which a person  
12          may indicate to the digital asset  
13          issuer that such person is interested  
14          in a potential offering. A digital asset  
15          issuer may require a name, address,  
16          telephone number, or email address  
17          in any response form included with a  
18          communication described under sub-  
19          paragraph (A).

20          “(3) DISQUALIFICATION PROVISIONS.—

21          The Commission shall issue rules to  
22          apply the disqualification provisions  
23          under section 230.262 of title 17, Code of  
24          Federal Regulations, to the exemption  
25          provided under section 4(a)(8).

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

8           **(b) ADDITIONAL EXEMPTIONS.—**

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

15           **(2) EXEMPTION FROM STATE REGULA-**  
16           **TION.—Section 18(b)(4) of the Securities**  
17           **Act of 1933 (15 U.S.C. 77r(b)(4)) is amend-**  
18           **ed—**

19                   **(A) in section (B), by striking “sec-**  
20                   **tion 4(4)” and inserting “section**  
21                   **4(a)(4)”;**

22                   **(B) in section (C), by striking “sec-**  
23                   **tion 4(6)” and inserting “section**  
24                   **4(a)(6)”;**

25                   **(C) in subparagraph (F)—**

1           **(i) by striking “section 4(2)”**  
2           **each place such term appears and**  
3           **inserting “section 4(a)(2)”;**

4           **(ii) by striking “or” at the end;**  
5           **(D) in subparagraph (G), by strik-**  
6           **ing the period and inserting “; or”;**  
7           **and**

8           **(E) by adding at the end the fol-**  
9           **lowing:**  
10           **“(H) section 4(a)(8).”.**

11 **SEC. 202. REQUIREMENTS FOR OFFERS AND SALES OF CER-**  
12           **TAIN DIGITAL ASSETS.**

13           **Title I of the Securities Exchange Act of**  
14 **1934 (15 U.S.C. 78a et seq.) is amended by add-**  
15 **ing at the end the following:**

16 **“SEC. 42. REQUIREMENTS FOR OFFERS AND SALES OF CER-**  
17           **TAIN DIGITAL ASSETS.**

18           **“(a) OFFERS AND SALES OF CERTAIN RE-**  
19 **STRICTED DIGITAL ASSETS.—**

20           **“(1) IN GENERAL.—Notwithstanding**  
21 **any other provision of law, subject to**  
22 **paragraph (2), a restricted digital asset**  
23 **may be offered and sold on a digital asset**  
24 **trading system by any person other than**  
25 **a digital asset issuer if, at the time of**

1 such offer or sale, any blockchain system  
2 to which the restricted digital asset re-  
3 lates is a functional network and the in-  
4 formation described in section 43 has  
5 been certified and made publicly avail-  
6 able for any blockchain system to which  
7 the restricted digital asset relates.

8 “(2) **ADDITIONAL RULES FOR RELATED**  
9 **PERSONS AND AFFILIATED PERSONS.—**Except  
10 as provided under subsection (c), a re-  
11 stricted digital asset owned by a related  
12 person or an affiliated person may only  
13 be offered or sold after 12 months after  
14 the later of—

15 “(A) the date on which such re-  
16 stricted digital asset was acquired; or

17 “(B) the digital asset maturity  
18 date.

19 “(b) **OFFERS AND SALES OF CERTAIN DIGITAL**  
20 **COMMODITIES.—**

21 “(1) **IN GENERAL.—**Subject to para-  
22 graph (2), a digital commodity may be of-  
23 fered and sold by any person.

24 “(2) **RULES FOR RELATED AND AFFILI-**  
25 **ATED PERSONS.—**Except as provided under

1 subsection (c), a digital commodity may  
2 only be offered or sold by a related per-  
3 son or an affiliated person if—

4 “(A) the holder of the digital com-  
5 modity owned the digital commodity  
6 while it was a restricted digital asset  
7 for 12 months after the later of—

8 “(i) the date on which such re-  
9 stricted digital asset was ac-  
10 quired; or

11 “(ii) the digital asset maturity  
12 date;

13 “(B) any blockchain system to  
14 which the digital commodity relates  
15 is certified to be a decentralized net-  
16 work under section 44; and

17 “(C) the digital commodity is of-  
18 fered or sold on or subject to the  
19 rules of a digital commodity exchange  
20 registered under section 5i of the  
21 Commodity Exchange Act.

22 “(3) NOT AN INVESTMENT CONTRACT.—  
23 For purposes of the securities laws, an  
24 offer or sale of a digital commodity that  
25 does not violate paragraph (2) shall not

1       be a transaction in an investment con-  
2       tract.

3       “(c) **SALES RESTRICTIONS FOR AFFILIATED**  
4 **PERSONS.—A digital asset may be offered and**  
5 **sold by an affiliated person under subsection**  
6 **(a) or (b) if—**

7               “(1) **the aggregate amount of such**  
8 **digital assets sold in any 3-month period**  
9 **by the affiliated person is not greater**  
10 **than one percent of the digital assets**  
11 **then outstanding; or**

12               “(2) **the affiliated person promptly,**  
13 **following the placement of an order to**  
14 **sell one percent or more of the digital as-**  
15 **sets then outstanding during any 3-**  
16 **month period, reports the sale to—**

17                       “(A) **the Commodity Futures Trad-**  
18 **ing Commission, in the case of an**  
19 **order to sell a digital commodity on**  
20 **or subject to the rules of a digital**  
21 **commodity exchange; or**

22                       “(B) **the Securities and Exchange**  
23 **Commission, in the case of a sell**  
24 **order for a restricted digital asset**



1 placed with a digital asset trading  
2 system.

3 **“(d) TREATMENT OF CERTAIN END USER DIS-**  
4 **TRIBUTIONS UNDER THE SECURITIES LAWS.—**

5 **“(1) IN GENERAL.—**With respect to a  
6 **digital asset, an end user distribution is**  
7 **described under this paragraph if—**

8 **“(A) each blockchain system to**  
9 **which such digital asset relates is a**  
10 **functional network; and**

11 **“(B) with respect to the digital**  
12 **asset and each blockchain system to**  
13 **which such digital asset relates, the**  
14 **information described in section 43**  
15 **has been certified and made publicly**  
16 **available.**

17 **“(2) NOT AN INVESTMENT CONTRACT.—**  
18 **For purposes of the securities laws, an**  
19 **end user distribution described under**  
20 **paragraph (1) shall not be a transaction**  
21 **in an investment contract.**

22 **“(3) EXEMPTION.—**Section 5 of the Se-  
23 **curities Act of 1933 (15 U.S.C. 77e) shall**  
24 **not apply to an end user distribution de-**  
25 **scribed under paragraph (1) or a trans-**

1       **action in a unit of digital asset issued in**  
2       **such a distribution.”.**

3       **SEC. 203. ENHANCED DISCLOSURE REQUIREMENTS.**

4       **Title I of the Securities Exchange Act of**  
5       **1934 (15 U.S.C. 78a et seq.), as amended by sec-**  
6       **tion 202, is further amended by adding at the**  
7       **end the following:**

8       **“SEC. 43. ENHANCED DISCLOSURE REQUIREMENTS WITH**  
9               **RESPECT TO DIGITAL ASSETS.**

10       **“(a) DISCLOSURE INFORMATION.—With re-**  
11       **spect to a digital asset and any blockchain**  
12       **system to which the digital asset relates, the**  
13       **information described under this section is as**  
14       **follows:**

15               **“(1) SOURCE CODE.—The source code**  
16       **for any blockchain system to which the**  
17       **digital asset relates.**

18               **“(2) TRANSACTION HISTORY.—A descrip-**  
19       **tion of the steps necessary to independ-**  
20       **ently access, search, and verify the trans-**  
21       **action history of any blockchain system**  
22       **to which the digital asset relates.**

23               **“(3) DIGITAL ASSET ECONOMICS.—A de-**  
24       **scription of the purpose of any**  
25       **blockchain system to which the digital**

1       **asset relates and the operation of any**  
2       **such blockchain system, including—**

3               **“(A) information explaining the**  
4               **launch and supply process, including**  
5               **the number of digital assets to be**  
6               **issued in an initial allocation, the**  
7               **total number of digital assets to be**  
8               **created, the release schedule for the**  
9               **digital assets, and the total number of**  
10              **digital assets then outstanding;**

11              **“(B) information on any applica-**  
12              **ble consensus mechanism or process**  
13              **for validating transactions, method of**  
14              **generating or mining digital assets,**  
15              **and any process for burning or de-**  
16              **stroying digital assets on the**  
17              **blockchain system;**

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

23              **“(D) sufficient information for a**  
24              **third party to create a tool for**

1           **verifying the transaction history of**  
2           **the digital asset.**

3           **“(4) PLAN OF DEVELOPMENT.—The cur-**  
4           **rent state and timeline for the develop-**  
5           **ment of any blockchain system to which**  
6           **the digital asset relates, showing how**  
7           **and when the blockchain system intends**  
8           **or intended to be considered a functional**  
9           **network and decentralized network.**

10           **“(5) DEVELOPMENT DISCLOSURES.—A**  
11           **list of all persons who are related persons**  
12           **or affiliated persons who have been**  
13           **issued a unit of a digital asset by a digital**  
14           **asset issuer or have a right to a unit of a**  
15           **digital asset from a digital asset issuer.**

16           **“(6) RISK FACTOR DISCLOSURES.—Where**  
17           **appropriate, provide under the caption**  
18           **‘Risk Factors’ a description of the mate-**  
19           **rial risks surrounding ownership of a**  
20           **unit of a digital asset. This discussion**  
21           **shall be organized logically with relevant**  
22           **headings and each risk factor shall be set**  
23           **forth under a subcaption that adequately**  
24           **describes the risk.**

1       **“(b) CERTIFICATION.—With respect to a dig-**  
2 **ital asset and any blockchain system to which**  
3 **the digital asset relates, the information re-**  
4 **quired to be made available under this sec-**  
5 **tion has been certified if the digital asset**  
6 **issuer, an affiliated person, a decentralized**  
7 **governance system, or a digital commodity ex-**  
8 **change certifies on a quarterly basis to the**  
9 **Commodity Futures Trading Commission and**  
10 **the Securities and Exchange Commission that**  
11 **the information is true and correct.”.**

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

13       **Title I of the Securities Exchange Act of**  
14 **1934 (15 U.S.C. 78a et seq.), as amended by sec-**  
15 **tion 203, is further amended by adding at the**  
16 **end the following:**

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

18       **“(a) CERTIFICATION.—Any person may cer-**  
19 **tify to the Securities and Exchange Commis-**  
20 **sion that the blockchain system to which a**  
21 **digital asset relates is a decentralized net-**  
22 **work.**

23       **“(b) FILING REQUIREMENTS.—A certifi-**  
24 **cation described under subsection (a) shall be**  
25 **filed with the Commission, and include—**

1           **“(1) information regarding the person**  
2           **making the certification;**

3           **“(2) a description of the blockchain**  
4           **system and the digital asset which relates**  
5           **to such blockchain system, including—**

6                   **“(A) the operation of the**  
7                   **blockchain system;**

8                   **“(B) the functionality of the re-**  
9                   **lated digital asset;**

10                   **“(C) any decentralized govern-**  
11                   **ance system which relates to the**  
12                   **blockchain system; and**

13                   **“(D) the process to develop con-**  
14                   **sensus or agreement within such de-**  
15                   **centralized governance system;**

16           **“(3) a description of the development**  
17           **of the blockchain system and the digital**  
18           **asset which relates to the blockchain sys-**  
19           **tem, including—**

20                   **“(A) a history of the development**  
21                   **of the blockchain system and the dig-**  
22                   **ital asset which relates to such**  
23                   **blockchain system;**

1           **“(B) a description of the issuance**  
2           **process for the digital asset which re-**  
3           **lates to the blockchain system;**

4           **“(C) information identifying the**  
5           **digital asset issuer of the digital asset**  
6           **which relates to the blockchain sys-**  
7           **tem; and**

8           **“(D) a list of any affiliated person**  
9           **related to the digital asset issuer;**

10          **“(4) an analysis of the factors on**  
11          **which such person based the certification**  
12          **that the blockchain system is a decentral-**  
13          **ized network, including—**

14               **“(A) an explanation of the protec-**  
15               **tions and prohibitions available dur-**  
16               **ing the previous 12 months against**  
17               **any one person being able to—**

18                       **“(i) control or materially alter**  
19                       **the blockchain system;**

20                       **“(ii) exclude any other person**  
21                       **from using or participating on the**  
22                       **blockchain system; and**

23                       **“(iii) exclude any other person**  
24                       **from participating in a decentral-**  
25                       **ized governance system;**

1           **“(B) information regarding the**  
2           **beneficial ownership of the digital**  
3           **asset which relates to such**  
4           **blockchain system and the distribu-**  
5           **tion of voting power in any decentral-**  
6           **ized governance system during the**  
7           **previous 12 months;**

8           **“(C) information regarding the**  
9           **history of upgrades to the source**  
10          **code for such blockchain system dur-**  
11          **ing the previous 3 months, includ-**  
12          **ing—**

13               **“(i) a description of any con-**  
14               **sensus or agreement process uti-**  
15               **lized to process or approve**  
16               **changes to the source code;**

17               **“(ii) a list of any material**  
18               **changes to the source code, the**  
19               **purpose and effect of the changes,**  
20               **and the contributor of the**  
21               **changes, if known; and**

22               **“(iii) any changes to the**  
23               **source code made by the digital**  
24               **asset issuer, a related person, or**  
25               **an affiliated person;**



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

8           **“(E) information regarding any**  
9           **issuance of a unit of the digital asset**  
10          **which relates to such blockchain sys-**  
11          **tem during the previous 12 months;**  
12          **and**

13          **“(5) with respect to a blockchain sys-**  
14          **tem for which a certification has pre-**  
15          **viously been rebutted under this section**  
16          **or withdrawn under section 5i(m) of the**  
17          **Commodity Exchange Act, specific infor-**  
18          **mation relating to the analysis provided**  
19          **in subsection (f)(2) in connection with**  
20          **such rebuttal or such section 5i(m)(1)(C)**  
21          **in connection with such withdrawal.**

22          **“(c) REBUTTABLE PRESUMPTION.—The Com-**  
23          **mission may rebut a certification described**  
24          **under subsection (a) with respect to a**  
25          **blockchain system if the Commission, within**

1 **60 days of receiving such certification, deter-**  
2 **mines that the blockchain system is not a de-**  
3 **centralized network.**

4 **“(d) CERTIFICATION REVIEW.—**

5 **“(1) IN GENERAL.—Any blockchain sys-**  
6 **tem that relates to a digital asset for**  
7 **which a certification has been made**  
8 **under subsection (a) shall be considered**  
9 **a decentralized network 60 days after the**  
10 **date on which the Commission receives a**  
11 **certification under subsection (a), unless**  
12 **the Commission notifies the person who**  
13 **made the certification within such time**  
14 **that the Commission is staying the cer-**  
15 **tification due to—**

16 **“(A) an inadequate explanation by**  
17 **the person making the certification;**  
18 **or**

19 **“(B) any novel or complex issues**  
20 **which require additional time to con-**  
21 **sider.**

22 **“(2) PUBLIC NOTICE.—The Commission**  
23 **shall make the following available to the**  
24 **public and provide a copy to the Com-**  
25 **modity Futures Trading Commission:**

1           **“(A) Each certification received**  
2           **under subsection (a).**

3           **“(B) Each stay of the Commission**  
4           **under this section, and the reasons**  
5           **therefore.**

6           **“(C) Any response from a person**  
7           **making a certification under sub-**  
8           **section (a) to a stay of the certifi-**  
9           **cation by the Commission.**

10           **“(3) CONSOLIDATION.—The Commission**  
11           **may consolidate and treat as one submis-**  
12           **sion multiple certifications made under**  
13           **subsection (a) for the same blockchain**  
14           **system which relates to a digital asset**  
15           **which are received during the review pe-**  
16           **riod provided under this subsection.**

17           **“(e) STAY OF CERTIFICATION.—**

18           **“(1) IN GENERAL.—A notification by**  
19           **the Commission pursuant to subsection**  
20           **(d)(1) shall stay the certification once for**  
21           **up to an additional 120 days from the**  
22           **date of the notification.**

23           **“(2) PUBLIC COMMENT PERIOD.—Before**  
24           **the end of the 60-day period described**  
25           **under subsection (d)(1), the Commission**

1       **may begin a public comment period of at**  
2       **least 30 days in conjunction with a stay**  
3       **under this section.**

4       **“(f) DISPOSITION OF CERTIFICATION.—**

5               **“(1) IN GENERAL.—A certification made**  
6       **under subsection (a) shall—**

7                       **“(A) become effective—**

8                               **“(i) upon the publication of a**  
9                               **notification from the Commission**  
10                              **to the person who made the cer-**  
11                              **tification that the Commission**  
12                              **does not object to the certifi-**  
13                              **cation; or**

14                             **“(ii) at the expiration of the**  
15                             **certification review period; and**

16                            **“(B) not become effective upon**  
17       **the publication of a notification from**  
18       **the Commission to the person who**  
19       **made the certification that the Com-**  
20       **mission has rebutted the certifi-**  
21       **cation.**

22               **“(2) DETAILED ANALYSIS INCLUDED WITH**  
23       **REBUTTAL.—The Commission shall in-**  
24       **clude, with each publication of a notifica-**  
25       **tion of rebuttal described under para-**

1       **graph (1)(B), a detailed analysis of the**  
2       **factors on which the decision was based.**

3       **“(g) RECERTIFICATION.—With respect to a**  
4       **blockchain system for which a certification**  
5       **has been rebutted under this section, no per-**  
6       **son may make a certification under sub-**  
7       **section (a) with respect to such blockchain**  
8       **system during the 90-day period beginning on**  
9       **the date of such rebuttal.**

10       **“(h) APPEAL OF REBUTTAL.—**

11               **“(1) IN GENERAL.—If a certification is**  
12       **rebutted under this section, the person**  
13       **making such certification may appeal the**  
14       **decision to the United States Court of Ap-**  
15       **peals for the District of Columbia, not**  
16       **later than 60 days after the notice of re-**  
17       **buttal is made.**

18               **“(2) REVIEW.—In an appeal under**  
19       **paragraph (1), the court shall have de**  
20       **novo review of the determination to**  
21       **rebut the certification.**

22       **“(i) LIABILITY FOR PROVIDING FALSE INFOR-**  
23       **MATION.—It shall be unlawful for any person**  
24       **to provide false information in support of a**  
25       **certification under this section if such person**

1 **knew or reasonably should have known such**  
2 **information was false.”.**

3 **SEC. 205. EFFECTIVE DATE.**

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

11 **(1) 360 days after the date of enact-**  
12 **ment of this Act; or**

13 **(2) 60 days after the publication in**  
14 **the Federal Register of the final rule im-**  
15 **plementing the provision.**

16 **TITLE III—REGISTRATION FOR**  
17 **DIGITAL ASSET INTER-**  
18 **MEDIARIES AT THE SECURI-**  
19 **TIES AND EXCHANGE COM-**  
20 **MISSION**

21 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND**  
22 **OTHER DIGITAL ASSETS.**

23 **(a) SECURITIES ACT OF 1933.—Section**  
24 **2(a)(1) of the Securities Act of 1933 (15 U.S.C.**  
25 **77b(a)(1)) is amended by adding at the end the**

1 following: “The term does not include a digital  
2 commodity or permitted payment  
3 stablecoin.”.

4 (b) SECURITIES EXCHANGE ACT OF 1934.—  
5 Section 3(a) of the Securities Exchange Act of  
6 1934 (15 U.S.C. 78c(a)) is amended—

7 (1) in paragraph (1), by adding at the  
8 end the following: “The term ‘exchange’  
9 does not include a digital asset trading  
10 system, blockchain protocol, or any per-  
11 son or group of persons solely because of  
12 their development of a blockchain pro-  
13 tocol.”;

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

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

20 (4) in paragraph (5)(A), by inserting  
21 “restricted digital assets or” after “not in-  
22 cluding”;

23 (5) in paragraph (26) by inserting  
24 “(other than a notice-registered digital

1     **asset clearing agency)” after “or reg-**  
2     **istered clearing agency”;**

3           **(6) in paragraph (28) by inserting**  
4     **“(other than a notice-registered digital**  
5     **asset clearing agency)” after “registered**  
6     **clearing agency”;** and

7           **(7) in paragraph (10), by adding at**  
8     **the end the following: “Subject to sub-**  
9     **section (i), the term does not include a**  
10    **digital commodity or permitted payment**  
11    **stablecoin.”.**

12    **(c) INVESTMENT ADVISERS ACT OF 1940.—**  
13    **Section 202(a) of the Investment Advisers Act**  
14    **of 1940 (15 U.S.C. 80b-2) is amended—**

15           **(1) in paragraph (18), by adding at**  
16     **the end the following: “The term does not**  
17     **include a digital commodity or permitted**  
18     **payment stablecoin.”;**

19           **(2) by redesignating the second para-**  
20     **graph (29) (relating to commodity pools)**  
21     **as paragraph (31);**

22           **(3) by adding at the end, the fol-**  
23     **lowing:**

24           **“(32) DIGITAL ASSET-RELATED TERMS.—**  
25     **The terms ‘digital commodity’ and ‘per-**





1           **(1) by moving subsection (c) so as to**  
2           **appear after subsection (b);**

3           **(2) by designating the undesignated**  
4           **matter at the end of that section as sub-**  
5           **section (d); and**

6           **(3) by adding at the end the fol-**  
7           **lowing:**

8           **“(e)(1) Rules promulgated under sub-**  
9           **section (b) that prohibit fraud, manipulation,**  
10           **or insider trading (but not rules imposing or**  
11           **specifying reporting or recordkeeping re-**  
12           **quirements, procedures, or standards as pro-**  
13           **phylactic measures against fraud, manipula-**  
14           **tion, or insider trading), and judicial prece-**  
15           **dents decided under subsection (b) and rules**  
16           **promulgated thereunder that prohibit fraud,**  
17           **manipulation, or insider trading, shall apply**  
18           **to permitted payment stablecoins with re-**  
19           **spect to those circumstances in which the per-**  
20           **mitted payment stablecoins are brokered,**  
21           **traded, or custodied by a broker, dealer, dig-**  
22           **ital asset broker, or digital asset dealer or**  
23           **through an alternative trading system or dig-**  
24           **ital asset trading platform to the same extent**  
25           **as they apply to securities.**

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

13       **“(3) Nothing in this subsection may be**  
14 **construed to provide the Commission author-**  
15 **ity to make any rule, regulation, requirement,**  
16 **or obligation on a permitted payment**  
17 **stablecoin issuer regarding the operations of**  
18 **a permitted payment stablecoin issuer or a**  
19 **permitted payment stablecoin, including any**  
20 **aspect of the operation of a permitted pay-**  
21 **ment stablecoin issuer or permitted payment**  
22 **stablecoin.”.**

23       **(b) TREATMENT OF PERMITTED PAYMENT**  
24 **STABLECOINS.—Title I of the Securities Ex-**  
25 **change Act of 1934 (15 U.S.C. 78a et seq.), as**

1 amended by section 304, is amended by insert-  
2 ing after section 6B the following

3 “SEC. 6C. TREATMENT OF TRANSACTIONS IN PERMITTED  
4 PAYMENT STABLECOINS.

