

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 3633**  
**OFFERED BY MR. HILL OF ARKANSAS**

Strike all after the enacting clause and insert the following:

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

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Digital Asset Market Clarity Act of 2025” or the  
4 “CLARITY Act of 2025”.

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

Sec. 1. Short title; table of contents.

**TITLE I—DEFINITIONS; RULEMAKING; PROVISIONAL  
REGISTRATION**

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

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

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

Sec. 106. Provisional registration for digital commodity exchanges, brokers, and  
dealers.

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

Sec. 108. Administrative requirements.

Sec. 109. International cooperation.

Sec. 110. Treatment of certain non-controlling blockchain developers.

Sec. 111. Application of the Bank Secrecy Act.

Sec. 112. Implementation.

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

Sec. 201. Treatment of investment contract assets.

Sec. 202. Exempted primary transactions in digital commodities.

Sec. 203. Treatment of secondary transactions in digital commodities that  
originally involved investment contracts.

- Sec. 204. Requirements for offers and sales of digital commodities by digital commodity related persons and digital commodity affiliated persons.
- Sec. 205. Mature blockchain system requirements.
- Sec. 206. Effective date.

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

- Sec. 301. Treatment of digital commodities and permitted payment stablecoins.
- Sec. 302. Anti-fraud authority over permitted payment stablecoins and certain digital commodity transactions.
- Sec. 303. Eligibility of alternative trading systems.
- Sec. 304. Operation of alternative trading systems.
- Sec. 305. Modernization of recordkeeping requirements.
- Sec. 306. Exemptive authority.
- Sec. 307. Additional registrations with the Commodity Futures Trading Commission.
- Sec. 308. Exempting digital commodities from State securities laws.
- Sec. 309. Exclusion for decentralized finance activities.
- Sec. 310. Treatment of custody activities by banking institutions.
- Sec. 311. Broker and dealer disclosures regarding the treatment of assets.
- Sec. 312. Digital commodity activities that are financial in nature.
- Sec. 313. Effective date; administration.
- Sec. 314. Studies on foreign adversary participation.

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

- Sec. 401. Commission jurisdiction over digital commodity transactions.
- Sec. 402. Requiring futures commission merchants to use qualified digital asset custodians.
- Sec. 403. Trading certification and approval for digital commodities.
- Sec. 404. Registration of digital commodity exchanges.
- Sec. 405. Qualified digital asset custodians.
- Sec. 406. Registration and regulation of digital commodity brokers and dealers.
- Sec. 407. Registration of associated persons.
- Sec. 408. Registration of commodity pool operators and commodity trading advisors.
- Sec. 409. Exclusion for decentralized finance activities.
- Sec. 410. Resources for implementation and enforcement.
- Sec. 411. Digital commodity activities by SEC-registered entities.
- Sec. 412. Requirements related to control persons.
- Sec. 413. Effective date.
- Sec. 414. Sense of Congress.

### TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Findings; sense of Congress.
- Sec. 502. Modernization of the Securities and Exchange Commission mission.
- Sec. 503. Strategic Hub for Innovation and Financial Technology.
- Sec. 504. Codification of LabCFTC.
- Sec. 505. Study on decentralized finance.
- Sec. 506. Study on non-fungible tokens.

Sec. 507. Study on expanding financial literacy amongst digital commodity holders.

Sec. 508. Study on financial market infrastructure improvements.

Sec. 509. Study on blockchain in payments.

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

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

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

8 “(20) BLOCKCHAIN.—The term ‘blockchain’  
9 means—

10 “(A) any technology—

11 “(i) where data is—

12 “(I) shared across a network to  
13 create a distributed ledger of inde-  
14 pendently verifiable transactions or in-  
15 formation among network partici-  
16 pants;

17 “(II) linked using cryptography  
18 to maintain the integrity of the dis-  
19 tributed ledger and to execute other  
20 functions; and

21 “(III) propagated among network  
22 participants to reach consensus on the

1 state of the distributed ledger and any  
2 other functions; and

3 “(ii) composed of source code that is  
4 publicly available; and

5 “(B) any similar technology to the tech-  
6 nology described in subparagraph (A).

7 “(21) BLOCKCHAIN APPLICATION.—The term  
8 ‘blockchain application’ means any executable soft-  
9 ware that is deployed to a blockchain and composed  
10 of source code that is publicly available, including a  
11 smart contract or any network of smart contracts, or  
12 other similar technology.

13 “(22) BLOCKCHAIN PROTOCOL.—The term  
14 ‘blockchain protocol’ means publicly available source  
15 code of a blockchain that is executed by the network  
16 participants of a blockchain to facilitate its func-  
17 tioning, or other similar technology.

18 “(23) BLOCKCHAIN SYSTEM.—The term  
19 ‘blockchain system’ means any blockchain, together  
20 with its blockchain protocol or any blockchain appli-  
21 cation or network of blockchain applications.

22 “(24) DECENTRALIZED GOVERNANCE SYS-  
23 TEM.—

24 “(A) IN GENERAL.—The term ‘decentral-  
25 ized governance system’ means, with respect to

1 a blockchain system, any transparent, rules-  
2 based system permitting persons to form con-  
3 sensus or reach agreement in the development,  
4 provision, publication, maintenance, or adminis-  
5 tration of such blockchain system, where par-  
6 ticipation is not limited to, or under the effec-  
7 tive control of, any person or group of persons  
8 under common control.

9 “(B) RELATIONSHIP OF PERSONS TO DE-  
10 CENTRALIZED GOVERNANCE SYSTEMS.—With  
11 respect to a decentralized governance system,  
12 the decentralized governance system and any  
13 persons participating in the decentralized gov-  
14 ernance system shall be treated as separate per-  
15 sons unless such persons are under common  
16 control or acting pursuant to an agreement to  
17 act in concert.

18 “(C) LEGAL ENTITIES FOR DECENTRAL-  
19 IZED GOVERNANCE SYSTEMS.—The term ‘de-  
20 centralized governance system’ shall include a  
21 legal entity used to implement the rules-based  
22 system described in subparagraph (A), provided  
23 that the legal entity does not operate pursuant  
24 to centralized management. For the purposes of  
25 this subparagraph, the delegation of ministerial

1 or administrative authority at the direction of  
2 the participants in a decentralized governance  
3 system shall not be construed to be centralized  
4 management.

5 “(25) DIGITAL ASSET.—The term ‘digital asset’  
6 means any digital representation of value which is  
7 recorded on a cryptographically-secured distributed  
8 ledger or other similar technology.

9 “(26) DIGITAL COMMODITY.—The term ‘digital  
10 commodity’ has the meaning given that term under  
11 section 1a of the Commodity Exchange Act (7  
12 U.S.C. 1a).

13 “(27) DIGITAL COMMODITY AFFILIATED PER-  
14 SON.—The term ‘digital commodity affiliated person’  
15 means a person (including a digital commodity re-  
16 lated person) that, with respect to any digital com-  
17 modity—

18 “(A) acquires or has any right to acquire  
19 5 percent or more of the total outstanding units  
20 of such digital commodity from a digital com-  
21 modity issuer or an agent or underwriter there-  
22 of (other than a decentralized governance sys-  
23 tem;

24 “(B) is a founder of the digital commodity  
25 issuer; or

1           “(C) is an executive officer, director, trust-  
2           ee, general partner, or person serving in a simi-  
3           lar capacity of the digital commodity issuer or  
4           held such role at any point in the previous 12-  
5           month period.

6           “(28) DIGITAL COMMODITY ISSUER.—

7           “(A) IN GENERAL.—With respect to a dig-  
8           ital commodity, the term ‘digital commodity  
9           issuer’ means any person that—

10           “(i) issues or causes to be issued, or  
11           proposes to issue or cause to be issued, a  
12           unit of such digital commodity to a person;  
13           or

14           “(ii) offers or sells a right to a future  
15           issuance of a unit of such digital com-  
16           modity to a person.

17           “(B) PROHIBITION ON EVASION.—It shall  
18           be unlawful for any person to knowingly evade  
19           classification as a ‘digital commodity issuer’  
20           and facilitate an arrangement for the primary  
21           purpose of effecting an offer, sale, distribution,  
22           or other issuance of a digital commodity, in-  
23           cluding via any arrangement involving the  
24           transfer of intellectual property associated with

1 the blockchain system to which the digital com-  
2 modity relates.

3 “(29) DIGITAL COMMODITY RELATED PER-  
4 SON.—

5 “(A) IN GENERAL.—With respect to a dig-  
6 ital commodity issuer, the term ‘digital com-  
7 modity related person’ means a person—

8 “(i) that is or was in the previous 6-  
9 month period a promoter, senior employee,  
10 advisory board member, consultant, advi-  
11 sor, or person serving in a similar capacity;  
12 or

13 “(ii) that acquires or has any right to  
14 acquire 1 percent or more of the total out-  
15 standing units of such digital commodity  
16 from a digital commodity issuer or an  
17 agent or underwriter thereof (other than a  
18 decentralized governance system).

19 “(B) SENIOR EMPLOYEE DEFINED.—In  
20 this paragraph and with respect to a digital  
21 commodity issuer, the term ‘senior employee’  
22 means any employee materially involved in the  
23 management of the digital commodity issuer,  
24 including management of the development of



1           the blockchain system to which the digital com-  
2           modity relates.

3           “(30) END USER DISTRIBUTION.—The term  
4           ‘end user distribution’ means a distribution of a unit  
5           of a digital commodity that—

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

9                   “(B) is distributed in a broad and equi-  
10                  table manner based on conditions capable of  
11                  being satisfied by any participant in the  
12                  blockchain system, including, as incentive-based  
13                  rewards—

14                           “(i) to users of the digital commodity  
15                           or any blockchain system to which the dig-  
16                           ital commodity relates;

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

22                           “(iii) to the existing holders of an-  
23                           other digital commodity, in proportion to  
24                           the total units of such other digital com-  
25                           modity as are held by each person.

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

6           “(32) PERMITTED PAYMENT STABLECOIN.—

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

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

11                           “(ii) that is denominated in a national  
12                          currency;

13                           “(iii) the issuer of which is subject to  
14                          the regulatory and supervisory authority of  
15                          a State or Federal agency;

16                           “(iv) the issuer of which—

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

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

1 “(v) that is not—  
2 “(I) a national currency;  
3 “(II) a security issued by—  
4 “(aa) an investment com-  
5 pany registered under section  
6 8(a) of the Investment Company  
7 Act of 1940 (15 U.S.C. 80a–  
8 8(a)); or  
9 “(bb) a person that would  
10 be an investment company under  
11 the Investment Company Act of  
12 1940 but for paragraphs (1) and  
13 (7) of section 3(c) of that Act  
14 (15 U.S.C. 80a–3(c));  
15 “(III) a deposit (as defined under  
16 section 3 of the Federal Deposit In-  
17 surance Act (12 U.S.C. 1813)), re-  
18 gardless of the technology used to  
19 record such deposit; or  
20 “(IV) an account (as defined in  
21 section 101 of the Federal Credit  
22 Union Act (12 U.S.C. 1752)), regard-  
23 less of the technology used to record  
24 such account.

1 “(B) MONETARY VALUE DEFINED.—The  
2 term ‘monetary value’—

3 “(i) means—

4 “(I) a national currency;

5 “(II) a deposit (as defined in sec-  
6 tion 3 of the Federal Deposit Insur-  
7 ance Act (12 U.S.C. 1813)) that is  
8 denominated in a national currency;  
9 or

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

13 “(ii) does not include any agricultural  
14 or other physical commodity (as defined in  
15 section 1a of the Commodity Exchange Act  
16 (7 U.S.C. 1a)).

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

21 **SEC. 102. DEFINITIONS UNDER THE SECURITIES EX-**  
22 **CHANGE ACT OF 1934.**

23 Section 3(a) of the Securities Exchange Act of 1934  
24 (15 U.S.C. 78c(a)) is amended—

1 (1) by redesignating the second paragraph (80)  
2 (relating to funding portals) as paragraph (81); and  
3 (2) by adding at the end the following:

4 “(82) BANK SECRECY ACT.—The term ‘Bank  
5 Secrecy 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  
11 31, United States Code.

12 “(83) ADDITIONAL DIGITAL COMMODITY-RE-  
13 LATED TERMS.—

14 “(A) SECURITIES ACT OF 1933.—The  
15 terms ‘blockchain system’, ‘decentralized gov-  
16 ernance system’, ‘digital asset’, ‘digital com-  
17 modity affiliated person’, ‘digital commodity  
18 issuer’, ‘digital commodity related person’, ‘end  
19 user distribution’, ‘mature blockchain system’,  
20 and ‘permitted payment stablecoin’, have the  
21 meaning given those terms, respectively, under  
22 section 2(a) of the Securities Act of 1933 (15  
23 U.S.C. 77b(a)).

24 “(B) COMMODITY EXCHANGE ACT.—The  
25 terms ‘digital commodity’, ‘digital commodity

1 broker’, ‘digital commodity dealer’, ‘digital com-  
2 modity exchange’, ‘decentralized finance mes-  
3 saging system’, and ‘decentralized finance trad-  
4 ing protocol’ have the meaning given those  
5 terms, respectively, under section 1a of the  
6 Commodity Exchange Act (7 U.S.C. 1a).”.

7 **SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-**  
8 **CHANGE ACT.**

9 (a) IN GENERAL.—Section 1a of the Commodity Ex-  
10 change Act (7 U.S.C. 1a) is amended—

11 (1) in paragraph (10)—

12 (A) in subparagraph (A)—

13 (i) by redesignating clauses (iii) and  
14 (iv) as clauses (iv) and (v), respectively;  
15 and

16 (ii) by inserting after clause (ii) the  
17 following:

18 “(iii) digital commodity;”; and

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

22 “(B) EXCLUSION.—For purposes of this  
23 paragraph, the term ‘trading in commodity in-  
24 terests’ shall not include transacting in digital  
25 commodities for the purpose of—

1 “(i) acting as a digital commodity  
2 custodian;

3 “(ii) establishing, maintaining, or  
4 managing inventory or payment instru-  
5 ments for commercial purposes; or

6 “(iii) maintaining or supporting the  
7 operation of, or validating transactions on,  
8 a blockchain system.”;

9 (2) in paragraph (11)—

10 (A) in subparagraph (A)(i)—

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

14 (ii) by inserting after subclause (II)  
15 the following:

16 “(III) digital commodity;”; and

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

20 “(B) EXCLUSION.—For purposes of this  
21 paragraph, the term ‘trading in commodity in-  
22 terests’ shall not include transacting in digital  
23 commodities for the purpose of—

24 “(i) acting as a digital commodity  
25 custodian;

1 “(ii) establishing, maintaining, or  
2 managing inventory or payment instru-  
3 ments for commercial purposes; or

4 “(iii) maintaining or supporting the  
5 operation of, or validating transactions on,  
6 a blockchain system.”;

7 (3) in paragraph (12)(A)(i)—

8 (A) in subclause (II), by adding at the end  
9 a semicolon;

10 (B) by redesignating subclauses (III) and  
11 (IV) as subclauses (IV) and (V), respectively;  
12 and

13 (C) by inserting after subclause (II) the  
14 following:

15 “(III) a digital commodity;”;

16 (4) by redesignating paragraphs (16) through  
17 (51) as paragraphs (17) through (52), respectively,  
18 and inserting after paragraph (15) the following:

19 “(16) TERMS RELATED TO DIGITAL COMMOD-  
20 ITIES.—

21 “(A) ASSOCIATED PERSON OF A DIGITAL  
22 COMMODITY BROKER.—

23 “(i) IN GENERAL.—Except as pro-  
24 vided in clause (ii), the term ‘associated  
25 person of a digital commodity broker’



1 means a person who is associated with a  
2 digital commodity broker as a partner, of-  
3 ficer, employee, or agent (or any person oc-  
4 cupying a similar status or performing  
5 similar functions) in any capacity that in-  
6 volves—

7 “(I) the solicitation or acceptance  
8 of an order for the purchase or sale of  
9 a digital commodity; or

10 “(II) the supervision of any per-  
11 son engaged in the solicitation or ac-  
12 ceptance of an order for the purchase  
13 or sale of a digital commodity.

14 “(ii) EXCLUSION.—The term ‘associ-  
15 ated person of a digital commodity broker’  
16 does not include any person associated  
17 with a digital commodity broker the func-  
18 tions of which are solely clerical or ministe-  
19 rial.

20 “(B) ASSOCIATED PERSON OF A DIGITAL  
21 COMMODITY DEALER.—

22 “(i) IN GENERAL.—Except as pro-  
23 vided in clause (ii), the term ‘associated  
24 person of a digital commodity dealer’  
25 means a person who is associated with a

1 digital commodity dealer as a partner, offi-  
2 cer, employee, or agent (or any person oc-  
3 cupying a similar status or performing  
4 similar functions) in any capacity that in-  
5 volves—

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

9 “(II) the supervision of any per-  
10 son engaged in the solicitation or ac-  
11 ceptance of a contract for the pur-  
12 chase or sale of a digital commodity.

13 “(ii) EXCLUSION.—The term ‘associ-  
14 ated person of a digital commodity dealer’  
15 does not include any person associated  
16 with a digital commodity dealer the func-  
17 tions of which are solely clerical or ministe-  
18 rial.

19 “(C) BANK SECRECY ACT.—The term  
20 ‘Bank Secrecy Act’ means—

21 “(i) section 21 of the Federal Deposit  
22 Insurance Act (12 U.S.C. 1829b);

23 “(ii) chapter 2 of title I of Public Law  
24 91–508 (12 U.S.C. 1951 et seq.); and

1 “(iii) subchapter II of chapter 53 of  
2 title 31, United States Code.

3 “(D) DECENTRALIZED FINANCE MES-  
4 SAGING SYSTEM.—

5 “(i) IN GENERAL.—The term ‘decen-  
6 tralized finance messaging system’ means  
7 a software application that provides a user  
8 with the ability to create or submit an in-  
9 struction, communication, or message to a  
10 decentralized finance trading protocol for  
11 the purpose of executing a transaction by  
12 the user.

13 “(ii) ADDITIONAL REQUIREMENTS.—  
14 The term ‘decentralized finance messaging  
15 system’ does not include any system that  
16 provides any person other than the user  
17 with control over—

18 “(I) the funds of the user; or

19 “(II) the execution of the trans-  
20 action of the user.

21 “(E) DECENTRALIZED FINANCE TRADING  
22 PROTOCOL.—

23 “(i) IN GENERAL.—The term ‘decen-  
24 tralized finance trading protocol’ means a  
25 blockchain system through which multiple

1 participants can execute a financial trans-  
2 action—

3 “(I) in accordance with an auto-  
4 mated rule or algorithm that is pre-  
5 determined and non-discretionary; and

6 “(II) without reliance on any  
7 other person to maintain control of  
8 the digital assets of the user during  
9 any part of the financial transaction.

10 “(ii) EXCLUSIONS.—

11 “(I) IN GENERAL.—The term  
12 ‘decentralized finance trading pro-  
13 tocol’ does not include a blockchain  
14 system if—

15 “(aa) a person or group of  
16 persons under common control  
17 has the unilateral authority, di-  
18 rectly or indirectly, through any  
19 contract, arrangement, under-  
20 standing, relationship, or other-  
21 wise, to control or materially  
22 alter the functionality, operation,  
23 or rules of consensus or agree-  
24 ment of the blockchain system; or

1 “(bb) the blockchain system  
2 does not operate, execute and en-  
3 force its operations and trans-  
4 actions based solely on pre-estab-  
5 lished, transparent rules encoded  
6 directly within the source code of  
7 the blockchain system.

8 “(II) SPECIAL RULE.—For pur-  
9 poses of subclause (I), a decentralized  
10 governance system shall not be consid-  
11 ered to be a person or a group of per-  
12 sons under common control.

13 “(F) DIGITAL COMMODITY.—

14 “(i) IN GENERAL.—The term ‘digital  
15 commodity’ means a digital asset that is  
16 intrinsically linked to a blockchain system,  
17 and the value of which is derived from or  
18 is reasonably expected to be derived from  
19 the use of the blockchain system.

20 “(ii) RELATIONSHIP TO A  
21 BLOCKCHAIN SYSTEM.—For purposes of  
22 this subparagraph, a digital asset is intrin-  
23 sically linked to a blockchain system if the  
24 digital asset is directly related to the  
25 functionality or operation of the blockchain

1 system or to the activities or services for  
2 which the blockchain system is created or  
3 utilized, including where the digital asset  
4 is—

5 “(I) issued or generated by the  
6 programmatic functioning of the  
7 blockchain system;

8 “(II) used to transfer value be-  
9 tween participants in the blockchain  
10 system;

11 “(III) used to access the activi-  
12 ties or services of the blockchain sys-  
13 tem;

14 “(IV) used to participate in the  
15 decentralized governance system of  
16 the blockchain system;

17 “(V) used or removed from cir-  
18 culation in whole or in part to pay  
19 fees or otherwise verify or validate  
20 transactions on the blockchain system;

21 “(VI) used as payment or incen-  
22 tive to participants in the blockchain  
23 system to engage in the activities of  
24 the blockchain system, provide serv-  
25 ices to other participants in the

1 blockchain system, or otherwise par-  
2 ticipate in the functionality of the  
3 blockchain system; or

4 “(VII) used as payment or incen-  
5 tive to participants in the blockchain  
6 system to validate transactions, secure  
7 the blockchain system, provide com-  
8 putational services, maintain or dis-  
9 tribute information, or otherwise par-  
10 ticipate in the operations of the  
11 blockchain system.

12 “(iii) EXCLUSION.—The term ‘digital  
13 commodity’ does not include any of the fol-  
14 lowing:

15 “(I) SECURITY.—

16 “(aa) Any security, other  
17 than a note, an investment con-  
18 tract, or a certificate of interest  
19 or participation in any profit-  
20 sharing agreement.

21 “(bb) A note, an investment  
22 contract, or a certificate of inter-  
23 est or participation in any profit-  
24 sharing agreement that rep-  
25 represents or gives the holder an

1 ownership interest or other inter-  
2 est in the revenues, profits, obli-  
3 gations, debts, assets, or assets  
4 or debts to be acquired of the  
5 issuer of the digital asset or an-  
6 other person (other than a decen-  
7 tralized governance system).

8 “(II) SECURITY DERIVATIVE.—A  
9 digital asset that, based on its terms  
10 and other characteristics, is, rep-  
11 resents, or is functionally equivalent  
12 to an agreement, contract, or trans-  
13 action that is—

14 “(aa) a security future, as  
15 defined in section 2a of the Secu-  
16 rities Act of 1933;

17 “(bb) a security-based swap,  
18 as defined in section 2a of the  
19 Securities Act of 1933;

20 “(cc) a put, call, straddle,  
21 option, or privilege on any secu-  
22 rity, certificate of deposit, or  
23 group or index of securities (in-  
24 cluding any interest therein or  
25 based on the value thereof), as



1 defined in section 2a of the Secu-  
2 rities Act of 1933; or

3 “(dd) a put, call, straddle,  
4 option, or privilege on any secu-  
5 rity, as defined in section 2a of  
6 the Securities Act of 1933.

7 “(III) PERMITTED PAYMENT  
8 STABLECOIN.—A digital asset that is  
9 a permitted payment stablecoin.

10 “(IV) BANKING DEPOSIT.—

11 “(aa) A deposit (as defined  
12 under section 3 of the Federal  
13 Deposit Insurance Act (12  
14 U.S.C. 1813)), regardless of the  
15 technology used to record the de-  
16 posit.

17 “(bb) An account (as de-  
18 fined in section 101 of the Fed-  
19 eral Credit Union Act (12 U.S.C.  
20 1752)), regardless of the tech-  
21 nology used to record the ac-  
22 count.

23 “(V) COMMODITY.—A digital  
24 asset that references, represents an

1 interest in, or is functionally equiva-  
2 lent to—

3 “(aa) an agricultural com-  
4 modity;

5 “(bb) an excluded com-  
6 modity, other than a security; or

7 “(cc) an exempt commodity,  
8 other than the digital commodity  
9 itself, as shall be further defined  
10 by the Commission.

11 “(VI) COMMODITY DERIVA-  
12 TIVE.—A digital asset that, based on  
13 its terms and other characteristics, is,  
14 represents, or is functionally equiva-  
15 lent to an agreement, contract, or  
16 transaction that is—

17 “(aa) a contract of sale of a  
18 commodity for future delivery or  
19 an option thereon;

20 “(bb) a security futures  
21 product;

22 “(cc) a swap;

23 “(dd) an agreement, con-  
24 tract, or transaction described in

1 section 2(c)(2)(C)(i) or  
2 2(c)(2)(D)(i);

3 “(ee) a commodity option  
4 authorized under section 4e; or

5 “(ff) a leverage transaction  
6 authorized under section 19.

7 “(VII) POOLED INVESTMENT VE-  
8 HICLE.—

9 “(aa) IN GENERAL.—A dig-  
10 ital asset that, based on its terms  
11 and other characteristics, is, rep-  
12 represents, or is functionally equiva-  
13 lent to—

14 “(AA) a commodity  
15 pool, as defined in this Act;  
16 or

17 “(BB) a pooled invest-  
18 ment vehicle.

19 “(bb) POOLED INVESTMENT  
20 VEHICLE DEFINED.—In this sub-  
21 clause, the term ‘pooled invest-  
22 ment vehicle’ means any invest-  
23 ment company as defined in sec-  
24 tion 3(a) of the Investment Com-  
25 pany Act of 1940 (15 U.S.C.

1 80a–3(a)) or any company that  
2 would be an investment company  
3 under section 3(a) of such Act  
4 but for the exclusion provided  
5 from that definition by para-  
6 graph (1), (7), or (9) of section  
7 3(c) of such Act (15 U.S.C. 80a–  
8 3(c)(1), (7), or (9)).

9 “(VIII) GOOD, COLLECTIBLE,  
10 AND OTHER NON-COMMODITY  
11 ASSET.—A digital asset that has in-  
12 herent value, utility, or significance  
13 beyond its mere existence as a digital  
14 asset, including the digital equivalent  
15 of a tangible or intangible good, such  
16 as—

17 “(aa) a work of art, a musi-  
18 cal composition, a literary work,  
19 or other intellectual property;

20 “(bb) collectibles, merchan-  
21 dise, virtual land, and video game  
22 assets;

23 “(cc) affinity, rewards, or  
24 loyalty points, including airline  
25 miles or credit card points, that

1 are not primarily speculative in  
2 nature; or

3 “(dd) rights, licenses, and  
4 tickets.

5 “(iv) RULE OF CONSTRUCTION.—No  
6 presumption shall exist that a digital asset  
7 is a security, nor shall a digital asset be  
8 excluded from being a digital commodity  
9 pursuant to clause (iii)(I), solely due to—

10 “(I) the digital asset providing  
11 voting or economic rights with respect  
12 to the blockchain system to which the  
13 digital asset relates or the decentral-  
14 ized governance system of the  
15 blockchain system;

16 “(II) the value of the digital  
17 asset having the potential to appre-  
18 ciate or depreciate in response to the  
19 efforts, operations, or financial per-  
20 formance of the decentralized govern-  
21 ance system of the blockchain system  
22 to which the digital asset relates; or

23 “(III) the value of the digital  
24 asset appreciating or depreciating due  
25 to the adoption and use of the

1 blockchain system to which the digital  
2 asset relates or the decentralized gov-  
3 ernance system of the blockchain sys-  
4 tem.

5 “(G) DIGITAL COMMODITY BROKER.—

6 “(i) IN GENERAL.—The term ‘digital  
7 commodity broker’ means any person who,  
8 as a regular business—

9 “(I) is engaged in—

10 “(aa) soliciting or accepting  
11 an order from a customer for—

12 “(AA) the purchase or  
13 sale of a digital commodity;  
14 or

15 “(BB) an agreement,  
16 contract, or transaction de-  
17 scribed in section  
18 2(c)(2)(D)(iv); and

19 “(bb) in conjunction with  
20 the activities in item (aa), ac-  
21 cepts or maintains control over—

22 “(AA) the funds of any  
23 customer; or

1 “(BB) the execution of  
2 any transaction of a cus-  
3 tomer;

4 “(II) is engaged in soliciting or  
5 accepting orders from a customer for  
6 the purchase or sale of a unit of a  
7 digital commodity on or subject to the  
8 rules of a registered entity; or

9 “(III) is registered with the Com-  
10 mission as a digital commodity  
11 broker.

12 “(ii) EXCEPTIONS.—The term ‘digital  
13 commodity broker’ does not include a per-  
14 son solely because the person—

15 “(I) solicits or accepts an order  
16 described in clause (i)(I)(aa)(AA)  
17 from a customer who is an eligible  
18 contract participant;

19 “(II) enters into a digital com-  
20 modity transaction the primary pur-  
21 pose of which is to make, send, re-  
22 ceive, or facilitate payments, whether  
23 involving a payment service provider  
24 or on a peer-to-peer basis; or

1                   “(III) is a bank (as defined  
2                   under section 3(a) of the Securities  
3                   Exchange Act of 1934) engaging in  
4                   certain banking activities with respect  
5                   to a digital commodity in the same or  
6                   a similar manner as a bank is ex-  
7                   cluded from the definition of a broker  
8                   under such section, as determined by  
9                   the Commission.

10                  “(iii) FURTHER DEFINITION.—The  
11                  Commission, by rule or regulation, may ex-  
12                  clude from the term ‘digital commodity  
13                  broker’ any person or class of persons if  
14                  the Commission determines that the rule  
15                  or regulation will effectuate the purposes  
16                  of this Act.

