

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3633
OFFERED BY Ms. Waters**

On page 79, strike lines 15 through 23.

In title II, add at the end the following:

1 SEC. 2____. CLARIFICATION OF STATE ANTI-FRAUD AU-
2 THORITY.

3 Section 18(c)(1) of the Securities Act of 1933 (15
4 U.S.C. 77r(c)(1)) is amended—

5 (1) in subparagraph (A)(ii), by striking the
6 “and” at the end;

7 (2) in subparagraph (B)(ii), by striking the pe-
8 riod at the end and inserting a semicolon; and

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

10 “(C) in connection with an exempted
11 transaction involving a digital commodity, with
12 respect to—

13 “(i) fraud or deceit of any person in-
14 volved, including the issuer, a broker, a
15 dealer, an alternative trading system, or a
16 national securities exchange; or

1 “(ii) unlawful conduct by a broker or
2 dealer; and

3 “(D) in connection with a digital com-
4 modity, with respect to—

5 “(i) fraud or deceit of any person in-
6 volved, including the issuer, a broker, a
7 dealer, an alternative trading system, or a
8 national securities exchange; or

9 “(ii) unlawful conduct by a broker or
10 dealer; and”.

Insert after section 301 the following (and redesignate subsequent sections accordingly):

11 **SEC. 302. REGISTRATION REQUIREMENTS FOR BROKERS,**
12 **DEALERS, INVESTMENT ADVISERS, AND**
13 **THEIR ASSOCIATED PERSONS.**

14 (a) **IN GENERAL.**—This Act, and the amendments
15 made by this Act, shall be interpreted to maintain a State-
16 Federal system in the United States for the qualification,
17 registration, licensing, regulation, and examination of, and
18 enforcement with respect to, brokers, dealers, investment
19 advisers, and their associated persons.

20 (b) **BROKERS OR DEALERS OF SECURITIES.**—Section
21 15 of Securities Exchange Act of 1934 (15 U.S.C. 78o)
22 is amended by adding at the end the following:

1 “(p) REGISTRATION REQUIREMENTS FOR BROKERS,
2 DEALERS, INVESTMENT ADVISERS, AND THEIR ASSOCI-
3 ATED PERSONS.—

4 “(1) IN GENERAL.—The technology used to
5 issue or trade a security or provide services to cus-
6 tomers shall have no effect on whether a broker or
7 dealer or an associated person of a broker or dealer
8 is required to register with the Commission or a
9 State.

10 “(2) REGISTRATION REQUIREMENT FOR BRO-
11 KERS AND DEALERS.—Unless an exemption under
12 Federal or State law applies, a person acting as a
13 broker or dealer for securities, including securities
14 recorded and traded on a cryptographically-secured
15 distributed ledger, shall—

16 “(A) register with the Commission and
17 each State in which the person is conducting
18 such activities; and

19 “(B) be a member of a national securities
20 association registered under section 15A.

21 “(3) REGISTRATION REQUIREMENT FOR PER-
22 SONS ASSOCIATED WITH BROKERS OR DEALERS.—
23 Unless an exemption under Federal or State law ap-
24 plies, a person associated with a broker or dealer for
25 securities, including securities recorded and traded

1 on a cryptographically-secured distributed ledger,
2 shall—

3 “(A) register in each State in which the
4 person is conducting such activities; and

5 “(B) be a member of a national securities
6 association registered under section 15A.

7 “(4) PRESERVATION OF STATE AUTHORITY FOR
8 ALTERNATIVE TRADING SYSTEMS.—Nothing in this
9 Act shall be construed to inhibit a State’s authority
10 to pursue fraud, deceit, or other unlawful conduct
11 with respect to the operations of an alternative trad-
12 ing system.”.

13 (c) INVESTMENT ADVISERS FOR SECURITIES.—Sec-
14 tion 203 of the Investment Advisers Act of 1940 (15
15 U.S.C. 80b-3) is amended by adding at the end the fol-
16 lowing:

17 “(o) REGISTRATION OF INVESTMENT ADVISERS AND
18 ASSOCIATED PERSONS.—

19 “(1) IN GENERAL.—The technology used to
20 issue or trade a security or provide services to cli-
21 ents shall have no effect on whether an investment
22 adviser or an associated person of an investment ad-
23 viser is required to register with the Commission or
24 a State.

1 “(2) REGISTRATION REQUIREMENT FOR IN-
2 VESTMENT ADVISERS.—Unless an exemption under
3 Federal or State law applies, a person acting as an
4 investment adviser for securities, including securities
5 recorded on a cryptographically-secured distributed
6 ledger, shall register with the Commission and each
7 State in which the person is conducting such activi-
8 ties.

9 “(3) REGISTRATION REQUIREMENT FOR PER-
10 SONS ASSOCIATED WITH INVESTMENT ADVISERS.—
11 Unless an exemption under Federal or State law ap-
12 plies, a person associated with an investment adviser
13 for securities, including securities recorded and trad-
14 ed on a cryptographically-secured distributed ledger,
15 shall register with each State in which the person is
16 conducting such activities.”.

Page 127, line 24, insert “or any State” after
“Commission”.

In title III, add at the end the following:

17 **SEC. 3____. ANTI-FRAUD, INVESTIGATION, AND EXAMINA-**
18 **TION AUTHORITIES UNDER STATE LAW.**

19 (a) RELATIONSHIP TO STATE LAW.—This Act, and
20 the amendments made by this Act, shall preempt State
21 securities laws, regulations, or rules only to the extent

1 such State laws, regulations, or rules conflict with this
2 Act, and the amendments made by this Act.

3 (b) PRESERVATION OF STATE AUTHORITY.—Nothing
4 in this Act, or the amendments made by this Act, shall
5 be construed to—

6 (1) prohibit the securities commission (or any
7 agency or office performing like functions) of any
8 State from investigating and bringing enforcement
9 actions, in connection with securities, digital com-
10 modities, or transactions in either; or

11 (2) prohibit a State from retaining, enacting, or
12 issuing a State law, regulation, or rule that provides
13 greater protection to residents of the State than the
14 protection provided by this Act, including such State
15 laws, regulations, or rules involving permitted pay-
16 ment stablecoins and digital commodities that occur
17 on or with a person registered with the Securities
18 and Exchange Commission or involving decentralized
19 finance activities.