5 “(a) AUTHORITY TO BROKER, TRADE, AND  
6 CUSTODY PERMITTED PAYMENT STABLECOINS.—  
7 Permitted payment stablecoins may be bro-  
8 kered, traded, or custodied by a broker, deal-  
9 er, digital asset broker, or digital asset dealer  
10 or through an alternative trading system or  
11 digital asset trading platform.

12 “(b) COMMISSION JURISDICTION.—The Com-  
13 mission shall have jurisdiction over a trans-  
14 action in a permitted payment stablecoin with  
15 respect to those circumstances in which a  
16 permitted payment stablecoin is brokered,  
17 traded, or custodied—

18 “(1) by a broker, dealer, digital asset  
19 broker, or digital asset dealer; or

20 “(2) through an alternative trading  
21 system or digital asset trading system.

22 “(c) LIMITATION.—Subsection (b) shall only  
23 apply to a transaction described in subsection  
24 (b) for the purposes of regulating the offer,  
25 execution, solicitation, or acceptance of a per-

1 mitted payment stablecoin in those cir-  
2 cumstances in which the permitted payment  
3 stablecoin is brokered, traded, or custodied—

4 “(1) by a broker, dealer, digital asset  
5 broker, or digital asset dealer; or

6 “(2) through an alternative trading  
7 system or digital asset trading system.”.

8 SEC. 303. REGISTRATION OF DIGITAL ASSET TRADING SYS-  
9 TEMS.

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

13 “(m) DIGITAL ASSET TRADING SYSTEM.—

14 “(1) IN GENERAL.—It shall be unlawful  
15 for any digital asset trading system to  
16 make use of the mails or any means or in-  
17 strumentality of interstate commerce  
18 within or subject to the jurisdiction of  
19 the United States to effect any trans-  
20 action in a restricted digital asset, unless  
21 such digital asset trading system is reg-  
22 istered with the Commission.

23 “(2) APPLICATION.—A person desiring  
24 to register as a digital asset trading sys-  
25 tem shall submit to the Commission an

1 application in such form and containing  
2 such information as the Commission may  
3 require for the purpose of making the de-  
4 terminations required for approval.

5 “(3) EXEMPTIONS.—A digital asset trad-  
6 ing system that offers or seeks to offer at  
7 least one restricted digital asset shall not  
8 be required to register under this section  
9 (and subparagraph (A) shall not apply to  
10 such digital asset trading system) if the  
11 trading system satisfies any exemption  
12 contained on a list of exemptions pre-  
13 pared by the Commission to be as close  
14 as practicable to those exemptions set  
15 forth in section 240.3b-16(b) of title 17,  
16 Code of Federal Regulations, applicable  
17 to the definition of an exchange.

18 “(4) ADDITIONAL REGISTRATIONS.—

19 “(A) WITH THE COMMISSION.—

20 “(i) IN GENERAL.—A registered  
21 digital asset trading system shall  
22 be permitted to maintain any  
23 other registration with the Com-  
24 mission relating to the other ac-  
25 tivities of the registered digital

1           **asset trading system, including as**

2           **a—**

3                   **“(I) national securities ex-**  
4                   **change;**

5                   **“(II) broker;**

6                   **“(III) dealer;**

7                   **“(IV) alternative trading**  
8                   **system, pursuant to part 242**  
9                   **of title 17, Code of Federal**  
10                   **Regulations, as in effect on**  
11                   **the date of enactment of this**  
12                   **subsection;**

13                   **“(V) digital asset broker;**

14                   **or**

15                   **“(VI) digital asset dealer.**

16           **“(ii) RULEMAKING.—The Com-**  
17           **mission shall prescribe rules for**  
18           **an entity with multiple registra-**  
19           **tions described under subpara-**  
20           **graph (A) to exempt the entity**  
21           **from duplicative, conflicting, or**  
22           **unduly burdensome provisions of**  
23           **this Act and the rules under this**  
24           **Act, to the extent such an exemp-**  
25           **tion would protect investors,**

1           **maintain fair, orderly, and effi-**  
2           **cient markets, and facilitate cap-**  
3           **ital formation.**

4           **“(B) WITH THE COMMODITY FUTURES**  
5           **TRADING COMMISSION.—A registered**  
6           **digital asset trading system shall be**  
7           **permitted to maintain a registration**  
8           **with the Commodity Futures Trading**  
9           **Commission as a digital commodity**  
10          **exchange to offer contracts of sale for**  
11          **digital commodities.”.**

12 **SEC. 304. REQUIREMENTS FOR DIGITAL ASSET TRADING**  
13           **SYSTEMS.**

14           **Title I of the Securities Exchange Act of**  
15           **1934 (15 U.S.C. 78a et seq.) is amended by in-**  
16           **serting after section 6 the following:**

17 **“SEC. 6A. REQUIREMENTS FOR DIGITAL ASSET TRADING**  
18           **SYSTEMS.**

19           **“(a) HOLDING OF CUSTOMER ASSETS.—**

20           **“(1) IN GENERAL.—A digital asset trad-**  
21           **ing system shall hold customer money,**  
22           **assets, and property in a manner to mini-**  
23           **mize the risk of loss to the customer or**  
24           **unreasonable delay in the access to the**



1 money, assets, and property of the cus-  
2 tomer.

3 “(2) QUALIFIED DIGITAL ASSET CUSTO-  
4 DIAN REQUIRED.—A digital asset trading  
5 system shall hold customer restricted dig-  
6 ital assets described in paragraph (1)  
7 with a qualified digital asset custodian  
8 described under section 6B.

9 “(3) CUSTODY PROHIBITED.—A digital  
10 asset trading system, in its capacity as  
11 such, may not hold custody of customer  
12 money, assets, or property.

13 “(b) RULEMAKING.—The Commission shall  
14 prescribe rules for digital asset trading sys-  
15 tems relating to the following:

16 “(1) NOTICE.—Notice to the Commis-  
17 sion of the initial operation of a digital  
18 asset trading system or any material  
19 change to the operation of the digital  
20 asset trading system.

21 “(2) ORDER DISPLAY.—The thresholds  
22 at which a digital asset trading system is  
23 required to display the orders of the dig-  
24 ital asset trading system, and the manner  
25 of such display.

1           **“(3) FAIR ACCESS.—The thresholds at**  
2           **which a digital asset trading system is re-**  
3           **quired to have policies regarding pro-**  
4           **viding fair access to the digital asset**  
5           **trading system.**

6           **“(4) CAPACITY, INTEGRITY, AND SECUR-**  
7           **ITY OF AUTOMATED SYSTEMS.—Policies and**  
8           **procedures reasonably designed to en-**  
9           **sure the capacity, integrity, and security**  
10          **of the digital asset trading system, taking**  
11          **into account the particular nature of dig-**  
12          **ital asset trading systems.**

13          **“(5) EXAMINATIONS, INSPECTIONS, AND**  
14          **INVESTIGATIONS.—The examination and in-**  
15          **spection of the premises, systems, and**  
16          **records of the digital asset trading sys-**  
17          **tem by the Commission or by a self-regu-**  
18          **latory organization of which such digital**  
19          **asset trading system is a member.**

20          **“(6) RECORDKEEPING.—The making,**  
21          **keeping current, and preservation of**  
22          **records related to trading activity on the**  
23          **digital asset trading system.**



1 **the digital asset custodian complies with the**  
2 **requirements of this section.**

3 **“(b) SUPERVISION REQUIREMENT.—**

4 **“(1) IN GENERAL.—A digital asset cus-**  
5 **todian shall—**

6 **“(A) be subject to adequate super-**  
7 **vision and appropriate regulation**  
8 **by—**

9 **“(i) the Board of Governors of**  
10 **the Federal Reserve System;**

11 **“(ii) the Comptroller of the**  
12 **Currency;**

13 **“(iii) the Federal Deposit In-**  
14 **surance Corporation;**

15 **“(iv) the Commodity Futures**  
16 **Trading Commission;**

17 **“(v) the Securities and Ex-**  
18 **change Commission;**

19 **“(vi) a State bank supervisor**  
20 **(within the meaning of section 3**  
21 **of the Federal Deposit Insurance**  
22 **Act); or**

23 **“(vii) an appropriate foreign**  
24 **governmental authority in the**

1           **home country of the digital asset**  
2           **custodian; and**

3           **“(B) not be prohibited by the ap-**  
4           **plicable supervisor from engaging in**  
5           **an activity with respect to the cus-**  
6           **tody and safekeeping of digital assets.**

7           **“(2) ADEQUATE SUPERVISION AND APPRO-**  
8           **PRIATE REGULATION.—For purposes of**  
9           **paragraph (1), the terms ‘adequate super-**  
10           **vision’ and ‘appropriate regulation’ mean**  
11           **such minimum standards for supervision**  
12           **and regulation as are reasonably nec-**  
13           **essary to protect the digital assets of cus-**  
14           **tomers of an entity registered with the**  
15           **Commission, including minimum stand-**  
16           **ards relating to—**

17           **“(A) accessibility of customer as-**  
18           **sets;**

19           **“(B) financial resources;**

20           **“(C) risk management require-**  
21           **ments;**

22           **“(D) governance arrangements;**

23           **“(E) fitness standards for officers**  
24           **and directors;**

25           **“(F) recordkeeping;**

1           “(G) information sharing; and

2           “(H) conflicts of interest.

3           “(3) DEEMED COMPLIANCE.—A digital  
4           asset custodian shall be deemed to be  
5           subject to adequate supervision and ap-  
6           propriate regulation, if—

7                   “(A) it is supervised by an agency  
8                   described under any of clauses (i)  
9                   through (v) of paragraph (1)(A); or

10                   “(B) it is a bank supervised by a  
11                   State bank supervisor (within the  
12                   meaning of section 3 of the Federal  
13                   Deposit Insurance Act).

14           “(4) RULEMAKING WITH RESPECT TO  
15           DEFINITIONS.—For purposes of this sub-  
16           section, the Commission may, by rule,  
17           further define the terms ‘adequate super-  
18           vision’ and ‘appropriate regulation’ as  
19           necessary in the public interest, as appro-  
20           priate for the protection of investors, and  
21           consistent with the purposes of this Act.

22           “(c) INFORMATION SHARING.—Each digital  
23           asset custodian shall periodically share of in-  
24           formation with the Commission, as the Com-  
25           mission determines by rule to be reasonably

1 **necessary to effectuate any of the provisions,**  
2 **or to accomplish any of the purposes, of this**  
3 **Act.”.**

4 **SEC. 305. REGISTRATION OF DIGITAL ASSET BROKERS AND**  
5 **DIGITAL ASSET DEALERS.**

6 **The Securities Exchange Act of 1934 (15**  
7 **U.S.C. 78a et seq.) is amended by inserting**  
8 **after section 15G the following:**

9 **“SEC. 15H. REGISTRATION OF DIGITAL ASSET BROKERS**  
10 **AND DIGITAL ASSET DEALERS.**

11 **“(a) REGISTRATION.—**

12 **“(1) IN GENERAL.—It shall be unlawful**  
13 **for any digital asset broker or digital**  
14 **asset dealer (other than a natural person**  
15 **associated with a digital asset broker or**  
16 **digital asset dealer, and other than such**  
17 **a digital asset broker or digital asset**  
18 **dealer whose business is exclusively**  
19 **intrastate and who does not make use of**  
20 **any facility of a digital asset trading plat-**  
21 **form) to make use of the mails or any**  
22 **means or instrumentality of interstate**  
23 **commerce to effect any transactions in,**  
24 **or to induce or attempt to induce the**  
25 **purchase or sale of, any restricted digital**

1       **asset unless such digital asset broker or**  
2       **digital asset dealer is registered in ac-**  
3       **cordance with this section.**

4               **“(2) APPLICATION.—A person desiring**  
5       **to register as a digital asset broker or**  
6       **digital asset dealer shall submit to the**  
7       **Commission an application in such form**  
8       **and containing such information as the**  
9       **Commission may require for the purpose**  
10       **of making the determinations required**  
11       **for approval.**

12       **“(b) NATIONAL SECURITIES ASSOCIATION**  
13       **MEMBERSHIP.—**

14               **“(1) IN GENERAL.—A digital asset**  
15       **broker or digital asset dealer may not**  
16       **register or maintain registration under**  
17       **this section unless such digital asset**  
18       **broker or digital asset dealer is a mem-**  
19       **ber of a national securities association**  
20       **registered under section 15A.**

21               **“(2) TREATMENT UNDER SECTION 15A.—**

22                       **“(A) IN GENERAL.—For purposes of**  
23       **section 15A—**

24                               **“(i) the term ‘broker’ includes**  
25       **a digital asset broker;**



1           “(ii) the term ‘dealer’ includes  
2           a digital asset dealer; and

3           “(iii) the term ‘security’ in-  
4           cludes a restricted digital asset.

5           “(B)       CLARIFICATION.—Notwith-  
6           standing subparagraph (A), a national  
7           securities association shall only ex-  
8           amine for and enforce against a dig-  
9           ital asset broker and digital asset  
10          dealer rules of such national securi-  
11          ties association written specifically  
12          for digital asset brokers and a digital  
13          asset dealers.

14          “(3)   EXCEPTION.—A   digital   asset  
15          broker or digital asset dealer may reg-  
16          ister under this section without obtaining  
17          membership in a national securities asso-  
18          ciation until the end of the 360-day pe-  
19          riod beginning on the date the first na-  
20          tional securities association adopts rules  
21          to admit digital asset brokers or digital  
22          asset dealers as members.

23          “(c)   ADDITIONAL REGISTRATIONS WITH THE  
24          COMMISSION.—

1           **“(1) IN GENERAL.—A registered digital**  
2           **asset broker or registered digital asset**  
3           **dealer shall be permitted to maintain any**  
4           **other registration with the Commission**  
5           **relating to the other activities of the reg-**  
6           **istered digital asset broker or registered**  
7           **digital asset dealer, including as—**

8                   **“(A) a national securities ex-**  
9                   **change;**

10                   **“(B) a broker;**

11                   **“(C) a dealer;**

12                   **“(D) an alternative trading sys-**  
13                   **tem, pursuant to part 242 of title 17,**  
14                   **Code of Federal Regulations, as in ef-**  
15                   **fect on the date of enactment of this**  
16                   **section; or**

17                   **“(E) a digital asset trading sys-**  
18                   **tem.**

19           **“(2) RULEMAKING.—The Commission**  
20           **shall prescribe rules for an entity with**  
21           **multiple registrations described under**  
22           **paragraph (1) to exempt the entity from**  
23           **duplicative, conflicting, or unduly bur-**  
24           **densome provisions of this Act and the**  
25           **rules under this Act, to the extent such**

1       **an exemption would protect investors,**  
2       **maintain fair, orderly, and efficient mar-**  
3       **kets, and facilitate capital formation.**

4               **“(3) SELF-REGULATORY ORGANIZA-**  
5       **TIONS.—The Commission shall require**  
6       **any self-regulatory organization with a**  
7       **registered digital asset broker or reg-**  
8       **istered digital asset dealer as a member**  
9       **to provide such rules as may be nec-**  
10       **essary to further compliance with this**  
11       **section, protect investors, maintain fair,**  
12       **orderly, and efficient markets, and facili-**  
13       **tate capital formation.**

14               **“(d) ADDITIONAL REGISTRATIONS WITH THE**  
15       **COMMODITY FUTURES TRADING COMMISSION.—A**  
16       **registered digital asset broker or registered**  
17       **digital asset dealer shall be permitted to**  
18       **maintain a registration with the Commodity**  
19       **Futures Trading Commission as a digital com-**  
20       **modity broker or digital commodity dealer, to**  
21       **list or trade contracts of sale for digital com-**  
22       **modities.”.**

1 SEC. 306. REQUIREMENTS OF DIGITAL ASSET BROKERS  
2 AND DIGITAL ASSET DEALERS.

3 Section 15H of the Securities Exchange  
4 Act of 1934, as added by section 305, is amend-  
5 ed by adding at the end the following:

6 “(e) ANTI-FRAUD.—No digital asset broker  
7 or digital asset dealer shall make use of the  
8 mails or any means or instrumentality of  
9 interstate commerce to effect any transaction  
10 in, or to induce or attempt to induce the pur-  
11 chase or sale of, any restricted digital asset by  
12 means of any manipulative, deceptive, or  
13 other fraudulent device or contrivance.

14 “(f) HOLDING OF CUSTOMER ASSETS.—

15 “(1) IN GENERAL.—A digital asset  
16 broker or digital asset dealer shall hold  
17 customer money, assets, and property in  
18 a manner to minimize the risk of loss to  
19 the customer or unreasonable delay in  
20 the access to the money, assets, and prop-  
21 erty of the customer.

22 “(2) QUALIFIED DIGITAL ASSET CUSTO-  
23 DIAN REQUIRED.—A digital asset broker or  
24 digital asset dealer shall hold customer  
25 restricted digital assets described in  
26 paragraph (1) with a qualified digital

1       **asset custodian described under section**  
2       **6B.**

3               **“(3) SEGREGATION OF FUNDS.—**

4                       **“(A) IN GENERAL.—A digital asset**  
5       **broker or digital asset dealer shall**  
6       **treat and deal with all money, assets,**  
7       **and property held for a customer of**  
8       **the digital asset broker or digital**  
9       **asset dealer, or that accrues to a cus-**  
10       **tomers as a result of trading in re-**  
11       **stricted digital assets, as belonging to**  
12       **the customer.**

13                       **“(B) COMMINGLING PROHIBITED.—**

14       **Money, assets, and property of a cus-**  
15       **tomers described in subparagraph (A)**  
16       **shall be separately accounted for and**  
17       **shall not be commingled with the**  
18       **funds of the digital asset broker or**  
19       **digital asset dealer or be used to mar-**  
20       **gin, secure, or guarantee any trades**  
21       **of any person other than the cus-**  
22       **tomers of the digital asset broker or**  
23       **digital asset dealer for whom the**  
24       **same are held.**

25                       **“(4) EXCEPTIONS.—**

1           **“(A) USE OF FUNDS.—**

2           **“(i) IN GENERAL.—Notwith-**  
3           **standing paragraph (3), money,**  
4           **assets, and property of customers**  
5           **of a digital asset broker or digital**  
6           **asset dealer described in para-**  
7           **graph (3) may be maintained and**  
8           **deposited in the same account or**  
9           **accounts with any bank, trust**  
10          **company, or qualified digital**  
11          **asset custodian described under**  
12          **section 6B, if the money, assets,**  
13          **and property remain segregated**  
14          **from the money, assets, and prop-**  
15          **erty of the digital asset broker or**  
16          **digital asset dealer.**

17          **“(ii) WITHDRAWAL.—Notwith-**  
18          **standing paragraph (3), such**  
19          **share of the money, assets, and**  
20          **property described in paragraph**  
21          **(3) as in the normal course of**  
22          **business shall be necessary to**  
23          **transfer, adjust, or settle a re-**  
24          **stricted digital asset transaction**  
25          **pursuant to a customer’s instruc-**

1           **tion (standing or otherwise) may**  
2           **be withdrawn and applied to such**  
3           **purposes, including the with-**  
4           **drawal and payment of commis-**  
5           **sions, brokerage, interest, taxes,**  
6           **storage, and other charges law-**  
7           **fully accruing in connection with**  
8           **a restricted digital asset trans-**  
9           **action.**

10           **“(iii) COMMISSION ACTION.—In**  
11           **accordance with such terms and**  
12           **conditions as the Commission**  
13           **may prescribe by rule, regulation,**  
14           **or order, any money, assets, or**  
15           **property of a customer of a dig-**  
16           **ital asset broker or digital asset**  
17           **dealer described in paragraph (3)**  
18           **may be commingled and depos-**  
19           **ited as provided in this section**  
20           **with any other money, assets, or**  
21           **property received by the digital**  
22           **asset broker or digital asset deal-**  
23           **er and required by the Commis-**  
24           **sion to be separately accounted**  
25           **for and treated and dealt with as**

1           **belonging to the customer of the**  
2           **digital asset broker or digital**  
3           **asset dealer.**

4           **“(B) PARTICIPATION IN BLOCKCHAIN**  
5           **SERVICES.—**

6                   **“(i) IN GENERAL.—A customer**  
7                   **shall have the right to waive the**  
8                   **restrictions in paragraph (3) for**  
9                   **any unit of a digital asset to be**  
10                   **used under clause (ii), by affirma-**  
11                   **tively electing, in writing to the**  
12                   **digital asset broker or digital**  
13                   **asset dealer, to waive the restric-**  
14                   **tions.**

15                   **“(ii) USE OF FUNDS.—Customer**  
16                   **digital assets removed from seg-**  
17                   **regation under clause (i) may be**  
18                   **pooled and used by the digital**  
19                   **asset broker or digital asset deal-**  
20                   **er or its designee to provide a**  
21                   **blockchain service for a**  
22                   **blockchain system to which the**  
23                   **unit of the digital asset removed**  
24                   **from segregation under clause (i)**  
25                   **relates.**



1           “(iii) **LIMITATIONS.**—The Com-  
2           mission may, by rule, establish  
3           notice and disclosure require-  
4           ments, and any other limitations  
5           and rules related to the waiving  
6           of any restrictions under this sub-  
7           paragraph that are reasonably  
8           necessary to protect customers.

9           “(iv) **BLOCKCHAIN SERVICE DE-**  
10          **FINED.**—In this subparagraph, the  
11          term ‘blockchain service’ means  
12          any activity relating to validating  
13          transactions on a blockchain sys-  
14          tem, providing security for a  
15          blockchain system, or other simi-  
16          lar activity required for the ongo-  
17          ing operation of a blockchain sys-  
18          tem.