17                  “(H) DIGITAL COMMODITY DEALER.—

18                         “(i) IN GENERAL.—The term ‘digital  
19                         commodity dealer’ means any person who,  
20                         as a regular business—

21                                 “(I) is, or offers to be a  
22                                 counterparty to a person for the pur-  
23                                 chase or sale of a digital commodity  
24                                 as a regular business, and in conjunc-  
25                                 tion with the activities, accepts or



1 maintains control over the funds of  
2 any counterparty; or

3 “(II) is registered with the Com-  
4 mission as a digital commodity dealer.

5 “(ii) EXCEPTION.—The term ‘digital  
6 commodity dealer’ does not include a per-  
7 son solely because the person—

8 “(I) is or offers to be a  
9 counterparty to a person who is an el-  
10 igible contract participant;

11 “(II) enters into a digital com-  
12 modity transaction with an eligible  
13 contract participant;

14 “(III) enters into a digital com-  
15 modity transaction on or through a  
16 registered digital commodity ex-  
17 change, with a registered digital com-  
18 modity broker, or through a decentral-  
19 ized finance trading protocol;

20 “(IV) enters into a digital com-  
21 modity transaction for the person’s  
22 own account, either individually or in  
23 a fiduciary capacity, but not as a part  
24 of a regular business;

1                   “(V) enters into a digital com-  
2                   modity transaction the primary pur-  
3                   pose of which is to make, send, re-  
4                   ceive, or facilitate payments, whether  
5                   involving a payment service provider  
6                   or on a peer-to-peer basis; or

7                   “(VI) is a bank (as defined under  
8                   section 3(a) of the Securities Ex-  
9                   change Act of 1934) engaging in cer-  
10                  tain banking activities with respect to  
11                  a digital commodity in the same or a  
12                  similar manner as a bank is excluded  
13                  from the definition of a dealer under  
14                  section 3(a)(5) of such Act, as deter-  
15                  mined by the Commission.

16                  “(iii) FURTHER DEFINITION.—The  
17                  Commission, by rule or regulation, may ex-  
18                  clude from the term ‘digital commodity  
19                  dealer’ any person or class of persons if  
20                  the Commission determines that the rule  
21                  or regulation will effectuate the purposes  
22                  of this Act.

23                  “(I) DIGITAL COMMODITY EXCHANGE.—  
24                  The term ‘digital commodity exchange’ means a  
25                  trading facility that offers or seeks to offer a

1 cash or spot market in at least 1 digital com-  
2 modity.

3 “(J) MIXED DIGITAL ASSET TRANS-  
4 ACTION.—The term ‘mixed digital asset trans-  
5 action’ means a transaction in which a digital  
6 commodity is traded for a security.

7 “(K) TERMS DEFINED UNDER THE SECU-  
8 RITIES ACT OF 1933.—The terms ‘blockchain  
9 system’, ‘decentralized governance system’, ‘dig-  
10 ital asset’, ‘digital commodity issuer’, ‘digital  
11 commodity affiliated person’, ‘digital commodity  
12 related person’, ‘end user distribution’, ‘mature  
13 blockchain system’, and ‘permitted payment  
14 stablecoin’ have the meaning given those terms,  
15 respectively, under section 2(a) of the Securities  
16 Act of 1933 (15 U.S.C. 77b(a)).”; and  
17 (5) in paragraph (41) (as so redesignated by  
18 paragraph (4) of this subsection)—

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

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

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

24 “(G) a digital commodity exchange reg-  
25 istered under section 5i.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Each of the following provisions of law is  
3 amended by striking “1a(18)” and inserting  
4 “1a(19)”:

5 (A) Section 4s(h)(5)(A)(i) of the Com-  
6modity Exchange Act (7 U.S.C. 6s(h)(5)(A)(i)).

7 (B) Section 5(e) of the Securities Act of  
8 1933 (15 U.S.C. 77e(e)).

9 (C) Section 6(g)(5)(B) of the Securities  
10 Exchange Act of 1934 (15 U.S.C.  
11 78f(g)(5)(B)).

12 (D) Section 15F(h)(5)(A)(i) of the Securi-  
13ties Exchange Act of 1934 (15 U.S.C. 78o-  
14 10(h)(5)(A)(i)).

15 (2) Section 752 of the Wall Street Trans-  
16parency and Accountability Act of 2010 (15 U.S.C.  
17 8325) is amended by striking “1a(39)” and insert-  
18ing “1a(40)”.

19 (3) Section 4s(f)(1)(D) of the Commodity Ex-  
20change Act (7 U.S.C. 6s(f)(1)(D)) is amended by  
21striking “1a(47)(A)” and inserting “1a(48)(A)”.

22 (4) Each of the following provisions of the  
23Commodity Exchange Act is amended by striking  
24“1a(47)(A)(v)” and inserting “1a(48)(A)(v)”:

1 (A) Section 4t(b)(1)(C) (7 U.S.C.  
2 6t(b)(1)(C)).

3 (B) Section 5(d)(23) (7 U.S.C. 7(d)(23)).

4 (C) Section 5b(k)(3) (7 U.S.C. 7a–  
5 1(k)(3)).

6 (D) Section 5h(f)(10)(A)(iii) (7 U.S.C. 7b–  
7 3(f)(10)(A)(iii)).

8 (5) Section 21(f)(4)(C) of the Commodity Ex-  
9 change Act (7 U.S.C. 24a(f)(4)(C)) is amended by  
10 striking “1a(48)” and inserting “1a(49)”.

11 (6) Section 403 of the Legal Certainty for  
12 Bank Products Act of 2000 (7 U.S.C. 27a) is  
13 amended—

14 (A) in subsection (a)(2), by striking  
15 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”;  
16 and

17 (B) in each of subsections (b)(1) and  
18 (c)(2), by striking “1a(47)” and inserting  
19 “1a(48)”.

20 (7) Section 712 of the Wall Street Trans-  
21 parency and Accountability Act of 2010 (15 U.S.C.  
22 8302) is amended—

23 (A) in subsection (a)(8), by striking  
24 “1a(47)(D)” and inserting “1a(48)(D)”; and

1 (B) in subsection (d)(1), by striking  
2 “1a(47)(A)(v)” each place it appears and in-  
3 serting “1a(48)(A)(v)”.

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

5 In this Act:

6 (1) DEFINITIONS UNDER THE COMMODITY EX-  
7 CHANGE ACT.—The terms “decentralized finance  
8 messaging system”, “decentralized finance trading  
9 protocol”, “digital commodity”, “digital commodity  
10 broker”, “digital commodity dealer”, “digital com-  
11 modity exchange”, and “mixed digital asset trans-  
12 action” have the meaning given those terms, respec-  
13 tively, under section 1a of the Commodity Exchange  
14 Act (7 U.S.C. 1a).

15 (2) DEFINITIONS UNDER THE SECURITIES ACT  
16 OF 1933.—The terms “blockchain”, “blockchain sys-  
17 tem”, “blockchain protocol”, “decentralized govern-  
18 ance system”, “digital asset”, “digital commodity  
19 issuer”, “end user distribution”, “mature blockchain  
20 system”, “permitted payment stablecoin”, and “se-  
21 curities laws” have the meaning given those terms,  
22 respectively, under section 2(a) of the Securities Act  
23 of 1933 (15 U.S.C. 77b(a)).

24 (3) DEFINITIONS UNDER THE SECURITIES EX-  
25 CHANGE ACT OF 1934.—The terms “Bank Secrecy

1 Act”, “securities laws”, and “self-regulatory organi-  
2 zation” have the meaning given those terms, respec-  
3 tively, under section 3(a) of the Securities Exchange  
4 Act of 1934 (15 U.S.C. 78c(a)).

5 **SEC. 105. RULEMAKINGS.**

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

10 (1) The terms—

11 (A) “blockchain”, “blockchain applica-  
12 tion”, “blockchain system”, “blockchain pro-  
13 tocol”, “decentralized governance system”,  
14 “digital commodity affiliated person”, “digital  
15 commodity issuer”, “digital commodity related  
16 person”, “end user distribution”, and “mature  
17 blockchain system”, as defined under section  
18 2(a) of the Securities Act of 1933;

19 (B) “unilateral authority”, as such term is  
20 used in section 42 of the Securities Exchange  
21 Act of 1934 and section 1a of the Commodity  
22 Exchange Act; and

23 (C) “programmatic functioning”, as such  
24 term is used in sections 4C of the Securities  
25 Act of 1933, section 42 of the Securities Ex-

1 change Act of 1934, and section 1a of the Com-  
2 modity Exchange Act.

3 (2) The terms “digital commodity”, “decentral-  
4 ized finance messaging system”, and “decentralized  
5 finance trading protocol” as defined under section  
6 1a of the Commodity Exchange Act.

7 (b) JOINT RULEMAKING FOR MIXED DIGITAL ASSET  
8 TRANSACTIONS.—The Securities and Exchange Commis-  
9 sion and the Commodity Futures Trading Commission  
10 shall jointly issue rules applicable to mixed digital asset  
11 transactions under this Act and the amendments made by  
12 this Act, including by further defining such term.

13 (c) PROTECTION OF SELF-CUSTODY.—

14 (1) IN GENERAL.—A United States individual  
15 shall retain the right to—

16 (A) maintain a hardware wallet or software  
17 wallet for the purpose of facilitating the individ-  
18 ual’s own lawful custody of digital assets; and

19 (B) engage in direct, peer-to-peer trans-  
20 actions in digital assets with another individual  
21 or entity for the individual’s own lawful pur-  
22 poses using a hardware wallet or software wal-  
23 let, if—

24 (i) such other individual or entity is  
25 not a financial institution (as defined in



1 section 5312 of title 31, United States  
2 Code); and

3 (ii) the transactions do not involve  
4 any property or interests in property that  
5 are blocked pursuant to, or are otherwise  
6 prohibited by, United States sanctions.

7 (2) APPLICATION.—This subsection—

8 (A) applies solely to personal use by indi-  
9 viduals; and

10 (B) does not apply to individuals acting in  
11 a custodial or fiduciary capacity for others.

12 (3) RULE OF CONSTRUCTION.—Nothing in this  
13 subsection shall be construed to limit the authority  
14 of the Secretary of the Treasury, the Securities and  
15 Exchange Commission, the Commodity Futures  
16 Trading Commission, the Board of Governors of the  
17 Federal Reserve System, the Comptroller of the Cur-  
18 rency, the Federal Deposit Insurance Corporation,  
19 or the National Credit Union Administration to  
20 carry out any enforcement action or special measure  
21 authorized under applicable law, including—

22 (A) the Bank Secrecy Act, section 9714 of  
23 the Combating Russian Money Laundering Act  
24 (31 U.S.C. 5318A note), and section 7213A of

1           the Fentanyl Sanctions Act (21 U.S.C. 2313a);  
2           or

3           (B) any other law relating to illicit finance,  
4           money laundering, terrorism financing, or  
5           United States sanctions.

6       (d) JOINT RULEMAKING, PROCEDURES, OR GUID-  
7 ANCE FOR DELISTING.—Not later than 180 days after the  
8 date of the enactment of this Act, the Commodity Futures  
9 Trading Commission and the Securities and Exchange  
10 Commission shall jointly issue rules, procedures, or guid-  
11 ance (as determined appropriate by the Commissions) re-  
12 garding the process to delist an asset for trading under  
13 section 106 of this Act if the Commissions determine that  
14 the listing is inconsistent with the Commodity Exchange  
15 Act, the securities laws (including regulations under those  
16 laws), or this Act.

17       (e) JOINT RULES FOR PORTFOLIO MARGINING DE-  
18 TERMINATIONS.—

19           (1) IN GENERAL.—Not later than 360 days  
20 after the date of the enactment of this Act, the  
21 Commodity Futures Trading Commission and the  
22 Securities and Exchange Commission shall jointly  
23 issue rules describing the process for persons reg-  
24 istered with either such Commission to seek a joint  
25 order or determination with respect to margin, cus-

1        tomer protection, segregation, or other requirements  
2        as necessary to facilitate portfolio margining of secu-  
3        rities (including related extensions of credit), secu-  
4        rity-based swaps, contracts for future delivery, op-  
5        tions on a contract for future delivery, swaps, and  
6        digital commodities, or any subset thereof, in—

7                (A) a securities account carried by a reg-  
8                istered broker or dealer or a security-based  
9                swap account carried by a registered security-  
10              based swap dealer;

11              (B) a futures or cleared swap account car-  
12              ried by a registered futures commission mer-  
13              chant;

14              (C) a swap account carried by a swap deal-  
15              er; or

16              (D) a digital commodity account carried by  
17              a registered digital commodity broker or digital  
18              commodity dealer that is also registered in such  
19              other capacity as is necessary to also carry the  
20              other customer or counterparty positions being  
21              held in the account.

22              (2) PROCESS.—With respect to a joint order or  
23              determination described in paragraph (1), the rules  
24              required to be issued pursuant to paragraph (1)  
25              shall require—

1 (A) the joint order or determination to be  
2 issued only if the order or determination is in  
3 the public interest and provides for the appro-  
4 priate protection of customers;

5 (B) applicants to file a standard applica-  
6 tion, in a form and manner determined by the  
7 Securities and Exchange Commission and the  
8 Commodity Futures Trading Commission,  
9 which shall include the information necessary to  
10 make the joint order or determination;

11 (C) the Securities and Exchange Commis-  
12 sion and the Commodity Futures Trading Com-  
13 mission to make a final determination not later  
14 than 270 days after the filing of a completed  
15 application;

16 (D) the Securities and Exchange Commis-  
17 sion and the Commodity Futures Trading Com-  
18 mission to consider the public interest of the  
19 joint order or determination through the solici-  
20 tation of public comments; and

21 (E) the Securities and Exchange Commis-  
22 sion and the Commodity Futures Trading Com-  
23 mission to consult with other relevant foreign or  
24 domestic regulators, including the Board of  
25 Governors of the Federal Reserve System, the

1 Federal Deposit Insurance Corporation, and the  
2 Office of the Comptroller of the Currency, as  
3 appropriate.

4 (f) CAPITAL REQUIREMENTS TO ADDRESS NETTING  
5 AGREEMENTS.—No later than 360 days following the date  
6 of enactment of this Act, the Board of Governors of the  
7 Federal Reserve System, the Comptroller of the Currency,  
8 and the Federal Deposit Insurance Corporation shall de-  
9 velop risk-based and leverage capital requirements for in-  
10 sured depository institutions, depository institution hold-  
11 ing companies, and nonbank financial companies super-  
12 vised by the Board of Governors that address netting  
13 agreements that provide for termination and close-out net-  
14 ting across multiple types of financial transactions, con-  
15 sistent with subsection (e), in the event of a counterparty's  
16 default.

17 **SEC. 106. PROVISIONAL REGISTRATION FOR DIGITAL COM-**  
18 **MODITY EXCHANGES, BROKERS, AND DEAL-**  
19 **ERS.**

20 (a) IN GENERAL.—

21 (1) PROVISIONAL REGISTRATION.—Within 180  
22 days after the date of the enactment of this Act, a  
23 person acting as a digital commodity exchange, dig-  
24 ital commodity broker, or digital commodity dealer  
25 shall file a statement of provisional registration with

1 the Commodity Futures Trading Commission (in  
2 this subsection referred to as the “Commission”),  
3 unless exempted from registration under section 5k  
4 of the Commodity Exchange Act, as a—

5 (A) digital commodity exchange, for a per-  
6 son acting as a digital commodity exchange;

7 (B) digital commodity broker, for a person  
8 acting as a digital commodity broker; or

9 (C) digital commodity dealer, for a person  
10 acting as a digital commodity dealer.

11 (2) CONDITIONS.—

12 (A) NON-REGISTERED ENTITIES.—A per-  
13 son, other than a registered entity, who files a  
14 statement of provisional registration under  
15 paragraph (1) shall be considered to be in com-  
16 pliance with this section if the person—

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

24 (ii) submits to the Commission, in the  
25 form and manner determined by the Com-

1 mission, and continues to materially up-  
2 date, as necessary or required by the Com-  
3 mission, a statement of the nature of the  
4 digital commodity-related activities the per-  
5 son is pursuing or intends to pursue;

6 (iii) submits to the Commission and  
7 continues to materially update the infor-  
8 mation required by this subsection;

9 (iv) complies with subsection (c) of  
10 this section; and

11 (v) pays all fees and penalties imposed  
12 on the person under section 410 of this  
13 Act.

14 (B) REGISTERED ENTITY.—

15 (i) IN GENERAL.—A registered entity  
16 who files a statement of provisional reg-  
17 istration under paragraph (1) shall be con-  
18 sidered to be in compliance with this sec-  
19 tion if the person—

20 (I) submits to the Commission  
21 and continues to materially update, a  
22 statement of the nature of the digital  
23 commodity-related activities the per-  
24 son is pursuing or intends to pursue;

1 (II) submits, and continues to  
2 materially update, the information re-  
3 quired by this subsection and sub-  
4 section (b);

5 (III) complies with subsection  
6 (c); and

7 (IV) pays all fees and penalties  
8 imposed on the person under section  
9 410.

10 (ii) DEFINITION.—In this paragraph,  
11 the term “registered entity” means a per-  
12 son who is designated by the Commodity  
13 Futures Trading Commission as a contract  
14 market or registered with the Commodity  
15 Futures Trading Commission as a swap  
16 execution facility.

17 (b) DISCLOSURE OF GENERAL INFORMATION.—A  
18 person who files a statement of provisional registration  
19 under subsection (a) shall disclose to the Commission, un-  
20 less already known to the Commission, the following:

21 (1) MANAGEMENT.—Information concerning  
22 the management of the person, including informa-  
23 tion describing—

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



- 1 (B) the financial condition of the person;
- 2 (C) affiliated entities;
- 3 (D) potential conflicts of interest;
- 4 (E) the address of the person, including—
  - 5 (i) the place of incorporation;
  - 6 (ii) principal place of business; and
  - 7 (iii) an address for service of process;

8 and

- 9 (F) a list of the States in which the person
- 10 has operations.

11 (2) DIGITAL COMMODITY OPERATIONS.—Infor-

12 mation concerning the digital commodity operations

13 of the person, including—

14 (A) a general description of the person's

15 business and the terms of service for United

16 States customers;

17 (B) a description of the person's account

18 approval process;

19 (C) any rulebook or other customer order

20 fulfillment rules or procedures;

21 (D) risk management procedures;

22 (E) a description of the product listing

23 process; and

24 (F) policies and procedures for compliance

25 with the Bank Secrecy Act.

1       (c) REQUIREMENTS.—A person who files a statement  
2 of provisional registration under subsection (a) shall com-  
3 ply with the following requirements:

4           (1) STATUTORY DISQUALIFICATIONS.—Except  
5 to the extent otherwise specifically provided by the  
6 Commission or any registered futures association  
7 rule, regulation, or order, the person shall not per-  
8 mit an individual who is subject to a statutory dis-  
9 qualification under paragraph (2) or (3) of section  
10 8a of the Commodity Exchange Act or subject to a  
11 statutory disqualification as defined in section 3(a)  
12 of the Securities Exchange Act of 1934 (15 U.S.C.  
13 78c(a)) to effect or be involved in effecting trans-  
14 actions on behalf of the person, if the person knew,  
15 or in the exercise of reasonable care should have  
16 known, of the statutory disqualification.

17           (2) BOOKS AND RECORDS.—The person shall  
18 keep their books and records open to inspection and  
19 examination by the Commission and by any reg-  
20 istered futures association or national securities as-  
21 sociation of which the person is a member.

22           (3) CUSTOMER DISCLOSURES.—The person  
23 shall disclose to customers—

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

4 (B) information about the legal entity that  
5 custodies customer assets and the general man-  
6 ner in which the digital assets of the customer  
7 will be and are custodied;

8 (C) information concerning the policies and  
9 procedures of the person that are related to the  
10 protection of customers of the person, including  
11 information regarding any conflicts of interest  
12 or material affiliates; and

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

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

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

21 (d) AUTHORITY.—

22 (1) IN GENERAL.—

23 (A) DEEMED REGISTRATION.—A person  
24 who remains in compliance with the require-  
25 ments of this section is deemed to be—

1 (i) a registered digital commodity ex-  
2 change, pursuant to section 5i, if the per-  
3 son filed a statement of provisional reg-  
4 istration as a digital commodity exchange;  
5 or

6 (ii) a registered digital commodity  
7 broker or dealer, pursuant to section 4u, if  
8 the person filed a statement of provisional  
9 registration as a digital commodity broker  
10 or dealer, as the case may be.

11 (B) SUNSET.—The applicability of sub-  
12 paragraph (A) shall expire—

13 (i) in the case of a digital commodity  
14 exchange deemed registered pursuant to  
15 subparagraph (A)(i), 180 days after the  
16 final effective date of the rulemakings re-  
17 quired under 5i; or

18 (ii) in the case of a digital commodity  
19 broker or dealer deemed registered pursu-  
20 ant to subparagraph (A)(ii), 180 days  
21 after the final effective date of the  
22 rulemakings required under 4u.

23 (2) SUPERIORITY OF COMMISSION-ADOPTED RE-  
24 QUIREMENTS.—The requirements of the preceding  
25 provisions of this section shall not supersede any re-

1       quirements applicable to registered persons adopted  
2       by the Commission under the Commodity Exchange  
3       Act.

4       (e) DELISTING.—This section shall not be construed  
5       to limit the authority of the Commission and the Securi-  
6       ties and Exchange Commission to jointly require a person  
7       to delist an asset for trading if the Commission and the  
8       Securities and Exchange Commission determine, in ac-  
9       cordance with rules, procedures or guidance jointly issued  
10      by the Commission and the Securities and Exchange Com-  
11      mission to delist an asset for trading, that the listing is  
12      inconsistent with the Commodity Exchange Act, the secu-  
13      rities laws (including regulations under those laws), or this  
14      Act.

15      (f) REGISTRATION.—A person may not file a state-  
16      ment of provisional registration with the Commission after  
17      the Commission has finalized its rules for the registration  
18      of digital commodity exchanges, digital commodity bro-  
19      kers, or digital commodity dealers, as appropriate.

20      (g) RULEMAKING.—

21           (1) IN GENERAL.—Within 180 days after the  
22      date of the enactment of this Act, a registered fu-  
23      tures association shall adopt and enforce rules appli-  
24      cable to persons required by subsection (a)(2) to be  
25      members of the association.

1           (2) FEES.—The rules adopted under subpara-  
2           graph (A) of this paragraph may provide for dues in  
3           accordance with section 17(b)(6) of the Commodity  
4           Exchange Act.

5           (3) EFFECT.—A registered futures association  
6           shall submit to the Commission any rule adopted  
7           under subparagraph (A) of this paragraph, which  
8           shall take effect pursuant to the requirements of sec-  
9           tion 17(j) of the Commodity Exchange Act.

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

14          (i) WHISTLEBLOWER ENFORCEMENT.—For purposes  
15          of section 23 of the Commodity Exchange Act, the term  
16          “this Act” includes this section.

17          (j) FEDERAL PREEMPTION.—

18               (1) This section shall supersede any State or  
19               local law (other than antifraud provisions of general  
20               applicability) that regulates the offer or sale of dig-  
21               ital assets in the case of a transaction conducted in  
22               compliance with this section and conducted on or  
23               through a person who files a statement of provi-  
24               sional registration under subsection (a) and complies  
25               with the requirements of this section.

1           (2) Notwithstanding any other provision of law,  
2           the Commission shall have exclusive jurisdiction over  
3           the digital asset activities of a person who—

4                   (A) files a statement of provisional reg-  
5                   istration under subsection (a); and

6                   (B) complies with the requirements of this  
7           section.

8   **SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES**  
9                   **LAWS SAVINGS PROVISIONS.**

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

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

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

16                   (B) a swap;

17                   (C) a security futures product;

18                   (D) an option authorized under section 4c  
19          of such Act;

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

22          or

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

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

3                   (A) a security-based swap;

4                   (B) a security futures product; or

5                   (C) an option on or based on the value of  
6           a security; or

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

9           (b) PROHIBITIONS ON SPOT DIGITAL COMMODITY  
10   ENTITIES.—Nothing in this Act authorizes, or shall be in-  
11   terpreted to authorize, a digital commodity exchange, dig-  
12   ital commodity broker, or digital commodity dealer to en-  
13   gage in any activities involving any transaction, contract,  
14   or agreement described in subsection (a)(1), solely by vir-  
15   tue of being registered or filing a statement of provisional  
16   registration as a digital commodity exchange, digital com-  
17   modity broker, or digital commodity dealer.

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

21   **SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

24               (1) in paragraph (3)—



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

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

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

6 “(D) a contract of sale of a digital com-  
7 modity.”;

8 (2) in paragraph (4)—

9 (A) in subparagraph (A)—

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

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

14 (iii) by adding at the end the fol-  
15 lowing:

16 “(iv) a contract of sale of a digital  
17 commodity.”;

18 (B) in subparagraph (B)—

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

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

23 (iii) by adding at the end the fol-  
24 lowing:

1 “(iv) a contract of sale of a digital  
2 commodity.”; and  
3 (C) in subparagraph (C)—  
4 (i) in clause (ii), by striking “or” at  
5 the end;  
6 (ii) by striking “(iii) a swap, provided  
7 however,” and inserting the following:  
8 “(iii) a swap; or  
9 “(iv) a contract of sale of a digital  
10 commodity,  
11 provided, however,”; and  
12 (iii) by striking “clauses (i), (ii), or  
13 (iii)” and insert “any of clauses (i)  
14 through (iv)”.

15 **SEC. 109. INTERNATIONAL COOPERATION.**

16 In order to promote greater consistency in effective  
17 and consistent global regulation of digital assets, the Com-  
18 modity Futures Trading Commission and the Securities  
19 and Exchange Commission, as appropriate—

20 (1) shall consult and coordinate with foreign  
21 regulatory authorities on the application of con-  
22 sistent international standards with respect to the  
23 regulation of digital assets; and

24 (2) may enter into such information-sharing ar-  
25 rangements as may be deemed to be necessary or

1 appropriate in the public interest or for the protec-  
2 tion of investors, customers, and users of digital as-  
3 sets.

4 **SEC. 110. TREATMENT OF CERTAIN NON-CONTROLLING**  
5 **BLOCKCHAIN DEVELOPERS.**

6 (a) IN GENERAL.—Notwithstanding applicable law, a  
7 non-controlling blockchain developer or provider of a  
8 blockchain service shall not be treated as a money trans-  
9 mitter or as engaged in “money transmitting” or, fol-  
10 lowing the date of enactment of this Act, be otherwise sub-  
11 ject to any new registration requirement that is substan-  
12 tially similar to the requirement that currently applies to  
13 money transmitters, solely on the basis of—

14 (1) creating or publishing software to facilitate  
15 the creation of, or provision of maintenance services  
16 to, a blockchain or blockchain service;

17 (2) providing hardware or software to facilitate  
18 a customer’s own custody or safekeeping of the cus-  
19 tomer’s digital assets; or

20 (3) providing infrastructure support to main-  
21 tain a blockchain service.

22 (b) RULE OF CONSTRUCTION.—Nothing in this sec-  
23 tion shall be construed to affect whether a blockchain de-  
24 veloper or provider of a blockchain service is otherwise  
25 subject to classification or treatment as a money trans-

1 mitter, or as engaged in “money transmitting”, under ap-  
2 plicable State or Federal law, including laws relating to  
3 anti-money laundering or countering the financing of ter-  
4 rorism, based on conduct outside the scope of subsection  
5 (a). Nothing in this section shall be construed to affect  
6 whether a blockchain developer or provider of a blockchain  
7 service is otherwise subject to classification or treatment  
8 as a financial institution under the Bank Secrecy Act, this  
9 Act, or any Act enacted after the date of enactment of  
10 this Act.

11 (c) EFFECT ON OTHER LAWS.—

12 (1) INTELLECTUAL PROPERTY LAW.—Nothing  
13 in this section shall be construed to limit or expand  
14 any law pertaining to intellectual property.

15 (2) STATE LAW.—Nothing in this section shall  
16 be construed to prevent any State from enforcing  
17 any State law that is consistent with this section. No  
18 cause of action may be brought and no liability may  
19 be imposed under any State or local law that is in-  
20 consistent with this section.

21 (d) DEFINITIONS.—In this section:

22 (1) BLOCKCHAIN DEVELOPER.—The term  
23 “blockchain developer” means any person or busi-  
24 ness that creates or publishes software to facilitate

1 the creation of, or provide maintenance to, a  
2 blockchain or a blockchain service.

3 (2) BLOCKCHAIN SERVICE.—The term  
4 “blockchain service” means any information, trans-  
5 action, or computing service or system that provides  
6 or enables access to a blockchain network by mul-  
7 tiple users, including specifically a service or system  
8 that enables users to send, receive, exchange, or  
9 store digital assets described by blockchain net-  
10 works.

11 (3) NON-CONTROLLING BLOCKCHAIN DEVEL-  
12 OPER OR PROVIDER OF A BLOCKCHAIN SERVICE.—  
13 The term “non-controlling blockchain developer or  
14 provider of a blockchain service” means a blockchain  
15 developer or provider of a blockchain service that in  
16 the regular course of operations, does not have the  
17 legal right or the unilateral and independent ability  
18 to control, initiate upon demand, or effectuate trans-  
19 actions involving digital assets that users are enti-  
20 tled to, without the approval, consent, or direction of  
21 any other third party.

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

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

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

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

8 (b) GAO STUDY.—

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

12 (A) assess the risks posed by centralized  
13 intermediaries that are primarily located in for-  
14 eign jurisdictions that provide services to U.S.  
15 persons without regulatory requirements that  
16 are substantially similar to the requirements of  
17 the Bank Secrecy Act; and

18 (B) provide any regulatory or legislative  
19 recommendations to address these risks under  
20 subparagraph (A).

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

1   **SEC. 112. IMPLEMENTATION.**

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

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

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

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

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

21           (C) register persons under this Act; and

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

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

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

## 5 **TITLE II—OFFERS AND SALES OF** 6 **DIGITAL COMMODITIES**

### 7 **SEC. 201. TREATMENT OF INVESTMENT CONTRACT ASSETS.**

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

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

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

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

17 “(A) that can be exclusively possessed and  
18 transferred, person to person, without necessary  
19 reliance on an intermediary, and is recorded on  
20 a blockchain; and

21 “(B) sold or otherwise transferred, or in-  
22 tended to be sold or otherwise transferred, pur-  
23 suant to an investment contract.”.

24 (b) INVESTMENT ADVISERS ACT OF 1940.—Section  
25 202(a)(18) of the Investment Advisers Act of 1940 (15



1 U.S.C. 80b–2(a)(18)) is amended by adding at the end  
2 the following: “The term ‘investment contract’ does not  
3 include an investment contract asset (as such term is de-  
4 fined under section 2(a) of the Securities Act of 1933).”.

5 (c) INVESTMENT COMPANY ACT OF 1940.—Section  
6 2(a)(36) of the Investment Company Act of 1940 (15  
7 U.S.C. 80a–2(a)(36)) is amended by adding at the end  
8 the following: “The term ‘investment contract’ does not  
9 include an investment contract asset (as such term is de-  
10 fined under section 2(a) of the Securities Act of 1933).”.

11 (d) SECURITIES EXCHANGE ACT OF 1934.—Section  
12 3(a)(10) of the Securities Exchange Act of 1934 (15  
13 U.S.C. 78c(a)(10)) is amended by adding at the end the  
14 following: “The term ‘investment contract’ does not in-  
15 clude an investment contract asset (as such term is de-  
16 fined under section 2(a) of the Securities Act of 1933).”.

17 (e) SECURITIES INVESTOR PROTECTION ACT OF  
18 1970.—Section 16(14) of the Securities Investor Protec-  
19 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-  
20 ing at the end the following: “The term ‘investment con-  
21 tract’ does not include an investment contract asset (as  
22 such term is defined under section 2(a) of the Securities  
23 Act of 1933).”.

1 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**  
2 **COMMODITIES.**

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

5 (1) in section 4(a), by adding at the end the  
6 following:

7 “(8) the offer or sale of an investment contract  
8 involving units of a digital commodity by its digital  
9 commodity issuer (including all entities controlled by  
10 or under common control with the issuer), if—

11 “(A) the blockchain system to which the  
12 digital commodity relates, together with the dig-  
13 ital commodity, is certified as a mature  
14 blockchain system under section 42 of the Secu-  
15 rities Exchange Act of 1934 or the issuer in-  
16 tends for the blockchain system to which the  
17 digital commodity relates to be a mature  
18 blockchain system by the later of—

19 “(i) the date that is four years after  
20 the first sale of the investment contract in-  
21 volving a unit of such digital commodity in  
22 reliance on the exemption provided under  
23 this paragraph, subject to any extensions  
24 as may be granted by the Commission; or

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

1           “(B) the sum of all cash and other consid-  
2           eration to be received by the digital commodity  
3           issuer in reliance on the exemption provided  
4           under this paragraph, during the 12-month pe-  
5           riod preceding the date of such offering, includ-  
6           ing the amount received in such offering, is not  
7           more than \$75,000,000 (as such amount is an-  
8           nually adjusted by the Commission to reflect  
9           the change in the Consumer Price Index for All  
10          Urban Consumers published by the Bureau of  
11          Labor Statistics of the Department of Labor);

12          “(C) after the completion of the trans-  
13          action, a purchaser does not own more than 10  
14          percent of the total amount of the outstanding  
15          units of the digital commodity;

16          “(D) the transaction does not involve the  
17          offer or sale of an investment contract involving  
18          units of a digital commodity by its digital com-  
19          modity issuer that—

20                  “(i) is not organized under the laws of  
21                  a State, a territory of the United States,  
22                  or the District of Columbia;

23                  “(ii) is a development stage company  
24                  that either—

1                   “(I) has no specific business plan  
2                   or purpose; or

3                   “(II) has indicated that the busi-  
4                   ness plan of the company is to merge  
5                   with or acquire an unidentified com-  
6                   pany;

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

14                  “(iv) is issuing fractional undivided  
15                  interests in oil or gas rights, or a similar  
16                  interest in other mineral rights;

17                  “(v) is, or has been, subject to any  
18                  order of the Commission entered pursuant  
19                  to section 12(j) of the Securities Exchange  
20                  Act of 1934 during the 5-year period be-  
21                  fore the filing of the offering statement; or

22                  “(vi) is disqualified pursuant to sec-  
23                  tion 230.262 of title 17, Code of Federal  
24                  Regulations; and

1 “(E) the issuer meets the requirements of  
2 section 4B(b).”; and

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

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

6 “(a) COMMISSION JURISDICTION.—For the purposes  
7 of this section:

8 “(1) The Commission shall have jurisdiction  
9 and enforcement authority with respect to disclo-  
10 sures described in this section.

11 “(2) Section 17 shall apply to a statement  
12 made in an offering statement, disclosure, or report  
13 filed under this section to the same extent as such  
14 section 17 applies to a statement made in any other  
15 offering statement, disclosure, or report filed under  
16 this Act.

17 “(b) REQUIREMENTS FOR DIGITAL COMMODITY  
18 ISSUERS.—

19 “(1) TERMS AND CONDITIONS.—A digital com-  
20 modity issuer offering or selling an investment con-  
21 tract involving units of a digital commodity in reli-  
22 ance on section 4(a)(8) shall file with the Commis-  
23 sion an offering statement and any related docu-  
24 ments, in such form and with such content as pre-  
25 scribed by the Commission, including financial infor-

1        mation, a description of the issuer and the oper-  
2        ations of the issuer, the financial condition of the  
3        issuer, a description of the plan of distribution of  
4        any unit of a digital commodity that is to be offered  
5        as well as the intended use of the offering proceeds,  
6        and a description of the development plan for the  
7        blockchain system, and the related digital com-  
8        modity, to become a mature blockchain system, if  
9        such blockchain system is not already certified as a  
10       mature blockchain system pursuant to section 42 of  
11       the Securities Exchange Act of 1934 (15 U.S.C. 78a  
12       et seq.).

13       “(2) INFORMATION REQUIRED FOR PUR-  
14       CHASERS.—A digital commodity issuer that has filed  
15       a statement under paragraph (1) to offer and sell an  
16       investment contract involving a unit of a digital  
17       commodity in reliance on section 4(a)(8) shall in-  
18       clude in such statement the following information:

19       “(A) MATURITY STATUS.—Whether the  
20       blockchain system to which the digital com-  
21       modity relates has been certified as a mature  
22       blockchain system pursuant to section 42 of the  
23       Securities Exchange Act of 1934 (15 U.S.C.  
24       78a et seq.) and, where such blockchain system  
25       is not so certified, a statement of the digital

1 commodity issuer's intent for the blockchain  
2 system to which the digital commodity relates  
3 to be a mature blockchain system within the  
4 time period described in section 4(a)(8)(A).

5 “(B) SOURCE CODE.—The source code, or  
6 a publicly accessible webpage displaying such  
7 source code, for any blockchain system to which  
8 the digital commodity relates, and whether the  
9 source code was sourced from an external third  
10 party, whether there are any existing external  
11 dependencies, and whether the code underwent  
12 a third-party security audit, along with material  
13 results of any such audit.

14 “(C) TRANSACTION HISTORY.—A descrip-  
15 tion of the steps necessary to independently ac-  
16 cess, search, and verify the transaction history  
17 of any blockchain system to which the digital  
18 commodity relates, to the extent any such inde-  
19 pendent access, search, and verification activi-  
20 ties are technically feasible with respect to such  
21 blockchain system.

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

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

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

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

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

22                  “(iv) an explanation of any mecha-  
23                  nism for driving value to the digital com-  
24                  modity of such blockchain system; and



1                   “(v) an explanation of governance  
2                   mechanisms for implementing changes to  
3                   the blockchain system or forming con-  
4                   sensus among holders of units of such dig-  
5                   ital commodity.

6                   “(E) PLAN OF DEVELOPMENT.—The cur-  
7                   rent state and timeline for the development of  
8                   any blockchain system to which the digital com-  
9                   modity relates, detailing how and when the  
10                  blockchain system is intended to be a mature  
11                  blockchain system, if the blockchain system is  
12                  not yet certified as a mature blockchain system,  
13                  and the various roles that exist or are intended  
14                  to exist in connection with the blockchain sys-  
15                  tem, such as users, service providers, devel-  
16                  opers, transaction validators, and governance  
17                  participants, including a discussion of any  
18                  mechanisms by which control or authority are  
19                  exerted with respect to the blockchain system or  
20                  its related digital commodity, and any critical  
21                  operational dependencies of the blockchain sys-  
22                  tem or its related digital commodity.

23                  “(F) OWNERSHIP DISCLOSURES.—

24                  “(i) IN GENERAL.—A list of all per-  
25                  sons who are digital commodity related

1 persons or digital commodity affiliated per-  
2 sons who have been issued a unit of the  
3 digital commodity by the digital commodity  
4 issuer or have a right to a unit of the dig-  
5 ital commodity from the digital commodity  
6 issuer.

7 “(ii) CONFIDENTIALITY.—The Com-  
8 mission shall keep each list described  
9 under clause (i) confidential, consistent  
10 with what is necessary or appropriate in  
11 the public interest or for the protection of  
12 investors.

13 “(G) RISK FACTOR DISCLOSURES.—A de-  
14 scription of the material risks surrounding own-  
15 ership of a unit of a digital commodity.

16 “(3) ONGOING DISCLOSURE REQUIREMENTS  
17 FOR MATURING BLOCKCHAIN SYSTEMS.—Subject to  
18 paragraph (5), the issuer of a digital commodity re-  
19 lated to a blockchain system that is not yet certified  
20 as a mature blockchain system under section 42 of  
21 the Securities Exchange Act of 1934 that has filed  
22 a statement under paragraph (1) to offer and sell an  
23 investment contract involving a unit of a digital  
24 commodity in reliance on section 4(a)(8) shall file  
25 the following with the Commission:

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

3                   “(i) an updated description of the cur-  
4 rent state and timeline for the development  
5 of the blockchain system to which the dig-  
6 ital commodity relates, showing how and  
7 when the blockchain is intended to be a  
8 mature blockchain system;

9                   “(ii) a description of the efforts of the  
10 issuer and digital commodity related per-  
11 sons in developing the blockchain system to  
12 which the digital commodity relates;

13                   “(iii) the amount of money raised by  
14 the digital commodity issuer in reliance on  
15 section 4(a)(8), how much of that money  
16 has been spent, and the general categories  
17 of activities for which that money has been  
18 spent and amounts spent per category; and

19                   “(iv) financial statements, where ap-  
20 plicable.

21                   “(B) CURRENT REPORTS.—A current re-  
22 port reflecting any material changes relevant to  
23 the information previously reported to the Com-  
24 mission by the digital commodity issuer, which  
25 shall be filed as soon as practicable after the

1 material change occurred, in accordance with  
2 such rules as the Commission may prescribe as  
3 necessary or appropriate in the public interest  
4 or for the protection of investors.

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

10 “(5) TERMINATION OF CERTAIN REPORTING  
11 REQUIREMENTS; POST-MATURITY REPORTING RE-  
12 QUIREMENTS.—

13 “(A) IN GENERAL.—The ongoing reporting  
14 requirements under paragraph (3) shall not  
15 apply to a digital commodity issuer 180 days  
16 after the end of the covered fiscal year, if the  
17 information with respect to the digital com-  
18 modity and the blockchain system to which it  
19 relates described in subparagraphs (A) through  
20 (C) of paragraph (2) is made publicly available  
21 and the disclosure requirements under subpara-  
22 graph (C) of this paragraph are satisfied.

23 “(B) COVERED FISCAL YEAR DEFINED.—  
24 In this paragraph, the term ‘covered fiscal year’  
25 means, with respect to a digital commodity, the

1 first fiscal year of a digital commodity issuer in  
2 which the blockchain system to which such dig-  
3 ital commodity relates is certified as a mature  
4 blockchain system under section 42 of the Secu-  
5 rities Exchange Act of 1934.

6 “(C) POST-MATURITY REPORTING RE-  
7 QUIREMENTS.—After the blockchain system to  
8 which a digital commodity relates is certified as  
9 a mature blockchain system under section 42 of  
10 the Securities Exchange Act of 1934, any dig-  
11 ital commodity issuer that has filed a statement  
12 under paragraph (1) to offer and sell an invest-  
13 ment contract involving a unit of a digital com-  
14 modity in reliance on section 4(a)(8) and is en-  
15 gaged in material ongoing efforts related to the  
16 mature blockchain system shall disclose, in a  
17 manner reasonably calculated to inform the  
18 public, and at such frequency as the Commis-  
19 sion may prescribe, by rule, a description of  
20 such efforts, including—

21 “(i) any participation in a decentral-  
22 ized governance system of such blockchain  
23 system;

1 “(ii) any participation in alterations  
2 or proposed alterations to the functionality  
3 or operation of such blockchain system;

4 “(iii) the use or planned use of any  
5 funds raised in reliance on section 4(a)(8)  
6 or any rulemaking pursuant to section  
7 202(c) of the CLARITY Act of 2025 in  
8 such efforts;

9 “(iv) the amount of units of the dig-  
10 ital commodity, or rights thereto, owned  
11 and controlled by such issuer and any use,  
12 sale, trading, or other disposition thereof;  
13 and

14 “(v) any affiliations of such issuer  
15 material to the efforts of such issuer.

16 “(D) TERMINATION OF AND EXEMPTION  
17 FROM POST-MATURITY REPORTING REQUIRE-  
18 MENTS.—Not later than 270 days after the  
19 date of the enactment of this section, the Com-  
20 mission shall issue rules—

21 “(i) for terminating the disclosure re-  
22 quirements described in subparagraph (C)  
23 during the first fiscal year in which the  
24 digital commodity issuer does not engage

1 in material ongoing efforts related to the  
2 mature blockchain system; and

3 “(ii) to, as is necessary or appropriate  
4 in the public interest or for the protection  
5 of investors, exempt a digital commodity  
6 issuer from the requirements described in  
7 subparagraph (C) where only a de minimis  
8 amount of market activity involving the  
9 digital commodity of such digital com-  
10 modity issuer is taking place.

11 “(E) RULE OF CONSTRUCTION.—Nothing  
12 in subparagraph (C) may be construed to make  
13 any digital commodity described in such sub-  
14 paragraph a security.

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

19 “(1) register with the Commission as a broker  
20 or dealer; and

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

24 “(d) DISQUALIFICATION PROVISIONS.—The Commis-  
25 sion shall issue rules to apply the disqualification provi-

1 sions under section 230.262 of title 17, Code of Federal  
2 Regulations, to the exemption provided under section  
3 4(a)(8).

4 “(e) FAILURE TO MATURE.—

5 “(1) IN GENERAL.—Not later than 270 days  
6 after the date of the enactment of this section, the  
7 Commission shall issue rules applying such addi-  
8 tional obligations and disclosures for the digital com-  
9 modity issuers, digital commodity related persons,  
10 and digital commodity affiliated persons of a  
11 blockchain system described under subsection (b)(1)  
12 that does not become a mature blockchain system  
13 within the time period described in section  
14 4(a)(8)(A) as are necessary or appropriate in the  
15 public interest or for the protection of investors.  
16 Such obligations and disclosures shall include the  
17 following:

18 “(A) DISCLOSURES.—Disclosures regard-  
19 ing the following:

20 “(i) FAILURE TO MATURE.—A de-  
21 tailed explanation of the reason that the  
22 blockchain system has not become a ma-  
23 ture blockchain system within the time pe-  
24 riod described in section 4(a)(8)(A).



1 “(ii) DEVELOPMENT PLANS.—The fu-  
2 ture plans of development of the  
3 blockchain system, including information  
4 required under subsection (b)(3).

5 “(iii) RISK FACTOR DISCLOSURES.—  
6 The material risks surrounding ownership  
7 of a unit of a digital commodity that re-  
8 lates to a blockchain system described  
9 under subsection (b)(1) that has not be-  
10 come a mature blockchain system within  
11 the time period described in section  
12 4(a)(8)(A).

13 “(B) OBLIGATIONS.—Transaction report-  
14 ing and beneficial ownership disclosure obliga-  
15 tions applicable to digital commodity related  
16 persons and digital commodity affiliated per-  
17 sons of such blockchain system.

18 “(2) QUALIFICATION REQUIRED.—The Com-  
19 mission may not permit any additional reliance on  
20 an exempt offering for the offer or sale of an invest-  
21 ment contract involving a unit of a digital com-  
22 modity by the issuer of the digital commodity related  
23 to a blockchain system described under subsection  
24 (a)(1) that has not become a mature blockchain sys-  
25 tem within the time period described in section

1 4(a)(8)(A) unless the Commission has qualified any  
2 offering statement related to such exempt offering.”.

3 (b) ADDITIONAL EXEMPTIONS.—

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

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

12 (A) in section (B), by striking “section  
13 4(4)” and inserting “section 4(a)(4)”;

14 (B) in section (C), by striking “section  
15 4(6)” and inserting “section 4(a)(6)”;

16 (C) in subparagraph (F)—

17 (i) by striking “section 4(2)” each  
18 place such term appears and inserting  
19 “section 4(a)(2)”;

20 (ii) by striking “or” at the end;

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

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

24 “(H) section 4(a)(8).”.

25 (c) USE OF OTHER EXEMPTIONS.—

1           (1) RULE OF CONSTRUCTION.—Except as pro-  
2       vided in this subsection, nothing in this section or  
3       the amendments made by this section may be con-  
4       strued as prohibiting the offer or sale of an invest-  
5       ment contract involving units of a digital commodity  
6       in reliance on an exemption provided under section  
7       3, 4(a), or 19 of the Securities Act of 1933 other  
8       than that provided under section 4(a)(8) of the Se-  
9       curities Act of 1933.

10          (2) RULEMAKINGS.—

11           (A) The Securities and Exchange Commis-  
12       sion may issue rules—

13           (i) to permit the issuer of a digital  
14       commodity related to a blockchain system  
15       described under section 4B(b)(1) of the  
16       Securities Act of 1933 that has not become  
17       a mature blockchain system within the  
18       time period described in section 4(a)(8)(A)  
19       of such Act, or the issuer of a digital com-  
20       modity described in subparagraph (B)(iii),  
21       to utilize an exempt offering to offer or sell  
22       an investment contract involving the digital  
23       commodity, if the Commission qualifies  
24       any offering statement related to such ex-  
25       empt offering; and

1 (ii) for the offer and sale of invest-  
2 ment contracts involving units of a digital  
3 commodity by issuers that are not orga-  
4 nized under the laws of a State, a territory  
5 of the United States, or the District of Co-  
6 lumbia.

7 (B) Not later than 270 days after the date  
8 of the enactment of this section, the Securities  
9 and Exchange Commission shall issue the fol-  
10 lowing rules:

11 (i) A rule requiring a digital com-  
12 modity issuer that last offered or sold an  
13 investment contract involving units of a  
14 digital commodity in reliance on an exemp-  
15 tion provided under section 3, 4(a), or 19  
16 of the Securities Act of 1933 prior to the  
17 date of enactment of this Act, to file a  
18 comparable set of disclosures to those de-  
19 scribed under section 4B of the Securities  
20 Act of 1933 as the Commission determines  
21 appropriate based on the exemption, the  
22 maturity of the blockchain system to which  
23 such digital commodity relates, and any  
24 material ongoing efforts of such digital  
25 commodity issuer (provided that for

1           blockchains   certified   as   a   mature  
2           blockchain system under section 42 of the  
3           Securities Exchange Act of 1934, such dis-  
4           closures shall be comparable to those under  
5           section 4B(b)(5)(C)), not later than the  
6           later of—

7                       (I) one year after the effective  
8                       date of this section; or

9                       (II) any secondary market sale of  
10           such digital commodity in reliance on  
11           section 203.

12           (ii) A rule requiring a digital com-  
13           modity issuer that offers or sells an invest-  
14           ment contract involving units of a digital  
15           commodity in reliance on an exemption  
16           provided under section 3, 4(a), or 19 of the  
17           Securities Act of 1933, other than that  
18           provided under section 4(a)(8) of the Secu-  
19           rities Act of 1933, on or after the date of  
20           enactment of this Act, to file a comparable  
21           set of disclosures to those described under  
22           section 4B of the Securities Act of 1933 as  
23           the Commission determines appropriate  
24           based on the exemption, the maturity of  
25           the blockchain system to which such digital

1 commodity relates, and any material ongoing  
2 efforts of such digital commodity  
3 issuer, prior to any secondary market sale  
4 of such digital commodity in reliance on  
5 section 203.

6 (iii) With respect to a digital commodity  
7 where the digital commodity issuer  
8 is required to file disclosures under clause  
9 (i) or (ii) and where the blockchain system  
10 to which the digital commodity relates is  
11 not certified as a mature blockchain system  
12 pursuant to section 42 of the Securities  
13 Exchange Act of 1934 after the 4-year  
14 period beginning on the date that the first  
15 such disclosure is filed—

16 (I) a rule prohibiting the offer or  
17 sale of an investment contract involving  
18 units of the digital commodity unless  
19 the Commission has qualified any  
20 offering statement related to such  
21 offer or sale, where such offer or sale  
22 is permitted pursuant to subparagraph  
23 (A)(i); and

24 (II) a rule requiring the digital  
25 commodity issuer to make disclosures

1 comparable to those described in  
2 4B(e)(1)(A) of the Securities Act of  
3 1933.

4 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**  
5 **DIGITAL COMMODITIES THAT ORIGINALLY**  
6 **INVOLVED INVESTMENT CONTRACTS.**

7 (a) SECONDARY MARKET TREATMENT.—Notwith-  
8 standing any other provision of law, the offer or sale of  
9 a digital commodity that originally involved an investment  
10 contract by a person other than the issuer of such digital  
11 commodity, or an agent or underwriter thereof, shall be  
12 deemed not to be an offer or sale of such investment con-  
13 tract between the issuer of the investment contract involv-  
14 ing the digital commodity, or an agent or underwriter  
15 thereof, and the purchaser of such digital commodity  
16 under—

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

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

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

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

1 (5) the Securities Investor Protection Act of  
2 1970 (15 U.S.C. 78aaa et seq.); and

3 (6) any applicable provisions of State law.

4 (b) END USER DISTRIBUTIONS NOT AN OFFER OR  
5 SALE OF A SECURITY.—An end user distribution does not  
6 involve the offer or sale of a security.

7 (c) AGENT DEFINED.—In this section and with re-  
8 spect to a digital commodity issuer, the term “agent”  
9 means any person directly or indirectly controlled by the  
10 issuer or under direct or indirect common control with the  
11 issuer.

12 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**  
13 **ITAL COMMODITIES BY DIGITAL COMMODITY**  
14 **RELATED PERSONS AND DIGITAL COM-**  
15 **MODITY AFFILIATED PERSONS.**

16 The Securities Act of 1933 (15 U.S.C. 77a et seq.),  
17 as amended by section 202, is further amended by insert-  
18 ing after section 4B the following:

19 **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**  
20 **ITAL COMMODITIES BY DIGITAL COMMODITY**  
21 **RELATED PERSONS AND DIGITAL COM-**  
22 **MODITY AFFILIATED PERSONS.**

23 “(a) IN GENERAL.—It shall be a violation of this Act  
24 for a digital commodity affiliated person or a digital com-  
25 modity related person to offer or sell a digital commodity



1 acquired directly from its issuer, or an agent or under-  
2 writer thereof, pursuant to an investment contract in reli-  
3 ance on section 4(a)(8) or another exemption under this  
4 Act, other than as provided in this section.

5 “(b) COMMISSION JURISDICTION.—

6 “(1) Where a digital commodity affiliated per-  
7 son or a digital commodity related person offers or  
8 sells a digital commodity acquired directly from its  
9 issuer, or an agent or underwriter thereof, pursuant  
10 to an investment contract in reliance on section  
11 4(a)(8), or another exemption under this Act, other  
12 than as provided in this section, such digital com-  
13 modity affiliated person or digital commodity related  
14 person shall be considered an issuer of such invest-  
15 ment contract.

16 “(2) For the purposes of this section, the Com-  
17 mission shall have jurisdiction and enforcement au-  
18 thority with respect to an offer or sale of a digital  
19 commodity described in subsection (a).

20 “(c) RESTRICTIONS ON DIGITAL COMMODITY RE-  
21 LATED PERSONS AND DIGITAL COMMODITY AFFILIATED  
22 PERSONS.—

23 “(1) PRIOR TO BEING A MATURE BLOCKCHAIN  
24 SYSTEM.—Prior to the blockchain system to which a  
25 digital commodity relates being certified as a mature

1       blockchain system under section 42 of the Securities  
2       Exchange Act of 1934, units of the digital com-  
3       modity acquired by a digital commodity related per-  
4       son or digital commodity affiliated person directly  
5       from its issuer (or an agent or underwriter thereof)  
6       pursuant to an investment contract in reliance on  
7       section 4(a)(8), or another exemption under this  
8       Act, may be offered or sold by such digital com-  
9       modity related person or digital commodity affiliated  
10      person if—

11               “(A) reports with respect to such digital  
12              commodity, where required under section  
13              4B(b)(3) (or, with respect to a digital com-  
14              modity not issued in reliance on section 4(a)(8),  
15              a comparable set of reports where required by  
16              the Commission) have been filed with the Com-  
17              mission;

18               “(B) the digital commodity related person  
19              or digital commodity affiliated person has held  
20              the units for not less than 12 months; and

21               “(C) the aggregate amount of the units of  
22              the digital commodity offered or sold by the  
23              digital commodity related person or digital com-  
24              modity affiliated person is—

1 “(i) in any 12-month period, or short-  
2 er period as the Commission may pre-  
3 scribe, not less than 5 percent or greater  
4 than 20 percent of the total units of the  
5 digital commodity acquired directly from  
6 its issuer (or an agent or underwriter  
7 thereof) by the digital commodity related  
8 person or digital commodity affiliated per-  
9 son, as determined by the Commission pur-  
10 suant to paragraph (3); and

11 “(ii) an amount, as determined by the  
12 Commission pursuant to paragraph (3),  
13 not less than 30 percent or greater than  
14 50 percent of the total units of the digital  
15 commodity acquired directly from its issuer  
16 (or an agent or underwriter thereof) by the  
17 digital commodity related person or digital  
18 commodity affiliated person.

19 “(2) AFTER BECOMING A MATURE BLOCKCHAIN  
20 SYSTEM.—After the blockchain system to which a  
21 digital commodity relates is certified as a mature  
22 blockchain system under section 42 of the Securities  
23 Exchange Act of 1934, units of the digital com-  
24 modity acquired by a digital commodity related per-  
25 son or digital commodity affiliated person directly

1 from its issuer (or an agent or underwriter thereof)  
2 pursuant to an investment contract in reliance on  
3 section 4(a)(8) or another exemption under this Act,  
4 may be—

5 “(A) offered or sold by a digital commodity  
6 related person; or

7 “(B) offered or sold by a digital com-  
8 modity affiliated person if—

9 “(i) information described in section  
10 4B(b)(5)(C), where required (or, with re-  
11 spect to a digital commodity not issued in  
12 reliance on section 4(a)(8), a comparable  
13 set of information, where required) is pub-  
14 licly available;

15 “(ii) the digital commodity affiliated  
16 person has held the units for not less than  
17 the earlier of—

18 “(I) 12 months; or

19 “(II) 3 months following the date  
20 on which the blockchain system is cer-  
21 tified as a mature blockchain system  
22 under section 42 of the Securities Ex-  
23 change Act of 1934; and

24 “(iii) the aggregate amount of the  
25 units of the digital commodity offered or

1           sold by the digital commodity affiliated  
2           person in any 12-month period is an  
3           amount, as determined by the Commission  
4           pursuant to paragraph (3), not less than 5  
5           percent or greater than 10 percent of the  
6           total outstanding amount of the digital  
7           commodity.

8           “(3) RULEMAKINGS REQUIRED.—Not later than  
9           270 days after the date of the enactment of this sec-  
10          tion, consistent with protecting investors, fostering  
11          the development of mature blockchain systems, fa-  
12          cilitating capital formation, and maintaining fair  
13          and orderly markets the Commission, by rule, after  
14          notice and comment—

15               “(A) shall set the percentage amounts de-  
16               scribed in paragraphs (1)(C)(i), (1)(C)(ii), and  
17               (2)(B)(iii); and

18               “(B) may provide an exemption from the  
19               limitation described in paragraph (1)(C)(ii), if  
20               the Commission requires any offer or sale pur-  
21               suant to such exemption of a digital commodity  
22               related to a blockchain system that has failed to  
23               become a mature blockchain system under this  
24               Act or any rule promulgated hereunder to be  
25               accompanied by the disclosures required under,

1 as applicable, section 4B(e)(1)(A) or section  
2 202(c)(2)(B)(iii)(II) of the CLARITY Act of  
3 2025.

4 “(d) USE OF A DIGITAL COMMODITY IN THE PRO-  
5 GRAMMATIC FUNCTIONING OF THE BLOCKCHAIN SYS-  
6 TEM.—For purposes of this section, the use of a digital  
7 commodity in the programmatic functioning of the  
8 blockchain system to which it relates is not an offer or  
9 sale of a digital commodity.