19          “(5) **FURTHER LIMITATIONS.**—No person  
20          shall treat or deal with a restricted dig-  
21          ital asset held on behalf of any customer  
22          pursuant to paragraph (3) by utilizing  
23          any unit of such restricted digital asset to  
24          participate in a blockchain service (as de-  
25          fined in paragraph (4)(B)(iv) or a decen-

1        **tralized governance system associated**  
2        **with the restricted digital asset or the**  
3        **blockchain system to which the restricted**  
4        **digital asset relates in any manner other**  
5        **than that which is expressly directed by**  
6        **the customer from which such unit of a**  
7        **restricted digital asset was received.**

8        **“(g) CAPITAL REQUIREMENTS.—**

9                **“(1) IN GENERAL.—Each registered dig-**  
10              **ital asset broker and registered digital**  
11              **asset dealer shall meet such minimum**  
12              **capital requirements as the Commission**  
13              **may prescribe to ensure that the digital**  
14              **asset broker or digital asset dealer is able**  
15              **to—**

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

20                      **“(B) fulfill the customer obliga-**  
21                      **tions of the digital asset broker or**  
22                      **digital asset dealer.**

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

1       **thereof regulating a digital asset broker**  
2       **or digital asset dealer’s financial respon-**  
3       **sibility obligations and capital require-**  
4       **ments, a registered digital asset broker**  
5       **or digital asset dealer that maintains con-**  
6       **trol of customer digital assets in a man-**  
7       **ner that satisfies the rules issued by the**  
8       **Commission under subsection (f)(2) shall**  
9       **not be required to include the value of**  
10       **such digital assets as assets or liabilities**  
11       **of the digital asset broker or digital asset**  
12       **dealer.**

13               **“(3) COORDINATION OF CAPITAL RE-**  
14       **QUIREMENTS.—**

15                       **“(A) COMMISSION RULE.—The Com-**  
16                       **mission shall, by rule, provide appro-**  
17                       **priate offsets to any applicable cap-**  
18                       **ital requirement for a person with**  
19                       **multiple registrations, including as a**  
20                       **broker, dealer, digital asset broker,**  
21                       **or digital asset dealer.**

22                       **“(B) JOINT RULE.—The Commis-**  
23                       **sion and the Commodity Futures**  
24                       **Trading Commission shall jointly, by**  
25                       **rule, provide appropriate offsets to**

1           any applicable capital requirement  
2           for a person with multiple registra-  
3           tions, including as a digital asset  
4           broker, digital asset dealer, digital  
5           asset trading system, digital com-  
6           modity broker, digital commodity  
7           dealer, or digital commodity ex-  
8           change.

9           **“(h) REPORTING AND RECORDKEEPING.—**  
10          **Each registered digital asset broker and dig-**  
11          **ital asset dealer—**

12                 **“(1) shall make such reports as are re-**  
13                 **quired by the Commission by rule or reg-**  
14                 **ulation regarding the transactions, posi-**  
15                 **tions, and financial condition of the dig-**  
16                 **ital asset broker or digital asset dealer;**

17                 **“(2) shall keep books and records in**  
18                 **such form and manner and for such pe-**  
19                 **riod as may be prescribed by the Com-**  
20                 **mission by rule or regulation; and**

21                 **“(3) shall keep the books and records**  
22                 **open to inspection and examination by**  
23                 **any representative of the Commission.**

24           **“(i) TREATMENT UNDER THE BANK SECRECY**  
25          **ACT.—A digital asset broker and a digital**

1 **asset dealer shall be treated as a financial in-**  
2 **stitution for purposes of the Bank Secrecy**  
3 **Act.”.**

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

5 **The Securities Exchange Act of 1934 (15**  
6 **U.S.C. 78a et seq.) is amended by inserting**  
7 **after section 10D the following:**

8 **“SEC. 10E. CONFLICTS OF INTEREST RELATED TO DIGITAL**  
9 **ASSETS.**

10 **“Each registered digital asset trading sys-**  
11 **tem, registered digital asset broker, reg-**  
12 **istered digital asset dealer, and notice-reg-**  
13 **istered digital asset clearing agency shall es-**  
14 **tablish, maintain, and enforce written policies**  
15 **and procedures reasonably designed, taking**  
16 **into consideration the nature of such person’s**  
17 **business, to mitigate any conflicts of interest**  
18 **and transactions or arrangements with affili-**  
19 **ates.”.**

20 **SEC. 308. TREATMENT OF CERTAIN DIGITAL ASSETS IN**  
21 **CONNECTION WITH FEDERALLY REGULATED**  
22 **INTERMEDIARIES.**

23 **Section 18(b) of the Securities Act of 1933**  
24 **(15 U.S.C. 77r(b)) is amended by adding at the**  
25 **end the following:**

1           **“(5) EXEMPTION FOR CERTAIN DIGITAL**  
2           **ASSETS IN CONNECTION WITH FEDERALLY**  
3           **REGULATED INTERMEDIARIES.—A restricted**  
4           **digital asset is a covered security with re-**  
5           **spect to a transaction that is exempt from**  
6           **registration under this Act when—**

7                   **“(A) it is brokered, traded,**  
8                   **custodied, or cleared by a digital**  
9                   **asset broker or digital asset dealer**  
10                   **registered under section 15H of the**  
11                   **Securities Exchange Act of 1934; or**

12                   **“(B) traded through a digital asset**  
13                   **trading system.”.**

14   **SEC. 309. EXCLUSION FOR ANCILLARY ACTIVITIES.**

15           **The Securities Exchange Act of 1934 (15**  
16           **U.S.C. 78a et seq.), as amended by section 305,**  
17           **is further amended by inserting after section**  
18           **15H the following:**

19   **“SEC. 15I. EXCLUSION FOR ANCILLARY ACTIVITIES.**

20           **“(a) IN GENERAL.—Notwithstanding any**  
21           **other provision of this Act, a person shall not**  
22           **be subject to this Act and the regulations**  
23           **thereunder solely based on the person under-**  
24           **taking any ancillary activities.**

1       **“(b) EXCEPTIONS.—Subsection (a) shall not**  
2 **be construed to apply to the anti-fraud and**  
3 **anti-manipulation authorities of the Commis-**  
4 **sion.**

5       **“(c) ANCILLARY ACTIVITIES DEFINED.—In**  
6 **this section, the term ‘ancillary activities’**  
7 **means any of the following activities related**  
8 **to the operation of a blockchain system:**

9           **“(1) Compiling network transactions,**  
10 **operating or participating in a liquidity**  
11 **pool, relaying, searching, sequencing,**  
12 **validating, or acting in a similar capacity**  
13 **with respect to a digital asset.**

14           **“(2) Providing computational work,**  
15 **operating a node, or procuring, offering,**  
16 **or utilizing network bandwidth, or other**  
17 **similar incidental services with respect**  
18 **to a digital asset.**

19           **“(3) Providing a user-interface that**  
20 **enables a user to read and access data**  
21 **about a blockchain system, send mes-**  
22 **sages, or otherwise interact with a**  
23 **blockchain system.**

24           **“(4) Developing, publishing, consti-**  
25 **tuting, administering, maintaining, or**

1 otherwise distributing a blockchain sys-  
2 tem.

3 “(5) Developing, publishing, consti-  
4 tuting, administering, maintaining, or  
5 otherwise distributing software or sys-  
6 tems that create or deploy a hardware or  
7 software wallet or other system facili-  
8 tating an individual user’s own personal  
9 ability to keep, safeguard, or custody the  
10 user’s digital assets or related private  
11 keys.”.

12 SEC. 310. REGISTRATION AND REQUIREMENTS FOR NO-  
13 TICE-REGISTERED DIGITAL ASSET CLEARING  
14 AGENCIES.

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

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

21 (2) by adding at the end the fol-  
22 lowing:

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



1           **“(A) ELIGIBILITY.—A person may**  
2 **register with the Commission as a no-**  
3 **tice-registered digital asset clearing**  
4 **agency if the person—**

5           **“(i) is otherwise registered as**  
6 **a digital asset broker or digital**  
7 **asset dealer with the Commission**  
8 **and is engaging in a business in-**  
9 **volving restricted digital assets,**  
10 **in compliance with Commission**  
11 **rules pursuant to section 15H(f);**  
12 **or**

13           **“(ii) is a bank engaging in a**  
14 **business involving digital assets,**  
15 **in compliance with applicable**  
16 **banking law and regulation relat-**  
17 **ing to the custody and safe-**  
18 **keeping of such assets.**

19           **“(B) REGISTRATION.—A person may**  
20 **register with the Commission as a no-**  
21 **tice-registered digital asset clearing**  
22 **agency by providing the Commission**  
23 **with notice of the activities of the**  
24 **person or planned activities in such**  
25 **form as the Commission determines**



1 or any affiliate (as such term is defined under  
2 section 2 of the Bank Holding Company Act  
3 of 1956) thereof—

4 (1) to include assets held in custody  
5 or safekeeping, or the assets associated  
6 with a cryptographic key held in custody  
7 or safekeeping, as a liability on such in-  
8 stitution's financial statement or balance  
9 sheet, except that cash held for a third  
10 party by such institution that is commin-  
11 gled with the general assets of such insti-  
12 tution may be reflected as a liability on a  
13 financial statement or balance sheet;

14 (2) to hold additional regulatory cap-  
15 ital against assets in custody or safe-  
16 keeping, or the assets associated with a  
17 cryptographic key held in custody or  
18 safekeeping, except as necessary to miti-  
19 gate against operational risks inherent  
20 with the custody or safekeeping services,  
21 as determined by—

22 (A) the appropriate Federal bank-  
23 ing agency;

1           **(B) the National Credit Union Ad-**  
2           **ministration (in the case of a credit**  
3           **union);**

4           **(C) a State bank supervisor (as**  
5           **defined under section 3 of the Fed-**  
6           **eral Deposit Insurance Act (12 U.S.C.**  
7           **1813)); or**

8           **(D) a State credit union super-**  
9           **visor (as defined under section 6003**  
10          **of the Anti-Money Laundering Act of**  
11          **2020);**

12          **(3) to recognize a liability for any ob-**  
13          **ligations related to activities or services**  
14          **performed for digital assets with respect**  
15          **to which such institution does not have**  
16          **beneficial ownership if that liability**  
17          **would exceed the expense recognized in**  
18          **the income statement as a result of the**  
19          **corresponding obligation.**

20          **(b) DEFINITIONS.—In this section:**

21               **(1) DEPOSITORY INSTITUTION.—The**  
22               **term “depository institution” has the**  
23               **meaning given that term under section 3**  
24               **of the Federal Deposit Insurance Act.**

1           **(2) CREDIT UNION TERMS.**—The terms  
2           **“Federal credit union”** and **“State credit**  
3           **union”** have the meaning given those  
4           terms, respectively, under section 101 of  
5           the Federal Credit Union Act.

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

7           **(a) IN GENERAL.**—Except as otherwise pro-  
8           vided under this title, this title and the  
9           amendments made by this title shall take ef-  
10          fect 360 days after the date of enactment of  
11          this Act, except that, to the extent a provision  
12          of this title requires a rulemaking, the provi-  
13          sion shall take effect on the later of—

14                 **(1) 360 days after the date of enact-**  
15                 **ment of this Act; or**

16                 **(2) 60 days after the publication in**  
17                 **the Federal Register of the final rule im-**  
18                 **plementing the provision.**

19           **(b) LIMITATION.**—During fiscal years 2024,  
20          2025, and 2026, registration fees collected by  
21          the Securities and Exchange Commission  
22          shall not be deposited in the Securities and  
23          Exchange Commission Reserve Fund.

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

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

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

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

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

20 **“(I) a contract of sale of a**  
21 **commodity for future delivery**  
22 **or an option on such a con-**  
23 **tract;**

24 **“(II) a swap;**

1           **“(III) a security futures**  
2           **product;**

3           **“(IV) an option authorized**  
4           **under section 4c of this Act;**

5           **“(V) an agreement, con-**  
6           **tract, or transaction de-**  
7           **scribed in subparagraph (C)(i)**  
8           **or (D)(i) of subsection (c)(2) of**  
9           **this section; or**

10           **“(VI) a leverage trans-**  
11           **action authorized under sec-**  
12           **tion 19 of this Act; or**

13           **“(ii) the activities of any per-**  
14           **son with respect to any such an**  
15           **agreement, contract, or trans-**  
16           **action.”.**

17           **(b) IN GENERAL.—Section 2(c)(1) of the**  
18           **Commodity Exchange Act (7 U.S.C. 2(c)(1)) is**  
19           **amended—**

20           **(1) in subparagraph (F), by striking**  
21           **“or” at the end;**

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

24           **(3) by adding at the end the fol-**  
25           **lowing:**

1                   “(H)       permitted       payment  
2                   stablecoins.”.

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

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

7                   (A) in subclause (III), in the mat-  
8                   ter that precedes item (aa), by insert-  
9                   ing “of a commodity, other than a dig-  
10                  ital commodity,” before “that”; and

11                  (B) by redesignating subclauses  
12                  (IV) and (V) as subclauses (V) and (VI)  
13                  and inserting after subclause (III) the  
14                  following:

15                           “(IV) a contract of sale of  
16                           a digital commodity that—

17                                   “(aa) results in actual  
18                                   delivery, as the Commis-  
19                                   sion shall by rule deter-  
20                                   mine, within 2 days or  
21                                   such other period as the  
22                                   Commission may deter-  
23                                   mine by rule or regulation  
24                                   based upon the typical  
25                                   commercial practice in



1 cash or spot markets for  
2 the digital commodity in-  
3 volved; or

4 “(bb) is executed with  
5 a registered digital com-  
6 modity dealer—

7 “(AA) directly;

8 “(BB) through a  
9 registered digital com-  
10 modity broker; or

11 “(CC) on or subject  
12 to the rules of a reg-  
13 istered digital com-  
14 modity exchange;”;  
15 and

16 (2) by adding at the end the fol-  
17 lowing:

18 “(F) COMMISSION JURISDICTION WITH RE-  
19 SPECT TO DIGITAL COMMODITY TRANSACTIONS.—

20 “(i) IN GENERAL.—Subject to sections  
21 6d and 12(e), the Commission shall have  
22 exclusive jurisdiction with respect to any  
23 account, agreement, contract, or trans-  
24 action involving a contract of sale of a  
25 digital commodity in interstate com-

1       **merce, including in a digital commodity**  
2       **cash or spot market, that is offered, solici-**  
3       **ited, traded, facilitated, executed,**  
4       **cleared, reported, or otherwise dealt in—**

5               **“(I) on or subject to the rules of a**  
6               **registered entity or an entity that is**  
7               **required to be registered as a reg-**  
8               **istered entity; or**

9               **“(II) by any other entity reg-**  
10              **istered, or required to be registered,**  
11              **with the Commission.**

12              **“(ii) LIMITATIONS.—Clause (i) shall not**  
13              **apply with respect to custodial or deposi-**  
14              **tory activities for a digital commodity, or**  
15              **custodial or depository activities for any**  
16              **promise or right to a future digital com-**  
17              **modity, of an entity regulated by an ap-**  
18              **propriate Federal banking agency or a**  
19              **State bank supervisor (within the mean-**  
20              **ing of section 3 of the Federal Deposit In-**  
21              **surance Act).**

22              **“(iii) MIXED DIGITAL ASSET TRANS-**  
23              **ACTIONS.—**

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

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

6           **“(aa) ON A CFTC REGULATED**  
7           **PLATFORM.—A mixed digital asset**  
8           **transaction that occurs on or sub-**  
9           **ject to the rules of a registered**  
10           **entity or by any other entity reg-**  
11           **istered with the Commission—**

12           **“(AA) shall not occur ex-**  
13           **cept on or subject to the rules**  
14           **of a registered entity or by**  
15           **any other entity that is dually**  
16           **registered with the Commis-**  
17           **sion and the Securities and**  
18           **Exchange Commission; and**

19           **“(BB) shall be subject to**  
20           **the jurisdiction of the Com-**  
21           **mission and the Securities**  
22           **and Exchange Commission.**

23           **“(bb) OFF EXCHANGE.—A mixed**  
24           **digital asset transaction that does**  
25           **not occur on or subject to the**

1           **rules of a registered entity or by**  
2           **any other entity registered with**  
3           **the Commission shall be subject**  
4           **to the exclusive jurisdiction of the**  
5           **Securities and Exchange Commis-**  
6           **sion.**

7           **“(III) REPORTS ON MIXED DIGITAL**  
8           **ASSET TRANSACTIONS.—A digital asset**  
9           **issuer, related person, affiliated per-**  
10          **son, or other person registered with**  
11          **the Securities and Exchange Commis-**  
12          **sion that engages in a mixed digital**  
13          **asset transaction, shall, on request,**  
14          **open to inspection and examination**  
15          **by the Commodity Futures Trading**  
16          **Commission all books and records re-**  
17          **lating to the mixed digital asset**  
18          **transaction, subject to the confiden-**  
19          **tiality and disclosure requirements of**  
20          **section 8.**

21          **“(G) AGREEMENTS, CONTRACTS, AND TRANS-**  
22          **ACTIONS IN STABLECOINS.—**

23               **“(i) TREATMENT OF PERMITTED PAYMENT**  
24               **STABLECOINS ON COMMISSION-REGISTERED**  
25               **ENTITIES.—Except as provided in clauses**

1 (ii) and (iii), the Commission shall only  
2 have jurisdiction over a cash or spot  
3 agreement, contract, or transaction in a  
4 permitted payment stablecoin that is of-  
5 fered, offered to enter into, entered into,  
6 executed, confirmed the execution of, so-  
7 licited, or accepted—

8 “(I) on or subject to the rules of a  
9 registered entity; or

10 “(II) by any other entity reg-  
11 istered by the Commission.

12 “(ii) PERMITTED PAYMENT STABLECOIN  
13 TRANSACTION RULES.—This Act shall only  
14 apply to a transaction described in clause  
15 (i) for the purposes of regulating the  
16 offer, execution, solicitation, or accept-  
17 ance of a cash or spot permitted payment  
18 stablecoin transaction on a registered en-  
19 tity or other entity registered by the  
20 Commission with respect to requirements  
21 imposed with respect to—

22 “(I) recordkeeping;

23 “(II) custody;

24 “(III) segregation;

25 “(IV) reporting;

1           **“(V) trading procedures and trade**  
2           **processing requirements;**

3           **“(VI) information sharing;**

4           **“(VII) conflicts of interest;**

5           **“(VIII)                                 antifraud,**  
6           **antimanipulation, or false reporting;**  
7           **or**

8           **“(IX) any other transaction level**  
9           **requirement imposed on the reg-**  
10          **istered entity or other entity reg-**  
11          **istered by the Commission that the**  
12          **Commission by rule determines**  
13          **would foster the development of fair**  
14          **and orderly cash or spot markets in**  
15          **digital commodities, be necessary or**  
16          **appropriate in the public interest,**  
17          **and be consistent with the protection**  
18          **of customers.**

19          **“(iii) NO AUTHORITY OVER PERMITTED**  
20          **PAYMENT STABLECOINS.—Notwithstanding**  
21          **clause (ii), the Commission shall not**  
22          **make a rule or regulation, impose a re-**  
23          **quirement or obligation on a registered**  
24          **entity or other entity registered by the**  
25          **Commission, or impose a requirement or**

1       **obligation on a permitted payment**  
2       **stablecoin issuer, regarding the oper-**  
3       **ation of a permitted payment stablecoin**  
4       **issuer or a permitted payment stablecoin,**  
5       **including a requirement or obligation re-**  
6       **garding—**

7               **“(I) design;**

8               **“(II) structure;**

9               **“(III) issuance;**

10              **“(IV) redemption;**

11              **“(V) financial resources;**

12              **“(VI) collateral; or**

13              **“(VII) any other aspect of such an**  
14              **operation or such a stablecoin.”.**

15       **(d) CONFORMING AMENDMENT.—Section**  
16       **2(a)(1)(A) of such Act (7 U.S.C. 2(a)(1)(A)) is**  
17       **amended in the 1st sentence by inserting**  
18       **“subsection (c)(2)(F) of this section or” before**  
19       **“section 19”.**

20       **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**  
21               **TO USE QUALIFIED DIGITAL COMMODITY**  
22               **CUSTODIANS.**

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

25               **(1) in subsection (a)(2)—**





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

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

7           (3) in subsection (c)—

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

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

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

14          “(D) SPECIAL RULES FOR DIGITAL  
15          COMMODITY CONTRACTS.—In certifying  
16          any new rule or rule amendment, or  
17          listing any new contract or instru-  
18          ment, in connection with a contract  
19          of sale of a commodity for future de-  
20          livery, option, swap, or other agree-  
21          ment, contract, or transaction, that is  
22          based on or references a digital com-  
23          modity, a registered entity shall make  
24          or rely on a certification under sub-

1           section (d) for the digital com-  
2           modity.”; and

3           (4) by inserting after subsection (c)  
4           the following:

5           “(d) CERTIFICATIONS FOR DIGITAL COM-  
6           MODITY TRADING.—

7           “(1) IN GENERAL.—Notwithstanding  
8           subsection (c), for the purposes of listing  
9           or offering a digital commodity for trad-  
10          ing in a digital commodity cash or spot  
11          market, an eligible entity shall issue a  
12          written certification that the digital com-  
13          modity meets the requirements of this  
14          Act (including regulations thereunder).

15          “(2) CONTENTS OF THE CERTIFICATION.—

16                 “(A) IN GENERAL.—In making a  
17                 written certification under this para-  
18                 graph, the eligible entity shall furnish  
19                 to the Commission—

20                         “(i) an analysis of how the dig-  
21                         ital commodity meets the require-  
22                         ments of section 5i(c)(3);

23                         “(ii) information about the  
24                         digital commodity regarding—

25                                 “(I) its purpose and use;

1           **“(II) its unit creation or**  
2           **release process;**

3           **“(III) its consensus mecha-**  
4           **nism;**

5           **“(IV) its governance struc-**  
6           **ture;**

7           **“(V) its participation and**  
8           **distribution; and**

9           **“(VI) its current and pro-**  
10          **posed functionality; and**

11          **“(iii) any other information,**  
12          **analysis, or documentation the**  
13          **Commission may, by rule, require.**

14          **“(B) RELIANCE ON PRIOR DISCLO-**  
15          **SURES.—In making a certification**  
16          **under this subsection, an eligible en-**  
17          **tity may rely on the records and dis-**  
18          **closures of any relevant person reg-**  
19          **istered with the Securities and Ex-**  
20          **change Commission or other State or**  
21          **Federal agency.**

22          **“(3) MODIFICATIONS.—**

23                 **“(A) IN GENERAL.—An eligible enti-**  
24                 **ty shall modify a certification made**  
25                 **under paragraph (1) to—**

1           “(i) account for significant  
2           changes in any information pro-  
3           vided to the Commission under  
4           paragraph (2)(A)(ii); or

5           “(ii) permit or restrict trading  
6           in units of a digital commodity  
7           asset held by a related person or  
8           an affiliated person.

9           “(B) RECERTIFICATION.—Modifica-  
10          tions required by this subsection  
11          shall be subject to the same dis-  
12          approval and review process as a new  
13          certification under paragraphs (4)  
14          and (5).

15          “(4) DISAPPROVAL.—

16                 “(A) IN GENERAL.—The written cer-  
17                 tification described in paragraph (1)  
18                 shall become effective unless the  
19                 Commission finds that the digital  
20                 asset does not meet the requirements  
21                 of this Act or the rules and regula-  
22                 tions thereunder.