10 “(e) MANIPULATIVE AND DECEPTIVE DEVICES; RE-  
11 PORTING.—

12 “(1) IN GENERAL.—It shall be unlawful for any  
13 digital commodity issuer, digital commodity related  
14 person, or digital commodity affiliated person, di-  
15 rectly or indirectly, by the use of any means or in-  
16 strumentality of interstate commerce or of the mails,  
17 to use or employ, in connection with the purchase or  
18 sale of any digital commodity, any manipulative or  
19 deceptive device or contrivance in contravention of  
20 such rules and regulations as the Commission may  
21 prescribe as necessary or appropriate in the public  
22 interest or for the protection of investors.

23 “(2) AFFIRMATIVE DEFENSE.—Not later than  
24 270 days after the date of the enactment of this sec-  
25 tion, the Commission shall issue rules to implement

1 paragraph (1), including by providing any affirma-  
2 tive defenses to an enforcement action thereunder as  
3 the Commission may prescribe as necessary or ap-  
4 propriate in the public interest or for the protection  
5 of investors.

6 “(3) REPORTING.—Not later than 270 days  
7 after the date of the enactment of this section, the  
8 Commission shall issue rules to prescribe such trans-  
9 action reporting and beneficial ownership disclosure  
10 obligations applicable to digital commodity related  
11 persons and digital commodity affiliated persons, as  
12 necessary or appropriate in the public interest or for  
13 the protection of investors.

14 “(4) DIFFERENTIATION BETWEEN PERSONS.—  
15 In issuing rules required under paragraphs (2) and  
16 (3), the Commission shall differentiate between dig-  
17 ital commodity related persons and digital com-  
18 modity affiliated persons, as necessary or appro-  
19 priate in the public interest or for the protection of  
20 investors.

21 “(f) CERTAIN UNITS RECEIVED PRIOR TO ENACT-  
22 MENT.—A unit of a digital commodity received from the  
23 digital commodity issuer prior to the date of the enact-  
24 ment of this section through an offer or sale of an invest-  
25 ment contract involving units of a digital commodity in

1 reliance on an exemption provided under section 3, 4(a),  
2 or 19, may be offered or sold by a digital commodity re-  
3 lated person or digital commodity affiliated person, if—

4 “(1) the digital commodity issuer is no longer  
5 engaged in material ongoing efforts related to the  
6 blockchain system to which the digital commodity re-  
7 lates and the blockchain system to which the digital  
8 commodity relates is certified as a mature  
9 blockchain system under section 42 of the Securities  
10 Exchange Act of 1934;

11 “(2) the digital commodity issuer is engaged in  
12 material ongoing efforts related to the blockchain  
13 system to which the digital commodity relates and  
14 the blockchain system to which the digital com-  
15 modity relates is certified as a mature blockchain  
16 system under section 42 of the Securities Exchange  
17 Act of 1934, and the appropriate disclosures re-  
18 quired under section 202(c)(2)(B) of the CLARITY  
19 Act of 2025 have been made with the Commission;  
20 or

21 “(3) the digital commodity issuer is engaged in  
22 material ongoing efforts related to the blockchain  
23 system to which the digital commodity relates and  
24 the blockchain system to which the digital com-  
25 modity relates is not certified as a mature



1       blockchain system under section 42 of the Securities  
2       Exchange Act of 1934, and the appropriate disclo-  
3       sures required under section 202(c)(2)(B) of the  
4       CLARITY Act of 2025 have been made with the  
5       Commission.

6       “(g) RULEMAKING ON FURTHER USAGE OF DIGITAL  
7       COMMODITIES.—The Commission, consistent with pro-  
8       tecting investors, fostering the development of mature  
9       blockchain systems, facilitating capital formation, and  
10      maintaining fair and orderly markets, may, by rule, ex-  
11      empt unconditionally or on stated terms or conditions, a  
12      digital commodity related person or a digital commodity  
13      affiliated person, or any class thereof, from the require-  
14      ments of this section for the offer or sale of a digital com-  
15      modity.”.

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

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

20      **“SEC. 42. MATURE BLOCKCHAIN SYSTEMS.**

21      “(a) CERTIFICATION OF BLOCKCHAIN SYSTEMS.—

22              “(1) CERTIFICATION.—For purposes of sections  
23      4(a)(8), 4B, and 4C of the Securities Act of 1933,  
24      any digital commodity issuer, digital commodity re-  
25      lated person, digital commodity affiliated person, or

1 decentralized governance system of the blockchain  
2 system may certify to the Securities and Exchange  
3 Commission that the blockchain system to which a  
4 digital commodity relates is a mature blockchain sys-  
5 tem.

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

13 “(A) the operation of the blockchain sys-  
14 tem;

15 “(B) the functionality of the related digital  
16 commodity;

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

21 “(D) any decentralized governance system  
22 which relates to the blockchain system; and

23 “(E) the current roles, if any, of the digital  
24 commodity issuer, digital commodity affiliated  
25 persons, and digital commodity related persons

1           where such roles are material to the develop-  
2           ment or operation of such blockchain system or  
3           the decentralized governance system of such  
4           blockchain system.

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

11          “(4) CERTIFICATION REVIEW.—

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

22                         “(i) an inadequate explanation by the  
23                         person making the certification; or

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

1           “(B) PUBLIC NOTICE.—The Commission  
2           shall make the following available to the public  
3           and provide a copy to the Commodity Futures  
4           Trading Commission:

5                   “(i) Each certification received under  
6                   paragraph (1).

7                   “(ii) Each stay of the Commission  
8                   under this subsection, and the reasons  
9                   therefor.

10                   “(iii) Any response from a person  
11                   making a certification under paragraph (1)  
12                   to a stay of the certification by the Com-  
13                   mission.

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

21           “(5) STAY OF CERTIFICATION.—

22                   “(A) IN GENERAL.—A notification by the  
23                   Commission pursuant to paragraph (4)(A) shall  
24                   stay the certification once for up to an addi-

1           tional 120 days from the date of the notifica-  
2           tion.

3           “(B) PUBLIC COMMENT PERIOD.—Before  
4           the end of the 60-day period described under  
5           paragraph (4)(A), the Commission may begin a  
6           public comment period of at least 30 days in  
7           conjunction with a stay under this subsection.

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

10           “(A) become effective—

11           “(i) upon the publication of a notifica-  
12           tion from the Commission to the person  
13           who made the certification that the Com-  
14           mission does not object to the certification;  
15           or

16           “(ii) at the expiration of the certifi-  
17           cation review period; and

18           “(B) not become effective upon the publi-  
19           cation of a notification from the Commission to  
20           the person who made the certification that the  
21           Commission has rebutted the certification.

22           “(7) RECERTIFICATION.—With respect to a  
23           blockchain system for which a certification has been  
24           rebutted under this subsection, no person may make  
25           a certification under paragraph (1) with respect to

1       such blockchain system during the 90-day period be-  
2       ginning on the date of such rebuttal.

3               “(8) APPEAL OF REBUTTAL.—

4               “(A) IN GENERAL.—If a certification is re-  
5       butted under this section, the person making  
6       such certification may appeal the decision to  
7       the United States Court of Appeals for the Dis-  
8       trict of Columbia, not later than 60 days after  
9       the notice of rebuttal is made.

10              “(B) REVIEW.—In an appeal under sub-  
11       paragraph (A), the court shall have de novo re-  
12       view of the determination to rebut the certifi-  
13       cation.

14              “(b) MATURITY CRITERIA.—

15              “(1) SENSE OF CONGRESS.—It is the sense of  
16       the Congress that protecting investors, maintaining  
17       fair, orderly, and efficient markets, and facilitating  
18       capital formation necessitates establishing clear cri-  
19       teria for blockchain systems to be deemed mature,  
20       as well as enabling the Commission to develop, with-  
21       out prejudice to any such criteria codified in statute,  
22       alternative criteria by which blockchain systems may  
23       be considered not to be controlled by any person or  
24       group of persons under common control in order to  
25       accommodate changes in markets and technology.

1           “(2) IN GENERAL.—The Commission may issue  
2       rules identifying conditions by which a blockchain  
3       system, together with its related digital commodity,  
4       shall be considered a mature blockchain system, con-  
5       sistent with the protection of investors, maintenance  
6       of fair, orderly, and efficient markets, and the facili-  
7       tation of capital formation.

8           “(3) RULES OF CONSTRUCTION.—

9           “(A) Nothing in this subsection may be  
10       construed to permit the Commission to impose  
11       additional criteria to the criteria in subsection  
12       (c) for certifying that a blockchain system is a  
13       mature blockchain system pursuant to sub-  
14       section (c).

15          “(B) Nothing in this subsection or sub-  
16       section (c) may be construed to limit the Com-  
17       mission’s ability to identify alternative condi-  
18       tions and criteria by which a blockchain system  
19       may be considered a mature blockchain system.

20          “(c) DEEMED MATURE.—

21          “(1) IN GENERAL.—Notwithstanding subsection  
22       (b), for the purposes of subsection (a), a digital com-  
23       modity issuer, digital commodity related person, digi-  
24       tal commodity affiliated person, or decentralized  
25       governance system of the blockchain system may es-

1       tablish that a blockchain system, together with its  
2       related digital commodity, is not controlled by any  
3       person or group of persons under common control,  
4       if the blockchain system, together with its related  
5       digital asset, meets the requirements described in  
6       paragraph (2) or (3).

7               “(2) CRITERIA FOR ANY BLOCKCHAIN SYS-  
8       TEM.—The requirements described in this paragraph  
9       are the following:

10               “(A) SYSTEM VALUE.—

11               “(i) MARKET VALUE.—The digital  
12       commodity has a value that is substantially  
13       derived from the use and functioning of  
14       the blockchain system.

15               “(ii) DEVELOPMENT OF VALUE MECH-  
16       ANISM SUBSTANTIALLY COMPLETED.—  
17       Where the digital commodity issuer has  
18       made public a development plan describing  
19       how the digital commodity’s value is rea-  
20       sonably expected to be derived from the  
21       programmatic functioning of the  
22       blockchain system, the development of such  
23       mechanisms has been substantially com-  
24       pleted.



1                   “(B)       FUNCTIONAL       SYSTEM.—The  
2       blockchain system allows network participants  
3       to engage in the activities the blockchain system  
4       is intended to provide, including—

5                   “(i) using, transmitting, or storing  
6       value, or otherwise executing transactions,  
7       on the blockchain system;

8                   “(ii) deploying, executing, or accessing  
9       software or services, or otherwise offering  
10      or participating in services, deployed on or  
11      integrated with the blockchain system;

12                  “(iii) participating in the consensus  
13      mechanism, transaction validation process,  
14      or decentralized governance system of the  
15      blockchain system; or

16                  “(iv) operating any client, node,  
17      validator, or other form of computational  
18      infrastructure with respect to the  
19      blockchain system.

20                  “(C) OPEN AND INTEROPERABLE SYS-  
21      TEM.—The blockchain system—

22                  “(i) is composed of source code that is  
23      open source; and

24                  “(ii) does not restrict or prohibit  
25      based on the exercise of unilateral author-

1           ity any person, other than a digital com-  
2           modity issuer, digital commodity related  
3           person, or digital commodity affiliated per-  
4           son from engaging in the activities the  
5           blockchain system is intended to provide,  
6           including the activities described in sub-  
7           paragraph (B).

8           “(D)     PROGRAMMATIC     SYSTEM.—The  
9           blockchain system operates, executes, and en-  
10          forces its operations and transactions based  
11          solely on pre-established, transparent rules en-  
12          coded directly within the source code of the  
13          blockchain system.

14          “(E)     SYSTEM GOVERNANCE.—No person  
15          or group of persons under common control—

16                 “(i) has the unilateral authority, di-  
17                 rectly or indirectly, through any contract,  
18                 arrangement, understanding, relationship,  
19                 or otherwise, to control or materially alter  
20                 the functionality, operation, or rules of  
21                 consensus or agreement of the blockchain  
22                 system or its related digital commodity; or

23                 “(ii) has the unilateral authority to di-  
24                 rect the voting, in the aggregate, of 20  
25                 percent or more of the outstanding voting

1 power of such blockchain system by means  
2 of a related digital commodity, nodes or  
3 validators, a decentralized governance sys-  
4 tem, or otherwise, in a blockchain system  
5 which can be altered by a voting system.

6 “(F) IMPARTIAL SYSTEM.—No person or  
7 group of persons under common control pos-  
8 sesses a unique permission or privilege to alter  
9 the functionality, operation, or rules of con-  
10 sensus or agreement of the blockchain system  
11 or its related digital commodity, unless such al-  
12 teration—

13 “(i) addresses errors, regular mainte-  
14 nance, or cybersecurity risks of the  
15 blockchain system that affect the pro-  
16 grammatic functioning of the blockchain  
17 system; and

18 “(ii) is adopted through the consensus  
19 or agreement of a decentralized governance  
20 system.

21 “(G) DISTRIBUTED OWNERSHIP.—No dig-  
22 ital commodity issuer, digital commodity related  
23 person, or digital commodity affiliated person  
24 beneficially owns, in the aggregate, 20 percent

1 or more of the total amount of units of the dig-  
2 ital commodity.

3 “(3) OPTIONAL CRITERIA FOR PREEXISTING  
4 BLOCKCHAIN SYSTEMS.—The requirements described  
5 in this paragraph are that the blockchain system—

6 “(A) was created prior to the date of en-  
7 actment of this section;

8 “(B) met the requirements of subpara-  
9 graphs (A) through (F) of paragraph (2) prior  
10 to January 1, 2020; and

11 “(C) at least 50 percent of the units of the  
12 digital commodity related to the blockchain sys-  
13 tem are held by persons other than the digital  
14 commodity issuer, a digital commodity related  
15 person, or a digital commodity affiliated person.

16 “(d) DECENTRALIZED GOVERNANCE SYSTEM.—

17 “(1) For the purposes of this section, a decen-  
18 tralized governance system is not a ‘person’ or a  
19 ‘group of persons under common control’.

20 “(2) A blockchain system, together with its dig-  
21 ital commodity, shall not be precluded from being  
22 considered a mature blockchain system solely based  
23 on a functional, administrative, clerical, or ministe-  
24 rial action of a decentralized governance system, in-  
25 cluding any such action taken by a person acting on

1       behalf of and at the direction of the decentralized  
2       governance system, as determined by the Commis-  
3       sion and consistent with the protection of investors,  
4       maintenance of fair, orderly, and efficient markets,  
5       and the facilitation of capital formation.

6       “(e) RULEMAKING.—Not more than 270 days after  
7       the date of enactment of this section, the Commission  
8       shall issue rules to carry out this section.”.

9       **SEC. 206. EFFECTIVE DATE.**

10       Unless otherwise provided in this title, this title and  
11       the amendments made by this title shall take effect 360  
12       days after the date of enactment of this Act, except that,  
13       to the extent a provision of this title requires a rule-  
14       making, the provision shall take effect on the later of—

15               (1) 360 days after the date of enactment of this  
16       Act; or

17               (2) 60 days after the publication in the Federal  
18       Register of the final rule implementing the provision.

1 **TITLE III—REGISTRATION FOR**  
2 **INTERMEDIARIES AT THE SE-**  
3 **CURITIES AND EXCHANGE**  
4 **COMMISSION**

5 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PER-**  
6 **MITTED PAYMENT STABLECOINS.**

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

12 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
13 3(a)(10) of the Securities Exchange Act of 1934 (15  
14 U.S.C. 78c(a)) is amended by adding at the end the fol-  
15 lowing: “The term does not include a digital commodity  
16 or permitted payment stablecoin.”

17 (c) INVESTMENT ADVISERS ACT OF 1940.—Section  
18 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.  
19 80b–2(a)) is amended—

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

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

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

2 “(32) DIGITAL COMMODITY-RELATED TERMS.—

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

7 (d) INVESTMENT COMPANY ACT OF 1940.—Section  
8 2(a) of the Investment Company Act of 1940 (15 U.S.C.  
9 80a–2) is amended—

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

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

14 “(55) DIGITAL COMMODITY-RELATED TERMS.—

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

19 (e) SECURITIES INVESTOR PROTECTION ACT OF  
20 1970.—Section 16 of the Securities Investor Protection  
21 Act of 1970 (15 U.S.C. 78lll) is amended—

22 (1) in paragraph (14), by adding at the end the  
23 following: “The term does not include a digital com-  
24 modity or permitted payment stablecoin, as such

1 terms are defined, respectively, under section 2(a) of  
2 the Securities Act of 1933 (15 U.S.C. 77b(a))”; and

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

4 “(15) TREATMENT OF PERMITTED PAYMENT  
5 STABLECOINS.—A permitted payment stablecoin, as  
6 defined in section 2(a) of the Securities Act of 1933,  
7 shall not qualify as ‘cash’ and a claim for a per-  
8 mitted payment stablecoin shall not qualify as a  
9 ‘claim for cash’.”.

10 **SEC. 302. ANTI-FRAUD AUTHORITY OVER PERMITTED PAY-**  
11 **MENT STABLECOINS AND CERTAIN DIGITAL**  
12 **COMMODITY TRANSACTIONS.**

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

15 (1) by moving subsection (c) so as to appear  
16 after subsection (b);

17 (2) by inserting after subsection (c) the fol-  
18 lowing:

19 “(d) To use or employ, in connection with the pur-  
20 chase or sale of any permitted payment stablecoin or dig-  
21 ital commodity, including, as applicable, by or through a  
22 broker or dealer or an alternative trading system, any ma-  
23 nipulative or deceptive device or contrivance in contraven-  
24 tion of such rules and regulations as the Commission may



1 prescribe as necessary or appropriate in the public interest  
2 or for the protection of investors.”; and

3 (3) by adding at the end the following: “Rules  
4 promulgated under subsection (b) that prohibit  
5 fraud, manipulation, or insider trading (but not  
6 rules imposing or specifying reporting or record-  
7 keeping requirements, procedures, or standards as  
8 prophylactic measures against fraud, manipulation,  
9 or insider trading), and judicial precedents decided  
10 under subsection (b) and rules promulgated there-  
11 under that prohibit fraud, manipulation, or insider  
12 trading, shall apply with respect to permitted pay-  
13 ment stablecoin and digital commodity transactions  
14 engaged in by a broker or dealer or through an al-  
15 ternative trading system or, as applicable, a national  
16 securities exchange to the same extent as they apply  
17 to securities transactions. Judicial precedents de-  
18 cided under section 17(a) of the Securities Act of  
19 1933 and sections 9, 15, 16, 20, and 21A of this  
20 title, and judicial precedents decided under applica-  
21 ble rules promulgated under such sections, shall  
22 apply to permitted payment stablecoins and digital  
23 commodities with respect to those circumstances in  
24 which the permitted payment stablecoins and digital  
25 commodities are brokered, traded, or custodied by a

1 broker or dealer or through an alternative trading  
2 system or, as applicable, a national securities ex-  
3 change to the same extent as they apply to securi-  
4 ties.”.”.

5 (b) TREATMENT OF PERMITTED PAYMENT  
6 STABLECOINS.—Title I of the Securities Exchange Act of  
7 1934 (15 U.S.C. 78a et seq.) is amended by inserting after  
8 section 6 the following:

9 **“SEC. 6A. TREATMENT OF TRANSACTIONS IN PERMITTED**  
10 **PAYMENT STABLECOINS.**

11 “(a) AUTHORITY TO BROKER, TRADE, AND CUSTODY  
12 PERMITTED PAYMENT STABLECOINS.—Permitted pay-  
13 ment stablecoins may be brokered, traded, or custodied by  
14 a broker, dealer or through an alternative trading system  
15 or national securities exchange.

16 “(b) COMMISSION JURISDICTION.—The Commission  
17 shall only have jurisdiction over a transaction in a per-  
18 mitted payment stablecoin with respect to those cir-  
19 cumstances in which a permitted payment stablecoin is  
20 brokered, traded, or custodied—

21 “(1) by a broker or dealer;

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

23 “(3) through an alternative trading system.

24 “(c) LIMITATION.—Subsection (b) shall only apply to  
25 a transaction described in subsection (b) for the purposes

1 of regulating the offer, execution, solicitation, or accept-  
2 ance of a permitted payment stablecoin in those cir-  
3 cumstances in which the permitted payment stablecoin is  
4 brokered, traded, or custodied—

5 “(1) by a broker or dealer;

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

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

8 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**  
9 **TEMS.**

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

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

13 “(a) IN GENERAL.—It”;

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

15 “(b) DIGITAL COMMODITY PROTECTIONS.—

16 “(1) IN GENERAL.—The Commission may not  
17 preclude a trading platform from operating pursuant  
18 to a covered exemption on the basis that the assets  
19 traded or to be traded on such platform include—

20 “(A) digital commodities or permitted pay-  
21 ment stablecoins; and

22 “(B) securities.

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

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

2 “(B) with respect to any other rule of the  
3 Commission relating to the definition of ‘ex-  
4 change’.”.

5 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
6 3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C.  
7 78c(a)(2)) is amended by adding at the end the following:  
8 “An alternative trading system primarily facilitating the  
9 trading of digital commodities, permitted payment  
10 stablecoins, or both, is not a ‘facility’ of an exchange.”.

11 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
12 tion, the amendments made by this section, or section 304  
13 may be construed to—

14 (1) prohibit a national securities exchange from  
15 owning or operating any other type of alternative  
16 trading system; or

17 (2) create a presumption that any other type of  
18 alternative trading system owned or operated by a  
19 national securities exchange is a facility of that ex-  
20 change.

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

22 (a) COMMISSION AUTHORITY.—The Securities and  
23 Exchange Commission shall have jurisdiction over digital  
24 commodity activities and transactions engaged in by—

1           (1) a registered broker or registered dealer ex-  
2       empt from registration with the Commodity Futures  
3       Trading Commission pursuant to section 5k of the  
4       Commodity Exchange Act; and

5           (2) an alternative trading system exempt from  
6       registration with the Commodity Futures Trading  
7       Commission pursuant to section 5k of the Com-  
8       modity Exchange Act, including where such alter-  
9       native trading system is operated by a national secu-  
10      rities exchange or affiliate thereof.

11       (b) RULEMAKING AUTHORITY.—The Securities and  
12      Exchange Commission shall have authority to issue rules  
13      governing any digital commodity activities and trans-  
14      actions engaged in by a registered broker or registered  
15      dealer, or an alternative trading system, including where  
16      such alternative trading system is operated by a national  
17      securities exchange or affiliate thereof, that is exempt  
18      from registration with the Commodity Futures Trading  
19      Commission pursuant to section 5k of the Commodity Ex-  
20      change Act, consistent with this section and what is nec-  
21      essary or appropriate in the public interest or for the pro-  
22      tection of investors.

23       (c) NATIONAL SECURITIES EXCHANGES.—Not later  
24      than 270 days after the date of the enactment of this Act,  
25      the Securities and Exchange Commission shall revise the

1 covered regulations to permit a national securities ex-  
2 change or affiliate thereof to operate an alternative trad-  
3 ing system that permits the trading of digital commod-  
4 ities, permitted payment stablecoins, or both by registered  
5 brokers or registered dealers that are exempt from reg-  
6 istration with the Commodity Futures Trading Commis-  
7 sion pursuant section 5k of the Commodity Exchange Act,  
8 consistent with this section and what is necessary or ap-  
9 propriate in the public interest or for the protection of  
10 investors.

11 (d) REGISTERED BROKERS AND REGISTERED DEAL-  
12 ERS.—Not later than 270 days after the date of the enact-  
13 ment of this Act, the Securities and Exchange Commission  
14 shall revise the covered regulations to permit a registered  
15 broker or registered dealer that is exempt from registra-  
16 tion with the Commodity Futures Trading Commission  
17 pursuant to section 5k of the Commodity Exchange Act  
18 to operate an alternative trading system that permits the  
19 trading of digital commodities, permitted payment  
20 stablecoins, or both, consistent with this section and what  
21 is necessary or appropriate in the public interest or for  
22 the protection of investors.

23 (e) PERMITTED TRADING.—

24 (1) IN GENERAL.—An alternative trading sys-  
25 tem operated pursuant to this section and the regu-

1       lations promulgated hereunder shall be permitted to  
2       trade upon notice to the Securities and Exchange  
3       Commission in a manner prescribed by the Securi-  
4       ties and Exchange Commission any digital com-  
5       modity that has been listed by a digital commodity  
6       exchange in compliance with section 5i(c)(3) of the  
7       Commodity Exchange Act.

8               (2) COMMISSION AUTHORITY.—Digital com-  
9       modity transactions offered on an alternative trading  
10      system operating pursuant to this section shall be  
11      subject to the jurisdiction of the Securities and Ex-  
12      change Commission. The Securities and Exchange  
13      Commission shall have authority to promulgate rules  
14      governing such digital commodity transactions of al-  
15      ternative trading systems, consistent with this sec-  
16      tion and what is necessary or appropriate in the  
17      public interest or for the protection of investors.

18              (3) SUSPENSION OF TRADING.—The Securities  
19      and Exchange Commission may suspend the trading  
20      of a digital commodity by an alternative trading sys-  
21      tem operating pursuant to this section as is nec-  
22      essary or appropriate in the public interest and is  
23      consistent with the protection of investors.

24              (f) ORDER DISPLAY AND EXECUTION.—Not later  
25      than 270 days after the date of the enactment of this Act,

1 the Securities and Exchange Commission shall issue and  
2 revise rules, as necessary or appropriate in the public in-  
3 terest or for the protection of investors, regarding whether  
4 alternative trading systems operating pursuant to sub-  
5 sections (c) and (d) have an obligation to provide the  
6 prices and sizes of orders displayed to more than one per-  
7 son in such alternative trading system of digital commod-  
8 ities to self-regulatory organizations with members who  
9 trade in digital commodities or permitted payment  
10 stablecoins.

11 (g) PRINCIPLES OF TRADE.—Not later than 270  
12 days after the date of the enactment of this Act, the Secu-  
13 rities and Exchange Commission shall issue and revise  
14 rules, as necessary or appropriate in the public interest  
15 or for the protection of investors, to—

16 (1) apply the rules and standards promulgated  
17 pursuant to paragraph (2) to the appropriate mar-  
18 ket participants, including—

19 (A) national securities exchanges operating  
20 an alternative trading system described in sub-  
21 section (c); and

22 (B) registered brokers and registered deal-  
23 ers operating or subscribing to an alternative  
24 trading system described in subsection (d); and



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

4                 (A) prevent fraudulent and manipulative  
5                 acts and practices;

6                 (B) foster cooperation and coordination  
7                 with persons engaged in regulating, settling,  
8                 processing information with respect to, and fa-  
9                 cilitating transactions in digital commodities or  
10                permitted payment stablecoins traded, as appli-  
11                cable, on or by any alternative trading system  
12                operating pursuant to subsection (c) or (d), or  
13                any registered broker or registered dealer;

14                (C) remove impediments to and perfect the  
15                mechanism of a free and open market in digital  
16                commodities or permitted payment stablecoins  
17                traded, as applicable, on or by any alternative  
18                trading system operating pursuant to sub-  
19                section (c) or (d), or any registered broker or  
20                registered dealer;

21                (D) in general, protect investors and the  
22                public interest; and

23                (E) prohibit any unfair discrimination be-  
24                tween—

25                         (i) customers;

1 (ii) any market participants described  
2 in subparagraphs (A) and (B) of para-  
3 graph (1); or

4 (iii) issuers of digital commodities.

5 (h) IMPLEMENTING ORGANIZATIONS.—The Securi-  
6 ties and Exchange Commission shall require any reg-  
7 istered national securities association that has as a mem-  
8 ber a registered broker or registered dealer that operates  
9 an alternative trading system pursuant to subsection (d)  
10 or otherwise transacts in digital commodities or permitted  
11 payment stablecoins to adopt such rules as may be nec-  
12 essary to further compliance with this section, including  
13 subsection (g)(2), protect investors, maintain fair, orderly,  
14 and efficient markets, and facilitate capital formation.

15 (i) RULE OF CONSTRUCTION.—The enumeration of  
16 any category of rules or regulations in this section shall  
17 not be construed to limit the authority of the Securities  
18 and Exchange Commission to promulgate such rules as  
19 may be necessary or appropriate to implement this section  
20 and the purposes of this Act, including over—

21 (1) system capacity, integrity, and security;

22 (2) examinations, inspections, and investiga-  
23 tions;

24 (3) trade reporting; or

1           (4) written procedures for the confidential  
2       treatment of trading information.

3       (j) MEMORANDUM OF UNDERSTANDING.—Consistent  
4       with section 5k of the Commodity Exchange Act and to  
5       carry out this Act, the Securities and Exchange Commis-  
6       sion shall enter into a memorandum of understanding with  
7       the Commodity Futures Trading Commission to ensure—

8           (1) requirements imposed on registered brokers  
9       or registered dealers operating an alternative trading  
10      system pursuant to subsection (c) or otherwise  
11      transacting in digital commodities or permitted pay-  
12      ment stablecoins are consistent with the substantive  
13      requirements under section 4u of the Commodity  
14      Exchange Act;

15          (2) requirements imposed on alternative trading  
16      systems operating pursuant to subsection (c) or (d)  
17      are not inconsistent with core principles of and are  
18      consistent with the other substantive requirements  
19      under section 5i of the Commodity Exchange Act;  
20      and

21          (3) non-duplicative supervision and enforcement  
22      with respect to registrants of the Securities and Ex-  
23      change Commission notice registered with the Com-  
24      modity Futures Trading Commission.

1 (k) COVERED REGULATIONS DEFINED.—In this sec-  
2 tion, the term “covered regulations” means sections  
3 242.300, 242.301, 242.302, 242.303, 242.304, and  
4 242.1000 through 242.1007 of title 17, Code of Federal  
5 Regulations.

6 (l) RULE OF CONSTRUCTION.—Nothing in this sec-  
7 tion shall be construed to limit the anti-fraud, anti-manip-  
8 ulation, or false reporting enforcement authorities of the  
9 Commodity Futures Trading Commission with respect to  
10 a contract of sale of a commodity and persons effecting  
11 such contracts.

12 **SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIRE-**  
13 **MENTS.**

14 (a) IN GENERAL.—For purposes of books and  
15 records requirements for brokers, dealers, transfer agents,  
16 national securities exchanges under the Securities and Ex-  
17 change Act of 1934 (15 U.S.C. 78a et seq.), investment  
18 advisers under the Investment Advisers Act of 1940 (15  
19 U.S.C. 80b–1 et seq.), and investment companies under  
20 the Investment Company Act of 1940 (15 U.S.C. 80a–  
21 1 et seq.), a person may consider records from a  
22 blockchain system.

23 (b) REVISION OF RULES.—Not later than 180 days  
24 after the date of enactment of this Act, the Securities and

1 Exchange Commission shall issue and revise such rules as  
2 may be necessary to implement this section.

3 **SEC. 306. EXEMPTIVE AUTHORITY.**

4 Section 28 of the Securities Act of 1933 (15 U.S.C.  
5 77z-3) is amended by striking “by rule or regulation” and  
6 inserting “by rule, regulation, or order”.

7 **SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COM-**  
8 **MODITY FUTURES TRADING COMMISSION.**

9 Section 15 of the Securities Exchange Act of 1934  
10 (15 U.S.C. 78o) is amended by adding at the end the fol-  
11 lowing:

12 “(p) ADDITIONAL REGISTRATIONS WITH THE COM-  
13 MODITY FUTURES TRADING COMMISSION.—A registered  
14 broker or registered dealer shall be permitted to maintain  
15 a registration with the Commodity Futures Trading Com-  
16 mission as a digital commodity broker or digital com-  
17 modity dealer, to list or trade contracts of sale for digital  
18 commodities.”.

19 **SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE**  
20 **SECURITIES LAWS.**

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

1           “(5) EXEMPTION IN CONNECTION WITH DIG-  
2           ITAL COMMODITIES.—A digital commodity shall be  
3           treated as a covered security.”.

4   **SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE AC-**  
5           **TIVITIES.**

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

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

11           “(a) IN GENERAL.—Notwithstanding any other pro-  
12   vision of this Act, a person shall not be subject to this  
13   Act and the regulations promulgated under this Act based  
14   on the person directly or indirectly engaging in any of the  
15   following activities, whether singly or in combination, in  
16   relation to the operation of a blockchain system or in rela-  
17   tion to a decentralized finance trading protocol:

18           “(1) Compiling network transactions or relay-  
19           ing, searching, sequencing, validating, or acting in a  
20           similar capacity.

21           “(2) Providing computational work, operating a  
22           node or oracle service, or procuring, offering, or uti-  
23           lizing network bandwidth, or providing other similar  
24           incidental services.

1           “(3) Providing a user-interface that enables a  
2           user to read and access data about a blockchain sys-  
3           tem.

4           “(4) Developing, publishing, constituting, ad-  
5           ministering, maintaining, or otherwise distributing a  
6           blockchain system or a decentralized finance trading  
7           protocol.

8           “(5) Developing, publishing, constituting, ad-  
9           ministering, maintaining, or otherwise distributing a  
10          decentralized finance messaging system, or operating  
11          or participating in a liquidity pool, for the purpose  
12          of executing a spot contract for the purchase or sale  
13          of a digital commodity in relation to a decentralized  
14          finance trading protocol.

15          “(6) Developing, publishing, constituting, ad-  
16          ministering, maintaining, or otherwise distributing  
17          software or systems that create or deploy hardware  
18          or software, including wallets or other systems, fa-  
19          cilitating an individual user’s own personal ability to  
20          keep, safeguard, or custody the user’s digital assets  
21          or related private keys.

22          “(b) EXCEPTIONS.—Subsection (a) shall not apply to  
23          the anti-fraud and anti-manipulation authorities of the  
24          Commission.”.

1 **SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**  
2 **ING INSTITUTIONS.**

3 (a) TREATMENT OF CUSTODY ACTIVITIES.—The ap-  
4 propriate Federal banking agency, the National Credit  
5 Union Administration (in the case of a credit union), and  
6 the Securities and Exchange Commission may not require  
7 a depository institution, national bank, Federal credit  
8 union, State credit union, trust company, broker, or deal-  
9 er, or any affiliate thereof (the “entity”)—

10 (1) to include assets held in custody that are  
11 not owned by the entity as a liability on the financial  
12 statement or balance sheet of the entity, including  
13 digital commodity or permitted payment stablecoin  
14 custody or safekeeping services;

15 (2) to hold regulatory capital against assets, in-  
16 cluding reserves backing such assets, in custody or  
17 safekeeping, except as necessary to mitigate against  
18 operational risks inherent with the custody or safe-  
19 keeping services, as determined by—

20 (A) the appropriate Federal banking agen-  
21 cy;

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

24 (C) a State bank supervisor;



1 (D) a State credit union supervisor (as de-  
2 fined in section 6003 of the Anti-Money Laun-  
3 dering Act of 2020 (31 U.S.C. 5311 note)); or

4 (E) the Securities and Exchange Commis-  
5 sion (in the case of a broker or dealer); and

6 (3) to recognize a liability for any obligations  
7 related to activities or services performed with re-  
8 spect to digital commodities that the entity does not  
9 own if that liability would exceed the expense recog-  
10 nized in the income statement as a result of the cor-  
11 responding obligation.

12 (b) DEFINITIONS.—In this section:

13 (1) BANKING TERMS.—The terms “appropriate  
14 Federal banking agency”, “depository institution”,  
15 “national bank”, and “State bank supervisor” have  
16 the meaning given those terms, respectively, under  
17 section 3 of the Federal Deposit Insurance Act (12  
18 U.S.C. 1813).

19 (2) CREDIT UNION TERMS.—The terms “Fed-  
20 eral credit union” and “State credit union” have the  
21 meaning given those terms, respectively, under sec-  
22 tion 101 of the Federal Credit Union Act (12 U.S.C.  
23 1752).

1   **SEC. 311. BROKER AND DEALER DISCLOSURES REGARDING**  
2                   **THE TREATMENT OF ASSETS.**

3           (a) IN GENERAL.—Not later than 270 days after the  
4   date of the enactment of this Act, the Securities and Ex-  
5   change Commission shall issue rules requiring written dis-  
6   closures regarding the treatment of customer assets in the  
7   event of an insolvency, resolution, or liquidation pro-  
8   ceeding to be provided by a registered broker or dealer  
9   to an investor before a digital commodity, a permitted pay-  
10   ment stablecoin, or an investment contract involving a unit  
11   of a digital commodity is received, acquired, or held by  
12   the broker or dealer for the account of the investor, which  
13   shall include, as necessary or appropriate for the protec-  
14   tion of investors—

15           (1) a description of the manner in which any  
16   digital commodity, permitted payment stablecoin, or  
17   investment contact involving a unit of a digital com-  
18   modity received, acquired, or held by the broker or  
19   dealer for the account of such investor would be  
20   treated in an insolvency, resolution, or liquidation  
21   proceeding with respect to the broker or dealer  
22   under—

23           (A) title II of the Dodd-Frank Wall Street  
24   Reform and Consumer Protection Act (12  
25   U.S.C. 5381 et seq.);

1 (B) the Securities Investor Protection Act  
2 of 1970 (15 U.S.C. 78aaa et seq.); or

3 (C) as applicable, chapter 7 or chapter 11  
4 of title 11, United States Code; and

5 (2) how the treatment described in paragraph  
6 (1) differs from the treatment of securities and cash  
7 received, acquired, or held by the broker or dealer  
8 for the account of such investor in the event of an  
9 insolvency, resolution, or liquidation proceeding with  
10 respect to the broker or dealer under each law de-  
11 scribed under subparagraph (A) through (C) of  
12 paragraph (1).

13 **SEC. 312. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**  
14 **NANCIAL IN NATURE.**

15 (a) DIGITAL COMMODITY ACTIVITIES THAT ARE FI-  
16 NANCIAL IN NATURE.—Section 4(k)(4) of the Bank Hold-  
17 ing Company Act of 1956 (12 U.S.C. 1843(k)(4)) is  
18 amended—

19 (1) in subparagraph (A), by striking “or securi-  
20 ties” and inserting “, securities, or digital commod-  
21 ities”; and

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

24 (b) NATIONAL BANK ACTIVITY.—

1 (1) IN GENERAL.—A national bank may use a  
2 digital asset or blockchain system to perform, pro-  
3 vide, or deliver any activity, function, product, or  
4 service that the national bank is otherwise author-  
5 ized by law to perform, provide, or deliver.

6 (2) RULE OF CONSTRUCTION.—Nothing in this  
7 subsection may be construed to exempt a national  
8 bank’s performance, provision, or delivery of an ac-  
9 tivity, function, product, or service from a require-  
10 ment that would apply if the activity were not per-  
11 formed, provided, or delivered using a digital asset  
12 or blockchain system.

13 (c) INSURED STATE BANKS AND SUBSIDIARIES OF  
14 INSURED STATE BANKS.—For purposes of sections 24(a)  
15 and 24(d) of the Federal Deposit Insurance Act (12  
16 U.S.C. 1831a(a) and (d)), all of the activities authorized  
17 for a national bank under subsection (b) that are principal  
18 activities shall be permissible for an insured State bank  
19 and subsidiary of an insured State bank.

20 **SEC. 313. EFFECTIVE DATE; ADMINISTRATION.**

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

1 a rulemaking, the provision shall take effect on the later  
2 of—

3 (1) 360 days after the date of enactment of this  
4 Act; or

5 (2) 60 days after the publication in the Federal  
6 Register of the final rule implementing the provision.

7 **SEC. 314. STUDIES ON FOREIGN ADVERSARY PARTICIPA-**  
8 **TION.**

9 (a) IN GENERAL.—The Secretary of the Treasury, in  
10 consultation with the Commodity Futures Trading Com-  
11 mission and the Securities and Exchange Commission,  
12 shall, not later than 1 year after date of the enactment  
13 of this section, conduct a study and submit a report to  
14 the relevant congressional committees that—

15 (1) identifies any digital commodity registrants  
16 which are owned by governments of foreign adver-  
17 saries;

18 (2) determines whether any governments of for-  
19 eign adversaries are collecting personal data or trad-  
20 ing data about United States persons in the digital  
21 commodity markets; and

22 (3) evaluates whether any proprietary intellec-  
23 tual property of digital commodity registrants is  
24 being misused or stolen by any governments of for-  
25 eign adversaries.

1 (b) GAO STUDY AND REPORT.—

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

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

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

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

18 (c) DEFINITIONS.—In this section:

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

24 (2) FOREIGN ADVERSARIES.—The term “for-  
25 eign adversaries” means the foreign governments

1 and foreign non-government persons determined by  
2 the Secretary of Commerce to be foreign adversaries  
3 under section 7.4(a) of title 15, Code of Federal  
4 Regulations.

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

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

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

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

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

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

24 “(J) Except as expressly provided in this  
25 Act, nothing in the CLARITY Act of 2025 shall

1           affect or apply to, or be interpreted to affect or  
2           apply to—

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

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

8                           “(II) a swap;

9                           “(III) a security futures product;

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

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

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

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

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

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



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

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

4 “(H) permitted payment stablecoins.”.

5 (c) COMMISSION JURISDICTION OVER FINANCING  
6 AGREEMENTS.—Section 2(c)(2) of the Commodity Ex-  
7 change Act (7 U.S.C. 2(c)(2)) is amended—

8 (1) in subparagraph (D), by redesignating  
9 clause (iv) as clause (v) and inserting after clause  
10 (iii) the following:

11 “(iv) Notwithstanding clause (iii), a  
12 digital commodity broker may, subject to  
13 the requirements of section 4u(c)(3), offer  
14 to or enter into an agreement for margin  
15 financing with a customer for the purchase  
16 or sale of a digital commodity.”; and

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

18 “(F) COMMISSION JURISDICTION WITH RESPECT TO  
19 DIGITAL COMMODITY TRANSACTIONS.—

20 “(i) IN GENERAL.—Subject to sections 6d and  
21 12(e), the Commission shall have exclusive jurisdic-  
22 tion with respect to any account, agreement, con-  
23 tract, or transaction involving a contract of sale of  
24 a digital commodity in interstate commerce, includ-  
25 ing in a digital commodity cash or spot market, that

1 is offered, solicited, traded, facilitated, executed,  
2 cleared, reported, or otherwise dealt in—

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

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

8 “(ii) LIMITATIONS.—Clause (i) shall not apply  
9 with respect to—

10 “(I) custodial or depository activities for a  
11 digital commodity of an entity regulated by an  
12 appropriate Federal banking agency or a State  
13 bank supervisor (within the meaning of section  
14 3 of the Federal Deposit Insurance Act); or

15 “(II) an offer or sale of an investment con-  
16 tract involving a digital commodity or of a secu-  
17 rities offer or sale involving a digital com-  
18 modity.

19 “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

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

22 “(II) REPORTS ON MIXED DIGITAL ASSET  
23 TRANSACTIONS.—A digital commodity issuer,  
24 digital commodity related person, digital com-  
25 modity affiliated person, or other person reg-

1           istered with the Securities and Exchange Com-  
2           mission that engages in a mixed digital asset  
3           transaction, shall, on request of the Commis-  
4           sion, open to inspection and examination by the  
5           Commission all books and records relating to  
6           the mixed digital asset transaction, subject to  
7           the confidentiality and disclosure requirements  
8           of section 8.

9           “(G) AGREEMENTS, CONTRACTS, AND TRANS-  
10 ACTIONS IN STABLECOINS.—

11           “(i) TREATMENT OF PERMITTED PAYMENT  
12 STABLECOINS ON COMMISSION-REGISTERED ENTI-  
13 TIES.—Subject to clauses (ii) and (iii), the Commis-  
14 sion shall have jurisdiction over a cash or spot  
15 agreement, contract, or transaction in a permitted  
16 payment stablecoin that is offered, offered to enter  
17 into, entered into, executed, confirmed the execution  
18 of, solicited, or accepted—

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

21           “(II) by any other entity registered with  
22 the Commission.

23           “(ii) PERMITTED PAYMENT STABLECOIN  
24 TRANSACTION RULES.—This Act shall apply to a  
25 transaction described in clause (i) only for the pur-

1 pose of regulating the offer, execution, solicitation,  
2 or acceptance of a cash or spot permitted payment  
3 stablecoin transaction on a registered entity or by  
4 any other entity registered with the Commission, as  
5 if the permitted payment stablecoin were a digital  
6 commodity.

7 “(iii) NO AUTHORITY OVER PERMITTED PAY-  
8 MENT STABLECOINS.—Notwithstanding clauses (i)  
9 and (ii), the Commission shall not make a rule or  
10 regulation, impose a requirement or obligation on a  
11 registered entity or other entity registered with the  
12 Commission, or impose a requirement or obligation  
13 on a permitted payment stablecoin issuer, regarding  
14 the operation of a permitted payment stablecoin  
15 issuer or a permitted payment stablecoin.”.

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

20 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**  
21 **TO USE QUALIFIED DIGITAL ASSET**  
22 **CUSTODIANS.**

23 Section 4d of the Commodity Exchange Act (7 U.S.C.  
24 6d) is amended—

25 (1) in subsection (a)(2)—

1 (A) in the 1st proviso, by striking “any  
2 bank or trust company” and inserting “any  
3 bank, trust company, or qualified digital asset  
4 custodian, as applicable,”; and

5 (B) by inserting “: *Provided further*, That  
6 any such property that is a digital asset shall  
7 be held in a qualified digital asset custodian”  
8 before the period at the end; and

9 (2) in subsection (f)(3)(A)(i), by striking “any  
10 bank or trust company” and inserting “any bank,  
11 trust company, or qualified digital asset custodian”.

12 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**  
13 **DIGITAL COMMODITIES.**

14 Section 5c of the Commodity Exchange Act (7 U.S.C.  
15 7a–2) is amended—

16 (1) in subsection (a), by striking “5(d) and  
17 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

18 (2) in subsection (b)—

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

22 (B) in paragraph (3), by inserting “digital  
23 commodity exchange,” before “derivatives” each  
24 place it appears;

25 (3) in subsection (c)—

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

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

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

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

17 (4) by inserting after subsection (c) the fol-  
18 lowing:

19 “(d) CERTIFICATIONS FOR DIGITAL COMMODITY  
20 TRADING.—

21 “(1) IN GENERAL.—Notwithstanding subsection  
22 (c), for the purposes of listing or offering a digital  
23 commodity for trading in a digital commodity cash  
24 or spot market, an eligible entity shall submit a  
25 written certification to the Commission that the dig-

1       ital commodity meets the requirements of this Act  
2       (including the regulations prescribed under this  
3       Act).

4           “(2) CONTENTS OF THE CERTIFICATION.—

5               “(A) IN GENERAL.—In making a written  
6       certification under this paragraph, the eligible  
7       entity shall furnish to the Commission an anal-  
8       ysis of how the digital commodity meets the re-  
9       quirements of section 5i(c)(3).

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

16           “(3) MODIFICATIONS.—

17               “(A) IN GENERAL.—An eligible entity shall  
18       modify a certification made under paragraph  
19       (1) to—

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

23                   “(ii) permit or restrict trading in  
24       units of a digital commodity held by a dig-

1           ital commodity related person or a digital  
2           commodity affiliated person.

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

7           “(4) DISAPPROVAL.—

8           “(A) IN GENERAL.—The written certifi-  
9           cation described in paragraph (1) shall become  
10          effective unless the Commission finds that the  
11          listing of the digital commodity is inconsistent  
12          with the requirements of this Act or the rules  
13          and regulations prescribed under this Act.

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

18          “(C) PUBLIC FINDINGS.—The Commission  
19          shall make public any disapproval decision, and  
20          any related findings and analysis, made under  
21          this paragraph.

22          “(5) REVIEW.—

23          “(A) IN GENERAL.—Unless the Commis-  
24          sion makes a disapproval decision under para-  
25          graph (4), the written certification described in



1 paragraph (1) shall become effective, pursuant  
2 to the certification by the eligible entity and no-  
3 tice of the certification to the public (in a man-  
4 ner determined by the Commission) on the date  
5 that is—

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

14 “(ii) 1 business day after the date the  
15 Commission receives the certification (or  
16 such shorter period as determined by the  
17 Commission by rule or regulation) for any  
18 digital commodity that has been certified  
19 under this section.

20 “(B) EXTENSIONS.—The time for consid-  
21 eration under subparagraph (A) may be ex-  
22 tended through notice to the eligible entity that  
23 there are novel or complex issues that require  
24 additional time to analyze, that the explanation

1 by the submitting eligible entity is inadequate,  
2 or of a potential inconsistency with this Act—

3 “(i) once, for 30 business days,  
4 through written notice to the eligible entity  
5 by the Commission; and

6 “(ii) once, for an additional 30 busi-  
7 ness days, through written notice to the el-  
8 igible entity from the Commission that in-  
9 cludes a description of any deficiencies  
10 with the certification, including any—

11 “(I) novel or complex issues  
12 which require additional time to ana-  
13 lyze;

14 “(II) missing information or in-  
15 adequate explanations; or

16 “(III) potential inconsistencies  
17 with this Act.

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

20 “(A) IN GENERAL.—A person applying for  
21 registration with the Commission for the pur-  
22 poses of listing or offering a digital commodity  
23 for trading in a digital commodity cash or spot  
24 market may request that the Commission grant  
25 prior approval for the person to list or offer the

1 digital commodity on being registered with the  
2 Commission.

3 “(B) REQUEST FOR PRIOR APPROVAL.—A  
4 person seeking prior approval under subpara-  
5 graph (A) shall furnish the Commission with a  
6 written certification that the digital commodity  
7 meets the requirements of this Act (including  
8 the regulations prescribed under this Act) and  
9 the information described in paragraph (2).

10 “(C) DEADLINE.—The Commission shall  
11 take final action on a request for prior approval  
12 not later than 90 business days after submis-  
13 sion of the request, unless the person submit-  
14 ting the request agrees to an extension of the  
15 time limitation established under this subpara-  
16 graph.

17 “(D) DISAPPROVAL.—

18 “(i) IN GENERAL.—The Commission  
19 shall approve the listing of the digital com-  
20 modity unless the Commission finds that  
21 the listing is inconsistent with this Act (in-  
22 cluding any regulation prescribed under  
23 this Act).

24 “(ii) ANALYSIS REQUIRED.—The  
25 Commission shall include, with any find-

1           ings made under clause (i), a detailed anal-  
2           ysis of the factors on which the decision is  
3           based.

4           “(iii) PUBLIC FINDINGS.—The Com-  
5           mission shall make public any disapproval  
6           decision, and any related findings and  
7           analysis, made under this paragraph.

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

11 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**  
12 **CHANGES.**

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

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

17          “(a) IN GENERAL.—

18               “(1) REGISTRATION.—

19                   “(A) IN GENERAL.—A trading facility that  
20                   offers or seeks to offer a cash or spot market  
21                   in at least 1 digital commodity shall register  
22                   with the Commission as a digital commodity ex-  
23                   change.

24                   “(B) APPLICATION.—A person desiring to  
25                   register as a digital commodity exchange shall

1 submit to the Commission an application in  
2 such form and containing such information as  
3 the Commission may require for the purpose of  
4 making the determinations required for ap-  
5 proval.

6 “(C) EXEMPTIONS.—A trading facility  
7 that offers or seeks to offer a cash or spot mar-  
8 ket in at least 1 digital commodity shall not be  
9 required to register under this section if the  
10 trading facility—

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

15 “(ii) serves only customers in a single  
16 State, territory, or possession of the  
17 United States.

18 “(2) ADDITIONAL REGISTRATIONS.—

19 “(A) WITH THE COMMISSION.—In order to  
20 foster the development of fair and orderly mar-  
21 kets, protect customers, and promote respon-  
22 sible innovation, the Commission—

23 “(i) shall prescribe rules to exempt an  
24 entity registered with the Commission  
25 under more than 1 section of this Act from

1 duplicative, conflicting, or unduly burden-  
2 some provisions of this Act and the rules  
3 under this Act;

4 “(ii) shall prescribe rules to address  
5 conflicts of interests and activities of the  
6 entity; and

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

10 “(B) WITH A REGISTERED FUTURES ASSO-  
11 CIATION.—

12 “(i) IN GENERAL.—A registered dig-  
13 ital commodity exchange shall also be a  
14 member of a registered futures association  
15 and comply with rules related to such ac-  
16 tivity, if the registered digital commodity  
17 exchange accepts customer funds required  
18 to be segregated under subsection (d).

19 “(ii) RULEMAKING REQUIRED.—The  
20 Commission shall require any registered  
21 futures association with a digital com-  
22 modity exchange as a member to provide  
23 such rules as may be necessary to further  
24 compliance with subsection (d), protect  
25 customers, and promote the public interest.

1           “(C) REGISTRATION REQUIRED.—A person  
2           required to be registered as a digital commodity  
3           exchange under this section shall register with  
4           the Commission as such regardless of whether  
5           the person is registered with another State or  
6           Federal regulator.

7           “(b) TRADING.—

8           “(1) PROHIBITION ON CERTAIN TRADING PRAC-  
9           TICES.—

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

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

20           “(C) Section 4b–1 shall apply to any  
21           agreement, contract, or transaction in a digital  
22           commodity as if the agreement, contract, or  
23           transaction were a contract of sale of a com-  
24           modity for future delivery.

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

3           “(A)   IN GENERAL.—A digital commodity  
4   exchange or any affiliate of such an exchange  
5   shall not trade on or subject to the rules of the  
6   digital commodity exchange for its own account.

7           “(B)   EXCEPTIONS.—The   Commission  
8   shall, by rule, permit a digital commodity ex-  
9   change or any affiliate of a digital commodity  
10   exchange to engage in trading on the exchange  
11   so long as the trading is not solely for the pur-  
12   pose of the profit of the exchange, including the  
13   following:

14           “(i)   CUSTOMER DIRECTION.—A trans-  
15   action for, or entered into at the direction  
16   of, or for the benefit of, an unaffiliated  
17   customer.

18           “(ii)   RISK MANAGEMENT.—A trans-  
19   action to manage the credit, market, and  
20   liquidity risks associated with the digital  
21   commodity business of the exchange.

22           “(iii)   OPERATIONAL   NEEDS.—A  
23   transaction related to the operational  
24   needs of the business of the digital com-  
25   modity exchange or its affiliate.



1                   “(iv) FUNCTIONAL USE.—A trans-  
2                   action related to the functional operation  
3                   of a blockchain system.

4                   “(C) NOTICE REQUIREMENT.—In order for  
5                   a digital commodity exchange or any affiliate of  
6                   a digital commodity exchange to engage in trad-  
7                   ing on the affiliated exchange pursuant to sub-  
8                   section (B), notice must be given to the Com-  
9                   mission that shall enumerate how any proposed  
10                  activity is consistent with the exceptions in sub-  
11                  section (B) and the purposes of this Act.

12                  “(c) CORE PRINCIPLES FOR DIGITAL COMMODITY  
13 EXCHANGES.—

14                  “(1) COMPLIANCE WITH CORE PRINCIPLES.—

15                         “(A) IN GENERAL.—To be registered, and  
16                         maintain registration, as a digital commodity  
17                         exchange, a digital commodity exchange shall  
18                         comply with—

19                                 “(i) the core principles described in  
20                                 this subsection; and

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

24                         “(B) REASONABLE DISCRETION OF A DIG-  
25                         ITAL COMMODITY EXCHANGE.—Unless other-

1 wise determined by the Commission by rule or  
2 regulation, a digital commodity exchange de-  
3 scribed in subparagraph (A) shall have reason-  
4 able discretion in establishing the manner in  
5 which the digital commodity exchange complies  
6 with the core principles described in this sub-  
7 section.

8 “(2) COMPLIANCE WITH RULES.—A digital  
9 commodity exchange shall—

10 “(A) establish and enforce compliance with  
11 any rule of the digital commodity exchange, in-  
12 cluding—

13 “(i) the terms and conditions of the  
14 trades traded or processed on or through  
15 the digital commodity exchange; and

16 “(ii) any limitation on access to the  
17 digital commodity exchange;

18 “(B) establish and enforce trading, trade  
19 processing, and participation rules that will  
20 deter abuses and have the capacity to detect,  
21 investigate, and enforce those rules, including  
22 means—

23 “(i) to provide market participants  
24 with impartial access to the market; and

1 “(ii) to capture information that may  
2 be used in establishing whether rule viola-  
3 tions have occurred; and

4 “(C) establish rules governing the oper-  
5 ation of the exchange, including rules specifying  
6 trading procedures to be used in entering and  
7 executing orders traded or posted on the facil-  
8 ity.

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

11 “(A) IN GENERAL.—A digital commodity  
12 exchange shall not permit trading in a digital  
13 commodity unless—

14 “(i) reports with respect to the digital  
15 commodity required under section  
16 4B(b)(3) of the Securities Act of 1933 (or,  
17 with respect to a digital commodity not  
18 issued in reliance on section 4(a)(8) of the  
19 Securities Act of 1933, a comparable set of  
20 reports, where required by the Securities  
21 and Exchange Commission) have been filed  
22 with the Securities and Exchange Commis-  
23 sion; or

24 “(ii) the blockchain system to which  
25 the digital commodity relates, together

1 with the digital commodity, is certified as  
2 a mature blockchain system under section  
3 42 of the Securities Exchange Act of 1934.

4 “(B) PUBLIC INFORMATION REQUIRE-  
5 MENTS.—

6 “(i) IN GENERAL.—A digital com-  
7 modity exchange shall permit trading only  
8 in a digital commodity if the information  
9 required in clause (ii) is correct, current,  
10 and available to the public.

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

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

22 “(II) TRANSACTION HISTORY.—A  
23 description of the steps necessary to  
24 independently access, search, and  
25 verify the transaction history of any

1 blockchain system to which the digital  
2 commodity relates, to the extent any  
3 such independent access, search, and  
4 verification activities are technically  
5 feasible with respect to the blockchain  
6 system.

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

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

23 “(bb) information detailing  
24 any applicable consensus mecha-  
25 nism or process for validating

1 transactions, method of gener-  
2 ating or mining digital commod-  
3 ities, and any process for burning  
4 or destroying digital commodities  
5 on the blockchain system;

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

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

16 “(IV) TRADING VOLUME AND  
17 VOLATILITY.—The trading volume  
18 and volatility of the digital commodity  
19 on the exchange.

20 “(V) ADDITIONAL INFORMA-  
21 TION.—Such additional information  
22 as the Commission may determine by  
23 rule to be necessary for a customer to  
24 understand the financial and oper-  
25 ational risks of a digital commodity,

1 and to be practically feasible to pro-  
2 vide.

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

8 “(I) be conspicuous;

9 “(II) use plain language com-  
10 prehensible to customers; and

11 “(III) succinctly explain the in-  
12 formation that is required to be com-  
13 municated to the customer.

14 “(iv) RELIANCE ON PREVIOUS DIS-  
15 CLOSURES.—In complying with this sub-  
16 paragraph, a digital commodity exchange  
17 may rely on and make available to the pub-  
18 lic relevant information publicly disclosed  
19 to the Commission, the Securities and Ex-  
20 change Commission, or an appropriate  
21 Federal banking agency.