23                 “(B) ANALYSIS REQUIRED.—The  
24                 Commission shall include, with any  
25                 findings referred to in subparagraph

1           **(A), a detailed analysis of the factors**  
2           **on which the decision was based.**

3           **“(C) PUBLIC FINDINGS.—The Com-**  
4           **mission shall make public any dis-**  
5           **approval decision, and any related**  
6           **findings and analysis, made under**  
7           **this paragraph.**

8           **“(5) REVIEW.—**

9           **“(A) IN GENERAL.—Unless the Com-**  
10          **mission makes a disapproval decision**  
11          **under paragraph (4), the written cer-**  
12          **tification described in paragraph (1)**  
13          **shall become effective, pursuant to**  
14          **the certification by the eligible entity**  
15          **and notice of the certification to the**  
16          **public (in a manner determined by**  
17          **the Commission) on the date that is—**

18               **“(i) 20 business days after the**  
19               **date the Commission receives the**  
20               **certification (or such shorter pe-**  
21               **riod as determined by the Com-**  
22               **mission by rule or regulation), in**  
23               **the case of a digital commodity**  
24               **that has not been certified under**  
25               **this section or for which a certifi-**

1           **cation is being modified under**  
2           **paragraph (3); or**

3           **“(ii) 2 business days after the**  
4           **date the Commission receives the**  
5           **certification (or such shorter pe-**  
6           **riod as determined by the Com-**  
7           **mission by rule or regulation) for**  
8           **any digital commodity that has**  
9           **been certified under this section.**

10          **“(B) EXTENSIONS.—The time for**  
11          **consideration under subparagraph**  
12          **(A) may be extended through notice**  
13          **to the eligible entity that there are**  
14          **novel or complex issues that require**  
15          **additional time to analyze, that the**  
16          **explanation by the submitting eligible**  
17          **entity is inadequate, or of a potential**  
18          **inconsistency with this Act—**

19                **“(i) once, for 30 business days,**  
20                **through written notice to the eli-**  
21                **gible entity by the Chairman; and**

22                **“(ii) once, for an additional 30**  
23                **business days, through written**  
24                **notice to the digital commodity**  
25                **exchange from the Commission**

1           **that includes a description of any**  
2           **deficiencies with the certification,**  
3           **including any—**

4                   **“(I) novel or complex**  
5                   **issues which require addi-**  
6                   **tional time to analyze;**

7                   **“(II) missing information**  
8                   **or inadequate explanations;**  
9                   **or**

10                   **“(III) potential inconsis-**  
11                   **encies with this Act.**

12           **“(6) CERTIFICATION REQUIRED.—Not-**  
13           **withstanding any other requirement of**  
14           **this Act, a registered entity or other enti-**  
15           **ty registered with the Commission shall**  
16           **not list for trading, accept for clearing,**  
17           **offer to enter into, enter into, execute,**  
18           **confirm the execution of, or conduct any**  
19           **office or business anywhere in the United**  
20           **States, its territories or possessions, for**  
21           **the purpose of soliciting, or accepting**  
22           **any order for, or otherwise dealing in,**  
23           **any transaction in, or in connection with,**  
24           **a digital asset, unless a certification has**

1       **been made under this section for the dig-**  
2       **ital asset.**

3               **“(7) ELIGIBLE ENTITY DEFINED.—In this**  
4       **subsection, the term ‘eligible entity’**  
5       **means a registered entity or group of reg-**  
6       **istered entities acting jointly.”.**

7       **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**  
8               **CHANGES.**

9               **The Commodity Exchange Act (7 U.S.C. 1**  
10       **et seq.) is amended by inserting after section**  
11       **5h the following:**

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

14               **“(a) IN GENERAL.—**

15                       **“(1) REGISTRATION.—**

16                               **“(A) IN GENERAL.—A trading facil-**  
17                               **ity that offers or seeks to offer a cash**  
18                               **or spot market in at least 1 digital**  
19                               **commodity shall register with the**  
20                               **Commission as a digital commodity**  
21                               **exchange.**

22                               **“(B) APPLICATION.—A person desir-**  
23                               **ing to register as a digital commodity**  
24                               **exchange shall submit to the Commis-**  
25                               **sion an application in such form and**



1           **containing such information as the**  
2           **Commission may require for the pur-**  
3           **pose of making the determinations re-**  
4           **quired for approval.**

5           **“(C) EXEMPTIONS.—A trading facil-**  
6           **ity that offers or seeks to offer a cash**  
7           **or spot market in at least 1 digital**  
8           **commodity shall not be required to**  
9           **register under this section if the trad-**  
10          **ing facility—**

11               **“(i) permits no more than a de**  
12               **minimis amount of trading activ-**  
13               **ity; or**

14               **“(ii) serves only customers in**  
15               **a single State or territory.**

16          **“(2) ADDITIONAL REGISTRATIONS.—**

17               **“(A) WITH THE COMMISSION.—**

18               **“(i) IN GENERAL.—A registered**  
19               **digital commodity exchange may**  
20               **also register as—**

21                       **“(I) a designated contract**  
22                       **market; or**

23                       **“(II) a swap execution fa-**  
24                       **cility.**

1           **“(ii) RULES.—For an entity**  
2           **with multiple registrations under**  
3           **clause (i), the Commission—**

4                   **“(I) shall prescribe rules**  
5                   **to exempt the entity from du-**  
6                   **plicative, conflicting, or un-**  
7                   **duly burdensome provisions**  
8                   **of this Act and the rules**  
9                   **under this Act, to the extent**  
10                  **such an exemption would fos-**  
11                  **ter the development of fair**  
12                  **and orderly cash or spot mar-**  
13                  **kets in digital commodities,**  
14                  **be necessary or appropriate**  
15                  **in the public interest, and be**  
16                  **consistent with the protection**  
17                  **of customers; and**

18                   **“(II) may, after an analysis**  
19                   **of the risks and benefits, pre-**  
20                   **scribe rules to provide for**  
21                   **portfolio margining, as may**  
22                   **be necessary to protect mar-**  
23                   **ket participants, promote fair**  
24                   **and equitable trading in dig-**  
25                   **ital commodity markets, and**

1                   **promote responsible economic**  
2                   **or financial innovation.**

3                   **“(B) WITH THE SECURITIES AND EX-**  
4                   **CHANGE COMMISSION.—A registered**  
5                   **digital commodity exchange may reg-**  
6                   **ister with the Securities and Ex-**  
7                   **change Commission as a digital asset**  
8                   **trading system to list or trade con-**  
9                   **tracts of sale for digital assets**  
10                  **deemed securities.**

11                  **“(C) WITH A REGISTERED FUTURES**  
12                  **ASSOCIATION.—**

13                   **“(i) IN GENERAL.—A registered**  
14                   **digital commodity exchange shall**  
15                   **also be a member of a registered**  
16                   **futures association and comply**  
17                   **with rules related to such activ-**  
18                   **ity, if the registered digital com-**  
19                   **modity exchange accepts cus-**  
20                   **tomers funds required to be seg-**  
21                   **regated under subsection (d).**

22                   **“(ii) RULEMAKING REQUIRED.—**  
23                   **The Commission shall require any**  
24                   **registered futures association**  
25                   **with a digital commodity ex-**

1 change as a member to provide  
2 such rules as may be necessary to  
3 further compliance with sub-  
4 section (d), protect customers,  
5 and promote the public interest.

6 **“(D) REGISTRATION REQUIRED.—A**  
7 **person required to be registered as a**  
8 **digital commodity exchange under**  
9 **this section shall register with the**  
10 **Commission as such regardless of**  
11 **whether the person is registered as**  
12 **such with another State or Federal**  
13 **regulator.**

14 **“(b) TRADING.—**

15 **“(1) PROHIBITION ON CERTAIN TRADING**  
16 **PRACTICES.—**

17 **“(A) Section 4b shall apply to any**  
18 **agreement, contract, or transaction in**  
19 **a digital commodity as if the agree-**  
20 **ment, contract, or transaction were a**  
21 **contract of sale of a commodity for**  
22 **future delivery.**

23 **“(B) Section 4c shall apply to any**  
24 **agreement, contract, or transaction in**  
25 **a digital commodity as if the agree-**

1           **ment, contract, or transaction were a**  
2           **transaction involving the purchase or**  
3           **sale of a commodity for future deliv-**  
4           **ery.**

5           **“(2) PROHIBITION ON ACTING AS A**  
6           **COUNTERPARTY.—A registered digital com-**  
7           **modity exchange or any affiliate of such**  
8           **an exchange shall not act as counterparty**  
9           **to any transaction executed on or subject**  
10          **to the rules of the registered digital com-**  
11          **modity exchange.**

12          **“(3) TRADING SECURITIES.—A reg-**  
13          **istered digital commodity exchange that**  
14          **is also registered with the Securities and**  
15          **Exchange Commission may offer a con-**  
16          **tract of sale of a digital asset deemed a**  
17          **security.**

18          **“(4) RULES FOR CERTAIN DIGITAL ASSET**  
19          **SALES.—The digital commodity exchange**  
20          **shall have in place such rules as may be**  
21          **necessary to reasonably ensure the or-**  
22          **derly sale of any unit of a digital com-**  
23          **modity sold by a related person or an af-**  
24          **iliated person.**

1       **“(c) CORE PRINCIPLES FOR DIGITAL COM-**  
2 **MODITY EXCHANGES.—**

3           **“(1) COMPLIANCE WITH CORE PRIN-**  
4 **CIPLES.—**

5           **“(A) IN GENERAL.—To be reg-**  
6 **istered, and maintain registration, as**  
7 **a digital commodity exchange, a dig-**  
8 **ital commodity exchange shall com-**  
9 **ply with—**

10           **“(i) the core principles de-**  
11 **scribed in this subsection; and**

12           **“(ii) any requirement that the**  
13 **Commission may impose by rule**  
14 **or regulation pursuant to section**  
15 **8a(5).**

16           **“(B) REASONABLE DISCRETION OF A**  
17 **DIGITAL COMMODITY EXCHANGE.—Unless**  
18 **otherwise determined by the Commis-**  
19 **sion by rule or regulation, a digital**  
20 **commodity exchange described in**  
21 **subparagraph (A) shall have reason-**  
22 **able discretion in establishing the**  
23 **manner in which the digital com-**  
24 **modity exchange complies with the**

1           **core principles described in this sub-**  
2           **section.**

3           **“(2) COMPLIANCE WITH RULES.—A dig-**  
4           **ital commodity exchange shall—**

5                   **“(A) establish and enforce compli-**  
6                   **ance with any rule of the digital com-**  
7                   **modity exchange, including—**

8                           **“(i) the terms and conditions**  
9                           **of the trades traded or processed**  
10                           **on or through the digital com-**  
11                           **modity exchange; and**

12                           **“(ii) any limitation on access**  
13                           **to the digital commodity ex-**  
14                           **change;**

15                   **“(B) establish and enforce trad-**  
16                   **ing, trade processing, and participa-**  
17                   **tion rules that will deter abuses and**  
18                   **have the capacity to detect, inves-**  
19                   **tigate, and enforce those rules, in-**  
20                   **cluding means—**

21                           **“(i) to provide market partici-**  
22                           **pants with impartial access to the**  
23                           **market; and**

24                           **“(ii) to capture information**  
25                           **that may be used in establishing**

1           **whether rule violations have oc-**  
2           **curred; and**

3           **“(C) establish rules governing the**  
4           **operation of the exchange, including**  
5           **rules specifying trading procedures**  
6           **to be used in entering and executing**  
7           **orders traded or posted on the facil-**  
8           **ity.**

9           **“(3) LISTING STANDARDS FOR DIGITAL**  
10          **COMMODITIES.—**

11           **“(A) IN GENERAL.—A digital com-**  
12           **modity exchange shall permit trading**  
13           **only in a digital commodity that is**  
14           **not readily susceptible to manipula-**  
15           **tion.**

16           **“(B) PUBLIC INFORMATION REQUIRE-**  
17           **MENTS.—**

18           **“(i) IN GENERAL.—A digital**  
19           **commodity exchange shall permit**  
20           **trading only in a digital com-**  
21           **modity if the information re-**  
22           **quired in clause (ii) is correct,**  
23           **current, and available to the pub-**  
24           **lic.**



1           **“(ii) REQUIRED INFORMATION.—**  
2           **With respect to a digital com-**  
3           **modity and each blockchain sys-**  
4           **tem to which the digital com-**  
5           **modity relates for which the dig-**  
6           **ital commodity exchange will**  
7           **make the digital commodity avail-**  
8           **able to the customers of the dig-**  
9           **ital commodity exchange, the in-**  
10           **formation required in this clause**  
11           **is as follows:**

12                   **“(I) SOURCE CODE.—The**  
13                   **source code for any**  
14                   **blockchain system to which**  
15                   **the digital commodity relates.**

16                   **“(II) TRANSACTION HIS-**  
17                   **TORY.—A narrative descrip-**  
18                   **tion of the steps necessary to**  
19                   **independently access, search,**  
20                   **and verify the transaction his-**  
21                   **tory of any blockchain system**  
22                   **to which the digital com-**  
23                   **modity relates.**

24                   **“(III) DIGITAL ASSET ECO-**  
25                   **NOMICS.—A narrative descrip-**

1           **tion of the purpose of any**  
2           **blockchain system to which**  
3           **the digital asset relates and**  
4           **the operation of any such**  
5           **blockchain system, includ-**  
6           **ing—**

7                   “(aa) information ex-  
8                   plaining the launch and  
9                   supply process, including  
10                  the number of digital as-  
11                  sets to be issued in an ini-  
12                  tial allocation, the total  
13                  number of digital assets to  
14                  be created, the release  
15                  schedule for the digital as-  
16                  sets, and the total number  
17                  of digital assets then out-  
18                  standing;

19                  “(bb) information de-  
20                  tailing any applicable con-  
21                  sensus mechanism or  
22                  process for validating  
23                  transactions, method of  
24                  generating or mining dig-  
25                  ital assets, and any proc-

1           **ess for burning or destroy-**  
2           **ing digital assets on the**  
3           **blockchain system;**

4           **“(cc) an explanation of**  
5           **governance mechanisms**  
6           **for implementing changes**  
7           **to the blockchain system**  
8           **or forming consensus**  
9           **among holders of the dig-**  
10          **ital assets; and**

11          **“(dd) sufficient infor-**  
12          **mation for a third party to**  
13          **create a tool for verifying**  
14          **the transaction history of**  
15          **the digital asset.**

16          **“(IV) ADDITIONAL INFORMA-**  
17          **TION.—Such additional infor-**  
18          **mation as the Commission**  
19          **may, by rule, determine to be**  
20          **necessary for a customer to**  
21          **understand the financial and**  
22          **operational risks of a digital**  
23          **commodity, and to be in the**  
24          **public interest or in further-**

1           **ance of the requirements of**  
2           **this Act.**

3           **“(C) ADDITIONAL LISTING CONSIDER-**  
4           **ATIONS.—In addition to the require-**  
5           **ments of subparagraphs (A) and (B), a**  
6           **digital commodity exchange shall**  
7           **consider—**

8                   **“(i) if a sufficient percentage**  
9                   **of the units of the digital asset**  
10                  **are units of a digital commodity**  
11                  **to permit robust price discovery;**

12                   **“(ii) if it is reasonably un-**  
13                  **likely that the transaction history**  
14                  **can be fraudulently altered by**  
15                  **any person or group of persons**  
16                  **acting collectively;**

17                   **“(iii) if the operating struc-**  
18                  **ture and system of the digital**  
19                  **commodity is secure from cyber-**  
20                  **security threats;**

21                   **“(iv) if the functionality of the**  
22                  **digital commodity will protect**  
23                  **holders from operational failures;**

24                   **“(v) if sufficient public infor-**  
25                  **mation about the operation,**

1           **functionality, and use of the dig-**  
2           **ital commodity is available; and**

3           **“(vi) any other factor which**  
4           **the Commission has, by rule, de-**  
5           **termined to be in the public inter-**  
6           **est or in furtherance of the re-**  
7           **quirements of this Act.**

8           **“(D) RESTRICTED DIGITAL ASSETS.—**

9           **A digital commodity exchange shall**  
10           **not permit the trading of a unit of a**  
11           **digital asset that is a restricted dig-**  
12           **ital asset.**

13           **“(4) TREATMENT OF CUSTOMER ASSETS.—**

14           **A digital commodity exchange shall es-**  
15           **tablish standards and procedures that**  
16           **are designed to protect and ensure the**  
17           **safety of customer money, assets, and**  
18           **property.**

19           **“(5) MONITORING OF TRADING AND**  
20           **TRADE PROCESSING.—**

21           **“(A) IN GENERAL.—A digital com-**  
22           **modity exchange shall provide a com-**  
23           **petitive, open, and efficient market**  
24           **and mechanism for executing trans-**  
25           **actions that protects the price dis-**

1           **covery process of trading on the ex-**  
2           **change.**

3           **“(B) PROTECTION OF MARKETS AND**  
4           **MARKET PARTICIPANTS.—A digital com-**  
5           **modity exchange shall establish and**  
6           **enforce rules—**

7                   **“(i) to protect markets and**  
8                   **market participants from abusive**  
9                   **practices committed by any party,**  
10                  **including abusive practices com-**  
11                  **mitted by a party acting as an**  
12                  **agent for a participant; and**

13                   **“(ii) to promote fair and equi-**  
14                   **table trading on the exchange.**

15           **“(C) TRADING PROCEDURES.—A dig-**  
16           **ital commodity exchange shall—**

17                   **“(i) establish and enforce**  
18                   **rules or terms and conditions de-**  
19                   **fining, or specifications detail-**  
20                   **ing—**

21                   **“(I) trading procedures to**  
22                   **be used in entering and exe-**  
23                   **cuting orders traded on or**  
24                   **through the facilities of the**

1           **digital commodity exchange;**  
2           **and**

3                   **“(II) procedures for trade**  
4                   **processing of digital commod-**  
5                   **ities on or through the facili-**  
6                   **ties of the digital commodity**  
7                   **exchange; and**

8                   **“(ii) monitor trading in digital**  
9                   **commodities to prevent manipula-**  
10                   **tion, price distortion, and disrup-**  
11                   **tions of the delivery or cash set-**  
12                   **tlement process through surveil-**  
13                   **lance, compliance, and discipli-**  
14                   **nary practices and procedures,**  
15                   **including methods for conducting**  
16                   **real-time monitoring of trading**  
17                   **and comprehensive and accurate**  
18                   **trade reconstructions.**

19                   **“(6) ABILITY TO OBTAIN INFORMATION.—**

20           **A digital commodity exchange shall—**

21                   **“(A) establish and enforce rules**  
22                   **that will allow the facility to obtain**  
23                   **any necessary information to perform**  
24                   **any of the functions described in this**  
25                   **section;**

1           “(B) provide the information to  
2           the Commission on request; and

3           “(C) have the capacity to carry  
4           out such international information-  
5           sharing agreements as the Commis-  
6           sion may require.

7           “(7) EMERGENCY AUTHORITY.—A digital  
8           commodity exchange shall adopt rules to  
9           provide for the exercise of emergency au-  
10          thority, in consultation or cooperation  
11          with the Commission or a registered enti-  
12          ty, as is necessary and appropriate, in-  
13          cluding the authority to facilitate the liq-  
14          uidation or transfer of open positions in  
15          any digital commodity or to suspend or  
16          curtail trading in a digital commodity.

17          “(8) TIMELY PUBLICATION OF TRADING  
18          INFORMATION.—

19                 “(A) IN GENERAL.—A digital com-  
20                 modity exchange shall make public  
21                 timely information on price, trading  
22                 volume, and other trading data on  
23                 digital commodities to the extent pre-  
24                 scribed by the Commission.



1           **“(B) CAPACITY OF DIGITAL COM-**  
2           **MODITY EXCHANGE.—A digital com-**  
3           **modity exchange shall have the ca-**  
4           **capacity to electronically capture and**  
5           **transmit trade information with re-**  
6           **spect to transactions executed on the**  
7           **exchange.**

8           **“(9) RECORDKEEPING AND REPORTING.—**

9           **“(A) IN GENERAL.—A digital com-**  
10           **modity exchange shall—**

11                   **“(i) maintain records of all ac-**  
12                   **tivities relating to the business of**  
13                   **the facility, including a complete**  
14                   **audit trail, in a form and manner**  
15                   **acceptable to the Commission for**  
16                   **a period of 5 years;**

17                   **“(ii) report to the Commission,**  
18                   **in a form and manner acceptable**  
19                   **to the Commission, such informa-**  
20                   **tion as the Commission deter-**  
21                   **mines to be necessary or appro-**  
22                   **priate for the Commission to per-**  
23                   **form the duties of the Commis-**  
24                   **sion under this Act; and**

1           “(iii) keep any such records of  
2           digital commodities which relate  
3           to a security open to inspection  
4           and examination by the Securities  
5           and Exchange Commission.

6           “(B) INFORMATION SHARING.—Sub-  
7           ject to section 8, and on request, the  
8           Commission shall share information  
9           collected under subparagraph (A)  
10          with—

11           “(i) the Board;

12           “(ii) the Securities and Ex-  
13           change Commission;

14           “(iii) each appropriate Fed-  
15           eral banking agency;

16           “(iv) each appropriate State  
17           bank supervisor (within the  
18           meaning of section 3 of the Fed-  
19           eral Deposit Insurance Act);

20           “(v) the Financial Stability  
21           Oversight Council;

22           “(vi) the Department of Jus-  
23           tice; and

1           “(vii) any other person that  
2           the Commission determines to be  
3           appropriate, including—

4                   “(I) foreign financial su-  
5                   pervisors (including foreign  
6                   futures authorities);

7                   “(II) foreign central  
8                   banks; and

9                   “(III) foreign ministries.

10           “(C) CONFIDENTIALITY AGREE-  
11           MENT.—Before the Commission may  
12           share information with any entity de-  
13           scribed in subparagraph (B), the  
14           Commission shall receive a written  
15           agreement from the entity stating  
16           that the entity shall abide by the con-  
17           fidentiality requirements described  
18           in section 8 relating to the informa-  
19           tion on digital commodities that is  
20           provided.

21           “(D) PROVIDING INFORMATION.—A  
22           digital commodity exchange shall  
23           provide to the Commission (including  
24           any designee of the Commission) in-  
25           formation under subparagraph (A) in

1           such form and at such frequency as is  
2           required by the Commission.

3           “(10) ANTITRUST CONSIDERATIONS.—Un-  
4           less necessary or appropriate to achieve  
5           the purposes of this Act, a digital com-  
6           modity exchange shall not—

7                   “(A) adopt any rules or take any  
8                   actions that result in any unreason-  
9                   able restraint of trade; or

10                   “(B) impose any material anti-  
11                   competitive burden on trading.

12           “(11) CONFLICTS OF INTEREST.—A reg-  
13           istered digital commodity exchange shall  
14           implement conflict-of-interest systems  
15           and procedures that—

16                   “(A) establish structural and insti-  
17                   tutional safeguards—

18                           “(i) to minimize conflicts of in-  
19                           terest that might potentially bias  
20                           the judgment or supervision of  
21                           the digital commodity exchange  
22                           and contravene the principles of  
23                           fair and equitable trading and the  
24                           business conduct standards de-  
25                           scribed in this Act, including con-

1           **licts arising out of transactions**  
2           **or arrangements with affiliates**  
3           **(including affiliates engaging in**  
4           **digital commodity activities)**  
5           **which may include information**  
6           **partitions and the legal separa-**  
7           **tion of different persons or enti-**  
8           **ties involved in digital commodity**  
9           **activities; and**

10           **“(ii) to ensure that the activi-**  
11           **ties of any person within the digi-**  
12           **tal commodity exchange or any**  
13           **affiliated entity relating to re-**  
14           **search or analysis of the price or**  
15           **market for any digital commodity**  
16           **or acting in a role of providing**  
17           **dealing, brokering, or advising**  
18           **activities are separated by appro-**  
19           **priate informational partitions**  
20           **within the digital commodity ex-**  
21           **change or any affiliated entity**  
22           **from the review, pressure, or**  
23           **oversight of persons whose in-**  
24           **volvement in pricing, trading, ex-**  
25           **change, or clearing activities**

1           **might potentially bias their judg-**  
2           **ment or supervision and con-**  
3           **travene the core principles of**  
4           **open access and the business con-**  
5           **duct standards described in this**  
6           **Act; and**

7           **“(B) address such other issues as**  
8           **the Commission determines to be ap-**  
9           **propriate.**

10          **“(12) FINANCIAL RESOURCES.—**

11           **“(A) IN GENERAL.—A digital com-**  
12           **modity exchange shall have adequate**  
13           **financial, operational, and manage-**  
14           **rial resources, as determined by the**  
15           **Commission, to discharge each re-**  
16           **sponsibility of the digital commodity**  
17           **exchange.**

18           **“(B) MINIMUM AMOUNT OF FINAN-**  
19           **CIAL RESOURCES.—A digital commodity**  
20           **exchange shall possess financial re-**  
21           **sources that, at a minimum, exceed**  
22           **the total amount that would enable**  
23           **the digital commodity exchange to**  
24           **conduct an orderly wind-down of its**  
25           **activities.**

1           **“(13) DISCIPLINARY PROCEDURES.—A**  
2           **digital commodity exchange shall estab-**  
3           **lish and enforce disciplinary procedures**  
4           **that authorize the digital commodity ex-**  
5           **change to discipline, suspend, or expel**  
6           **members or market participants that vio-**  
7           **late the rules of the digital commodity ex-**  
8           **change, or similar methods for per-**  
9           **forming the same functions, including**  
10          **delegation of the functions to third par-**  
11          **ties.**

12          **“(14) GOVERNANCE FITNESS STAND-**  
13          **ARDS.—**

14                 **“(A) GOVERNANCE ARRANGE-**  
15                 **MENTS.—A digital commodity ex-**  
16                 **change shall establish governance ar-**  
17                 **rangements that are transparent to**  
18                 **fulfill public interest requirements.**

19                 **“(B) FITNESS STANDARDS.—A digital**  
20                 **commodity exchange shall establish**  
21                 **and enforce appropriate fitness**  
22                 **standards for—**

23                         **“(i) directors; and**

1           “(ii) any individual or entity  
2           with direct access to, or control  
3           of, customer assets.

4           “(15) SYSTEM SAFEGUARDS.—A digital  
5           commodity exchange shall—

6           “(A) establish and maintain a pro-  
7           gram of risk analysis and oversight to  
8           identify and minimize sources of  
9           operational and security risks,  
10          through the development of appro-  
11          priate controls and procedures, and  
12          automated systems, that—

13                  “(i) are reliable and secure;  
14                  and

15                  “(ii) have adequate scalable  
16                  capacity;

17          “(B) establish and maintain emer-  
18          gency procedures, backup facilities,  
19          and a plan for disaster recovery that  
20          allow for—

21                  “(i) the timely recovery and  
22                  resumption of operations; and

23                  “(ii) the fulfillment of the re-  
24                  sponsibilities and obligations of



1           **the digital commodity exchange;**  
2           **and**

3           **“(C) periodically conduct tests to**  
4           **verify that the backup resources of**  
5           **the digital commodity exchange are**  
6           **sufficient to ensure continued—**

7                   **“(i) order processing and**  
8                   **trade matching;**

9                   **“(ii) price reporting;**

10                   **“(iii) market surveillance; and**

11                   **“(iv) maintenance of a com-**  
12                   **prehensive and accurate audit**  
13                   **trail.**

14           **“(d) HOLDING OF CUSTOMER ASSETS.—**

15                   **“(1) IN GENERAL.—A digital commodity**  
16                   **exchange shall hold customer money, as-**  
17                   **sets, and property in a manner to mini-**  
18                   **mize the risk of loss to the customer or**  
19                   **unreasonable delay in the access to the**  
20                   **money, assets, and property of the cus-**  
21                   **tommer.**

22                   **“(A) SEGREGATION OF FUNDS.—**

23                   **“(i) IN GENERAL.—A digital**  
24                   **commodity exchange shall treat**  
25                   **and deal with all money, assets,**

1 and property that is received by  
2 the digital commodity exchange,  
3 or accrues to a customer as the  
4 result of trading in digital com-  
5 modities, as belonging to the cus-  
6 tomer.

7 “(ii) COMMINGLING PROHIB-  
8 ITED.—Money, assets, and prop-  
9 erty of a customer described in  
10 clause (i) shall be separately ac-  
11 counted for and shall not be com-  
12 mingled with the funds of the dig-  
13 ital commodity exchange or be  
14 used to margin, secure, or guar-  
15 antee any trades or accounts of  
16 any customer or person other  
17 than the person for whom the  
18 same are held.

19 “(B) EXCEPTIONS.—

20 “(i) USE OF FUNDS.—

21 “(I) IN GENERAL.—Notwith-  
22 standing subparagraph (A),  
23 money, assets, and property of  
24 customers of a digital com-  
25 modity exchange described in

1           **subparagraph (A) may, for**  
2           **convenience, be commingled**  
3           **and deposited in the same ac-**  
4           **count or accounts with any**  
5           **bank, trust company, deriva-**  
6           **tives clearing organization, or**  
7           **qualified digital commodity**  
8           **custodian.**

9           **“(II) WITHDRAWAL.—Not-**  
10          **withstanding subparagraph**  
11          **(A), such share of the money,**  
12          **assets, and property de-**  
13          **scribed in item (aa) as in the**  
14          **normal course of business**  
15          **shall be necessary to margin,**  
16          **guarantee, secure, transfer,**  
17          **adjust, or settle a contract of**  
18          **sale of a digital commodity**  
19          **with a registered entity may**  
20          **be withdrawn and applied to**  
21          **such purposes, including the**  
22          **payment of commissions, bro-**  
23          **kerage, interest, taxes, stor-**  
24          **age, and other charges, law-**  
25          **fully accruing in connection**

1           with the contract of sale of a  
2           digital commodity.

3           “(ii) COMMISSION ACTION.—Not-  
4           withstanding subparagraph (A),  
5           in accordance with such terms  
6           and conditions as the Commission  
7           may prescribe by rule, regulation,  
8           or order, any money, assets, or  
9           property of the customers of a  
10          digital commodity exchange de-  
11          scribed in subparagraph (A) may  
12          be commingled and deposited in  
13          customer accounts with any other  
14          money, assets, or property re-  
15          ceived by the digital commodity  
16          exchange and required by the  
17          Commission to be separately ac-  
18          counted for and treated and dealt  
19          with as belonging to the customer  
20          of the digital commodity ex-  
21          change.

22          “(2) PERMITTED INVESTMENTS.—Money  
23          described in subparagraph (A) may be in-  
24          vested in obligations of the United States,  
25          in general obligations of any State or of

1 any political subdivision of a State, and  
2 in obligations fully guaranteed as to prin-  
3 cipal and interest by the United States,  
4 or in any other investment that the Com-  
5 mission may by rule or regulation pre-  
6 scribe, and such investments shall be  
7 made in accordance with such rules and  
8 regulations and subject to such condi-  
9 tions as the Commission may prescribe.

10 “(3) CUSTOMER PROTECTION DURING  
11 BANKRUPTCY.—

12 “(A) CUSTOMER PROPERTY.—All as-  
13 sets held on behalf of a customer by a  
14 digital commodity exchange, and all  
15 money, assets, and property of any  
16 customer received by a digital com-  
17 modity exchange registered under  
18 section 5i of this Act for trading or  
19 custody, or to facilitate, margin, guar-  
20 antee, or secure contracts of sale of a  
21 digital commodity (including money,  
22 assets, or property accruing to the  
23 customer as the result of the trans-  
24 actions), shall be considered cus-  
25 tomer property for purposes of sec-

1           **tion 761 of title 11, United States**  
2           **Code.**

3           **“(B) TRANSACTIONS.—A transaction**  
4           **involving a unit of a digital com-**  
5           **modity occurring on or subject to the**  
6           **rules of a digital commodity exchange**  
7           **shall be considered a ‘contract for the**  
8           **purchase or sale of a commodity for**  
9           **future delivery, on or subject to the**  
10          **rules of, a contract market or board**  
11          **of trade’ for the purposes of the defi-**  
12          **inition of a ‘commodity contract’ in**  
13          **section 761 of title 11, United States**  
14          **Code.**

15          **“(C) EXCHANGES.—A digital com-**  
16          **modity exchange shall be considered**  
17          **a futures commission merchant for**  
18          **purposes of section 761 of title 11,**  
19          **United States Code.**

20          **“(4) MISUSE OF CUSTOMER PROPERTY.—**

21                 **“(A) IN GENERAL.—It shall be un-**  
22                 **lawful—**

23                         **“(i) for any digital commodity**  
24                         **exchange that has received any**  
25                         **customer money, assets, or prop-**

1           erty for custody to dispose of, or  
2           use any such money, assets, or  
3           property as belonging to the dig-  
4           ital commodity exchange; or

5           “(ii) for any other person, in-  
6           cluding any depository, other dig-  
7           ital commodity exchange, or dig-  
8           ital commodity custodian that has  
9           received any customer money, as-  
10          sets, or property for deposit, to  
11          hold, dispose of, or use any such  
12          money, assets, or property, or  
13          property, as belonging to the de-  
14          positing digital commodity ex-  
15          change or any person other than  
16          the customers of the digital com-  
17          modity exchange.

18          “(B) USE FURTHER DEFINED.—For  
19          purposes of this section, ‘use’ of a dig-  
20          ital commodity includes utilizing any  
21          unit of a digital asset to participate in  
22          a blockchain service defined in para-  
23          graph (5) or a decentralized govern-  
24          ance system associated with the dig-  
25          ital commodity or the blockchain sys-

1           tem to which the digital commodity  
2           relates in any manner other than that  
3           expressly directed by the customer  
4           from whom the unit of a digital com-  
5           modity was received.

6           “(5) PARTICIPATION IN BLOCKCHAIN  
7           SERVICES.—

8           “(A) IN GENERAL.—A customer  
9           shall have the right to waive the re-  
10          strictions in paragraph (1) for any  
11          unit of a digital commodity, by af-  
12          firmatively electing, in writing to the  
13          digital commodity exchange, to waive  
14          the restrictions.

15          “(B) USE OF FUNDS.—Customer dig-  
16          ital commodities removed from seg-  
17          regation under subparagraph (A) may  
18          be pooled and used by the digital  
19          commodity exchange or its designee  
20          to provide a blockchain service for a  
21          blockchain system to which the unit  
22          of the digital asset removed from seg-  
23          regation in subparagraph (A) relates.

24          “(C) LIMITATIONS.—The Commis-  
25          sion may, by rule, establish notice



1           **and disclosure requirements, and any**  
2           **other limitations and rules related to**  
3           **the waiving of any restrictions under**  
4           **this paragraph that are reasonably**  
5           **necessary to protect customers, in-**  
6           **cluding eligible contract participants,**  
7           **non-eligible contract participants, or**  
8           **any other class of customers.**

9           **“(D) BLOCKCHAIN SERVICE DE-**  
10          **FINED.—In this subparagraph, the**  
11          **term ‘blockchain service’ means any**  
12          **activity relating to validating trans-**  
13          **actions on a blockchain system, pro-**  
14          **viding security for a blockchain sys-**  
15          **tem, or other similar activity re-**  
16          **quired for the ongoing operation of a**  
17          **blockchain system.**

18          **“(e) MARKET ACCESS REQUIREMENTS.—**

19               **“(1) IN GENERAL.—A digital commodity**  
20               **exchange shall require any person who is**  
21               **not an eligible contract participant to ac-**  
22               **cess trading on the exchange through a**  
23               **digital commodity broker.**

24               **“(2) AFFILIATED COMMODITY BROKERS.—**  
25               **A registered digital commodity exchange**

1       **may maintain an affiliated digital com-**  
2       **modity broker to facilitate access to the**  
3       **digital commodity exchange, if—**

4               **“(A) no other digital commodity**  
5               **brokers are permitted to facilitate ac-**  
6               **cess to the exchange;**

7               **“(B) the affiliated digital com-**  
8               **modity broker limits its activities**  
9               **only to providing customer access to**  
10              **the digital commodity exchange; and**

11              **“(C) the affiliated digital com-**  
12              **modity broker is not also registered**  
13              **as a digital commodity dealer.**

14              **“(3) DIRECT ACCESS FOR ELIGIBLE CON-**  
15              **TRACT PARTICIPANTS.—Nothing in this sec-**  
16              **tion shall prohibit a digital commodity**  
17              **exchange in compliance with this section**  
18              **from permitting direct access for eligible**  
19              **contract participants.**

20              **“(4) ADDITIONAL REQUIREMENTS.—**

21              **“(A) IN GENERAL.—The Commis-**  
22              **sion may, by rule, impose any addi-**  
23              **tional requirements related to the op-**  
24              **erations and activities of the digital**  
25              **commodity exchange and the affili-**

1           **ated digital commodity broker nec-**  
2           **essary to protect market participants,**  
3           **promote fair and equitable trading on**  
4           **the digital commodity exchange, and**  
5           **promote responsible economic or fi-**  
6           **nancial innovation.**

7           **“(B) DELEGATION OF AUTHORITY.—**  
8           **The Commission may delegate to a**  
9           **registered futures association such**  
10          **oversight and regulatory require-**  
11          **ments as the Commission determines**  
12          **are necessary to—**

13               **“(i) supervise the activities of**  
14               **the digital commodity exchange**  
15               **and an affiliated digital com-**  
16               **modity broker; and**

17               **“(ii) protect market partici-**  
18               **pants, promote fair and equitable**  
19               **trading on the digital commodity**  
20               **exchange, and promote respon-**  
21               **sible economic or financial inno-**  
22               **vation.**

23           **“(f) DESIGNATION OF CHIEF COMPLIANCE OF-**  
24           **FICER.—**

1           **“(1) IN GENERAL.—A digital commodity**  
2           **exchange shall designate an individual to**  
3           **serve as a chief compliance officer.**

4           **“(2) DUTIES.—The chief compliance of-**  
5           **ficer shall—**

6                   **“(A) report directly to the board**  
7                   **or to the senior officer of the ex-**  
8                   **change;**

9                   **“(B) review compliance with the**  
10                   **core principles in this subsection;**

11                   **“(C) in consultation with the**  
12                   **board of the exchange, a body per-**  
13                   **forming a function similar to that of a**  
14                   **board, or the senior officer of the ex-**  
15                   **change, resolve any conflicts of inter-**  
16                   **est that may arise;**

17                   **“(D) establish and administer the**  
18                   **policies and procedures required to**  
19                   **be established pursuant to this sec-**  
20                   **tion;**

21                   **“(E) ensure compliance with this**  
22                   **Act and the rules and regulations**  
23                   **issued under this Act, including rules**  
24                   **prescribed by the Commission pursu-**  
25                   **ant to this section; and**

1           “(F) establish procedures for the  
2 remediation of noncompliance issues  
3 found during compliance office re-  
4 views, look backs, internal or exter-  
5 nal audit findings, self-reported er-  
6 rors, or through validated com-  
7 plaints.

8           “(3) REQUIREMENTS FOR PROCEDURES.—

9           In establishing procedures under para-  
10 graph (2)(F), the chief compliance officer  
11 shall design the procedures to establish  
12 the handling, management response, re-  
13 mediation, retesting, and closing of non-  
14 compliance issues.

15           “(4) ANNUAL REPORTS.—

16           “(A) IN GENERAL.—In accordance  
17 with rules prescribed by the Commis-  
18 sion, the chief compliance officer  
19 shall annually prepare and sign a re-  
20 port that contains a description of—

21                   “(i) the compliance of the dig-  
22 ital commodity exchange with  
23 this Act; and

24                   “(ii) the policies and proce-  
25 dures, including the code of eth-

1           **ics and conflict of interest poli-**  
2           **cies, of the digital commodity ex-**  
3           **change.**

4           **“(B) REQUIREMENTS.—The chief**  
5           **compliance officer shall—**

6                   **“(i) submit each report de-**  
7                   **scribed in subparagraph (A) with**  
8                   **the appropriate financial report**  
9                   **of the digital commodity ex-**  
10                  **change that is required to be sub-**  
11                  **mitted to the Commission pursu-**  
12                  **ant to this section; and**

13                   **“(ii) include in the report a**  
14                   **certification that, under penalty**  
15                   **of law, the report is accurate and**  
16                   **complete.**

17           **“(g) APPOINTMENT OF TRUSTEE.—**

18                   **“(1) IN GENERAL.—If a proceeding**  
19                   **under section 5e results in the suspen-**  
20                   **sion or revocation of the registration of a**  
21                   **digital commodity exchange, or if a dig-**  
22                   **ital commodity exchange withdraws from**  
23                   **registration, the Commission, on notice**  
24                   **to the digital commodity exchange, may**  
25                   **apply to the appropriate United States**

1       **district court where the digital com-**  
2       **modity exchange is located for the ap-**  
3       **pointment of a trustee.**

4               **“(2) ASSUMPTION OF JURISDICTION.—If**  
5       **the Commission applies for appointment**  
6       **of a trustee under paragraph (1)—**

7                       **“(A) the court may take exclusive**  
8                       **jurisdiction over the digital com-**  
9                       **modity exchange and the records and**  
10                      **assets of the digital commodity ex-**  
11                      **change, wherever located; and**

12                      **“(B) if the court takes jurisdiction**  
13                      **under subparagraph (A), the court**  
14                      **shall appoint the Commission, or a**  
15                      **person designated by the Commis-**  
16                      **sion, as trustee with power to take**  
17                      **possession and continue to operate or**  
18                      **terminate the operations of the dig-**  
19                      **ital commodity exchange in an or-**  
20                      **derly manner for the protection of**  
21                      **customers subject to such terms and**  
22                      **conditions as the court may pre-**  
23                      **scribe.**

24               **“(h) QUALIFIED DIGITAL COMMODITY CUSTO-**  
25       **DIAN.—A digital commodity exchange shall**

1 hold in a qualified digital commodity custo-  
2 dian each unit of a digital commodity that is—

3 “(1) the property of a customer of the  
4 digital commodity exchange;

5 “(2) required to be held by the digital  
6 commodity exchange under subsection  
7 (c)(12) of this section; or

8 “(3) otherwise so required by the  
9 Commission to reasonably protect cus-  
10 tomers or promote the public interest.

11 “(i) EXEMPTIONS.—In order to promote re-  
12 sponsible economic or financial innovation  
13 and fair competition, or protect customers,  
14 the Commission may (on its own initiative or  
15 on application of the registered digital com-  
16 modity exchange) exempt, either uncondition-  
17 ally or on stated terms or conditions or for  
18 stated periods and either retroactively or pro-  
19 spectively, or both, a registered digital com-  
20 modity exchange from the requirements of  
21 this section, if the Commission determines  
22 that—

23 “(1)(A) the exemption would be con-  
24 sistent with the public interest and the  
25 purposes of this Act; and



1           “(B) the exemption will not have a  
2           material adverse effect on the ability of  
3           the Commission or the digital commodity  
4           exchange to discharge regulatory or self-  
5           regulatory duties under this Act; or

6           “(2) the digital commodity exchange  
7           is subject to comparable, comprehensive  
8           supervision and regulation by the appro-  
9           priate government authorities in the  
10          home country of the exchange.

11          “(j) CUSTOMER DEFINED.—In this section,  
12          the term ‘customer’ means any person that  
13          maintains an account for the trading of dig-  
14          ital commodities directly with a digital com-  
15          modity exchange (other than a person that is  
16          owned or controlled, directly or indirectly, by  
17          the digital commodity exchange) for its own  
18          benefit or on behalf of other any person.

19          “(k) FEDERAL PREEMPTION.—Notwith-  
20          standing any other provision of law, the Com-  
21          mission shall have exclusive jurisdiction over  
22          any digital commodity exchange registered  
23          under this section.

24          “(l) TREATMENT UNDER THE BANK SECRECY  
25          ACT.—A registered digital commodity ex-

1 **change shall be treated as a financial institu-**  
2 **tion for purposes of the Bank Secrecy Act.”.**

3 **SEC. 405. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

4 **The Commodity Exchange Act (7 U.S.C. 1**  
5 **et seq.), as amended by the preceding provi-**  
6 **sions of this Act, is amended by inserting after**  
7 **section 5i the following:**

8 **“SEC. 5j. QUALIFIED DIGITAL COMMODITY CUSTODIANS.**

9 **“(a) IN GENERAL.—For purposes of this**  
10 **Act, a qualified digital commodity custodian**  
11 **is a digital commodity custodian who meets**  
12 **the following conditions:**

13 **“(1) SUPERVISION.—The digital com-**  
14 **modity custodian is subject to adequate**  
15 **supervision and appropriate regulation.**

16 **“(2) NO PROHIBITION.—The digital com-**  
17 **modity custodian is—**

18 **“(A) subject to the supervision**  
19 **of—**

20 **“(i) an appropriate Federal**  
21 **banking agency;**

22 **“(ii) a State bank supervisor**  
23 **(within the meaning of section 3**  
24 **of the Federal Deposit Insurance**  
25 **Act); or**

1           “(iii) an appropriate foreign  
2           governmental authority in the  
3           home country of the digital com-  
4           modity custodian; and

5           “(B) not prohibited by the appli-  
6           cable supervisor referred to in sub-  
7           paragraph (A) from engaging in any  
8           activity with respect to the holding of  
9           digital commodities.

10          “(3) INFORMATION SHARING.—

11           “(A) IN GENERAL.—The digital com-  
12           modity custodian agrees to such peri-  
13           odic sharing of information regarding  
14           customer accounts the digital com-  
15           modity custodian holds on behalf of  
16           an entity registered with the Commis-  
17           sion, as the Commission determines  
18           by rule shall be reasonably necessary  
19           to effectuate any of the provisions, or  
20           to accomplish any of the purposes, of  
21           this Act.

22           “(B) PROVISION OF INFORMATION.—  
23           Any person that is subject to regula-  
24           tion and examination by a prudential  
25           regulator may satisfy any information

1           request described in subparagraph  
2           (A), by providing the Commission  
3           with a detailed listing, in writing, of  
4           the digital commodities of a customer  
5           within the custody or use of the per-  
6           son.