22 “(C) DIGITAL COMMODITIES HELD BY RE-  
23 LATED AND DIGITAL COMMODITY AFFILIATED  
24 PERSONS.—A digital commodity exchange shall  
25 permit the trading of a unit of a digital com-

1           modity held by a digital commodity affiliated  
2           person or a digital commodity related person,  
3           only pursuant to section 4C of the Securities  
4           Act of 1933.

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

10          “(5) MONITORING OF TRADING AND TRADE  
11          PROCESSING.—

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

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

20                   “(i) to protect markets and market  
21                   participants from abusive practices com-  
22                   mitted by any party, including abusive  
23                   practices committed by a party acting as  
24                   an agent for a participant; and



1 “(ii) to promote fair and equitable  
2 trading on the exchange.

3 “(C) TRADING PROCEDURES.—A digital  
4 commodity exchange shall—

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

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

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

16 “(ii) monitor trading in digital com-  
17 modities to prevent manipulation, price  
18 distortion, and disruptions, through sur-  
19 veillance, compliance, and disciplinary  
20 practices and procedures, including meth-  
21 ods for conducting real-time monitoring of  
22 trading and comprehensive and accurate  
23 trade reconstructions.

24 “(6) ABILITY TO OBTAIN INFORMATION.—A  
25 digital commodity exchange shall—

1           “(A) establish and enforce rules that will  
2           allow the facility to obtain any necessary infor-  
3           mation to perform any of the functions de-  
4           scribed in this section;

5           “(B) provide the information to the Com-  
6           mission on request; and

7           “(C) have the capacity to carry out such  
8           international information-sharing agreements as  
9           the Commission may require.

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

18          “(8) TIMELY PUBLICATION OF TRADING INFOR-  
19          MATION.—

20          “(A) IN GENERAL.—A digital commodity  
21          exchange shall make public timely information  
22          on price, trading volume, and other trading  
23          data on digital commodities to the extent pre-  
24          scribed by the Commission.

1           “(B) CAPACITY OF DIGITAL COMMODITY  
2 EXCHANGE.—A digital commodity exchange  
3 shall have the capacity to electronically capture  
4 and transmit trade information with respect to  
5 transactions executed on the exchange.

6           “(9) RECORDKEEPING AND REPORTING.—

7           “(A) IN GENERAL.—A digital commodity  
8 exchange shall—

9           “(i) maintain records relating to the  
10 operation of the exchange, including a  
11 complete audit trail, in a form and manner  
12 acceptable to the Commission for a period  
13 of 5 years;

14           “(ii) report to the Commission, in a  
15 form and manner acceptable to the Com-  
16 mission, such information as the Commis-  
17 sion determines to be necessary or appro-  
18 priate for the Commission to perform the  
19 duties of the Commission under this Act;  
20 and

21           “(iii) keep any such records of digital  
22 commodities which relate to a security  
23 open to inspection and examination by the  
24 Securities and Exchange Commission.

1           “(B) INFORMATION-SHARING.—Subject to  
2           section 8, and on request, the Commission shall  
3           share information collected under subparagraph  
4           (A) with—

5                   “(i) the Board;

6                   “(ii) the Securities and Exchange  
7           Commission;

8                   “(iii) each appropriate Federal bank-  
9           ing agency;

10                  “(iv) each appropriate State bank su-  
11           pervisor (within the meaning of section 3  
12           of the Federal Deposit Insurance Act);

13                  “(v) the Financial Stability Oversight  
14           Council;

15                  “(vi) the Department of Justice; and

16                  “(vii) any other person that the Com-  
17           mission determines to be appropriate, in-  
18           cluding—

19                          “(I) foreign financial supervisors  
20                          (including foreign futures authorities);

21                          “(II) foreign central banks; and

22                          “(III) foreign ministries.

23           “(C) CONFIDENTIALITY AGREEMENT.—Be-  
24           fore the Commission may share information  
25           with any entity described in subparagraph (B),

1 the Commission shall receive a written agree-  
2 ment from the entity stating that the entity  
3 shall abide by the confidentiality requirements  
4 described in section 8 relating to the informa-  
5 tion on digital commodities that is provided.

6 “(D) PROVIDING INFORMATION.—A digital  
7 commodity exchange shall provide to the Com-  
8 mission (including any designee of the Commis-  
9 sion) information under subparagraph (A) in  
10 such form and at such frequency as is required  
11 by the Commission.

12 “(10) ANTITRUST CONSIDERATIONS.—Unless  
13 necessary or appropriate to achieve the purposes of  
14 this Act, a digital commodity exchange shall not—

15 “(A) adopt any rules or take any actions  
16 that result in any unreasonable restraint of  
17 trade; or

18 “(B) impose any material anticompetitive  
19 burden on trading.

20 “(11) CONFLICTS OF INTEREST.—The digital  
21 commodity exchange shall establish and enforce  
22 rules—

23 “(A) to minimize conflicts of interest in  
24 the decision making processes of the contract  
25 market; and

1 “(B) to establish a process for resolving  
2 conflicts of interest referred to in subparagraph  
3 (A).

4 “(12) FINANCIAL RESOURCES.—

5 “(A) IN GENERAL.—A digital commodity  
6 exchange shall have adequate financial, oper-  
7 ational, and managerial resources, as deter-  
8 mined by the Commission, to discharge each re-  
9 sponsibility of the digital commodity exchange.

10 “(B) MINIMUM AMOUNT OF FINANCIAL RE-  
11 SOURCES.—A digital commodity exchange shall  
12 possess financial resources that, at a minimum,  
13 exceed—

14 “(i) the total amount that would en-  
15 able the digital commodity exchange to  
16 cover the operating costs of the digital  
17 commodity exchange for a 1-year period,  
18 as calculated on a rolling basis; and

19 “(ii) the total amount necessary to  
20 meet the financial obligations of the digital  
21 commodity exchange to all customers of  
22 the digital commodity exchange.

23 “(13) DISCIPLINARY PROCEDURES.—A digital  
24 commodity exchange shall establish and enforce dis-  
25 ciplinary procedures that authorize the digital com-

1       modity exchange to discipline, suspend, or expel  
2       members or market participants that violate the  
3       rules of the digital commodity exchange, or similar  
4       methods for performing the same functions, includ-  
5       ing delegation of the functions to third parties.

6               “(14) GOVERNANCE FITNESS STANDARDS.—

7               “(A) GOVERNANCE ARRANGEMENTS.—A  
8       digital commodity exchange shall establish gov-  
9       ernance arrangements that are transparent and  
10      designed to permit consideration of the views of  
11      market participants.

12              “(B) FITNESS STANDARDS.—A digital  
13      commodity exchange shall establish and enforce  
14      appropriate fitness standards for—

15              “(i) officers and directors; and

16              “(ii) any individual or entity with di-  
17              rect access to, or control of, customer as-  
18              sets.

19              “(15) SYSTEM SAFEGUARDS.—A digital com-  
20      modity exchange shall—

21              “(A) establish and maintain a program of  
22              risk analysis and oversight to identify and mini-  
23              mize sources of operational and security risks,  
24              through the development of appropriate controls

1 and procedures, and automated systems in ac-  
2 cordance with industry standards, that—

3 “(i) are reliable and secure; and

4 “(ii) have adequate scalable capacity;

5 “(B) establish and maintain emergency  
6 procedures, backup resources, and a plan for  
7 disaster recovery that allow for—

8 “(i) the timely recovery and resump-  
9 tion of operations; and

10 “(ii) the fulfillment of the responsibil-  
11 ities and obligations of the digital com-  
12 modity exchange; and

13 “(C) periodically conduct tests to verify  
14 that the backup resources of the digital com-  
15 modity exchange are sufficient to ensure contin-  
16 ued—

17 “(i) order processing and trade  
18 matching;

19 “(ii) price reporting;

20 “(iii) market surveillance; and

21 “(iv) maintenance of a comprehensive  
22 and accurate audit trail.

23 “(d) HOLDING OF CUSTOMER ASSETS.—

24 “(1) IN GENERAL.—A digital commodity ex-  
25 change shall hold customer money, assets, and prop-



1       erty in a manner to minimize the risk of loss to the  
2       customer or unreasonable delay in customer access  
3       to the money, assets, and property of the customer.

4               “(A) SEGREGATION OF FUNDS.—

5               “(i) IN GENERAL.—A digital com-  
6       modity exchange shall treat and deal with  
7       all money, assets, and property that is re-  
8       ceived by the digital commodity exchange,  
9       or accrues to a customer as the result of  
10      trading in digital commodities, as belong-  
11      ing to the customer.

12              “(ii) COMMINGLING PROHIBITED.—  
13      Money, assets, and property of a customer  
14      described in clause (i) shall be separately  
15      accounted for and shall not be commingled  
16      with the funds of the digital commodity ex-  
17      change or be used to margin, secure, or  
18      guarantee any trades or accounts of any  
19      customer or person other than the person  
20      for whom the same are held.

21              “(B) EXCEPTIONS.—

22              “(i) USE OF FUNDS.—

23              “(I) IN GENERAL.—Notwith-  
24      standing subparagraph (A), money,  
25      assets, and property of customers of a

1 digital commodity exchange described  
2 in subparagraph (A) may, for conven-  
3 ience, be commingled and deposited in  
4 the same account or accounts with  
5 any bank, trust company, derivatives  
6 clearing organization, or qualified dig-  
7 ital asset custodian.

8 “(II) WITHDRAWAL.—Notwith-  
9 standing subparagraph (A), such  
10 share of the money, assets, and prop-  
11 erty described in subclause (I) of this  
12 clause as in the normal course of busi-  
13 ness shall be necessary to margin,  
14 guarantee, secure, transfer, adjust, or  
15 settle a contract of sale of a digital  
16 commodity with a registered entity  
17 may be withdrawn and applied to such  
18 purposes, including the payment of  
19 commissions, brokerage, interest,  
20 taxes, storage, and other charges, law-  
21 fully accruing in connection with the  
22 contract of sale of a digital com-  
23 modity.

24 “(ii) COMMISSION ACTION.—Notwith-  
25 standing subparagraph (A), in accordance

1           with such terms and conditions as the  
2           Commission may prescribe by rule, regula-  
3           tion, or order, any money, assets, or prop-  
4           erty of the customers of a digital com-  
5           modity exchange described in subpara-  
6           graph (A) may be commingled and depos-  
7           ited in customer accounts with any other  
8           money, assets, or property received by the  
9           digital commodity exchange and required  
10          by the Commission to be separately ac-  
11          counted for and treated and dealt with as  
12          belonging to the customer of the digital  
13          commodity exchange.

14           “(2) PERMITTED INVESTMENTS.—Money de-  
15          scribed in subparagraph (A) may be invested in obli-  
16          gations of the United States, in general obligations  
17          of any State or of any political subdivision of a  
18          State, and in obligations fully guaranteed as to prin-  
19          cipal and interest by the United States, or in any  
20          other investment that the Commission may by rule  
21          or regulation prescribe, and such investments shall  
22          be made in accordance with such rules and regula-  
23          tions and subject to such conditions as the Commis-  
24          sion may prescribe.

1           “(3) CUSTOMER PROTECTION DURING BANK-  
2       RUPTCY.—

3           “(A) CUSTOMER PROPERTY.—All assets  
4       held on behalf of a customer by a digital com-  
5       modity exchange, and all money, assets, and  
6       property of any customer received by a digital  
7       commodity exchange for trading or custody, or  
8       to facilitate, margin, guarantee, or secure con-  
9       tracts of sale of a digital commodity (including  
10      money, assets, or property accruing to the cus-  
11      tomer as the result of the transactions), shall  
12      be considered customer property for purposes of  
13      section 761 of title 11, United States Code.

14          “(B) TRANSACTIONS.—A transaction in-  
15      volving the sale of a unit of a digital commodity  
16      occurring on or subject to the rules of a digital  
17      commodity exchange shall be considered a con-  
18      tract for the purchase or sale of a commodity  
19      for future delivery, on or subject to the rules of,  
20      a contract market or board of trade for pur-  
21      poses of the definition of ‘commodity contract’  
22      in section 761 of title 11, United States Code.

23          “(C) EXCHANGES.—A digital commodity  
24      exchange shall be considered a futures commis-

1           sion merchant for purposes of section 761 of  
2           title 11, United States Code.

3           “(D) ASSETS REMOVED FROM SEGREGA-  
4           TION.—Assets removed from segregation due to  
5           a customer election under paragraph (5) shall  
6           not be considered customer property for pur-  
7           poses of section 761 of title 11, United States  
8           Code.

9           “(4) MISUSE OF CUSTOMER PROPERTY.—

10           “(A) IN GENERAL.—It shall be unlawful—

11           “(i) for any digital commodity ex-  
12           change that has received any customer  
13           money, assets, or property for custody to  
14           dispose of, or use any such money, assets,  
15           or property as belonging to the digital  
16           commodity exchange or any person other  
17           than a customer of the digital commodity  
18           exchange; or

19           “(ii) for any other person, including  
20           any depository, other digital commodity ex-  
21           change, or digital asset custodian that has  
22           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

1 digital commodity exchange or any person  
2 other than the customers of the digital  
3 commodity exchange.

4 “(B) USE FURTHER DEFINED.—For pur-  
5 poses of this section, ‘use’ of a digital com-  
6 modity includes utilizing any unit of a digital  
7 asset to participate in a blockchain service de-  
8 fined in paragraph (5) or a decentralized gov-  
9 ernance system associated with the digital com-  
10 modity or the blockchain system to which the  
11 digital commodity relates in any manner other  
12 than that expressly directed by the customer  
13 from whom the unit of a digital commodity was  
14 received.

15 “(5) PARTICIPATION IN BLOCKCHAIN SERV-  
16 ICES.—

17 “(A) IN GENERAL.—A customer shall have  
18 the right to waive the restrictions in paragraph  
19 (1) for any unit of a digital commodity to be  
20 used under subparagraph (B), by affirmatively  
21 electing, in writing to the digital commodity ex-  
22 change, to waive the restrictions.

23 “(B) USE OF FUNDS.—Customer digital  
24 commodities removed from segregation under  
25 subparagraph (A) may be pooled and used by

1 the digital commodity exchange or its designee  
2 to provide a blockchain service for a blockchain  
3 system to which the unit of the digital asset re-  
4 moved from segregation in subparagraph (A)  
5 relates.

6 “(C) LIMITATIONS.—

7 “(i) IN GENERAL.—The Commission  
8 shall, by rule, establish notice and disclo-  
9 sure requirements, and may, by rule, es-  
10 tablish any other limitations and rules re-  
11 lated to the waiving of any restrictions  
12 under this paragraph that are reasonably  
13 necessary to protect customers, including  
14 eligible contract participants, non-eligible  
15 contract participants, or any other class of  
16 customers.

17 “(ii) CUSTOMER CHOICE.—A digital  
18 commodity exchange may not require a  
19 waiver from a customer described in sub-  
20 paragraph (A) as a condition of doing  
21 business on the exchange.

22 “(D) BLOCKCHAIN SERVICE DEFINED.—In  
23 this subparagraph, the term ‘blockchain service’  
24 means any activity relating to validating trans-  
25 actions on a blockchain system, providing secu-

1           rity for a blockchain system, or other similar  
2           activity required for the ongoing operation of a  
3           blockchain system.

4           “(e) MARKET ACCESS REQUIREMENTS.—The Com-  
5 mission may, by rule, impose any additional requirements  
6 related to the operations and activities of the digital com-  
7 modity exchange and an affiliated digital commodity  
8 broker necessary to protect market participants, promote  
9 fair and equitable trading on the digital commodity ex-  
10 change, and promote responsible innovation.

11          “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
12 CER.—

13           “(1) IN GENERAL.—A digital commodity ex-  
14 change shall designate an individual to serve as a  
15 chief compliance officer.

16           “(2) DUTIES.—The chief compliance officer  
17 shall—

18           “(A) report directly to the board or to the  
19 senior officer of the exchange;

20           “(B) review compliance with the core prin-  
21 ciples in this subsection;

22           “(C) in consultation with the board of the  
23 exchange, a body performing a function similar  
24 to that of a board, or the senior officer of the



1 exchange, resolve any conflicts of interest that  
2 may arise;

3 “(D) establish and administer the policies  
4 and procedures required to be established pur-  
5 suant to this section;

6 “(E) ensure compliance with this Act and  
7 the rules and regulations issued under this Act,  
8 including rules prescribed by the Commission  
9 pursuant to this section; and

10 “(F) establish procedures for the remedi-  
11 ation of noncompliance issues found during  
12 compliance office reviews, look backs, internal  
13 or external audit findings, self-reported errors,  
14 or through validated complaints.

15 “(3) REQUIREMENTS FOR PROCEDURES.—In  
16 establishing procedures under paragraph (2)(F), the  
17 chief compliance officer shall design the procedures  
18 to establish the handling, management response, re-  
19 mediation, retesting, and closing of noncompliance  
20 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 conflicts of  
5 interest policies, of the digital commodity  
6 exchange.

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 re-  
17 port is accurate and complete.

18 “(g) APPOINTMENT OF TRUSTEE.—

19 “(1) IN GENERAL.—If a proceeding under sec-  
20 tion 5e results in the suspension or revocation of the  
21 registration of a digital commodity exchange, or if a  
22 digital commodity exchange withdraws from registra-  
23 tion, the Commission, on notice to the digital com-  
24 modity exchange, may apply to the appropriate  
25 United States district court where the digital com-

1       modity exchange is located for the appointment of a  
2       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  
13       Commission, as trustee with power to take pos-  
14       session and continue to operate or terminate  
15       the operations of the digital commodity ex-  
16       change in an orderly manner for the protection  
17       of customers subject to such terms and condi-  
18       tions as the court may prescribe.

19              “(h) QUALIFIED DIGITAL ASSET CUSTODIAN.—A  
20       digital commodity exchange shall hold in a qualified digital  
21       asset custodian each unit of a digital asset that is—

22              “(1) the property of a customer of the digital  
23       commodity exchange;

1           “(2) required to be held by the digital com-  
2       modity exchange under subsection (c)(12) of this  
3       section; or

4           “(3) otherwise so required by the Commission  
5       to reasonably protect customers.

6       “(i) EXEMPTIONS.—

7           “(1) In order to promote responsible innovation  
8       and fair competition, or protect customers, the Com-  
9       mission may (on its own initiative or on application  
10      of the registered digital commodity exchange) ex-  
11      empt, either unconditionally or on stated terms or  
12      conditions or for stated periods and either retro-  
13      actively or prospectively, or both, a registered digital  
14      commodity exchange from the requirements of this  
15      section, if the Commission determines that—

16           “(A) the exemption would be consistent  
17      with the public interest and the purposes of this  
18      Act; and

19           “(B) the exemption will not have a mate-  
20      rial adverse effect on the ability of the Commis-  
21      sion or the digital commodity exchange to dis-  
22      charge regulatory or self-regulatory duties  
23      under this Act.

24           “(2) The Commission may exempt, condi-  
25      tionally or unconditionally, a digital commodity ex-

1 change from registration under this section if the  
2 Commission finds that the digital commodity ex-  
3 change is subject to comparable, comprehensive su-  
4 pervision and regulation on a consolidated basis by  
5 the appropriate governmental authorities in the  
6 home country of the facility.

7 “(j) CUSTOMER DEFINED.—In this section, the term  
8 ‘customer’ means any person that maintains an account  
9 for the trading of digital commodities directly with a dig-  
10 ital commodity exchange (other than a person that is  
11 owned or controlled, directly or indirectly, by the digital  
12 commodity exchange) for its own behalf or on behalf of  
13 any other person.

14 “(k) FEDERAL PREEMPTION.—Notwithstanding any  
15 other provision of law, the Commission shall have exclusive  
16 jurisdiction over any digital commodity exchange reg-  
17 istered under this section with respect to activities and  
18 transactions subject to this Act.”.

19 **SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.**

20 The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
21 as amended by the preceding provisions of this Act, is  
22 amended by inserting after section 5i the following:

23 **“SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.**

24 “(a) IN GENERAL.—A person is a qualified digital  
25 asset custodian for purposes of this Act if the person—

1           “(1) holds digital assets on behalf of a person  
2           registered under this Act or a customer of a person  
3           registered under this Act; and

4           “(2) is in compliance with subsections (b) and  
5           (c).

6           “(b) SUPERVISION REQUIREMENT.—A person is in  
7           compliance with this subsection if the person is subject  
8           to—

9           “(1) supervision and examination for custody  
10           and safekeeping of digital assets by an appropriate  
11           Federal banking agency, the National Credit Union  
12           Administration, the Commission, or the Securities  
13           and Exchange Commission; or

14           “(2) adequate supervision and appropriate reg-  
15           ulation for custody and safekeeping of digital assets  
16           by—

17           “(A) a State bank supervisor (within the  
18           meaning of section 3 of the Federal Deposit In-  
19           surance Act);

20           “(B) a State credit union supervisor, as  
21           defined under section 6003 of the Anti-Money  
22           Laundering Act of 2020; or

23           “(C) an appropriate foreign governmental  
24           authority in the home country of the digital  
25           commodity custodian.

1       “(c) OTHER REQUIREMENTS.—A person shall be in  
2 compliance with this subsection if:

3           “(1) NOT OTHERWISE PROHIBITED.—The per-  
4 son has not been prohibited by its supervisor from  
5 engaging in an activity with respect to the custody  
6 and safekeeping of digital assets.

7           “(2) INFORMATION SHARING.—

8           “(A) IN GENERAL.—The person shares in-  
9 formation with the Commission on request and  
10 complies with such requirements for periodic  
11 sharing of information regarding customer ac-  
12 counts that the person holds on behalf of an en-  
13 tity registered with the Commission as the  
14 Commission determines by rule are reasonably  
15 necessary to effectuate any of the provisions, or  
16 to accomplish any of the purposes, of this Act.

17           “(B) PROVISION OF INFORMATION.—If the  
18 person is subject to regulation and examination  
19 by an appropriate Federal banking agency, the  
20 person may satisfy any information request de-  
21 scribed in subparagraph (A) by providing the  
22 Commission with a detailed listing, in writing,  
23 of the digital assets of a customer in the cus-  
24 tody of, or use by, the person.

25           “(C) RULEMAKING FOR CFTC ENTITIES.—

1 “(i) IN GENERAL.—The Commission  
2 shall prescribe rules to permit a person  
3 registered with the Commission to be a  
4 qualified digital asset custodian in compli-  
5 ance with this section.

6 “(ii) CONTENT.—In prescribing the  
7 rules under subparagraph (A), the Com-  
8 mission shall require a person registered  
9 with the Commission to—

10 “(I) implement requirement con-  
11 sistent with the requirements in sub-  
12 section (d)(1);

13 “(II) establish sufficient system  
14 safeguards;

15 “(III) prevent or mitigate con-  
16 flicts of interest, as appropriate; and

17 “(IV) establish separate govern-  
18 ance arrangements for the custodial  
19 function of the entity.

20 “(d) ADEQUATE SUPERVISION AND APPROPRIATE  
21 REGULATION.—

22 “(1) IN GENERAL.—For purposes of subsection  
23 (b), the terms ‘adequate supervision’ and ‘appro-  
24 priate regulation’ mean such minimum standards for  
25 supervision and regulation as are reasonably nec-



1       essary to protect the digital assets held by a person  
2       registered under this Act, including standards relat-  
3       ing to the licensing, examination, and supervisory  
4       processes that require the person to, at a min-  
5       imum—

6               “(A) receive a review and evaluation of  
7               ownership, character and fitness, conflicts of in-  
8               terest, business model, financial statements,  
9               funding resources, and policies and procedures  
10              of the person;

11              “(B) hold capital sufficient for the finan-  
12              cial integrity of the person;

13              “(C) protect customer assets;

14              “(D) establish and maintain books and  
15              records regarding the business of the person;

16              “(E) submit financial statements and au-  
17              dited financial statements to the applicable su-  
18              pervisor described in subsection (b);

19              “(F) provide disclosures to the applicable  
20              supervisor described in subsection (b) regarding  
21              actions, proceedings, and other items as deter-  
22              mined by the supervisor;

23              “(G) maintain and enforce policies and  
24              procedures for compliance with applicable State

1 and Federal laws, including those related to  
2 anti-money laundering and cybersecurity;

3 “(H) establish a business continuity plan  
4 to ensure functionality in cases of disruption;  
5 and

6 “(I) establish policies and procedures to re-  
7 solve complaints.

8 “(2) RULEMAKING WITH RESPECT TO DEFINI-  
9 TIONS.—

10 “(A) IN GENERAL.—For purposes of this  
11 section, the Commission may, by rule, further  
12 define the terms ‘adequate supervision’ and ‘ap-  
13 propriate regulation’ as necessary and appro-  
14 priate for the protection of customers, and con-  
15 sistent with the purposes of this Act.

16 “(B) CONDITIONAL TREATMENT OF CER-  
17 TAIN CUSTODIANS BEFORE RULEMAKING.—Be-  
18 fore the effective date of a rulemaking under  
19 subparagraph (A), a trust company is deemed  
20 subject to adequate supervision and appropriate  
21 regulation if—

22 “(i) the trust company is expressly  
23 permitted by a State bank supervisor to  
24 engage in the custody and safekeeping of  
25 digital assets;

1                   “(ii) the State bank supervisor has es-  
2                   tablished licensing, examination, and su-  
3                   pervisory processes that require the trust  
4                   company to, at a minimum, meet the con-  
5                   ditions described in subparagraphs (A)  
6                   through (I) of paragraph (1); and

7                   “(iii) the trust company is in good  
8                   standing with its State bank supervisor.

9                   “(C) TRANSITION PERIOD FOR CERTAIN  
10                  CUSTODIANS.—In implementing the rulemaking  
11                  under subparagraph (A), the Commission shall  
12                  provide a transition period of not less than 2  
13                  years for any trust company that is deemed  
14                  subject to adequate supervision and appropriate  
15                  regulation under subparagraph (B) on the ef-  
16                  fective date of the rulemaking.

17                  “(e) AUTHORITY TO TEMPORARILY SUSPEND  
18                  STANDARDS.—The Commission may, by rule or order,  
19                  temporarily suspend, in whole or in part, any requirement  
20                  imposed under, or any standard referred to in, this section  
21                  if the Commission determines that the suspension would  
22                  be consistent with the public interest and the purposes of  
23                  this Act.”.

1 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**  
2 **COMMODITY BROKERS AND DEALERS.**

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

5 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**  
6 **COMMODITY BROKERS AND DEALERS.**

7 “(a) REGISTRATION.—

8 “(1) REQUIREMENT.—It shall be unlawful for  
9 any person to act as a digital commodity broker or  
10 digital commodity dealer unless the person is reg-  
11 istered as such with the Commission.

12 “(2) ADDITIONAL REGISTRATION.—

13 “(A) RULES.—In order to foster the devel-  
14 opment of fair and orderly markets, protect  
15 customers, and promote responsible innovation,  
16 the Commission—

17 “(i) shall prescribe rules to exempt an  
18 entity registered with the Commission  
19 under more than 1 section of this Act from  
20 duplicative, conflicting, or unduly burden-  
21 some provisions of this Act and the rules  
22 under this Act;

23 “(ii) shall prescribe rules to address  
24 conflicts of interests and the activities of  
25 the entity; and

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

4 “(B) WITH MEMBERSHIP IN A REG-  
5 ISTERED FUTURES ASSOCIATION.—Any person  
6 required to be registered as a digital commodity  
7 broker or digital commodity dealer under this  
8 section shall be a member of a registered fu-  
9 tures association.

10 “(b) REQUIREMENTS.—

11 “(1) IN GENERAL.—A person shall register as  
12 a digital commodity broker or digital commodity  
13 dealer by filing a registration application with the  
14 Commission.

15 “(2) CONTENTS.—

16 “(A) IN GENERAL.—The application shall  
17 be made in such form and manner as is pre-  
18 scribed by the Commission, and shall contain  
19 such information as the Commission considers  
20 necessary concerning the business in which the  
21 applicant is or will be engaged.

22 “(B) CONTINUAL REPORTING.—A person  
23 that is registered as a digital commodity broker  
24 or digital commodity dealer shall continue to  
25 submit to the Commission reports that contain

1           such information pertaining to the business of  
2           the person as the Commission may require.

3           “(3) STATUTORY DISQUALIFICATION.—Except  
4           to the extent otherwise specifically provided by rule,  
5           regulation, or order, it shall be unlawful for a digital  
6           commodity broker or digital commodity dealer to  
7           permit any person who is associated with a digital  
8           commodity broker or a digital commodity dealer and  
9           who is subject to a statutory disqualification to ef-  
10          fect or be involved in effecting a contract of sale of  
11          a digital commodity on behalf of the digital com-  
12          modity broker or the digital commodity dealer, re-  
13          spectively, if the digital commodity broker or digital  
14          commodity dealer, respectively, knew, or in the exer-  
15          cise of reasonable care should have known, of the  
16          statutory disqualification.

17          “(c) RULEMAKING.—

18                 “(1) IN GENERAL.—The Commission shall pre-  
19                 scribe such rules applicable to registered digital com-  
20                 modity brokers and registered digital commodity  
21                 dealers as are appropriate to carry out this section,  
22                 including rules in the public interest that limit the  
23                 activities of digital commodity brokers and digital  
24                 commodity dealers.