7           “(b) ADEQUATE SUPERVISION AND APPRO-  
8           PRIATE REGULATION FURTHER DEFINED.—

9           “(1) IN GENERAL.—In subsection (a),  
10          the terms ‘adequate supervision’ and ‘ap-  
11          propriate regulation’ mean such min-  
12          imum standards for supervision and reg-  
13          ulation as are reasonably necessary to  
14          protect the digital commodities of cus-  
15          tomers of an entity registered with the  
16          Commission, including minimum stand-  
17          ards relating to—

18                 “(A) accessibility of customer as-  
19                 sets;

20                 “(B) financial resources;

21                 “(C) risk management require-  
22                 ments;

23                 “(D) governance arrangements;

24                 “(E) fitness standards;

25                 “(F) recordkeeping;

1           **“(G) information sharing; and**

2           **“(H) conflicts of interest.**

3           **“(2) DEEMED COMPLIANCE.—For pur-**  
4           **poses of subsection (a), a bank subject to**  
5           **the supervision of an appropriate Federal**  
6           **banking agency or a State bank super-**  
7           **visor (within the meaning of section 3 of**  
8           **the Federal Deposit Insurance Act) is**  
9           **deemed to be subject to adequate super-**  
10          **vision and appropriate regulation.**

11          **“(3) RULEMAKING AUTHORITY.—For pur-**  
12          **poses of subsection (a), the Commission,**  
13          **by rule or order, may further define the**  
14          **terms ‘adequate supervision’ and ‘appro-**  
15          **propriate regulation’ as necessary in the**  
16          **public interest, as appropriate for the**  
17          **protection of customers, and consistent**  
18          **with the purposes of this Act.**

19          **“(c) AUTHORITY TO TEMPORARILY SUSPEND**  
20          **STANDARDS.—The Commission may, by rule or**  
21          **order, temporarily suspend, in whole or in**  
22          **part, any requirement imposed under, or any**  
23          **standard referred to in, this section if the**  
24          **Commission determines that the suspension**

1 would be consistent with the public interest  
2 and the purposes of 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  
6 et seq.), as amended by the preceding provi-  
7 sions of this Act, is amended by inserting after  
8 section 4t the following:

9 “SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL  
10 COMMODITY BROKERS AND DEALERS.

11 “(a) REGISTRATION.—It shall be unlawful  
12 for any person to act as a digital commodity  
13 broker or digital commodity dealer unless the  
14 person is registered as such with the Commis-  
15 sion.

16 “(b) REQUIREMENTS.—

17 “(1) IN GENERAL.—A person shall reg-  
18 ister as a digital commodity broker or  
19 digital commodity dealer by filing a reg-  
20 istration application with the Commis-  
21 sion.

22 “(2) CONTENTS.—

23 “(A) IN GENERAL.—The application  
24 shall be made in such form and man-  
25 ner as is prescribed by the Commis-

1           sion, and shall contain such informa-  
2           tion as the Commission considers  
3           necessary concerning the business in  
4           which the applicant is or will be en-  
5           gaged.

6           “(B) CONTINUAL REPORTING.—A  
7           person that is registered as a digital  
8           commodity broker or digital com-  
9           modity dealer shall continue to sub-  
10          mit to the Commission reports that  
11          contain such information pertaining  
12          to the business of the person as the  
13          Commission may require.

14          “(3) TRANSITION.—Within 180 days  
15          after the date of the enactment of this  
16          section, the Commission shall prescribe  
17          rules providing for the registration of  
18          digital commodity brokers and digital  
19          commodity dealers under this section.

20          “(4) STATUTORY DISQUALIFICATION.—Ex-  
21          cept to the extent otherwise specifically  
22          provided by rule, regulation, or order, it  
23          shall be unlawful for a digital commodity  
24          broker or digital commodity dealer to  
25          permit any person who is associated with

1       **a digital commodity broker or a digital**  
2       **commodity dealer and who is subject to a**  
3       **statutory disqualification to effect or be**  
4       **involved in effecting a contract for sale of**  
5       **a digital commodity on behalf of the dig-**  
6       **ital commodity broker or the digital com-**  
7       **modity dealer, respectively, if the digital**  
8       **commodity broker or digital commodity**  
9       **dealer, respectively, knew, or in the exer-**  
10      **cise of reasonable care should have**  
11      **known, of the statutory disqualification.**

12           **“(5) LIMITATIONS ON CERTAIN ASSETS.—**  
13      **A registered digital commodity broker or**  
14      **registered digital commodity dealer shall**  
15      **not offer, offer to enter into, enter into,**  
16      **or facilitate any contract for sale of a dig-**  
17      **ital commodity that has not been cer-**  
18      **tified under section 5c(d).**

19           **“(c) ADDITIONAL REGISTRATIONS.—**

20           **“(1) WITH THE COMMISSION.—Any per-**  
21      **son required to be registered as a digital**  
22      **commodity broker or digital commodity**  
23      **dealer may also be registered as a futures**  
24      **commission merchant, introducing**  
25      **broker, or swap dealer.**



1           **“(2) WITH THE SECURITIES AND EX-**  
2           **CHANGE COMMISSION.—Any person re-**  
3           **quired to be registered as a digital com-**  
4           **modity broker or digital commodity deal-**  
5           **er under this section may register with**  
6           **the Securities and Exchange Commission**  
7           **as a digital asset broker or digital asset**  
8           **dealer, pursuant to section 15(b) of the**  
9           **Securities Exchange Act of 1934, as appli-**  
10          **cable, if the digital asset broker or digital**  
11          **asset dealer limits its solicitation of or-**  
12          **ders, acceptance of orders, or execution**  
13          **of orders, or placing of orders on behalf**  
14          **of others involving any contract of sale of**  
15          **digital assets.**

16          **“(3) WITH MEMBERSHIP IN A REGISTERED**  
17          **FUTURES ASSOCIATION.—Any person re-**  
18          **quired to be registered as a digital com-**  
19          **modity broker or digital commodity deal-**  
20          **er under this section shall be a member**  
21          **of a registered futures association.**

22          **“(4) REGISTRATION REQUIRED.—Any**  
23          **person required to be registered as a dig-**  
24          **ital commodity broker or digital com-**  
25          **modity dealer under this section shall**

1 register with the Commission as such re-  
2 gardless of whether the person is reg-  
3 istered as such with another State or  
4 Federal regulator.

5 “(d) RULEMAKING.—

6 “(1) IN GENERAL.—The Commission  
7 shall prescribe such rules applicable to  
8 registered digital commodity brokers and  
9 registered digital commodity dealers as  
10 are appropriate to carry out this section,  
11 including rules in the public interest that  
12 limit the activities of digital commodity  
13 brokers and digital commodity dealers.

14 “(2) MULTIPLE REGISTRANTS.—The  
15 Commission shall prescribe rules or regu-  
16 lations permitting, or may otherwise au-  
17 thorize, exemptions or additional re-  
18 quirements applicable to persons with  
19 multiple registrations under this Act, in-  
20 cluding as futures commission mer-  
21 chants, introducing brokers, digital com-  
22 modity brokers, digital commodity deal-  
23 ers, or swap dealers, as may be in the  
24 public interest to reduce compliance  
25 costs and promote customer protection.

1       **“(e) CAPITAL REQUIREMENTS.—**

2               **“(1) IN GENERAL.—Each registered dig-**  
3       **ital commodity broker and registered dig-**  
4       **ital commodity dealer shall meet such**  
5       **minimum capital requirements as the**  
6       **Commission may prescribe to ensure that**  
7       **the digital commodity broker or digital**  
8       **commodity dealer, respectively, is able**  
9       **to—**

10               **“(A) meet, and continue to meet,**  
11               **at all times, the obligations of such a**  
12               **registrant;**

13               **“(B) conduct an orderly wind-**  
14               **down of the activities of the digital**  
15               **commodity broker or digital com-**  
16               **modity dealer, respectively; and**

17               **“(C) in the case of a digital com-**  
18               **modity dealer, fulfill the customer ob-**  
19               **ligations of the digital commodity**  
20               **dealer for any margined, leveraged,**  
21               **or financed transactions.**

22               **“(2) RULE OF CONSTRUCTION.—Nothing**  
23               **in this section shall limit, or be construed**  
24               **to limit, the authority of the Securities**  
25               **and Exchange Commission to set finan-**

1        **cial responsibility rules for a broker or**  
2        **dealer registered pursuant to section**  
3        **15(b) of the Securities Exchange Act of**  
4        **1934 (15 U.S.C. 78o(b)) (except for section**  
5        **15(b)(11) of such Act (15 U.S.C. 78o(b)(11))**  
6        **in accordance with section 15(c)(3) of**  
7        **such Act (15 U.S.C. 78o(c)(3)).**

8                **“(3) FUTURES COMMISSION MERCHANTS**  
9        **AND OTHER DEALERS.—**

10                **“(A) IN GENERAL.—Each futures**  
11                **commission merchant, introducing**  
12                **broker, digital commodity broker,**  
13                **digital commodity dealer, broker, and**  
14                **dealer shall maintain sufficient cap-**  
15                **ital to comply with the stricter of any**  
16                **applicable capital requirements to**  
17                **which the futures commission mer-**  
18                **chant, introducing broker, digital**  
19                **commodity broker, digital commodity**  
20                **dealer, broker, or dealer, respec-**  
21                **tively, is subject under this Act or the**  
22                **Securities Exchange Act of 1934 (15**  
23                **U.S.C. 78a et seq.).**

24                **“(B) COORDINATION OF CAPITAL RE-**  
25                **QUIREMENTS.—**

1           “(i) **COMMISSION RULE.**—The  
2           **Commission shall, by rule, pro-**  
3           **vide appropriate offsets to any**  
4           **applicable capital requirement**  
5           **for a person with multiple reg-**  
6           **istrations as a digital commodity**  
7           **dealer, digital commodity broker,**  
8           **futures commission merchant, or**  
9           **introducing broker.**

10           “(ii) **JOINT RULE.**—The **Com-**  
11           **mission and the Securities and**  
12           **Exchange Commission shall joint-**  
13           **ly, by rule, provide appropriate**  
14           **offsets to any applicable capital**  
15           **requirement for a person with**  
16           **multiple registrations as a digital**  
17           **commodity dealer, digital com-**  
18           **modity broker, futures commis-**  
19           **sion merchant, introducing**  
20           **broker, broker, or dealer.**

21           “(f) **REPORTING AND RECORDKEEPING.**—  
22           **Each registered digital commodity broker and**  
23           **registered digital commodity dealer—**

24                   “(1) **shall make such reports as are re-**  
25           **quired by the Commission by rule or reg-**

1        **ulation regarding the transactions, posi-**  
2        **tions, and financial condition of the dig-**  
3        **ital commodity broker or digital com-**  
4        **modity dealer, respectively;**

5            **“(2) shall keep books and records in**  
6        **such form and manner and for such pe-**  
7        **riod as may be prescribed by the Com-**  
8        **mission by rule or regulation; and**

9            **“(3) shall keep the books and records**  
10       **open to inspection and examination by**  
11       **any representative of the Commission.**

12       **“(g) DAILY TRADING RECORDS.—**

13            **“(1) IN GENERAL.—Each registered dig-**  
14       **ital commodity broker and registered dig-**  
15       **ital commodity dealer shall maintain**  
16       **daily trading records of the transactions**  
17       **of the digital commodity broker or digital**  
18       **commodity dealer, respectively, and all**  
19       **related records (including related for-**  
20       **ward or derivatives transactions) and re-**  
21       **corded communications, including elec-**  
22       **tronic mail, instant messages, and record-**  
23       **ings of telephone calls, for such period as**  
24       **the Commission may require by rule or**  
25       **regulation.**

1           **“(2) INFORMATION REQUIREMENTS.—The**  
2           **daily trading records shall include such**  
3           **information as the Commission shall re-**  
4           **quire by rule or regulation.**

5           **“(3) COUNTERPARTY RECORDS.—Each**  
6           **registered digital commodity broker and**  
7           **registered digital commodity dealer shall**  
8           **maintain daily trading records for each**  
9           **customer or counterparty in a manner**  
10          **and form that is identifiable with each**  
11          **digital commodity transaction.**

12          **“(4) AUDIT TRAIL.—Each registered**  
13          **digital commodity broker and registered**  
14          **digital commodity dealer shall maintain a**  
15          **complete audit trail for conducting com-**  
16          **prehensive and accurate trade recon-**  
17          **structions.**

18          **“(h) BUSINESS CONDUCT STANDARDS.—**

19               **“(1) IN GENERAL.—Each registered dig-**  
20               **ital commodity broker and registered dig-**  
21               **ital commodity dealer shall conform with**  
22               **such business conduct standards as the**  
23               **Commission, by rule or regulation, pre-**  
24               **scribes related to—**

1           **“(A) fraud, manipulation, and**  
2           **other abusive practices involving**  
3           **spot or margined, leveraged, or fi-**  
4           **nanced digital commodity trans-**  
5           **actions (including transactions that**  
6           **are offered but not entered into);**

7           **“(B) diligent supervision of the**  
8           **business of the registered digital com-**  
9           **modity broker or digital commodity**  
10           **dealer, respectively; and**

11           **“(C) such other matters as the**  
12           **Commission deems appropriate.**

13           **“(2) BUSINESS CONDUCT REQUIRE-**  
14           **MENTS.—The Commission shall, by rule,**  
15           **prescribe business conduct requirements**  
16           **which—**

17           **“(A) require disclosure by a reg-**  
18           **istered digital commodity broker and**  
19           **registered digital commodity dealer**  
20           **to any counterparty to the trans-**  
21           **action (other than an eligible con-**  
22           **tract participant) of—**

23           **“(i) information about the ma-**  
24           **terial risks and characteristics of**  
25           **the digital commodity; and**



1           “(ii) information about the  
2           material risks and characteristics  
3           of the transaction;

4           “(B) establish a duty for such a  
5           digital commodity broker and such a  
6           digital commodity dealer to commu-  
7           nicate in a fair and balanced manner  
8           based on principles of fair dealing  
9           and good faith;

10          “(C) establish standards gov-  
11          erning digital commodity platform  
12          marketing and advertising, including  
13          testimonials and endorsements; and

14          “(D) establish such other stand-  
15          ards and requirements as the Com-  
16          mission may determine are—

17                 “(i) in the public interest;

18                 “(ii) appropriate for the pro-  
19                 tection of customers; or

20                 “(iii) otherwise in furtherance  
21                 of the purposes of this Act.

22          “(3) PROHIBITION ON FRAUDULENT PRAC-  
23          TICES.—It shall be unlawful for a reg-  
24          istered digital commodity broker or reg-  
25          istered digital commodity dealer to—

1           “(A) employ any device, scheme,  
2           or artifice to defraud any customer or  
3           counterparty;

4           “(B) engage in any transaction,  
5           practice, or course of business that  
6           operates as a fraud or deceit on any  
7           customer or counterparty; or

8           “(C) engage in any act, practice,  
9           or course of business that is fraudu-  
10          lent, deceptive, or manipulative.

11         “(i) DUTIES.—

12           “(1) RISK MANAGEMENT PROCEDURES.—  
13         Each registered digital commodity broker  
14         and registered digital commodity dealer  
15         shall establish robust and professional  
16         risk management systems adequate for  
17         managing the day-to-day business of the  
18         digital commodity broker or digital com-  
19         modity dealer, respectively.

20           “(2) DISCLOSURE OF GENERAL INFORMA-  
21         TION.—Each registered digital commodity  
22         broker and registered digital commodity  
23         dealer shall disclose to the Commission  
24         information concerning—

1           “(A) the terms and conditions of  
2 the transactions of the digital com-  
3 modity broker or digital commodity  
4 dealer, respectively;

5           “(B) the trading operations, mech-  
6 anisms, and practices of the digital  
7 commodity broker or digital com-  
8 modity dealer, respectively;

9           “(C) financial integrity protec-  
10 tions relating to the activities of the  
11 digital commodity broker or digital  
12 commodity dealer, respectively; and

13           “(D) other information relevant to  
14 trading in digital commodities by the  
15 digital commodity broker or digital  
16 commodity dealer, respectively.

17           “(3) ABILITY TO OBTAIN INFORMATION.—

18           **Each registered digital commodity broker**  
19           **and registered digital commodity dealer**  
20           **shall—**

21           “(A) establish and enforce inter-  
22 nal systems and procedures to obtain  
23 any necessary information to perform  
24 any of the functions described in this  
25 section; and

1           “(B) provide the information to  
2           the Commission, on request.

3           “(4) CONFLICTS OF INTEREST.—Each  
4           registered digital commodity broker and  
5           digital commodity dealer shall implement  
6           conflict-of-interest systems and proce-  
7           dures that—

8           “(A) establish structural and insti-  
9           tutional safeguards—

10           “(i) to minimize conflicts of in-  
11           terest that might potentially bias  
12           the judgment or supervision of  
13           the digital commodity broker or  
14           digital commodity dealer, respec-  
15           tively, and contravene the prin-  
16           ciples of fair and equitable trad-  
17           ing and the business conduct  
18           standards described in this Act,  
19           including conflicts arising out of  
20           transactions or arrangements  
21           with affiliates (including affiliates  
22           acting as digital asset issuers, dig-  
23           ital commodity dealers, or quali-  
24           fied digital commodity  
25           custodians), which may include

1 information partitions and the  
2 legal separation of different dig-  
3 ital commodity transaction inter-  
4 mediaries; and

5 “(ii) to ensure that the activi-  
6 ties of any person within the dig-  
7 ital commodity broker or digital  
8 commodity dealer relating to re-  
9 search or analysis of the price or  
10 market for any digital commodity  
11 or acting in a role of providing  
12 exchange activities or making de-  
13 terminations as to accepting ex-  
14 change customers are separated  
15 by appropriate informational par-  
16 titions within the digital com-  
17modity broker or digital com-  
18modity dealer from the review,  
19 pressure, or oversight of persons  
20 whose involvement in pricing,  
21 trading, exchange, or clearing ac-  
22 tivities might potentially bias  
23 their judgment or supervision  
24 and contravene the core prin-  
25 ciples of open access and the

1           **business conduct standards de-**  
2           **scribed in this Act; and**

3           **“(B) address such other issues as**  
4           **the Commission determines to be ap-**  
5           **propriate.**

6           **“(5) ANTITRUST CONSIDERATIONS.—Un-**  
7           **less necessary or appropriate to achieve**  
8           **the purposes of this Act, a digital com-**  
9           **modity broker or digital commodity deal-**  
10          **er shall not—**

11           **“(A) adopt any process or take**  
12           **any action that results in any unrea-**  
13           **sonable restraint of trade; or**

14           **“(B) impose any material anti-**  
15           **competitive burden on trading or**  
16           **clearing.**

17          **“(j) DESIGNATION OF CHIEF COMPLIANCE OF-**  
18          **FICER.—**

19           **“(1) IN GENERAL.—Each registered dig-**  
20           **ital commodity broker and registered dig-**  
21           **ital commodity dealer shall designate an**  
22           **individual to serve as a chief compliance**  
23           **officer.**

24           **“(2) DUTIES.—The chief compliance of-**  
25           **ficer shall—**

1           “(A) report directly to the board  
2 or to the senior officer of the reg-  
3 istered digital commodity broker or  
4 registered digital commodity dealer;

5           “(B) review the compliance of the  
6 registered digital commodity broker  
7 or registered digital commodity deal-  
8 er with respect to the registered dig-  
9 ital commodity broker and registered  
10 digital commodity dealer require-  
11 ments described in this section;

12           “(C) in consultation with the  
13 board of directors, a body performing  
14 a function similar to the board, or the  
15 senior officer of the organization, re-  
16 solve any conflicts of interest that  
17 may arise;

18           “(D) be responsible for admin-  
19 istering each policy and procedure  
20 that is required to be established pur-  
21 suant to this section;

22           “(E) ensure compliance with this  
23 Act (including regulations), including  
24 each rule prescribed by the Commis-  
25 sion under this section;

1           “(F) establish procedures for the  
2 remediation of noncompliance issues  
3 identified by the chief compliance of-  
4 ficer through any—

5                   “(i) compliance office review;

6                   “(ii) look-back;

7                   “(iii) internal or external  
8 audit finding;

9                   “(iv) self-reported error; or

10                   “(v) validated complaint; and

11           “(G) establish and follow appro-  
12 priate procedures for the handling,  
13 management response, remediation,  
14 retesting, and closing of noncompli-  
15 ance issues.

16           “(3) ANNUAL REPORTS.—

17                   “(A) IN GENERAL.—In accordance  
18 with rules prescribed by the Commis-  
19 sion, the chief compliance officer  
20 shall annually prepare and sign a re-  
21 port that contains a description of—

22                   “(i) the compliance of the reg-  
23 istered digital commodity broker  
24 or registered digital commodity



1 dealer with respect to this Act (in-  
2 cluding regulations); and

3 “(ii) each policy and proce-  
4 dure of the registered digital com-  
5 modity broker or registered dig-  
6 ital commodity dealer of the chief  
7 compliance officer (including the  
8 code of ethics and conflict of in-  
9 terest policies).

10 “(B) REQUIREMENTS.—The chief  
11 compliance officer shall ensure that a  
12 compliance report under subpara-  
13 graph (A)—

14 “(i) accompanies each appro-  
15 priate financial report of the reg-  
16 istered digital commodity broker  
17 or registered digital commodity  
18 dealer that is required to be fur-  
19 nished to the Commission pursu-  
20 ant to this section; and

21 “(ii) includes a certification  
22 that, under penalty of law, the  
23 compliance report is accurate and  
24 complete.

1       **“(k) SEGREGATION OF DIGITAL COMMOD-**  
2 **ITIES.—**

3           **“(1) HOLDING OF CUSTOMER ASSETS.—**

4                   **“(A) IN GENERAL.—Each registered**  
5 **digital commodity broker and reg-**  
6 **istered digital commodity dealer shall**  
7 **hold customer money, assets, and**  
8 **property in a manner to minimize the**  
9 **risk of loss to the customer or unrea-**  
10 **sonable delay in customer access to**  
11 **the money, assets, and property of**  
12 **the customer.**

13                   **“(B) QUALIFIED DIGITAL COMMODITY**  
14 **CUSTODIAN.—Each registered digital**  
15 **commodity broker and registered dig-**  
16 **ital commodity dealer shall hold in a**  
17 **qualified digital commodity custodian**  
18 **each unit of a digital commodity that**  
19 **is—**

20                           **“(i) the property of a customer**  
21 **or counterparty of the digital**  
22 **commodity broker or digital com-**  
23 **modity dealer, respectively; or**

24                           **“(ii) otherwise so required by**  
25 **the Commission to reasonably**

1           **protect customers or promote the**  
2           **public interest.**

3           **“(2) SEGREGATION OF FUNDS.—**

4           **“(A) IN GENERAL.—Each registered**  
5           **digital commodity broker and reg-**  
6           **istered digital commodity dealer shall**  
7           **treat and deal with all money, assets,**  
8           **and property that is received by the**  
9           **registered digital commodity broker**  
10           **or registered digital commodity deal-**  
11           **er, or accrues to a customer as the re-**  
12           **sult of trading in digital commodities,**  
13           **as belonging to the customer.**

14           **“(B) COMMINGLING PROHIBITED.—**

15           **“(i) IN GENERAL.—Except as**  
16           **provided in clause (ii), each reg-**  
17           **istered digital commodity broker**  
18           **and registered digital commodity**  
19           **dealer shall separately account**  
20           **for money, assets, and property of**  
21           **a digital commodity customer,**  
22           **and shall not commingle any such**  
23           **money, assets, or property with**  
24           **the funds of the digital com-**  
25           **modity broker or digital com-**

1           **modity dealer, respectively, or**  
2           **use any such money, assets, or**  
3           **property to margin, secure, or**  
4           **guarantee any trades or accounts**  
5           **of any customer or person other**  
6           **than the person for whom the**  
7           **money, assets, or property are**  
8           **held.**

9           **“(ii) EXCEPTIONS.—**

10           **“(I) USE OF FUNDS.—**

11           **“(aa) IN GENERAL.—A**  
12           **registered digital com-**  
13           **modity broker or reg-**  
14           **istered digital commodity**  
15           **dealer may, for conven-**  
16           **ience, commingle and de-**  
17           **posit in the same account**  
18           **or accounts with any**  
19           **bank, trust company, de-**  
20           **rivatives clearing organi-**  
21           **zation, or qualified digital**  
22           **commodity        custodian**  
23           **money, assets, and prop-**  
24           **erty of customers.**

1                   **“(bb) WITHDRAWAL.—**  
2                   **The share of the money,**  
3                   **assets, and property de-**  
4                   **scribed in item (aa) as in**  
5                   **the normal course of busi-**  
6                   **ness shall be necessary to**  
7                   **margin, guarantee, secure,**  
8                   **transfer, adjust, or settle a**  
9                   **contract for sale of a dig-**  
10                   **ital commodity with a reg-**  
11                   **istered entity may be**  
12                   **withdrawn and applied to**  
13                   **such purposes, including**  
14                   **the payment of commis-**  
15                   **sions, brokerage, interest,**  
16                   **taxes, storage, and other**  
17                   **charges, lawfully accruing**  
18                   **in connection with the**  
19                   **contract.**

20                   **“(II) COMMISSION ACTION.—**  
21                   **In accordance with such**  
22                   **terms and conditions as the**  
23                   **Commission may prescribe by**  
24                   **rule, regulation, or order, any**  
25                   **money, assets, or property of**

1           the customers of a registered  
2           digital commodity broker or  
3           registered digital commodity  
4           dealer may be commingled  
5           and deposited in customer ac-  
6           counts with any other money,  
7           assets, or property received  
8           by the digital commodity  
9           broker or digital commodity  
10          dealer, respectively, and re-  
11          quired by the Commission to  
12          be separately accounted for  
13          and treated and dealt with as  
14          belonging to the customer of  
15          the digital commodity broker  
16          or digital commodity dealer,  
17          respectively.

18                “(3) PERMITTED INVESTMENTS.—Money  
19                described in paragraph (2) may be in-  
20                vested in obligations of the United States,  
21                in general obligations of any State or of  
22                any political subdivision of a State, in ob-  
23                ligations fully guaranteed as to principal  
24                and interest by the United States, or in

1       **any other investment that the Commis-**  
2       **sion may by rule or regulation allow.**

3               **“(4) CUSTOMER PROTECTION DURING**  
4       **BANKRUPTCY.—**

5               **“(A) CUSTOMER PROPERTY.—All**  
6       **money, assets, or property described**  
7       **in paragraph (2) shall be considered**  
8       **customer property for purposes of**  
9       **section 761 of title 11, United States**  
10       **Code.**

11              **“(B) TRANSACTIONS.—A transaction**  
12       **involving a unit of a digital com-**  
13       **modity occurring with a digital com-**  
14       **modity dealer shall be considered a**  
15       **‘contract for the purchase or sale of a**  
16       **commodity for future delivery, on or**  
17       **subject to the rules of, a contract**  
18       **market or board of trade’ for pur-**  
19       **poses of the definition of a ‘com-**  
20       **modity contract’ in section 761 of title**  
21       **11, United States Code.**

22              **“(C) BROKERS AND DEALERS.—A**  
23       **registered digital commodity dealer**  
24       **and a registered digital commodity**  
25       **broker shall be considered a futures**

1           **commission merchant for purposes of**  
2           **section 761 of title 11, United States**  
3           **Code.**

4           **“(D) ASSETS REMOVED FROM SEG-**  
5           **REGATION.—Assets removed from seg-**  
6           **regation due to a customer election**  
7           **under paragraph (5) shall not be con-**  
8           **sidered customer property for pur-**  
9           **poses of section 761 of title 11, United**  
10           **States Code.**

11           **“(5) MISUSE OF CUSTOMER PROPERTY.—**

12           **“(A) IN GENERAL.—It shall be un-**  
13           **lawful—**

14                   **“(i) for any digital commodity**  
15                   **broker or digital commodity deal-**  
16                   **er that has received any customer**  
17                   **money, assets, or property for**  
18                   **custody to dispose of, or use any**  
19                   **such money, assets, or property**  
20                   **as belonging to the digital com-**  
21                   **modity broker or digital com-**  
22                   **modity dealer, respectively; or**

23                   **“(ii) for any other person, in-**  
24                   **cluding any depository, digital**  
25                   **commodity exchange, other dig-**



1           **ital commodity broker, other dig-**  
2           **ital commodity dealer, or digital**  
3           **commodity custodian that has re-**  
4           **ceived any customer money, as-**  
5           **sets, or property for deposit, to**  
6           **hold, dispose of, or use any such**  
7           **money, assets, or property, as be-**  
8           **longing to the depositing digital**  
9           **commodity broker or digital com-**  
10          **modity dealer or any person other**  
11          **than the customers of the digital**  
12          **commodity broker or digital com-**  
13          **modity dealer, respectively.**

14           **“(B) USE FURTHER DEFINED.—For**  
15          **purposes of this section, ‘use’ of a dig-**  
16          **ital commodity includes utilizing any**  
17          **unit of a digital asset to participate in**  
18          **a blockchain service defined in para-**  
19          **graph (5) or a decentralized govern-**  
20          **ance system associated with the dig-**  
21          **ital commodity or the blockchain sys-**  
22          **tem to which the digital commodity**  
23          **relates in any manner other than that**  
24          **expressly directed by the customer**

1 from whom the unit of a digital com-  
2 modity was received.

3 **“(6) PARTICIPATION IN BLOCKCHAIN**  
4 **SERVICES.—**

5 **“(A) IN GENERAL.—A customer**  
6 **shall have the right to waive the re-**  
7 **strictions in paragraph (1) for any**  
8 **unit of a digital commodity, by af-**  
9 **firmatively electing, in writing to the**  
10 **digital commodity broker or digital**  
11 **commodity dealer, to waive the re-**  
12 **strictions.**

13 **“(B) USE OF FUNDS.—Customer dig-**  
14 **ital commodities removed from seg-**  
15 **regation under subparagraph (A) may**  
16 **be pooled and used by the digital**  
17 **commodity broker or digital com-**  
18 **modity dealer, or one of their des-**  
19 **ignees, to provide a blockchain serv-**  
20 **ice for a blockchain system to which**  
21 **the unit of the digital asset removed**  
22 **from segregation in subparagraph (A)**  
23 **relates.**

24 **“(C) LIMITATIONS.—The Commis-**  
25 **sion may, by rule, establish notice**

1           **and disclosure requirements, and any**  
2           **other limitations and rules related to**  
3           **the waiving of any restrictions under**  
4           **this paragraph that are reasonably**  
5           **necessary to protect customers, in-**  
6           **cluding eligible contract participants,**  
7           **non-eligible contract participants, or**  
8           **any other class of customers.**

9           **“(D) BLOCKCHAIN SERVICE DE-**  
10          **FINED.—In this subparagraph, the**  
11          **term ‘blockchain service’ means any**  
12          **activity relating to validating trans-**  
13          **actions on a blockchain system, pro-**  
14          **viding security for a blockchain sys-**  
15          **tem, or other similar activity re-**  
16          **quired for the ongoing operation of a**  
17          **blockchain system.**

18          **“(I) FEDERAL PREEMPTION.—Notwith-**  
19          **standing any other provision of law, the Com-**  
20          **mission shall have exclusive jurisdiction over**  
21          **any digital commodity broker or digital com-**  
22          **modity dealer registered under this section.**

23          **“(m) EXEMPTIONS.—In order to promote re-**  
24          **sponsible economic or financial innovation**  
25          **and fair competition, or protect customers,**

1 the Commission may (on its own initiative or  
2 on application of the registered digital com-  
3modity broker or registered digital com-  
4modity dealer) exempt, unconditionally or on  
5 stated terms or conditions, or for stated peri-  
6ods, and retroactively or prospectively, or  
7 both, a registered digital commodity broker  
8 or registered digital commodity dealer from  
9 the requirements of this section, if the Com-  
10 mission determines that—

11           “(1)(A) the exemption would be con-  
12 sistent with the public interest and the  
13 purposes of this Act; and

14           “(B) the exemption will not have a  
15 material adverse effect on the ability of  
16 the Commission or the digital commodity  
17 broker or digital commodity dealer to  
18 discharge regulatory duties under this  
19 Act; or

20           “(2) the registered digital commodity  
21 broker or registered digital commodity  
22 dealer is subject to comparable, com-  
23 prehensive supervision and regulation by  
24 the appropriate government authorities  
25 in the home country of the registered dig-

1        **ital commodity broker or registered dig-**  
2        **ital commodity dealer, respectively.**

3        **“(n) TREATMENT UNDER THE BANK SECRECY**  
4 **ACT.—A registered digital commodity broker**  
5 **and a registered digital commodity dealer**  
6 **shall be treated as a financial institution for**  
7 **purposes of the Bank Secrecy Act.”.**

8 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

9        **(a) IN GENERAL.—Section 4k of the Com-**  
10 **modity Exchange Act (7 U.S.C. 6k) is amend-**  
11 **ed—**

12            **(1) by redesignating subsections (4)**  
13            **through (6) as subsections (5) through (7),**  
14            **respectively; and**

15            **(2) by inserting after subsection (3)**  
16            **the following:**

17            **“(4) It shall be unlawful for any person to**  
18 **act as an associated person of a digital com-**  
19 **modity broker or an associated person of a**  
20 **digital commodity dealer unless the person is**  
21 **registered with the Commission under this**  
22 **Act and such registration shall not have ex-**  
23 **pired, been suspended (and the period of sus-**  
24 **pension has not expired), or been revoked. It**  
25 **shall be unlawful for a digital commodity**

1 broker or a digital commodity dealer to per-  
2 mit such a person to become or remain associ-  
3 ated with the digital commodity broker or  
4 digital commodity dealer if the digital com-  
5 modity broker or digital commodity dealer  
6 knew or should have known that the person  
7 was not so registered or that the registration  
8 had expired, been suspended (and the period  
9 of suspension has not expired), or been re-  
10 voked.”; and

11 (3) in subsection (5) (as so redesign-  
12 nated), by striking “or of a commodity  
13 trading advisor” and inserting “of a com-  
14 modity trading advisor, of a digital com-  
15 modity broker, or of a digital commodity  
16 dealer”.

17 (b) CONFORMING AMENDMENTS.—The Com-  
18 modity Exchange Act (7 U.S.C. 1a et seq.) is  
19 amended by striking “section 4k(6)” each  
20 place it appears and inserting “section 4k(7)”.

21 SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-  
22 TORS AND COMMODITY TRADING ADVISORS.

23 Section 4m(3) of the Commodity Exchange  
24 Act (7 U.S.C. 6m(3)) is amended—

25 (1) in subparagraph (A)—

1           (A) by striking “any commodity  
2 trading advisor” and inserting “a  
3 commodity pool operator or com-  
4modity trading advisor”; and

5           (B) by striking “acting as a com-  
6modity trading advisor” and inserting  
7 “acting as a commodity pool operator  
8 or commodity trading advisor”; and

9           (2) in subparagraph (C), by inserting  
10 “digital commodities,” after “physical  
11 commodities,”.

12 **SEC. 409. EXCLUSION FOR ANCILLARY ACTIVITIES.**

13       **The Commodity Exchange Act (7 U.S.C. 1**  
14 **et seq.), as amended by the preceding provi-**  
15 **sions of this Act, is amended by inserting after**  
16 **section 4u the following:**

17 **“SEC. 4v. EXCLUSION FOR ANCILLARY ACTIVITIES.**

18       **“(a) IN GENERAL.—Notwithstanding any**  
19 **other provision of this Act, a person shall not**  
20 **be subject to this Act and the regulations pro-**  
21 **mulgated under this Act solely based on the**  
22 **person undertaking any ancillary activities.**

23       **“(b) EXCEPTIONS.—Subsection (a) shall not**  
24 **be construed to apply to the**  
25 **antimanipulation, antifraud, or false report-**

1 ing enforcement authorities of the Commis-  
2 sion.

3 **“(c) ANCILLARY ACTIVITIES DEFINED.—In**  
4 **this section, the term ‘ancillary activities’**  
5 **means any of the following activities related**  
6 **to the operation of a blockchain system:**

7 **“(1) Compiling network transactions,**  
8 **operating a pool, relaying, searching, se-**  
9 **quencing, validating, or acting in a simi-**  
10 **lar capacity with respect to a digital com-**  
11 **modity transaction.**

12 **“(2) Providing computational work,**  
13 **operating a node, or procuring, offering,**  
14 **or utilizing network bandwidth, or other**  
15 **similar incidental services with respect**  
16 **to a digital commodity transaction.**

17 **“(3) Providing a user interface that**  
18 **enables a user to read, and access data**  
19 **about a blockchain system, send mes-**  
20 **sages, or otherwise interact with a**  
21 **blockchain system.**

22 **“(4) Developing, publishing, consti-**  
23 **tuting, administering, maintaining, or**  
24 **otherwise distributing a blockchain sys-**  
25 **tem.**



1           **“(5) Developing, publishing, consti-**  
2           **tuting, administering, maintaining, or**  
3           **otherwise distributing software or sys-**  
4           **tems that create or deploy hardware or**  
5           **software, including wallets or other sys-**  
6           **tems, facilitating an individual user’s**  
7           **own personal ability to keep, safeguard,**  
8           **or custody a user’s digital commodities or**  
9           **related private keys.”.**

10 **SEC. 410. EFFECTIVE DATE.**

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

18           **(1) 360 days after the date of enact-**  
19           **ment of this Act; or**

20           **(2) 60 days after the publication in**  
21           **the Federal Register of the final rule im-**  
22           **plementing the provision.**

1           **TITLE V—INNOVATION AND**  
2           **TECHNOLOGY IMPROVEMENTS**

3   **SEC. 501. CODIFICATION OF THE SEC STRATEGIC HUB FOR**  
4                                   **INNOVATION AND FINANCIAL TECHNOLOGY.**

5           **Section 4 of the Securities Exchange Act**  
6   **of 1934 (15 U.S.C. 78d) is amended by adding**  
7   **at the end the following:**

8           **“(1) STRATEGIC HUB FOR INNOVATION AND FI-**  
9   **NANCIAL TECHNOLOGY.—**

10                   **“(1) OFFICE ESTABLISHED.—There is es-**  
11                   **tablished within the Commission the**  
12                   **Strategic Hub for Innovation and Finan-**  
13                   **cial Technology (referred to in this sec-**  
14                   **tion as the ‘FinHub’).**

15                   **“(2) PURPOSES.—The purposes of**  
16                   **FinHub are as follows:**

17                                   **“(A) To assist in shaping the ap-**  
18                                   **proach of the Commission to techno-**  
19                                   **logical advancements in the financial**  
20                                   **industry.**

21                                   **“(B) To examine financial tech-**  
22                                   **nology innovations within capital**  
23                                   **markets, market participants, and in-**  
24                                   **vestors.**

1           **“(C) To coordinate the response of**  
2           **the Commission to emerging tech-**  
3           **nologies in financial, regulatory, and**  
4           **supervisory systems.**

5           **“(3) DIRECTOR OF FINHUB.—FinHub**  
6           **shall have a Director who shall be ap-**  
7           **pointed by the Commission, from among**  
8           **individuals having experience in both**  
9           **emerging technologies and Federal secu-**  
10          **rities law and serve at the pleasure of the**  
11          **Commission. The Director shall report di-**  
12          **rectly to the Commission and perform**  
13          **such functions and duties as the Commis-**  
14          **sion may prescribe.**

15          **“(4)           RESPONSIBILITIES.—FinHub**  
16          **shall—**

17                  **“(A) foster responsible techno-**  
18                  **logical innovation and fair competi-**  
19                  **tion within the Commission, includ-**  
20                  **ing around financial technology, reg-**  
21                  **ulatory technology, and supervisory**  
22                  **technology;**

23                  **“(B) provide internal education**  
24                  **and training to the Commission re-**  
25                  **garding financial technology;**

1           “(C) advise the Commission re-  
2           garding financial technology that  
3           would serve the Commission’s over-  
4           sight functions;

5           “(D) analyze technological ad-  
6           vancements and the impact of regu-  
7           latory requirements on financial tech-  
8           nology companies;

9           “(E) advise the Commission with  
10          respect to rulemakings or other agen-  
11          cy or staff action regarding financial  
12          technology;

13          “(F) provide businesses working  
14          in emerging financial technology  
15          fields with information on the Com-  
16          mission, its rules and regulations; and

17          “(G) encourage firms working in  
18          emerging technology fields to engage  
19          with the Commission and obtain feed-  
20          back from the Commission on poten-  
21          tial regulatory issues.

22          “(5) ACCESS TO DOCUMENTS.—The Com-  
23          mission shall ensure that FinHub has full  
24          access to the documents and information  
25          of the Commission and any self-regu-

1        **latory organization, as necessary to carry**  
2        **out the functions of FinHub.**

3            **“(6) REPORT TO CONGRESS.—**

4            **“(A) IN GENERAL.—Not later than**  
5        **October 31 of each year after 2024,**  
6        **FinHub shall submit to the Com-**  
7        **mittee on Banking, Housing, and**  
8        **Urban Affairs of the Senate and the**  
9        **Committee on Financial Services of**  
10       **the House of Representatives a report**  
11       **on the activities of FinHub during the**  
12       **immediately preceding fiscal year.**

13           **“(B) CONTENTS.—Each report re-**  
14       **quired under subparagraph (A) shall**  
15       **include—**

16           **“(i) the total number of per-**  
17       **sons that met with FinHub;**

18           **“(ii) the total number of mar-**  
19       **ket participants FinHub met with,**  
20       **including the classification of**  
21       **those participants;**

22           **“(iii) a summary of general**  
23       **issues discussed during meetings**  
24       **with persons;**

1           “(iv) information on steps  
2           FinHub has taken to improve  
3           Commission services, including  
4           responsiveness to the concerns of  
5           persons;

6           “(v) recommendations—

7                   “(I) with respect to the  
8                   regulations of the Commission  
9                   and the guidance and orders  
10                  of the Commission; and

11                  “(II) for such legislative  
12                  actions as the FinHub deter-  
13                  mines appropriate; and

14           “(vi) any other information, as  
15           determined appropriate by the  
16           Director of FinHub.

17           “(C) CONFIDENTIALITY.—A report  
18           under subparagraph (A) may not con-  
19           tain confidential information.

20           “(7) SYSTEMS OF RECORDS.—

21                   “(A) IN GENERAL.—The Commis-  
22                   sion shall establish a detailed system  
23                   of records (as defined under section  
24                   552a of title 5, United States Code) to

1           **assist FinHub in communicating with**  
2           **interested parties.**

3           **“(B) ENTITIES COVERED BY THE SYS-**  
4           **TEM.—Entities covered by the system**  
5           **required under subparagraph (A) in-**  
6           **clude entities or persons submitting**  
7           **requests or inquiries and other infor-**  
8           **mation to Commission through**  
9           **FinHub.**

10           **“(C) SECURITY AND STORAGE OF**  
11           **RECORDS.—FinHub shall store—**

12                   **“(i) electronic records—**

13                           **“(I) in the system required**  
14                           **under subparagraph (A); or**

15                           **“(II) on the secure net-**  
16                           **work or other electronic me-**  
17                           **dium, such as encrypted hard**  
18                           **drives or back-up media, of**  
19                           **the Commission; and**

20                           **“(ii) paper records in secure**  
21                           **facilities.**

22           **“(8) EFFECTIVE DATE.—This subsection**  
23           **shall take effect on the date that is 180**  
24           **days after the date of the enactment of**  
25           **this subsection.”.**

1 SEC. 502. CODIFICATION OF LABCF'TC.

2 (a) IN GENERAL.—Section 18 of the Com-  
3 modity Exchange Act (7 U.S.C. 22) is amended  
4 by adding at the end the following:

5 “(c) LABCF'TC.—

6 “(1) ESTABLISHMENT.—There is estab-  
7 lished in the Commission LabCF'TC.

8 “(2) PURPOSE.—The purposes of  
9 LabCF'TC are to—

10 “(A) promote responsible finan-  
11 cial technology innovation and fair  
12 competition for the benefit of the  
13 American public;

14 “(B) serve as an information plat-  
15 form to inform the Commission about  
16 new financial technology innovation;  
17 and

18 “(C) provide outreach to financial  
19 technology innovators to discuss  
20 their innovations and the regulatory  
21 framework established by this Act  
22 and the regulations promulgated  
23 thereunder.

24 “(3) DIRECTOR.—LabCF'TC shall have a  
25 Director, who shall be appointed by the  
26 Commission and serve at the pleasure of



1       **the Commission. Notwithstanding section**  
2       **2(a)(6)(A), the Director shall report di-**  
3       **rectly to the Commission and perform**  
4       **such functions and duties as the Commis-**  
5       **sion may prescribe.**

6               **“(4) DUTIES.—LabCFTC shall—**

7                       **“(A) advise the Commission with**  
8                       **respect to rulemakings or other agen-**  
9                       **cy or staff action regarding financial**  
10                      **technology;**

11                     **“(B) provide internal education**  
12                     **and training to the Commission re-**  
13                     **garding financial technology;**

14                     **“(C) advise the Commission re-**  
15                     **garding financial technology that**  
16                     **would bolster the Commission’s over-**  
17                     **sight functions;**

18                     **“(D) engage with academia, stu-**  
19                     **dents, and professionals on financial**  
20                     **technology issues, ideas, and tech-**  
21                     **nology relevant to activities under**  
22                     **this Act;**

23                     **“(E) provide persons working in**  
24                     **emerging technology fields with in-**  
25                     **formation on the Commission, its**

1 rules and regulations, and the role of  
2 a registered futures association; and

3 “(F) encourage persons working  
4 in emerging technology fields to en-  
5 gage with the Commission and obtain  
6 feedback from the Commission on po-  
7 tential regulatory issues.

8 “(5) ACCESS TO DOCUMENTS.—The Com-  
9 mission shall ensure that LabCFTC has  
10 full access to the documents and informa-  
11 tion of the Commission and any self-regu-  
12 latory organization or registered futures  
13 association, as necessary to carry out the  
14 functions of LabCFTC.

15 “(6) REPORT TO CONGRESS.—

16 “(A) IN GENERAL.—Not later than  
17 October 31 of each year after 2024,  
18 LabCFTC shall submit to the Com-  
19 mittee on Agriculture of the House of  
20 Representatives and the Committee  
21 on Agriculture, Nutrition, and For-  
22 estry of the Senate a report on its ac-  
23 tivities.