25                 “(2) FINANCING AGREEMENTS.—

1           “(A) IN GENERAL.—The Commission shall  
2           prescribe rules and regulations applicable to  
3           digital commodity brokers or digital commodity  
4           dealers which shall set forth minimum require-  
5           ments related to disclosure, recordkeeping, mar-  
6           gin and financing arrangements,  
7           rehypothecation, capital, reporting, business  
8           conduct, documentation, and supervision of em-  
9           ployees and agents, in connection with—

10                   “(i) an agreement described in section  
11                   2(c)(2)(D)(iv); or

12                   “(ii) any other margined, leveraged,  
13                   or financing arrangement for the purchase  
14                   or sale of a digital commodity with an eli-  
15                   gible contract participant.

16           “(B) SPECIFIC AUTHORITY.—Except as  
17           prohibited in section 2(c)(2)(G)(iii), the Com-  
18           mission may also make, promulgate, and en-  
19           force such rules and regulations as, in the judg-  
20           ment of the Commission, are reasonably nec-  
21           essary to effectuate any of the provisions of, or  
22           to accomplish any of the purposes of, this Act  
23           in connection with an agreement referred to in  
24           subparagraph (A) of this paragraph, which may  
25           include, without limitation, requirements re-

1           garding registration with the Commission and  
2           membership in a registered futures association.

3           “(d) CAPITAL REQUIREMENTS.—

4           “(1) IN GENERAL.—Each digital commodity  
5           broker and digital commodity dealer shall meet such  
6           minimum capital requirements as the Commission  
7           may prescribe to address the risks associated with  
8           digital commodity trading and to ensure that the  
9           digital commodity broker or digital commodity deal-  
10          er, respectively, is able, at all times, to—

11                   “(A) meet, and continue to meet the obli-  
12                   gations of such a registrant; and

13                   “(B) fulfill obligations to customers or  
14                   counterparties for any margined, leveraged, or  
15                   financed transactions.

16           “(2) FUTURES COMMISSION MERCHANTS AND  
17           OTHER DEALERS.—Each futures commission mer-  
18           chant, introducing broker, digital commodity broker,  
19           digital commodity dealer, broker, and dealer shall  
20           maintain sufficient capital to comply with the strict-  
21           er of any applicable capital requirements to which  
22           the futures commission merchant, introducing  
23           broker, digital commodity broker, digital commodity  
24           dealer, broker, or dealer, respectively, is subject



1 under this Act or the Securities Exchange Act of  
2 1934 (15 U.S.C. 78a et seq.).

3 “(e) REPORTING AND RECORDKEEPING.—Each dig-  
4 ital commodity broker and digital commodity dealer—

5 “(1) shall make such reports as are required by  
6 the Commission by rule or regulation regarding the  
7 transactions, positions, and financial condition of the  
8 digital commodity broker or digital commodity deal-  
9 er, respectively;

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

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

16 “(f) DAILY TRADING RECORDS.—

17 “(1) IN GENERAL.—Each digital commodity  
18 broker and digital commodity dealer shall maintain  
19 daily trading records of the transactions of the dig-  
20 ital commodity broker or digital commodity dealer,  
21 respectively, and all related records (including re-  
22 lated forward or derivatives transactions) and re-  
23 corded communications, including electronic mail, in-  
24 stant messages, and recordings of telephone calls,

1 for such period as the Commission may require by  
2 rule or regulation.

3 “(2) INFORMATION REQUIREMENTS.—The daily  
4 trading records shall include such information as the  
5 Commission shall require by rule or regulation.

6 “(3) COUNTERPARTY RECORDS.—Each digital  
7 commodity broker and digital commodity dealer shall  
8 maintain daily trading records for each customer or  
9 counterparty in a manner and form that is identifi-  
10 able with each digital commodity transaction.

11 “(4) AUDIT TRAIL.—Each digital commodity  
12 broker and digital commodity dealer shall maintain  
13 a complete audit trail for conducting comprehensive  
14 and accurate trade reconstructions.

15 “(g) BUSINESS CONDUCT STANDARDS.—

16 “(1) IN GENERAL.—Each digital commodity  
17 broker and digital commodity dealer shall conform  
18 with such business conduct standards as the Com-  
19 mission, by rule or regulation, prescribes related  
20 to—

21 “(A) fraud, manipulation, and other abu-  
22 sive practices involving spot or margined, lever-  
23 aged, or financed digital commodity trans-  
24 actions (including transactions that are offered  
25 but not entered into);

1 “(B) diligent supervision of the business of  
2 the registered digital commodity broker or dig-  
3 ital commodity dealer, respectively; and

4 “(C) such other matters as the Commis-  
5 sion deems appropriate.

6 “(2) BUSINESS CONDUCT REQUIREMENTS.—

7 The Commission shall, by rule, prescribe business  
8 conduct requirements which—

9 “(A) require disclosure by a registered dig-  
10 ital commodity broker and registered digital  
11 commodity dealer to any counterparty to the  
12 transaction (other than an eligible contract par-  
13 ticipant) of—

14 “(i) information about the material  
15 risks and characteristics of the digital com-  
16 modity;

17 “(ii) information about the material  
18 risks and characteristics of the transaction;

19 “(B) establish a duty for such a digital  
20 commodity broker and such a digital commodity  
21 dealer to communicate in a fair and balanced  
22 manner based on principles of fair dealing and  
23 good faith;

24 “(C) establish standards governing digital  
25 commodity broker and digital commodity dealer

1 marketing and advertising, including  
2 testimonials and endorsements; and

3 “(D) establish such other standards and  
4 requirements as the Commission may determine  
5 are appropriate for the protection of customers.

6 “(3) PROHIBITION ON FRAUDULENT PRAC-  
7 TICES.—It shall be unlawful for a digital commodity  
8 broker or digital commodity dealer to—

9 “(A) employ any device, scheme, or artifice  
10 to defraud any customer or counterparty;

11 “(B) engage in any transaction, practice,  
12 or course of business that operates as a fraud  
13 or deceit on any customer or counterparty; or

14 “(C) engage in any act, practice, or course  
15 of business that is fraudulent, deceptive, or ma-  
16 nipulative.

17 “(h) DUTIES.—

18 “(1) RISK MANAGEMENT PROCEDURES.—Each  
19 digital commodity broker and digital commodity  
20 dealer shall establish robust and professional risk  
21 management systems adequate for managing the  
22 day-to-day business of the digital commodity broker  
23 or digital commodity dealer, respectively.

24 “(2) DISCLOSURE OF GENERAL INFORMA-  
25 TION.—Each digital commodity broker and digital

1 commodity dealer shall disclose to the Commission  
2 information concerning—

3 “(A) the terms and conditions of the trans-  
4 actions of the digital commodity broker or dig-  
5 ital commodity dealer, respectively;

6 “(B) the trading operations, mechanisms,  
7 and practices of the digital commodity broker  
8 or digital commodity dealer, respectively;

9 “(C) financial integrity protections relating  
10 to the activities of the digital commodity broker  
11 or digital commodity dealer, respectively; and

12 “(D) other information relevant to trading  
13 in digital commodities by the digital commodity  
14 broker or digital commodity dealer, respectively.

15 “(3) ABILITY TO OBTAIN INFORMATION.—Each  
16 digital commodity broker and digital commodity  
17 dealer shall—

18 “(A) establish and enforce internal systems  
19 and procedures to obtain any necessary infor-  
20 mation to perform any of the functions de-  
21 scribed in this section; and

22 “(B) provide the information to the Com-  
23 mission, on request.

24 “(4) CONFLICTS OF INTEREST.—Each digital  
25 commodity broker and digital commodity dealer shall

1 establish, maintain, and enforce written policies and  
2 procedures reasonably designed, taking into consid-  
3 eration the nature of the business of the person, to  
4 mitigate any conflicts of interest in transactions or  
5 arrangements with affiliates.

6 “(5) ANTITRUST CONSIDERATIONS.—Unless  
7 necessary or appropriate to achieve the purposes of  
8 this Act, a digital commodity broker or digital com-  
9 modity dealer shall not—

10 “(A) adopt any process or take any action  
11 that results in any unreasonable restraint of  
12 trade; or

13 “(B) impose any material anticompetitive  
14 burden on trading or clearing.

15 “(i) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
16 CER.—

17 “(1) IN GENERAL.—Each digital commodity  
18 broker and digital commodity dealer shall designate  
19 an individual to serve as a chief compliance officer.

20 “(2) DUTIES.—The chief compliance officer  
21 shall—

22 “(A) report directly to the board or to the  
23 senior officer of the registered digital com-  
24 modity broker or registered digital commodity  
25 dealer;

1           “(B) review the compliance of the reg-  
2           istered digital commodity broker or registered  
3           digital commodity dealer with respect to the  
4           registered digital commodity broker and reg-  
5           istered digital commodity dealer requirements  
6           described in this section;

7           “(C) in consultation with the board of di-  
8           rectors, a body performing a function similar to  
9           the board, or the senior officer of the organiza-  
10          tion, resolve any conflicts of interest that may  
11          arise;

12          “(D) be responsible for administering each  
13          policy and procedure that is required to be es-  
14          tablished pursuant to this section;

15          “(E) ensure compliance with this Act (in-  
16          cluding regulations), including each rule pre-  
17          scribed by the Commission under this section;

18          “(F) establish procedures for the remedi-  
19          ation of noncompliance issues identified by the  
20          chief compliance officer through any—

21                 “(i) compliance office review;

22                 “(ii) look-back;

23                 “(iii) internal or external audit find-  
24                 ing;

25                 “(iv) self-reported error; or

1 “(v) validated complaint; and

2 “(G) establish and follow appropriate pro-  
3 cedures for the handling, management response,  
4 remediation, retesting, and closing of non-  
5 compliance issues.

6 “(3) ANNUAL REPORTS.—

7 “(A) IN GENERAL.—In accordance with  
8 rules prescribed by the Commission, the chief  
9 compliance officer shall annually prepare and  
10 sign a report that contains a description of—

11 “(i) the compliance of the registered  
12 digital commodity broker or registered dig-  
13 ital commodity dealer with this Act (in-  
14 cluding regulations); and

15 “(ii) each policy and procedure of the  
16 registered digital commodity broker or reg-  
17 istered digital commodity dealer followed  
18 by the chief compliance officer (including  
19 the code of ethics and conflict of interest  
20 policies).

21 “(B) REQUIREMENTS.—The chief compli-  
22 ance officer shall ensure that a compliance re-  
23 port under subparagraph (A)—

24 “(i) accompanies each appropriate fi-  
25 nancial report of the registered digital



1 commodity broker or registered digital  
2 commodity dealer that is required to be  
3 furnished to the Commission pursuant to  
4 this section; and

5 “(ii) includes a certification that,  
6 under penalty of law, the compliance re-  
7 port is accurate and complete.

8 “(j) SEGREGATION OF DIGITAL COMMODITIES.—

9 “(1) HOLDING OF CUSTOMER ASSETS.—

10 “(A) IN GENERAL.—Each digital com-  
11 modity broker and digital commodity dealer  
12 shall hold customer money, assets, and property  
13 in a manner to minimize the risk of loss to the  
14 customer or unreasonable delay in customer ac-  
15 cess to the money, assets, and property of the  
16 customer.

17 “(B) QUALIFIED DIGITAL ASSET CUSTO-  
18 DIAN.—Each digital commodity broker and dig-  
19 ital commodity dealer shall hold in a qualified  
20 digital asset custodian each unit of a digital  
21 asset that is—

22 “(i) the property of a customer or  
23 counterparty of the digital commodity  
24 broker or digital commodity dealer, respec-  
25 tively;

1 “(ii) required to be held by the digital  
2 commodity broker or digital commodity  
3 dealer under subsection (e); or

4 “(iii) otherwise so required by the  
5 Commission to reasonably protect cus-  
6 tomers or promote the public interest.

7 “(2) SEGREGATION OF FUNDS.—

8 “(A) IN GENERAL.—Each digital com-  
9 modity broker and digital commodity dealer  
10 shall treat and deal with all money, assets, and  
11 property that is received by the digital com-  
12 modity broker or digital commodity dealer, or  
13 accrues to a customer as the result of trading  
14 in digital commodities, as belonging to the cus-  
15 tomer.

16 “(B) COMMINGLING PROHIBITED.—

17 “(i) IN GENERAL.—Except as pro-  
18 vided in clause (ii), each digital commodity  
19 broker and digital commodity dealer shall  
20 separately account for money, assets, and  
21 property of a digital commodity customer,  
22 and shall not commingle any such money,  
23 assets, or property with the funds of the  
24 digital commodity broker or digital com-  
25 modity dealer, respectively, or use any such

1 money, assets, or property to margin, se-  
2 cure, or guarantee any trades or accounts  
3 of any customer or person other than the  
4 person for whom the money, assets, or  
5 property are held.

6 “(ii) EXCEPTIONS.—

7 “(I) USE OF FUNDS.—

8 “(aa) IN GENERAL.—A dig-  
9 ital commodity broker or digital  
10 commodity dealer may, for con-  
11 venience, commingle and deposit  
12 in the same account or accounts  
13 with any bank, trust company,  
14 derivatives clearing organization,  
15 or qualified digital asset custo-  
16 dian money, assets, and property  
17 of customers.

18 “(bb) WITHDRAWAL.—The  
19 share of the money, assets, and  
20 property described in item (aa)  
21 as in the normal course of busi-  
22 ness shall be necessary to mar-  
23 gin, guarantee, secure, transfer,  
24 adjust, or settle a contract of sale  
25 of a digital commodity with a

1 registered entity may be with-  
2 drawn and applied to such pur-  
3 poses, including the payment of  
4 commissions, brokerage, interest,  
5 taxes, storage, and other charges,  
6 lawfully accruing in connection  
7 with the contract.

8 “(II) COMMISSION ACTION.—In  
9 accordance with such terms and con-  
10 ditions as the Commission may pre-  
11 scribe by rule, regulation, or order,  
12 any money, assets, or property of the  
13 customers of a digital commodity  
14 broker or digital commodity dealer  
15 may be commingled and deposited in  
16 customer accounts with any other  
17 money, assets, or property received by  
18 the digital commodity broker or dig-  
19 ital commodity dealer, respectively,  
20 and required by the Commission to be  
21 separately accounted for and treated  
22 and dealt with as belonging to the  
23 customer of the digital commodity  
24 broker or digital commodity dealer,  
25 respectively.

1           “(3) PERMITTED INVESTMENTS.—Money de-  
2       scribed in paragraph (2) may be invested in obliga-  
3       tions of the United States, in general obligations of  
4       any State or of any political subdivision of a State,  
5       in obligations fully guaranteed as to principal and  
6       interest by the United States, or in any other invest-  
7       ment that the Commission may by rule or regulation  
8       allow.

9           “(4) CUSTOMER PROTECTION DURING BANK-  
10      RUPTCY.—

11           “(A) CUSTOMER PROPERTY.—All money,  
12      assets, or property described in paragraph (2)  
13      shall be considered customer property for pur-  
14      poses of section 761 of title 11, United States  
15      Code.

16           “(B) TRANSACTIONS.—A transaction in-  
17      volving a unit of a digital commodity occurring  
18      with a digital commodity broker or digital com-  
19      modity dealer shall be considered a ‘contract for  
20      the purchase or sale of a commodity for future  
21      delivery, on or subject to the rules of, a con-  
22      tract market or board of trade’ for purposes of  
23      the definition of a ‘commodity contract’ in sec-  
24      tion 761 of title 11, United States Code.

1           “(C) BROKERS AND DEALERS.—A digital  
2 commodity broker and a digital commodity  
3 dealer shall be considered a futures commission  
4 merchant for purposes of section 761 of title  
5 11, United States Code.

6           “(D) ASSETS REMOVED FROM SEGREGA-  
7 TION.—Assets removed from segregation due to  
8 a customer election under paragraph (6) shall  
9 not be considered customer property for pur-  
10 poses of section 761 of title 11, United States  
11 Code.

12           “(5) MISUSE OF CUSTOMER PROPERTY.—

13           “(A) IN GENERAL.—It shall be unlawful—

14           “(i) for any digital commodity broker  
15 or digital commodity dealer that has re-  
16 ceived any customer money, assets, or  
17 property for custody to dispose of, or use  
18 any such money, assets, or property as be-  
19 longing to the digital commodity broker or  
20 digital commodity dealer, respectively, or  
21 any person other than a customer of the  
22 digital commodity broker or digital com-  
23 modity dealer, respectively; or

24           “(ii) for any other person, including  
25 any depository, digital commodity ex-

1 change, other digital commodity broker,  
2 other digital commodity dealer, or digital  
3 commodity custodian that has received any  
4 customer money, assets, or property for  
5 deposit, to hold, dispose of, or use any  
6 such money, assets, or property, as belong-  
7 ing to the depositing digital commodity  
8 broker or digital commodity dealer or any  
9 person other than the customers of the  
10 digital commodity broker or digital com-  
11 modity dealer, respectively.

12 “(B) USE FURTHER DEFINED.—For pur-  
13 poses of this section, ‘use’ of a digital com-  
14 modity includes utilizing any unit of a digital  
15 asset to participate in a blockchain service de-  
16 fined in paragraph (6) or a decentralized gov-  
17 ernance system associated with the digital com-  
18 modity or the blockchain system to which the  
19 digital commodity relates in any manner other  
20 than that expressly directed by the customer  
21 from whom the unit of a digital commodity was  
22 received.

23 “(6) PARTICIPATION IN BLOCKCHAIN SERV-  
24 ICES.—

1           “(A) IN GENERAL.—A customer shall have  
2           the right to waive the restrictions in paragraph  
3           (2) for any unit of a digital commodity to be  
4           used under subparagraph (B) of this para-  
5           graph, by affirmatively electing, in writing to  
6           the digital commodity broker or digital com-  
7           modity dealer, to waive the restrictions.

8           “(B) USE OF FUNDS.—Customer digital  
9           commodities removed from segregation under  
10          subparagraph (A) may be pooled and used by  
11          the digital commodity broker or digital com-  
12          modity dealer, or one of their designees, to pro-  
13          vide a blockchain service for a blockchain sys-  
14          tem to which the unit of the digital asset re-  
15          moved from segregation in subparagraph (A)  
16          relates.

17          “(C) LIMITATIONS.—

18                 “(i) IN GENERAL.—The Commission  
19                 shall, by rule, establish notice and disclo-  
20                 sure requirements, and may, by rule, es-  
21                 tablish any other limitations and rules re-  
22                 lated to the waiving of any restrictions  
23                 under this paragraph that are reasonably  
24                 necessary to protect customers, including  
25                 eligible contract participants, non-eligible



1 contract participants, or any other class of  
2 customers.

3 “(ii) CUSTOMER CHOICE.—A digital  
4 commodity broker or digital commodity  
5 dealer may not require a waiver from a  
6 customer described in subparagraph (A) as  
7 a condition of doing business with the  
8 broker or dealer.

9 “(D) BLOCKCHAIN SERVICE DEFINED.—In  
10 this subparagraph, the term ‘blockchain service’  
11 means any activity relating to validating trans-  
12 actions on a blockchain system, providing secu-  
13 rity for a blockchain system, or other similar  
14 activity required for the ongoing operation of a  
15 blockchain system.

16 “(k) FEDERAL PREEMPTION.—Notwithstanding any  
17 other provision of law, the Commission shall have exclusive  
18 jurisdiction over any digital commodity broker or digital  
19 commodity dealer registered under this section with re-  
20 spect to activities subject to this Act, except as provided  
21 in section 5k.

22 “(l) EXEMPTIONS.—In order to promote responsible  
23 innovation and fair competition, or protect customers, the  
24 Commission may (on its own initiative or on application  
25 of the registered digital commodity broker or registered

1 digital commodity dealer) exempt, unconditionally or on  
2 stated terms or conditions, or for stated periods, and  
3 retroactively or prospectively, or both, a registered digital  
4 commodity broker or registered digital commodity dealer  
5 from the requirements of this section, if the Commission  
6 determines that—

7 “(1)(A) the exemption would be consistent with  
8 the public interest and the purposes of this Act; and

9 “(B) the exemption will not have a material ad-  
10 verse effect on the ability of the Commission to dis-  
11 charge regulatory duties under this Act; or

12 “(2) the registered digital commodity broker or  
13 registered digital commodity dealer is subject to  
14 comparable, comprehensive supervision and regula-  
15 tion by the appropriate government authorities in  
16 the home country of the registered digital commodity  
17 broker or registered digital commodity dealer, re-  
18 spectively.”.

19 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

20 (a) IN GENERAL.—Section 4k of the Commodity Ex-  
21 change Act (7 U.S.C. 6k) is amended—

22 (1) by redesignating subsections (4) through  
23 (6) as subsections (5) through (7), respectively;

24 (2) by inserting after subsection (3) the fol-  
25 lowing:

1       “(4) It shall be unlawful for any person to act as an  
2 associated person of a digital commodity broker or an as-  
3 sociated person of a digital commodity dealer unless the  
4 person is registered with the Commission under this Act  
5 and such registration shall not have expired, been sus-  
6 pended (and the period of suspension has not expired),  
7 or been revoked. It shall be unlawful for a digital com-  
8 modity broker or a digital commodity dealer to permit  
9 such a person to become or remain associated with the  
10 digital commodity broker or digital commodity dealer if  
11 the digital commodity broker or digital commodity dealer  
12 knew or should have known that the person was not so  
13 registered or that the registration had expired, been sus-  
14 pended (and the period of suspension has not expired),  
15 or been revoked.”; and

16           (3) in subsection (5) (as so redesignated), by  
17 striking “or of a commodity trading advisor” and in-  
18 serting “of a commodity trading advisor, of a digital  
19 commodity broker, or of a digital commodity deal-  
20 er”.

21       (b) CONFORMING AMENDMENTS.—The Commodity  
22 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking  
23 “section 4k(6)” each place it appears and inserting “sec-  
24 tion 4k(7)”.

1 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**  
2 **TORS AND COMMODITY TRADING ADVISORS.**

3 (a) IN GENERAL.—Section 4m(3) of the Commodity  
4 Exchange Act (7 U.S.C. 6m(3)) is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “any commodity trading  
7 advisor” and inserting “a commodity pool oper-  
8 ator or commodity trading advisor”; and

9 (B) by striking “acting as a commodity  
10 trading advisor” and inserting “acting as a  
11 commodity pool operator or commodity trading  
12 advisor”; and

13 (2) in subparagraph (C), by inserting “digital  
14 commodities,” after “physical commodities,”.

15 (b) EXEMPTIVE AUTHORITY.—Section 4m of such  
16 Act (7 U.S.C. 6m) is amended by adding at the end the  
17 following:

18 “(4) EXEMPTIVE AUTHORITY.—The Commission  
19 shall promulgate rules to provide appropriate exemptions  
20 for commodity pool operators and commodity trading advi-  
21 sors, to provide relief from duplicative, conflicting, or un-  
22 duly burdensome requirements or to promote responsible  
23 innovation, to the extent the exemptions foster the devel-  
24 opment of fair and orderly cash or spot digital commodity  
25 markets, are necessary or appropriate in the public inter-  
26 est, and are consistent with the protection of customers.”.

1   **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**  
2                   **TIVITIES.**

3           The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
4 as amended by the preceding provisions of this Act, is  
5 amended by inserting after section 4u the following:

6   **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**  
7                   **JECT TO THIS ACT.**

8           “(a) IN GENERAL.—Notwithstanding any other pro-  
9 vision of this Act, a person shall not be subject to this  
10 Act and the regulations promulgated under this Act based  
11 on the person directly or indirectly engaging in any of the  
12 following activities, whether singly or in combination, in  
13 relation to the operation of a blockchain system or in rela-  
14 tion to decentralized finance trading protocol:

15                   “(1) Compiling network transactions or relay-  
16 ing, searching, sequencing, validating, or acting in a  
17 similar capacity.

18                   “(2) Providing computational work, operating a  
19 node or oracle service, or procuring, offering, or uti-  
20 lizing network bandwidth, or other similar incidental  
21 services.

22                   “(3) Providing a user-interface that enables a  
23 user to read, and access data about a blockchain  
24 system.

25                   “(4) Developing, publishing, constituting, ad-  
26 ministering, maintaining, or otherwise distributing a

1       blockchain system or a decentralized finance trading  
2       protocol.

3           “(5) Developing, publishing, constituting, ad-  
4       ministering, maintaining, or otherwise distributing a  
5       decentralized finance messaging system or operating  
6       or participating in a liquidity pool for the purpose  
7       of executing a contract of sale of a digital com-  
8       modity.

9           “(6) Developing, publishing, constituting, ad-  
10      ministering, maintaining, or otherwise distributing  
11      software or systems that create or deploy hardware  
12      or software, including wallets or other systems, fa-  
13      cilitating an individual user’s own personal ability to  
14      keep, safeguard, or custody the user’s digital assets  
15      or related private keys.

16      “(b) EXCEPTIONS.—Subsection (a) shall not be inter-  
17      preted to apply to the anti-fraud, anti-manipulation, or  
18      false reporting enforcement authorities of the Commis-  
19      sion.”.

20   **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**  
21           **FORCEMENT.**

22      (a) COLLECTION OF FEES.—

23           (1) IN GENERAL.—The Commodity Futures  
24      Trading Commission (in this section referred to as  
25      the “Commission”) shall charge and collect a filing

1 fee from each person who files with the Commission  
2 a statement of provisional registration as a digital  
3 commodity exchange, digital commodity broker, or  
4 digital commodity dealer pursuant to section 106.

5 (2) AMOUNT.—The fees authorized under para-  
6 graph (1) may be collected and available for obliga-  
7 tion only in the amounts provided in advance in an  
8 appropriation Act.

9 (3) AUTHORITY TO ADJUST FEES.—Notwith-  
10 standing the preceding provisions of this subsection,  
11 to promote fair competition or innovation, the Com-  
12 mission, in its sole discretion, may reduce or elimi-  
13 nate any fee otherwise required to be paid by a small  
14 or medium filer under this subsection.

15 (b) FEE SCHEDULE.—

16 (1) IN GENERAL.—The Commission shall pub-  
17 lish in the Federal Register a schedule of the fees  
18 to be charged and collected under this section.

19 (2) CONTENT.—The fee schedule for a fiscal  
20 year shall include a written analysis of the estimate  
21 of the Commission of the total costs of carrying out  
22 the functions of the Commission under this Act dur-  
23 ing the fiscal year.

24 (3) SUBMISSION TO CONGRESS.—Before pub-  
25 lishing the fee schedule for a fiscal year, the Com-

1 mission shall submit a copy of the fee schedule to  
2 the Committees on Agriculture and on Appropria-  
3 tions of the House of Representatives and the Com-  
4 mittees on Agriculture, Nutrition, and Forestry and  
5 on Appropriations of the Senate.

6 (4) TIMING.—

7 (A) 1ST FISCAL YEAR.—The Commission  
8 shall publish the fee schedule for the fiscal year  
9 in which this Act is enacted, within 30 days  
10 after the date of the enactment of this Act.

11 (B) SUBSEQUENT FISCAL YEARS.—The  
12 Commission shall publish the fee schedule for  
13 each subsequent fiscal year, not less than 90  
14 days before the due date prescribed by the  
15 Commission for payment of the annual fee for  
16 the fiscal year.

17 (c) LATE PAYMENT PENALTY.—

18 (1) IN GENERAL.—The Commission may im-  
19 pose a penalty against a person that fails to pay an  
20 annual fee charged under this section, within 30  
21 days after the due date prescribed by the Commis-  
22 sion for payment of the fee.

23 (2) AMOUNT.—The amount of the penalty shall  
24 be—



1 (A) 5 percent of the amount of the fee due,  
2 multiplied by

3 (B) the whole number of consecutive 30-  
4 day periods that have elapsed since the due  
5 date.

6 (d) REIMBURSEMENT OF EXCESS FEES.—To the ex-  
7 tent that the total amount of fees collected under this sec-  
8 tion during a fiscal year that begins after the date of the  
9 enactment of this Act exceeds the amount provided under  
10 subsection (a)(2) with respect to the fiscal year, the Com-  
11 mission shall reimburse the excess amount to the persons  
12 who have timely paid their annual fees, on a pro-rata basis  
13 that excludes penalties, and shall do so within 60 days  
14 after the end of the fiscal year.

15 (e) DEPOSIT OF FEES INTO THE TREASURY.—All  
16 amounts collected under this section shall be credited to  
17 the currently applicable appropriation, account, or fund of  
18 the Commission as discretionary offsetting collections, and  
19 shall be available for the purposes authorized in subsection  
20 (f) only to the extent and in the amounts provided in ad-  
21 vance in appropriations Acts.

22 (f) AUTHORIZATION OF APPROPRIATIONS.—In addi-  
23 tion to amounts otherwise authorized to be appropriated  
24 to the Commission, there is authorized to be appropriated  
25 to the Commission amounts collected under this section

1 to cover the costs the costs of carrying out the functions  
2 of the Commission under this Act.

3 (g) EXPEDITED HIRING AUTHORITY.—

4 (1) APPOINTMENT AUTHORITY.—The Chair-  
5 man, pursuant to section 6(a), may appoint individ-  
6 uals to a position described in paragraph (2) of this  
7 subsection—

8 (A) in accordance with the statutes, rules,  
9 and regulations governing appointments to posi-  
10 tions in the excepted service (as defined in sec-  
11 tion 2103 of title 5, United States Code); and

12 (B) without regard to any statute, rule, or  
13 regulation governing appointments to positions  
14 in the competitive service (as defined in section  
15 2102 of such title).

16 (2) POSITION DESCRIBED.—A position referred  
17 to in subparagraph (1) is a position at the Commis-  
18 sion that—

19 (A) is in the competitive service (as defined  
20 in section 2102 of such title); and

21 (B) requires specialized knowledge of dig-  
22 ital commodities markets, financial and capital  
23 market formation or regulation, financial mar-  
24 ket structures or surveillance, data collection or

1 analysis, or information technology, cybersecu-  
2 rity, or system safeguards.

3 (3) RULE OF CONSTRUCTION.—The appoint-  
4 ment of a candidate to a position under this sub-  
5 section shall not be considered to cause the position  
6 to be converted from the competitive service to the  
7 excepted service.

8 (h) SUNSET.—The authorities provided by this sec-  
9 tion shall expire at the end of the 4th fiscal year that be-  
10 gins after the date of the enactment of this Act.

11 **SEC. 411. DIGITAL COMMODITY ACTIVITIES BY SEC-REG-**  
12 **ISTERED ENTITIES.**

13 The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
14 as amended by the preceding provisions of this Act, is  
15 amended by inserting after section 5j the following:

16 **“SEC. 5k. EXEMPTION FOR CERTAIN REGISTERED ENTITIES**  
17 **ENGAGED IN DIGITAL COMMODITY ACTIVI-**  
18 **TIES.**

19 “(a) BY ALTERNATIVE TRADING SYSTEMS.—

20 “(1) IN GENERAL.—On receipt by the Commis-  
21 sion from an alternative trading system of a written  
22 or electronic notice that contains such information  
23 as the Commission, by rule, may prescribe as nec-  
24 essary or appropriate in the public interest or for  
25 the protection of investors, the alternative trading

1 system shall be exempt from registration as a digital  
2 commodity exchange pursuant to section 5i if—

3 “(A) the alternative trading system does  
4 not list any retail commodity transactions pur-  
5 suant to section 2(c)(2)(D);

6 “(B) the provider, or an affiliate person of  
7 the provider, of the alternative trading system  
8 is not otherwise registered under this Act;

9 “(C) the alternative trading system lists or  
10 trades no other contracts of sale of commod-  
11 ities, except for digital commodities, currencies,  
12 and securities; and

13 “(D) the registration of the alternative  
14 trading system is not suspended pursuant to an  
15 order by the Securities and Exchange Commis-  
16 sion.

17 “(2) FURTHER REQUIREMENTS.—An alter-  
18 native trading system that provides notice to the  
19 Commission pursuant to paragraph (1) of this sub-  
20 section shall be exempt from the requirements of  
21 section 5i to the extent that the alternative trading  
22 system—

23 “(A) is in compliance with requirements  
24 consistent with the requirements of section 5i

1 and imposed on the alternative trading system  
2 by the Securities and Exchange Commission;

3 “(B) annually files with the Commission,  
4 in a form and manner acceptable to the Com-  
5 mission, a notice that demonstrates compliance  
6 with this paragraph and contains any other in-  
7 formation the Commission determines to be  
8 necessary or appropriate to perform the duties  
9 of the Commission under this Act; and

10 “(C) has total trading volume in digital  
11 commodities during any calendar quarter in ei-  
12 ther of its 2 most recently completed fiscal  
13 years that does not exceed the lesser of—

14 “(i) 25 percent of the total trading  
15 volume for all transactions over the same  
16 period; or

17 “(ii) \$50,000,000,000.

18 “(3) ENFORCEMENT.—This subsection shall not  
19 be construed to limit any jurisdiction that the Com-  
20 mission may otherwise have under any other provi-  
21 sion of this Act with respect to a contract of sale of  
22 a digital commodity or persons effecting contracts of  
23 sale of digital commodities.

24 “(b) BY REGISTERED INTERMEDIARIES.—

1           “(1) IN GENERAL.—On receipt by the Commis-  
2           sion, from a broker or dealer that is registered with  
3           the Securities and Exchange Commission, of a writ-  
4           ten or electronic notice that contains such informa-  
5           tion as the Commission, by rule, may prescribe as  
6           necessary or appropriate in the public interest or for  
7           the protection of investors, the broker or dealer shall  
8           be exempt from registration as a digital commodity  
9           broker or digital commodity dealer pursuant to sec-  
10          tion 4u of this Act if—

11               “(A) the broker or dealer does not offer or  
12               engage in any retail commodity transactions  
13               pursuant to section 2(c)(2)(D) of this Act or  
14               other contracts of sale of commodities, except  
15               for digital commodities, currencies, and securi-  
16               ties;

17               “(B) the broker or dealer is not otherwise  
18               registered under this Act;

19               “(C) the broker or dealer is not subject to  
20               a statutory disqualification, as defined under  
21               section 3(a) of the Securities Exchange Act of  
22               1934 (15 U.S.C. 78c(a)); and

23               “(D) the broker or dealer is a member of  
24               a national securities association registered pur-

1           suant to section 15A of the Securities Exchange  
2           Act of 1934.

3           “(2) FURTHER REQUIREMENTS.—A broker or  
4           dealer that provides notice to the Commission pursu-  
5           ant to paragraph (1) shall be exempt from the re-  
6           quirements of section 4u to the extent that the  
7           broker or dealer—

8                   “(A) is in compliance with requirements  
9                   consistent with the requirements of section 4u  
10                  and imposed on the broker or dealer by the Se-  
11                  curities and Exchange Commission;

12                  “(B) annually files with the Commission,  
13                  in a form and manner acceptable to the Com-  
14                  mission, a notice that demonstrates compliance  
15                  with this subsection and contains any other in-  
16                  formation the Commission determines to be  
17                  necessary or appropriate to perform the duties  
18                  of the Commission under this Act; and

19                  “(C) has consolidated annual gross finan-  
20                  cial revenues in either of its 2 most recently  
21                  completed fiscal years from sales, commissions  
22                  or other activities in digital commodities that do  
23                  not exceed the lesser of—

24                          “(i) 10 percent of the total annual  
25                          gross revenues during the same period; or

1 “(ii) \$100,000,000.

2 “(3) ENFORCEMENT.—This subsection shall not  
3 be construed to limit any jurisdiction that the Com-  
4 mission may otherwise have under any other provi-  
5 sion of this Act with respect to a contract of sale of  
6 a digital commodity and persons effecting contracts  
7 of sale of digital commodities.”.

8 **SEC. 412. REQUIREMENTS RELATED TO CONTROL PER-**  
9 **SONS.**

10 The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
11 as amended the preceding provisions of this Act, is amend-  
12 ed by inserting after section 4v the following:

13 **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN**  
14 **CONTROL PERSONS.**

15 “(a) LIMITATION.—It shall be unlawful for a  
16 blockchain control person with respect to a blockchain sys-  
17 tem certified as a mature blockchain system in accordance  
18 with section 42 of the Securities Exchange Act of 1934  
19 to sell a unit of a digital commodity related to the  
20 blockchain system unless the person files notice with the  
21 Commission, in a form and manner determined by the  
22 Commission, that the person has or intends to obtain an  
23 authority described in subsection (b)(1) with respect to the  
24 blockchain system, and complies with rules adopted by the  
25 Commission that require—



1           “(1) disclosure of information to the Commis-  
2           sion and the public about the material activities, as  
3           determined by the Commission, of the blockchain  
4           control person; and

5           “(2)(A) the use of a digital commodity broker  
6           to effect the sale; or

7           “(B) such other sales restrictions applicable to  
8           blockchain control person, or any of its digital com-  
9           modity affiliated persons, to prevent manipulation  
10          and distortion of the value of the digital commodity  
11          and promote further maturity of the blockchain sys-  
12          tem to which the digital commodity relates.

13          “(b) DEFINITIONS.—In this section:

14               “(1) BLOCKCHAIN CONTROL PERSON.—The  
15               term ‘blockchain control person’ means, with respect  
16               to a blockchain system, any person or group of per-  
17               sons under common control who—

18                       “(A) has the unilateral authority, directly  
19                       or indirectly, through any contract, arrange-  
20                       ment, understanding, relationship, or otherwise,  
21                       to control or materially alter the functionality,  
22                       operation, or rules of consensus or agreement of  
23                       the blockchain system or its related digital com-  
24                       modity; or

1           “(B) has the unilateral authority to direct  
2           the voting, in the aggregate, of 20 percent or  
3           more of the outstanding voting power of the  
4           blockchain system by means of a related digital  
5           commodity, nodes or validators, a decentralized  
6           governance system, or otherwise, in a  
7           blockchain system which can be altered by a  
8           voting system.

9           “(2) DIGITAL COMMODITY AFFILIATED PER-  
10          SON.—The term ‘digital commodity affiliated person’  
11          means any person directly or indirectly controlling,  
12          controlled by, or under common control with a  
13          blockchain control person, as the Commission by  
14          rule or regulation, may determine will effectuate the  
15          purposes of this section.”.

16 **SEC. 413. EFFECTIVE DATE.**

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

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

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

1   **SEC. 414. SENSE OF CONGRESS.**

2           It is the sense of Congress that nothing in this Act  
3   or any amendment made by this Act should be interpreted  
4   to authorize any entity to regulate any commodity, other  
5   than a digital commodity, on any spot market.

6           **TITLE V—INNOVATION AND**  
7   **TECHNOLOGY IMPROVEMENTS**

8   **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

9           (a) FINDINGS.—Congress finds the following:

10           (1) Entrepreneurs and innovators are building  
11   and deploying this next generation of the internet.

12           (2) Digital commodity networks represent a  
13   new way for people to join together and cooperate  
14   with one another to undertake certain activities.

15           (3) Digital commodities have the potential to be  
16   the foundational building blocks of these systems,  
17   aligning the economic incentive for individuals to co-  
18   operate with one another to achieve a common pur-  
19   pose.

20           (4) The digital commodity ecosystem has the  
21   potential to grow our economy and improve everyday  
22   lives of Americans by facilitating collaboration  
23   through the use of technology to manage activities,  
24   allocate resources, and facilitate decision making.

25           (5) Blockchain systems and the digital commod-  
26   ities they empower provide control, enhance trans-

1       parency, reduce transaction costs, and increase effi-  
2       ciency if proper protections are put in place for in-  
3       vestors, consumers, our financial system, and our  
4       national security.

5           (6) Blockchain technology facilitates new types  
6       of network participation which businesses in the  
7       United States may utilize in innovative ways.

8           (7) Other digital commodity companies are set-  
9       ting up their operations outside of the United  
10      States, where countries are establishing frameworks  
11      to embrace the potential of blockchain technology  
12      and digital commodities and provide safeguards for  
13      consumers.

14          (8) Digital commodities, despite the purported  
15      anonymity, provide law enforcement with an excep-  
16      tional tracing tool to identify illicit activity and bring  
17      criminals to justice.

18          (9) The Financial Services Committee of the  
19      House of Representatives has held multiple hearings  
20      highlighting various risks that digital commodities  
21      can pose to the financial markets, consumers, and  
22      investors that must be addressed as we seek to har-  
23      ness the benefits of these innovations.

24      (b) SENSE OF CONGRESS.—It is the sense of Con-  
25      gress that—

1           (1) the United States should seek to prioritize  
2           understanding the potential opportunities of the next  
3           generation of the internet;

4           (2) the United States should seek to foster ad-  
5           vances in technology that have robust evidence indi-  
6           cating they can improve our financial system and  
7           create more fair and equitable access to financial  
8           services for everyday Americans while protecting our  
9           financial system, investors, and consumers;

10          (3) the United States must support the respon-  
11          sible development of digital commodities and the un-  
12          derlying technology in the United States or risk the  
13          shifting of the development of such assets and tech-  
14          nology outside of the United States, to less regulated  
15          countries;

16          (4) Congress should consult with public and  
17          private sector stakeholders to understand how to  
18          enact a functional framework tailored to the specific  
19          risks and unique benefits of different digital com-  
20          modity-related activities, distributed ledger tech-  
21          nology, distributed networks, and mature blockchain  
22          systems;

23          (5) Congress should enact a functional frame-  
24          work tailored to the specific risks of different digital  
25          commodity-related activities and unique benefits of

1 distributed ledger technology, distributed networks,  
2 and mature blockchain systems; and

3 (6) consumers and market participants will ben-  
4 efit from a framework for digital commodities con-  
5 sistent with longstanding investor protections in se-  
6 curities and commodities markets, yet tailored to the  
7 unique benefits and risks of the digital commodity  
8 ecosystem.

9 **SEC. 502. MODERNIZATION OF THE SECURITIES AND EX-**  
10 **CHANGE COMMISSION MISSION.**

11 (a) SECURITIES ACT OF 1933.—Section 2(b) of the  
12 Securities Act of 1933 (15 U.S.C. 77(b)) is amended—

13 (1) in the heading, by inserting “INNOVATION,”  
14 after “EFFICIENCY,”; and

15 (2) by inserting “innovation,” after “effi-  
16 ciency,”.

17 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
18 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.  
19 78(c)) is amended—

20 (1) in the heading, by inserting “INNOVATION,”  
21 after “EFFICIENCY,”; and

22 (2) by inserting “innovation,” after “effi-  
23 ciency,”.

1 (c) INVESTMENT ADVISERS ACT OF 1940.—Section  
2 202(c) of the Investment Advisers Act of 1940 (15 U.S.C.  
3 80b–2) is amended—

4 (1) in the heading, by inserting “INNOVATION,”  
5 after “EFFICIENCY,”; and

6 (2) by inserting “innovation,” after “effi-  
7 ciency,”.

8 (d) INVESTMENT COMPANY ACT OF 1940.—Section  
9 2(c) of the Investment Company Act of 1940 (15 U.S.C.  
10 80a–2) is amended—

11 (1) in the heading, by inserting “INNOVATION,”  
12 after “EFFICIENCY,”; and

13 (2) by inserting “innovation,” after “effi-  
14 ciency,”.

15 **SEC. 503. STRATEGIC HUB FOR INNOVATION AND FINAN-**  
16 **CIAL TECHNOLOGY.**

17 Section 4 of the Securities Exchange Act of 1934 (15  
18 U.S.C. 78d) is amended by adding at the end the fol-  
19 lowing:

20 “(k) STRATEGIC HUB FOR INNOVATION AND FINAN-  
21 CIAL TECHNOLOGY.—

22 “(1) ESTABLISHMENT.—Not later than 180  
23 days after the date of the enactment of this sub-  
24 section, the Securities and Exchange Commission  
25 shall establish a committee to be known as the Stra-

1        tegic Hub for Innovation and Financial Technology  
2        (referred to in this subsection as the ‘FinHub’) to  
3        support engagement on emerging technologies in the  
4        financial sector.

5            “(2) MEMBERS.—The composition of FinHub  
6        shall be determined by the Commission, drawing  
7        from relevant divisions as appropriate, including the  
8        Division of Trading and Markets, Division of Cor-  
9        porate Finance, and Division of Investment Manage-  
10       ment.

11           “(3) RESPONSIBILITIES.—FinHub shall—

12                “(A) serve as a resource for the Commis-  
13        sion on emerging financial technology advance-  
14        ments;

15                “(B) engage with market participants  
16        working on emerging financial technologies; and

17                “(C) facilitate communication between the  
18        Commission and businesses working in emerg-  
19        ing financial technology fields with information  
20        on the Commission, its rules, and regulations.

21           “(4) REPORT TO THE COMMISSION.—

22                “(A) IN GENERAL.—Not later than Octo-  
23        ber 31 of each year after 2025, FinHub shall  
24        provide an annual summary of its engagement  
25        activities to the Commission, which shall be in-



1           cluded in the Commission’s annual report to  
2           Congress.

3           “(B) CONFIDENTIALITY.—Each report  
4           submitted under this paragraph shall not con-  
5           tain confidential information.”.

6   **SEC. 504. CODIFICATION OF LABCFTC.**

7           (a) IN GENERAL.—Section 18 of the Commodity Ex-  
8   change Act (7 U.S.C. 22) is amended by adding at the  
9   end the following:

10          “(c) LABCFTC.—

11               “(1) ESTABLISHMENT.—There is established in  
12          the Commission LabCF’TC.

13               “(2) PURPOSE.—The purposes of LabCF’TC  
14          are to—

15                   “(A) promote responsible financial tech-  
16                  nology innovation and fair competition for the  
17                  benefit of the American public;

18                   “(B) serve as an information platform to  
19                  inform the Commission about new financial  
20                  technology innovation; and

21                   “(C) provide outreach to financial tech-  
22                  nology innovators to discuss their innovations  
23                  and the regulatory framework established by  
24                  this Act and the regulations promulgated there-  
25                  under.

1           “(3) DIRECTOR.—LabCFTC shall have a Direc-  
2           tor, who shall be appointed by the Commission and  
3           serve at the pleasure of the Commission. Notwith-  
4           standing section 2(a)(6)(A), the Director shall re-  
5           port directly to the Commission and perform such  
6           functions and duties as the Commission may pre-  
7           scribe.

8           “(4) DUTIES.—LabCFTC shall—

9                   “(A) advise the Commission with respect  
10                  to rulemakings or other agency or staff action  
11                  regarding financial technology;

12                  “(B) provide internal education and train-  
13                  ing to the Commission regarding financial tech-  
14                  nology;

15                  “(C) advise the Commission regarding fi-  
16                  nancial technology that would bolster the Com-  
17                  mission’s oversight functions;

18                  “(D) engage with academia, students, and  
19                  professionals on financial technology issues,  
20                  ideas, and technology relevant to activities  
21                  under this Act;

22                  “(E) provide persons working in emerging  
23                  technology fields with information on the Com-  
24                  mission, its rules and regulations, and the role  
25                  of a registered futures association; and

1           “(F) encourage persons working in emerg-  
2           ing technology fields to engage with the Com-  
3           mission and obtain feedback from the Commis-  
4           sion on potential regulatory issues.

5           “(5) REPORT TO CONGRESS.—

6           “(A) IN GENERAL.—Not later than Octo-  
7           ber 31 of each year after 2025, LabCFTC shall  
8           submit to the Committee on Agriculture of the  
9           House of Representatives and the Committee  
10          on Agriculture, Nutrition, and Forestry of the  
11          Senate a report on its activities.

12          “(B) CONTENTS.—Each report required  
13          under paragraph (1) shall include—

14               “(i) the total number of persons that  
15               met with LabCFTC;

16               “(ii) a summary of general issues dis-  
17               cussed during meetings with the person;

18               “(iii) information on steps LabCFTC  
19               has taken to improve Commission services,  
20               including responsiveness to the concerns of  
21               persons;

22               “(iv) recommendations made to the  
23               Commission with respect to the regula-  
24               tions, guidance, and orders of the Commis-

1 sion and such legislative actions as may be  
2 appropriate; and

3 “(v) any other information determined  
4 appropriate by the Director of LabCFTC.

5 “(C) CONFIDENTIALITY.—A report under  
6 paragraph (A) shall abide by the confidentiality  
7 requirements in section 8.

8 “(6) RECORDS AND ENGAGEMENT.—The Com-  
9 mission shall—

10 “(A) maintain systems of records to track  
11 engagements with the public through  
12 LabCFTC;

13 “(B) store communications and materials  
14 received in connection with any such engage-  
15 ment in accordance with Commission policies  
16 and procedures on data retention and confiden-  
17 tiality; and

18 “(C) take reasonable steps to protect any  
19 confidential or proprietary information received  
20 through LabCFTC engagement.”.

21 (b) CONFORMING AMENDMENTS.—Section  
22 2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amend-  
23 ed—

24 (1) by striking “paragraph and in” and insert-  
25 ing “paragraph,”; and

1           (2) by inserting “and section 18(c)(3),” before  
2           “the executive”.

3           (c) **EFFECTIVE DATE.**—The Commodity Futures  
4 Trading Commission shall implement the amendments  
5 made by this section (including complying with section  
6 18(c)(7) of the Commodity Exchange Act) within 180  
7 days after the date of the enactment of this Act.

8           **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

9           (a) **IN GENERAL.**—The Commodity Futures Trading  
10 Commission, the Securities and Exchange Commission,  
11 and the Secretary of the Treasury shall jointly carry out  
12 a study on decentralized finance that analyzes—

13           (1) the nature, size, role, and use of decentral-  
14 ized finance blockchain applications;

15           (2) the operation of blockchain applications that  
16 comprise decentralized finance;

17           (3) the interoperability of blockchain applica-  
18 tions and other blockchain systems;

19           (4) the interoperability of blockchain applica-  
20 tions and software-based systems, including websites  
21 and wallets;

22           (5) the decentralized governance systems  
23 through which blockchain applications may be devel-  
24 oped, published, constituted, administered, main-  
25 tained, or otherwise distributed, including—

1 (A) whether the systems enhance or de-  
2 tract from—

3 (i) the decentralization of the decen-  
4 tralized finance; and

5 (ii) the inherent benefits and risks of  
6 the decentralized governance system; and

7 (B) any procedures, requirements, or best  
8 practices that would mitigate the risks identi-  
9 fied in subparagraph (A)(ii);

10 (6) the benefits of decentralized finance, includ-  
11 ing—

12 (A) operational resilience and availability  
13 of blockchain systems;

14 (B) interoperability of blockchain systems;

15 (C) market competition and innovation;

16 (D) transaction efficiency;

17 (E) transparency and traceability of trans-  
18 actions; and

19 (F) disintermediation;

20 (7) the risks of decentralized finance, includ-  
21 ing—

22 (A) pseudonymity of users and trans-  
23 actions;

24 (B) disintermediation; and

25 (C) cybersecurity vulnerabilities;

1           (8) the extent to which decentralized finance  
2           has integrated with the traditional financial markets  
3           and any potential risks or improvements to the sta-  
4           bility of the markets;

5           (9) how the levels of illicit activity in decentral-  
6           ized finance compare with the levels of illicit activity  
7           in traditional financial markets;

8           (10) methods for addressing illicit activity in  
9           decentralized finance and traditional markets that  
10          are tailored to the unique attributes of each;

11          (11) how decentralized finance may increase the  
12          accessibility of cross-border transactions; and

13          (12) the feasibility of embedding self-executing  
14          compliance and risk controls into decentralized fi-  
15          nance.

16          (b) CONSULTATION.—In carrying out the study re-  
17          quired under subsection (a), the Commodity Futures  
18          Trading Commission and the Securities and Exchange  
19          Commission shall consult with the Secretary of the Treas-  
20          ury on the factors described under paragraphs (7) through  
21          (10) of subsection (a).

22          (c) REPORT.—Not later than 1 year after the date  
23          of enactment of this Act, the Commodity Futures Trading  
24          Commission and the Securities and Exchange Commission  
25          shall jointly submit to the relevant congressional commit-

1   tees a report that includes the results of the study re-  
2   quired by subsection (a).

3       (d) 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 (12) of subsection (a); and

8           (2) not later than 1 year after the date of en-  
9       actment of this Act, submit to the relevant congres-  
10      sional committees a report that includes the results  
11      of the study required by paragraph (1).

12      (e) DEFINITIONS.—In this section:

13           (1) DECENTRALIZED FINANCE.—

14               (A) IN GENERAL.—The term “decentral-  
15       ized finance” means blockchain applications (in-  
16       cluding decentralized finance trading protocols  
17       and related decentralized finance messaging  
18       systems) that allow users to engage in financial  
19       transactions in a self-directed manner so that a  
20       third-party intermediary does not effectuate the  
21       transactions or take custody of digital commod-  
22       ities of a user during any part of the trans-  
23       actions.

24               (B) RELATIONSHIP TO EXCLUDED ACTIVI-  
25       TIES.—The term “decentralized finance” shall



1 not be interpreted to limit or exclude any activ-  
2 ity from the activities described in section  
3 15I(a) of the Securities Exchange Act of 1934  
4 or section 4v(a) of the Commodity Exchange  
5 Act.

6 (2) RELEVANT CONGRESSIONAL COMMIT-  
7 TEES.—The term “relevant congressional commit-  
8 tees” means—

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

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

15 **SEC. 506. STUDY ON NON-FUNGIBLE TOKENS.**

16 (a) IN GENERAL.—The Comptroller General of the  
17 United States shall carry out a study of non-fungible to-  
18 kens that analyzes—

19 (1) the nature, size, role, purpose, and use of  
20 non-fungible tokens;

21 (2) the similarities and differences between non-  
22 fungible tokens and other digital commodities, in-  
23 cluding digital commodities and permitted payment  
24 stablecoins, and how the markets for those digital  
25 commodities intersect with each other;

1           (3) how non-fungible tokens are minted by  
2           issuers and subsequently administered to purchasers;

3           (4) how non-fungible tokens are stored after  
4           being purchased by a consumer;

5           (5) the interoperability of non-fungible tokens  
6           between different blockchain systems;

7           (6) the scalability of different non-fungible to-  
8           kens marketplaces;

9           (7) the benefits of non-fungible tokens, includ-  
10          ing verifiable digital ownership;

11          (8) the risks of non-fungible tokens, including—

12                (A) intellectual property rights;

13                (B) cybersecurity risks; and

14                (C) market risks;

15          (9) whether and how non-fungible tokens have  
16          integrated with traditional marketplaces, including  
17          those for music, real estate, gaming, events, and  
18          travel;

19          (10) whether and how non-fungible tokens can  
20          be used to facilitate commerce or other activities  
21          through the representation of documents, identifica-  
22          tion, contracts, licenses, and other commercial, gov-  
23          ernment, or personal records;

24          (11) any potential risks to traditional markets  
25          from such integration; and

1           (12) the levels and types of illicit activity in  
2       non-fungible tokens markets.

3       (b) REPORT.—Not later than 1 year after the date  
4 of the enactment of this Act, the Comptroller General,  
5 shall make publicly available a report that includes the re-  
6 sults of the study required by subsection (a).

7       **SEC. 507. STUDY ON EXPANDING FINANCIAL LITERACY**  
8                               **AMONGST DIGITAL COMMODITY HOLDERS.**

9       (a) IN GENERAL.—The Commodity Futures Trading  
10 Commission with the Securities and Exchange Commis-  
11 sion shall jointly conduct a study to identify—

12           (1) the existing level of financial literacy among  
13       retail digital commodity holders, including subgroups  
14       of investors identified by the Commodity Futures  
15       Trading Commission with the Securities and Ex-  
16       change Commission;

17           (2) methods to improve the timing, content, and  
18       format of financial literacy materials regarding dig-  
19       ital commodities provided by the Commodity Fu-  
20       tures Trading Commission and the Securities and  
21       Exchange Commission;

22           (3) methods to improve coordination between  
23       the Securities and Exchange Commission and the  
24       Commodity Futures Trading Commission with other  
25       agencies, including the Financial Literacy and Edu-

1 cation Commission as well as nonprofit organizations  
2 and State and local jurisdictions, to better dissemi-  
3 nate financial literacy materials;

4 (4) the efficacy of current financial literacy ef-  
5 forts with a focus on rural communities and commu-  
6 nities with majority minority populations;

7 (5) the most useful and understandable relevant  
8 information, including clear disclosures, that retail  
9 digital commodity holders need to make informed fi-  
10 nancial decisions before engaging with or purchasing  
11 a digital commodity or service that is typically sold  
12 to retail investors of digital commodities;

13 (6) the most effective public-private partner-  
14 ships in providing financial literacy regarding digital  
15 commodities to consumers;

16 (7) the most relevant metrics to measure suc-  
17 cessful improvement of the financial literacy of an  
18 individual after engaging with financial literacy ef-  
19 forts; and

20 (8) in consultation with the Financial Literacy  
21 and Education Commission, a strategy (including to  
22 the extent practicable, measurable goals and objec-  
23 tives) to increase financial literacy of investors re-  
24 garding digital commodities.

1 (b) REPORT.—Not later than 1 year after the date  
2 of the enactment of this Act, the Commodity Futures  
3 Trading Commission and the Securities and Exchange  
4 Commission shall jointly submit a written report on the  
5 study required by subsection (a) to the Committees on Fi-  
6 nancial Services and on Agriculture of the House of Rep-  
7 resentatives and the Committees on Banking, Housing,  
8 and Urban Affairs and on Agriculture, Nutrition, and  
9 Forestry of the Senate.

10 **SEC. 508. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**  
11 **IMPROVEMENTS.**

12 (a) IN GENERAL.—The Commodity Futures Trading  
13 Commission and the Securities and Exchange Commission  
14 shall jointly conduct a study to assess whether additional  
15 guidance or rules are necessary to facilitate the develop-  
16 ment of tokenized securities and derivatives products, and  
17 to the extent such guidance or rules would foster the devel-  
18 opment of fair and orderly financial markets, be necessary  
19 or appropriate in the public interest, and be consistent  
20 with the protection of investors and customers.

21 (b) REPORT.—

22 (1) TIME LIMIT.—Not later than 1 year after  
23 the date of enactment of this Act, the Commodity  
24 Futures Trading Commission and the Securities and  
25 Exchange Commission shall jointly submit to the rel-

1       evant congressional committees a report that in-  
2       cludes the results of the study required by sub-  
3       section (a).

4               (2) RELEVANT CONGRESSIONAL COMMITTEES  
5       DEFINED.—In this section, the term “relevant con-  
6       gressional committees” means—

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

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

13   **SEC. 509. STUDY ON BLOCKCHAIN IN PAYMENTS.**

14       (a) STUDY REQUIRED.—The Secretary of the Treas-  
15       ury shall conduct a study on the potential use of  
16       blockchain technology by the domestic private sector to ad-  
17       dress—

18              (1) fraud in payments;

19              (2) transaction costs and transaction times;

20              (3) automated payments; and

21              (4) efficiency in commercial transactions.

22       (b) REPORT TO CONGRESS.—Not later than one year  
23       after the date of enactment of this Act, the Secretary shall  
24       submit a report to the Committee on Financial Services  
25       of the House of Representatives and the Committee on

1 Banking, Housing, and Urban Affairs of the Senate that  
2 summarizes the findings of the study required under sub-  
3 section (a).

4 (c) RULE OF CONSTRUCTION.—Nothing in this sec-  
5 tion shall be construed to mandate the use of blockchain  
6 technology by any public or private entity.