1           **“(B) CONTENTS.—Each report re-**  
2 **quired under paragraph (1) shall in-**  
3 **clude—**

4                   **“(i) the total number of per-**  
5 **sons that met with LabCFTC;**

6                   **“(ii) a summary of general**  
7 **issues discussed during meetings**  
8 **with the person;**

9                   **“(iii) information on steps**  
10 **LabCFTC has taken to improve**  
11 **Commission services, including**  
12 **responsiveness to the concerns of**  
13 **persons;**

14                   **“(iv) recommendations made**  
15 **to the Commission with respect to**  
16 **the regulations, guidance, and or-**  
17 **ders of the Commission and such**  
18 **legislative actions as may be ap-**  
19 **propriate; and**

20                   **“(v) any other information de-**  
21 **termined appropriate by the Di-**  
22 **rector of LabCFTC.**

23           **“(C) CONFIDENTIALITY.—A report**  
24 **under paragraph (A) shall abide by**

1           **the confidentiality requirements in**  
2           **section 8.**

3           **“(7) SYSTEMS OF RECORDS.—**

4                   **“(A) IN GENERAL.—The Commis-**  
5                   **sion shall establish a detailed system**  
6                   **of records (as defined in section 552a**  
7                   **of title 5, United States Code) to as-**  
8                   **sist LabCFTC in communicating with**  
9                   **interested parties.**

10                   **“(B) PERSONS COVERED BY THE SYS-**  
11                   **TEM.—The persons covered by the sys-**  
12                   **tem of records shall include persons**  
13                   **submitting requests or inquiries and**  
14                   **other information to the Commission**  
15                   **through LabCFTC.**

16                   **“(C) SECURITY AND STORAGE OF**  
17                   **RECORDS.—The system of records shall**  
18                   **store records electronically or on**  
19                   **paper in secure facilities, and shall**  
20                   **store electronic records on the secure**  
21                   **network of the Commission and on**  
22                   **other electronic media, such as**  
23                   **encrypted hard drives and back-up**  
24                   **media, as needed.”.**

1       **(b) CONFORMING AMENDMENTS.—Section**  
2 **2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is**  
3 **amended—**

4           **(1) by striking “paragraph and in”**  
5 **and inserting “paragraph,”; and**

6           **(2) by inserting “and section 18(c)(3),”**  
7 **before “the executive”.**

8       **(c) EFFECTIVE DATE.—The Commodity Fu-**  
9 **tures Trading Commission shall implement**  
10 **the amendments made by this section (includ-**  
11 **ing complying with section 18(c)(7) of the**  
12 **Commodity Exchange Act) within 180 days**  
13 **after the date of the enactment of this Act.**

14 **SEC. 503. CFTC-SEC JOINT ADVISORY COMMITTEE ON DIG-**  
15 **ITAL ASSETS.**

16       **(a) ESTABLISHMENT.—The Commodity Fu-**  
17 **tures Trading Commission and the Securities**  
18 **and Exchange Commission (in this section re-**  
19 **ferred to as the “Commissions”) shall jointly**  
20 **establish the Joint Advisory Committee on**  
21 **Digital Assets (in this section referred to as**  
22 **the “Committee”).**

23       **(b) PURPOSE.—**

24           **(1) IN GENERAL.—The Committee**  
25 **shall—**

1           **(A) provide the Commissions with**  
2           **advice on the rules, regulations, and**  
3           **policies of the Commissions related to**  
4           **digital assets;**

5           **(B) further the regulatory harmo-**  
6           **nization of digital asset policy be-**  
7           **tween the Commissions;**

8           **(C) examine and disseminate**  
9           **methods for describing, measuring,**  
10          **and quantifying digital asset—**

11               **(i) decentralization;**

12               **(ii) functionality;**

13               **(iii) information asymmetries;**

14               **and**

15               **(iv) transaction and network**  
16               **security;**

17          **(D) examine the potential for dig-**  
18          **ital assets, blockchain systems, and**  
19          **distributed ledger technology to im-**  
20          **prove efficiency in the operation of fi-**  
21          **ancial market infrastructure and**  
22          **better protect financial market par-**  
23          **ticipants, including services and sys-**  
24          **tems which provide—**

1           **(i) improved customer protec-**  
2           **tions;**

3           **(ii) public availability of infor-**  
4           **mation;**

5           **(iii) greater transparency re-**  
6           **garding customer funds;**

7           **(iv) reduced transaction cost;**  
8           **and**

9           **(v) increased access to finan-**  
10          **cial market services; and**

11          **(E) discuss the implementation by**  
12          **the Commissions of this Act and the**  
13          **amendments made by this Act.**

14          **(2) REVIEW BY AGENCIES.—Each Com-**  
15          **mission shall—**

16                 **(A) review the findings and rec-**  
17                 **ommendations of the Committee;**

18                 **(B) promptly issue a public state-**  
19                 **ment each time the Committee sub-**  
20                 **mits a finding or recommendation to**  
21                 **a Commission—**

22                         **(i) assessing the finding or**  
23                         **recommendation of the Com-**  
24                         **mittee;**

1           (ii) disclosing the action or  
2           decision not to take action made  
3           by the Commission in response to  
4           a finding or recommendation; and

5           (iii) explaining the reasons for  
6           the action or decision not to take  
7           action; and

8           (C) each time the Committee sub-  
9           mits a finding or recommendation to  
10          a Commission, provide the Committee  
11          with a formal response to the finding  
12          or recommendation not later than 3  
13          months after the date of the submis-  
14          sion of the finding or recommenda-  
15          tion.

16       (c) **MEMBERSHIP AND LEADERSHIP.—**

17           (1) **NON-FEDERAL MEMBERS.—**

18           (A) **IN GENERAL.—**The Commis-  
19           sions shall appoint at least 20 non-  
20           governmental stakeholders with a  
21           wide diversity of opinion and who  
22           represent a broad spectrum of inter-  
23           ests representing the digital asset  
24           ecosystem, equally divided between  
25           the Commissions, to serve as mem-



1           **bers of the Committee. The ap-**  
2           **pointees shall include—**

3                   **(i) digital asset issuers;**

4                   **(ii) persons registered with**  
5                   **the Commissions and engaged in**  
6                   **digital asset related activities;**

7                   **(iii) individuals engaged in**  
8                   **academic research relating to dig-**  
9                   **ital assets; and**

10                   **(iv) digital asset users.**

11           **(B) MEMBERS NOT COMMISSION EM-**  
12           **PLOYEES.—Members appointed under**  
13           **subparagraph (A) shall not be deemed**  
14           **to be employees or agents of a Com-**  
15           **mission solely by reason of member-**  
16           **ship on the Committee.**

17           **(2) CO-DESIGNATED FEDERAL OFFI-**  
18           **CERS.—**

19                   **(A) NUMBER; APPOINTMENT.—There**  
20                   **shall be 2 co-designated Federal offi-**  
21                   **cers of the Committee, as follows:**

22                           **(i) The Director of LabCFTC**  
23                           **of the Commodity Futures Trad-**  
24                           **ing Commission.**

1           (ii) The Director of the Stra-  
2           tegic Hub for Innovation and Fi-  
3           nancial Technology of the Securi-  
4           ties and Exchange Commission.

5           (B) DUTIES.—The duties required  
6           by chapter 10 of title 5, United States  
7           Code, to be carried out by a des-  
8           ignated Federal officer with respect  
9           to the Committee shall be shared by  
10          the co-designated Federal officers of  
11          the Committee.

12          (3) COMMITTEE LEADERSHIP.—

13           (A) COMPOSITION; ELECTION.—The  
14           Committee members shall elect, from  
15           among the Committee members—

16                   (i) a chair;

17                   (ii) a vice chair;

18                   (iii) a secretary; and

19                   (iv) an assistant secretary.

20           (B) TERM OF OFFICE.—Each mem-  
21           ber elected under subparagraph (A)  
22           in a 2-year period referred to in sec-  
23           tion 1013(b)(2) of title 5, United States  
24           Code, shall serve in the capacity for

1           **which the member was so elected,**  
2           **until the end of the 2-year period.**

3           **(d) NO COMPENSATION FOR COMMITTEE**  
4 **MEMBERS.—**

5           **(1) NON-FEDERAL MEMBERS.—All Com-**  
6 **mittee members appointed under sub-**  
7 **section (c)(1) shall—**

8           **(A) serve without compensation;**  
9           **and**

10           **(B) while away from the home or**  
11 **regular place of business of the mem-**  
12 **ber in the performance of services for**  
13 **the Committee, be allowed travel ex-**  
14 **penses, including per diem in lieu of**  
15 **subsistence, in the same manner as**  
16 **persons employed intermittently in**  
17 **the Government service are allowed**  
18 **expenses under section 5703(b) of**  
19 **title 5, United States Code.**

20           **(2) NO COMPENSATION FOR CO-DES-**  
21 **IGNATED FEDERAL OFFICERS.—The co-des-**  
22 **ignated Federal officers shall serve with-**  
23 **out compensation in addition to that re-**  
24 **ceived for their services as officers or em-**  
25 **ployees of the United States.**

1       **(e) FREQUENCY OF MEETINGS.—The Com-**  
2 **mittee shall meet—**

3           **(1) not less frequently than twice an-**  
4 **nually; and**

5           **(2) at such other times as either Com-**  
6 **mission may request.**

7       **(f) DURATION.—Section 1013(a)(2) of title 5,**  
8 **United States Code, shall not apply to the**  
9 **Committee.**

10       **(g) TIME LIMITS.—The Commissions shall—**

11           **(1) adopt a joint charter for the Com-**  
12 **mittee within 90 days after the date of**  
13 **the enactment of this section;**

14           **(2) appoint members to the Com-**  
15 **mittee within 120 days after such date of**  
16 **enactment; and**

17           **(3) hold the initial meeting of the**  
18 **Committee within 180 days after such**  
19 **date of enactment.**

20       **(h) FUNDING.—The Commissions shall**  
21 **jointly fund the Committee.**

22 **SEC. 504. STUDY ON DECENTRALIZED FINANCE.**

23       **(a) IN GENERAL.—The Commodity Futures**  
24 **Trading Commission and the Securities and**  
25 **Exchange Commission shall jointly carry out**

1 a study on decentralized finance that ana-  
2 lyzes—

3 (1) the nature, size, role, and use of  
4 decentralized finance blockchain proto-  
5 cols;

6 (2) the operation of blockchain proto-  
7 cols that comprise decentralized finance;

8 (3) the interoperability of blockchain  
9 protocols and blockchain systems;

10 (4) the interoperability of blockchain  
11 protocols and software-based systems, in-  
12 cluding websites and wallets;

13 (5) the decentralized governance sys-  
14 tems through which blockchain protocols  
15 may be developed, published, constituted,  
16 administered, maintained, or otherwise  
17 distributed, including—

18 (A) whether the systems enhance  
19 or detract from—

20 (i) the decentralization of the  
21 decentralized finance; and

22 (ii) the inherent risks of the  
23 decentralized governance system;  
24 and

1           **(B) any procedures or require-**  
2           **ments that would mitigate the risks**  
3           **identified in subparagraph (A)(ii);**

4           **(6) the benefits of decentralized fi-**  
5           **nance, including—**

6                 **(A) operational resilience and**  
7                 **interoperability of blockchain-based**  
8                 **systems;**

9                 **(B) market competition and inno-**  
10                **vation;**

11                **(C) transaction efficiency;**

12                **(D) transparency and traceability**  
13                **of transactions; and**

14                **(E) disintermediation;**

15           **(7) the risks of decentralized finance,**  
16           **including—**

17                 **(A) pseudonymity of users and**  
18                 **transactions;**

19                 **(B) disintermediation; and**

20                 **(C) cybersecurity vulnerabilities;**

21           **(8) the extent to which decentralized**  
22           **finance has integrated with the tradi-**  
23           **tional financial markets and any poten-**  
24           **tial risks to stability of the markets;**

1           **(9) how the levels of illicit activity in**  
2           **decentralized finance compare with the**  
3           **levels of illicit activity in traditional fi-**  
4           **nancial markets;**

5           **(10) how decentralized finance may**  
6           **increase the accessibility of cross-border**  
7           **transactions; and**

8           **(11) the feasibility of embedding self-**  
9           **executing compliance and risk controls**  
10          **into decentralized finance.**

11          **(b) REPORT.—Not later than 1 year after**  
12          **the date of enactment of this Act, the Com-**  
13          **modity Futures Trading Commission and the**  
14          **Securities and Exchange Commission shall**  
15          **jointly submit to the relevant congressional**  
16          **committees a report that includes the results**  
17          **of the study required by subsection (a).**

18          **(c) GAO STUDY.—The Comptroller General**  
19          **of the United States shall—**

20                 **(1) carry out a study on decentralized**  
21                 **finance that analyzes the information de-**  
22                 **scribed under paragraphs (1) through**  
23                 **(11) of subsection (a); and**

24                 **(2) not later than 1 year after the date**  
25                 **of enactment of this Act, submit to the**

1 relevant congressional committees a re-  
2 port that includes the results of the study  
3 required by paragraph (1).

4 (d) DEFINITIONS.—In this section:

5 (1) DECENTRALIZED FINANCE.—

6 (A) IN GENERAL.—The term “decen-  
7 tralized finance” means blockchain  
8 protocols that allow users to engage  
9 in financial transactions in a self-di-  
10 rected manner so that a third-party  
11 intermediary does not effectuate the  
12 transactions or take custody of dig-  
13 ital assets of a user during any part  
14 of the transactions.

15 (B) RELATIONSHIP TO ANCILLARY AC-  
16 TIVITIES.—The term “decentralized fi-  
17 nance” shall not be interpreted to  
18 limit or exclude any activity from the  
19 meaning of “ancillary activities”, as  
20 defined in section 15H(c) of the Secu-  
21 rities Exchange Act of 1934 or section  
22 4v(c) of the Commodity Exchange Act.

23 (2) RELEVANT CONGRESSIONAL COMMIT-  
24 TEES.—The term “relevant congressional  
25 committees” means—



1           **(A) the Committees on Financial**  
2           **Services and Agriculture of the House**  
3           **of Representatives; and**

4           **(B) the Committees on Banking,**  
5           **Housing, and Urban Affairs and Agri-**  
6           **culture, Nutrition, and Forestry of**  
7           **the Senate.**

8 **SEC. 505. STUDY ON NON-FUNGIBLE DIGITAL ASSETS.**

9           **(a) The Comptroller General of the United**  
10          **States shall carry out a study of non-fungible**  
11          **digital assets that analyzes—**

12               **(1) the nature, size, role, purpose, and**  
13               **use of non-fungible digital assets;**

14               **(2) the similarities and differences be-**  
15               **tween non-fungible digital assets and**  
16               **other digital assets, including digital**  
17               **commodities and payment stablecoins,**  
18               **and how the markets for those digital as-**  
19               **sets intersect with each other;**

20               **(3) how non-fungible digital assets**  
21               **are minted by issuers and subsequently**  
22               **administered to purchasers;**

23               **(4) how non-fungible digital assets**  
24               **are stored after being purchased by a**  
25               **consumer;**

1           **(5) the interoperability of non-fun-**  
2           **gible digital assets between different**  
3           **blockchain systems;**

4           **(6) the scalability of different non-**  
5           **fungible digital asset marketplaces;**

6           **(7) the benefits of non-fungible digital**  
7           **assets, including verifiable digital owner-**  
8           **ship;**

9           **(8) the risks of non-fungible tokens,**  
10          **including—**

11                   **(A) intellectual property rights;**

12                   **(B) cybersecurity risks; and**

13                   **(C) market risks;**

14          **(9) whether and how non-fungible**  
15          **digital assets have integrated with tradi-**  
16          **tional marketplaces, including those for**  
17          **music, real estate, gaming, events, and**  
18          **travel;**

19          **(10) whether non-fungible tokens can**  
20          **be used to facilitate commerce or other**  
21          **activities through the representation of**  
22          **documents, identification, contracts, li-**  
23          **enses, and other commercial, govern-**  
24          **ment, or personal records;**



1 vided by the Commodity Futures Trading  
2 Commission and the Securities and Ex-  
3 change Commission;

4 (3) methods to improve coordination  
5 between the Securities and Exchange  
6 Commission and the Commodity Futures  
7 Trading Commission with other agencies,  
8 including the Financial Literacy and  
9 Education Commission as well as non-  
10 profit organizations and State and local  
11 jurisdictions, to better disseminate finan-  
12 cial literacy materials;

13 (4) the efficacy of current financial  
14 literacy efforts with a focus on rural com-  
15 munities and communities with majority  
16 minority populations;

17 (5) the most useful and understand-  
18 able relevant information that retail dig-  
19 ital asset holders need to make informed  
20 financial decisions before engaging with  
21 or purchasing a digital asset or service  
22 that is typically sold to retail investors of  
23 digital assets;

24 (6) the most effective public-private  
25 partnerships in providing financial lit-

1 eracy regarding digital assets to con-  
2 sumers;

3 (7) the most relevant metrics to meas-  
4 ure successful improvement of the finan-  
5 cial literacy of an individual after engag-  
6 ing with financial literacy efforts; and

7 (8) in consultation with the Financial  
8 Literacy and Education Commission, a  
9 strategy (including to the extent prac-  
10 ticable, measurable goals and objectives)  
11 to increase financial literacy of investors  
12 regarding digital assets.

13 (b) REPORT.—Not later than 1 year after  
14 the date of the enactment of this Act, the Com-  
15modity Futures Trading Commission and the  
16 Securities and Exchange Commission shall  
17 jointly submit a written report on the study  
18 required by subsection (a) to the Committees  
19 on Financial Services and on Agriculture of  
20 the House of Representatives and the Com-  
21 mittees on Banking, Housing, and Urban Af-  
22 fairs and on Agriculture, Nutrition, and For-  
23 estry of the Senate.

1 SEC. 507. STUDY ON FINANCIAL MARKET INFRASTRUCTURE  
2 IMPROVEMENTS.

3 (a) IN GENERAL.—The Commodity Futures  
4 Trading Commission and the Securities and  
5 Exchange Commission shall jointly conduct a  
6 study to assess whether additional guidance  
7 or rules are necessary to facilitate the devel-  
8 opment of tokenized securities and deriva-  
9 tives products, and to the extent such guid-  
10 ance or rules would foster the development of  
11 fair and orderly financial markets, be nec-  
12 essary or appropriate in the public interest,  
13 and be consistent with the protection of in-  
14 vestors and customers.

15 (b) REPORT.—

16 (1) TIME LIMIT.—Not later than 1 year  
17 after the date of enactment of this Act,  
18 the Commodity Futures Trading Commis-  
19 sion and the Securities and Exchange  
20 Commission shall jointly submit to the  
21 relevant congressional committees a re-  
22 port that includes the results of the study  
23 required by subsection (a).

24 (2) RELEVANT CONGRESSIONAL COMMIT-  
25 TEES DEFINED.—In this section, the term

1       **“relevant congressional committees”**  
2       **means—**

3               **(A) the Committees on Financial**  
4               **Services and on Agriculture of the**  
5               **House of Representatives; and**

6               **(B) the Committees on Banking,**  
7               **Housing, and Urban Affairs and on**  
8               **Agriculture, Nutrition, and Forestry**  
9               **of the Senate.**

## 10       **TITLE VI—MISCELLANEOUS**

11       **SEC. 601. FINDINGS; SENSE OF CONGRESS.**

12       **(a) FINDINGS.—Congress finds the fol-**  
13       **lowing:**

14               **(1) Entrepreneurs and innovators are**  
15               **building and deploying this next genera-**  
16               **tion of the internet.**

17               **(2) Digital asset networks represent a**  
18               **new way for people to join together and**  
19               **cooperate with one another to undertake**  
20               **certain activities.**

21               **(3) Digital assets have the potential to**  
22               **be the foundational building blocks of**  
23               **these networks, aligning the economic in-**  
24               **centive for individuals to cooperate with**

1       **one another to achieve a common pur-**  
2       **pose.**

3           **(4) The digital asset ecosystem has**  
4       **the potential to grow our economy and**  
5       **improve everyday lives of Americans by**  
6       **facilitating collaboration through the use**  
7       **of technology to manage activities, allo-**  
8       **cate resources, and facilitate decision**  
9       **making.**

10          **(5) Blockchain networks and the dig-**  
11       **ital assets they empower provide creator**  
12       **control, enhance transparency, reduce**  
13       **transaction costs, and increase efficiency**  
14       **if proper protections are put in place for**  
15       **investors, consumers, our financial sys-**  
16       **tem, and our national security.**

17          **(6) Blockchain technology facilitates**  
18       **new types of network participation**  
19       **which businesses in the United States**  
20       **may utilize in innovative ways.**

21          **(7) Other digital asset companies are**  
22       **setting up their operations outside of the**  
23       **United States, where countries are estab-**  
24       **lishing frameworks to embrace the poten-**  
25       **tial of blockchain technology and digital**



1       **assets and provide safeguards for con-**  
2       **sumers.**

3           **(8) Digital assets, despite the pur-**  
4       **ported anonymity, provide law enforce-**  
5       **ment with an exceptional tracing tool to**  
6       **identify illicit activity and bring crimi-**  
7       **nals to justice.**

8           **(9) The Financial Services Committee**  
9       **of the House of Representatives has held**  
10       **multiple hearings highlighting various**  
11       **risks that digital assets can pose to the fi-**  
12       **ancial markets, consumers, and inves-**  
13       **tors that must be addressed as we seek to**  
14       **harness the benefits of these innovations.**

15       **(b) SENSE OF CONGRESS.—It is the sense of**  
16       **Congress that—**

17           **(1) the United States should seek to**  
18       **prioritize understanding the potential op-**  
19       **portunities of the next generation of the**  
20       **internet;**

21           **(2) the United States should seek to**  
22       **foster advances in technology that have**  
23       **robust evidence indicating they can im-**  
24       **prove our financial system and create**  
25       **more fair and equitable access to finan-**

1       **cial services for everyday Americans**  
2       **while protecting our financial system, in-**  
3       **vestors, and consumers;**

4           **(3) the United States must support**  
5       **the responsible development of digital as-**  
6       **sets and the underlying technology in the**  
7       **United States or risk the shifting of the**  
8       **development of such assets and tech-**  
9       **nology outside of the United States, to**  
10       **less regulated countries;**

11           **(4) Congress should consult with pub-**  
12       **lic and private sector stakeholders to un-**  
13       **derstand how to enact a functional**  
14       **framework tailored to the specific risks**  
15       **and unique benefits of different digital**  
16       **asset-related activities, distributed ledger**  
17       **technology, distributed networks, and de-**  
18       **centralized systems; and**

19           **(5) enact a functional framework tai-**  
20       **lored to the specific risks of different dig-**  
21       **ital asset-related activities and unique**  
22       **benefits of distributed ledger technology,**  
23       **distributed networks, and decentralized**  
24       **systems; and**

1           **(6) consumers and market partici-**  
2           **pants will benefit from a framework for**  
3           **digital assets consistent with long-**  
4           **standing investor protections in securi-**  
5           **ties and commodities markets, yet tai-**  
6           **lored to the unique benefits and risks of**  
7           **the digital asset ecosystem.**

Union Calendar No. 401

118<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 4763**

[Report No. 118-484, Parts I and II]

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**A BILL**

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

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MAY 6, 2024

Reported from the Committee on Agriculture with an amendment

MAY 6, 2024

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed