

119TH CONGRESS  
1ST SESSION

# H. R. 3633

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

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## IN THE HOUSE OF REPRESENTATIVES

MAY 29, 2025

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

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## A BILL

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

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

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. Implementation.

Sec. 111. Application of the Bank Secrecy Act.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. 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 Com-  
 mission.

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. Digital commodity activities that are financial in nature.
- Sec. 312. Effective date; administration.
- Sec. 313. Studies on foreign adversary participation.

TITLE IV—REGISTRATION FOR DIGITAL COMMODITY INTER-  
MEDIARIES AT THE COMMODITY FUTURES TRADING COMMISS-  
SION

- 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.

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:

1           “(20) BLOCKCHAIN.—The term ‘blockchain’  
2 means—

3           “(A) any technology—

4           “(i) where data is—

5           “(I) shared across a network to  
6 create a distributed ledger of inde-  
7 pendently verifiable transactions or in-  
8 formation among network partici-  
9 pants;

10           “(II) linked using cryptography  
11 to maintain the integrity of the dis-  
12 tributed ledger and to execute other  
13 functions; and

14           “(III) propagated among network  
15 participants to reach consensus on the  
16 state of the distributed ledger and any  
17 other functions; and

18           “(ii) composed of source code that is  
19 publicly available; and

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

22           “(21) BLOCKCHAIN APPLICATION.—The term  
23 ‘blockchain application’ means any executable soft-  
24 ware deployed to a blockchain composed of source  
25 code that is publicly available, including a smart

1 contract or any network of smart contracts, or other  
2 similar technology.

3 “(22) BLOCKCHAIN PROTOCOL.—The term  
4 ‘blockchain protocol’ means the freely and publicly  
5 available source code of a blockchain that is executed  
6 by the network participants of a blockchain to facili-  
7 tate its functioning, or other similar technology.

8 “(23) BLOCKCHAIN SYSTEM.—The term  
9 ‘blockchain system’ means any blockchain, together  
10 with its blockchain protocol or any blockchain appli-  
11 cation or network of blockchain applications.

12 “(24) DECENTRALIZED GOVERNANCE SYS-  
13 TEM.—

14 “(A) IN GENERAL.—The term ‘decentral-  
15 ized governance system’ means, with respect to  
16 a blockchain system, any transparent, rules-  
17 based system permitting persons to form con-  
18 sensus or reach agreement in the development,  
19 provision, publication, management, or adminis-  
20 tration of such blockchain system, where par-  
21 ticipation is not limited to, or under the effec-  
22 tive control of, any person or group of persons  
23 under common control.

24 “(B) RELATIONSHIP OF PERSONS TO DE-  
25 CENTRALIZED GOVERNANCE SYSTEMS.—With

1 respect to a decentralized governance system,  
2 the decentralized governance system and any  
3 persons participating in the decentralized gov-  
4 ernance system shall be treated as separate per-  
5 sons unless such persons are under common  
6 control.

7 “(C) LEGAL ENTITIES FOR DECENTRAL-  
8 IZED GOVERNANCE SYSTEMS.—The term ‘de-  
9 centralized governance system’ shall include a  
10 legal entity used to implement the rules-based  
11 system described in subparagraph (A), provided  
12 that the organizing and governing laws of such  
13 legal entity do not create or require centralized  
14 and hierarchical management of such legal enti-  
15 ty. For the purposes of this subparagraph, the  
16 delegation of ministerial or administrative au-  
17 thority at the direction of the participants in a  
18 decentralized governance system shall not be  
19 construed to be centralized and hierarchical  
20 management.

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

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

5           “(27) DIGITAL COMMODITY AFFILIATED PER-  
6 SON.—The term ‘digital commodity affiliated person’  
7 means a person (including a digital commodity re-  
8 lated person) that, with respect to any digital com-  
9 modity—

10           “(A) acquires 5 percent or more of the  
11 total outstanding units of such digital com-  
12 modity from a digital commodity issuer;

13           “(B) is a founder of the digital commodity  
14 issuer; or

15           “(C) is an executive director, director,  
16 trustee, or general partner of the digital com-  
17 modity issuer or held such role at any point in  
18 the previous 12-month period.

19           “(28) DIGITAL COMMODITY ISSUER.—With re-  
20 spect to a digital commodity, the term ‘digital com-  
21 modity issuer’ means any person that—

22           “(A) proposes, issues, or causes to be  
23 issued a unit of such digital commodity to a  
24 person; or

1           “(B) offers or sells a right to a future  
2           issuance of a unit of such digital commodity to  
3           a person.

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

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

9                   “(i) a person that is or was in the  
10                   previous 6-month period a promoter, senior  
11                   employee, advisory board member, consult-  
12                   ant, advisor, or person serving in a similar  
13                   capacity; and

14                   “(ii) a person that acquires 1 percent  
15                   or more of the total outstanding units of  
16                   such digital commodity from a digital com-  
17                   modity issuer.

18           “(B) SENIOR EMPLOYEE DEFINED.—In  
19           this paragraph and with respect to a digital  
20           commodity issuer, the term ‘senior employee’  
21           means any employee materially involved in the  
22           management or planning of the digital com-  
23           modity issuer or the development of the  
24           blockchain system to which the digital com-  
25           modity relates.



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

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

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

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

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

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

24           “(31) MATURE BLOCKCHAIN SYSTEM.—The  
25           term ‘mature blockchain system’ means a blockchain

1 system, together with its related digital commodity,  
2 that is not controlled by any person or group of per-  
3 sons under common control.

4 “(32) PERMITTED PAYMENT STABLECOIN.—

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

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

9 “(ii) that is denominated in a national  
10 currency;

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

14 “(iv) the issuer of which—

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

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

24 “(v) that is not—

25 “(I) a national currency;

1 “(II) a security issued by—

2 “(aa) an investment com-  
3 pany registered under section  
4 8(a) of the Investment Company  
5 Act of 1940 (15 U.S.C. 80a-  
6 8(a)); or

7 “(bb) a person that would  
8 be an investment company under  
9 the Investment Company Act of  
10 1940 but for paragraphs (1) and  
11 (7) of section 3(c) of that Act  
12 (15 U.S.C. 80a-3(c));

13 “(III) a deposit (as defined under  
14 section 3 of the Federal Deposit In-  
15 surance Act (12 U.S.C. 1813)), re-  
16 gardless of the technology used to  
17 record such deposit; or

18 “(IV) an account (as defined in  
19 section 101 of the Federal Credit  
20 Union Act (12 U.S.C. 1752)), regard-  
21 less of the technology used to record  
22 such account.

23 “(B) MONETARY VALUE DEFINED.—The  
24 term ‘monetary value’—

25 “(i) means—

1 “(I) a national currency;

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

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

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

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

18 **SEC. 102. DEFINITIONS UNDER THE SECURITIES EX-**  
19 **CHANGE ACT OF 1934.**

20 Section 3(a) of the Securities Exchange Act of 1934  
21 (15 U.S.C. 78c(a)) is amended—

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

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

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

5           “(B) chapter 2 of title I of Public Law 91–  
6       508 (12 U.S.C. 1951 et seq.); and

7           “(C) subchapter II of chapter 53 of title  
8       31, United States Code.

9           “(83) ADDITIONAL DIGITAL COMMODITY-RE-  
10       LATED TERMS.—

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

21           “(B) COMMODITY EXCHANGE ACT.—The  
22       terms ‘digital commodity’, ‘digital commodity  
23       broker’, ‘digital commodity dealer’, ‘digital com-  
24       modity exchange’, ‘decentralized finance mes-  
25       saging system’, and ‘decentralized finance trad-

1           ing protocol’ have the meaning given those  
2           terms, respectively, under section 1a of the  
3           Commodity Exchange Act (7 U.S.C. 1a).”.

4 **SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-**  
5 **CHANGE ACT.**

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

8           (1) in paragraph (10)—

9           (A) in subparagraph (A)—

10                   (i) by redesignating clauses (iii) and  
11                   (iv) as clauses (iv) and (v), respectively;  
12                   and

13                   (ii) by inserting after clause (ii) the  
14                   following:

15                           “(iii) digital commodity;”; and

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

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

23                                   “(i) acting as a digital commodity  
24                                   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           (2) in paragraph (11)—

8           (A) in subparagraph (A)(i)—

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

12           (ii) by inserting after subclause (II)  
13           the following:

14                     “(III) digital commodity;”; and

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

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

22                     “(i) acting as a digital commodity  
23           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 represents, 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(e)(2)(D)(i);

3 “(ee) a commodity option  
4 authorized under section 4c; 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(e) of such Act (15 U.S.C. 80a–  
8 3(e)(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 SECUR-  
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)”;

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, or the primary Federal pay-  
17 ment stablecoin regulators to carry out any enforce-  
18 ment action or special measure authorized under ap-  
19 plicable law, including—

20 (A) the Bank Secrecy Act, section 9714 of  
21 the Combating Russian Money Laundering Act  
22 (31 U.S.C. 5318A note), and section 7213A of  
23 the Fentanyl Sanctions Act (21 U.S.C. 2313a);  
24 or

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

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

15 (e) JOINT RULES FOR PORTFOLIO MARGINING DE-  
16 TERMINATIONS.—

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

1       rities (including related extensions of credit), secu-  
2       rity-based swaps, futures contracts, options on fu-  
3       tures contracts, swaps, and digital commodities, or  
4       any subset thereof, in—

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

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

12              (C) a swap account carried by a swap deal-  
13              er; or

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

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

24                      (A) the joint order or determination to be  
25                      issued only if the order or determination is in

1 the public interest and provides for the appro-  
2 priate protection of customers;

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

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

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

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

1 **SEC. 106. PROVISIONAL REGISTRATION FOR DIGITAL COM-**  
2 **MODITY EXCHANGES, BROKERS, AND DEAL-**  
3 **ERS.**

4 (a) IN GENERAL.—

5 (1) PROVISIONAL REGISTRATION.—Within 180  
6 days after the date of the enactment of this Act, a  
7 person acting as a digital commodity exchange, dig-  
8 ital commodity broker, or digital commodity dealer  
9 shall file a statement of provisional registration with  
10 the Commodity Futures Trading Commission (in  
11 this subsection referred to as the “Commission”),  
12 unless exempted from registration under section 5k  
13 of the Commodity Exchange Act, as a—

14 (A) digital commodity exchange, for a per-  
15 son acting as a digital commodity exchange;

16 (B) digital commodity broker, for a person  
17 acting as a digital commodity broker; or

18 (C) digital commodity dealer, for a person  
19 acting as a digital commodity dealer.

20 (2) CONDITIONS.—

21 (A) NON-REGISTERED ENTITIES.—A per-  
22 son, other than a registered entity, who files a  
23 statement of provisional registration under  
24 paragraph (1) shall be considered to be in com-  
25 pliance with this section if the person—

1 (i) is a member of a futures associa-  
2 tion registered under section 17 of the  
3 Commodity Exchange Act, and complies  
4 with the rules of the association, including  
5 the rules of the association pertaining to  
6 customer disclosures and protection of cus-  
7 tomer assets;

8 (ii) submits to the Commission, in the  
9 form and manner determined by the Com-  
10 mission, and continues to materially up-  
11 date, as necessary or required by the Com-  
12 mission, a statement of the nature of the  
13 digital commodity-related activities the per-  
14 son is pursuing or intends to pursue;

15 (iii) submits to the Commission and  
16 continues to materially update the infor-  
17 mation required by this subsection;

18 (iv) complies with subsection (c) of  
19 this section; and

20 (v) pays all fees and penalties imposed  
21 on the person under section 410 of this  
22 Act.

23 (B) REGISTERED ENTITY.—

24 (i) IN GENERAL.—A registered entity  
25 who files a statement of provisional reg-

1           istration under paragraph (1) shall be con-  
2           sidered to be in compliance with this sec-  
3           tion if the person—

4                   (I) submits to the Commission  
5                   and continues to materially update, a  
6                   statement of the nature of the digital  
7                   commodity-related activities the per-  
8                   son is pursuing or intends to pursue;

9                   (II) submits, and continues to  
10                  materially update, the information re-  
11                  quired by this subsection and sub-  
12                  section (b);

13                  (III) complies with subsection  
14                  (c); and

15                  (IV) pays all fees and penalties  
16                  imposed on the person under section  
17                  410.

18           (ii) DEFINITION.—In this paragraph,  
19           the term “registered entity” means a per-  
20           son who is designated by the Commodity  
21           Futures Trading Commission as a contract  
22           market or registered with the Commodity  
23           Futures Trading Commission as a swap  
24           execution facility.

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

5 (1) MANAGEMENT.—Information concerning  
6 the management of the person, including informa-  
7 tion describing—

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

10 (B) the financial condition of the person;

11 (C) affiliated entities;

12 (D) potential conflicts of interest;

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

14 (i) the place of incorporation;

15 (ii) principal place of business; and

16 (iii) an address for service of process;

17 and

18 (F) a list of the States in which the person  
19 has operations.

20 (2) DIGITAL COMMODITY OPERATIONS.—Infor-  
21 mation concerning the digital commodity operations  
22 of the person, including—

23 (A) a general description of the person's  
24 business and the terms of service for United  
25 States customers;



1 (B) a description of the person's account  
2 approval process;

3 (C) any rulebook or other customer order  
4 fulfillment rules or procedures;

5 (D) risk management procedures;

6 (E) a description of the product listing  
7 process; and

8 (F) policies and procedures for compliance  
9 with the Bank Secrecy Act.

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

13 (1) STATUTORY DISQUALIFICATIONS.—Except  
14 to the extent otherwise specifically provided by the  
15 Commission or any registered futures association  
16 rule, regulation, or order, the person shall not per-  
17 mit an individual who is subject to a statutory dis-  
18 qualification under paragraph (2) or (3) of section  
19 8a of the Commodity Exchange Act or subject to a  
20 statutory disqualification as defined in section 3(a)  
21 of the Securities Exchange Act of 1934 (15 U.S.C.  
22 78c(a)) to effect or be involved in effecting trans-  
23 actions on behalf of the person, if the person knew,  
24 or in the exercise of reasonable care should have  
25 known, of the statutory disqualification.

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

6           (3) CUSTOMER DISCLOSURES.—The person  
7           shall disclose to customers—

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

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

15                  (C) information concerning the policies and  
16                  procedures of the person that are related to the  
17                  protection of customers of the person, including  
18                  information regarding any conflicts of interest  
19                  or material affiliates; and

20                  (D) in their disclosure documents, offering  
21                  documents, and promotional material—

22                          (i) in a prominent manner, that they  
23                          are not registered with or regulated by the  
24                          Commission; and

1                   (ii) the contact information for the  
2                   whistleblower, complaint, and reparation  
3                   programs of the Commission.

4       (d) AUTHORITY.—

5           (1) IN GENERAL.—

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

9                           (i) a registered digital commodity ex-  
10                           change, pursuant to section 5i, if the per-  
11                           son filed a statement of provisional reg-  
12                           istration as a digital commodity exchange;  
13                           or

14                           (ii) a registered digital commodity  
15                           broker or dealer, pursuant to section 4u, if  
16                           the person filed a statement of provisional  
17                           registration as a digital commodity broker  
18                           or dealer, as the case may be.

19                   (B) SUNSET.—The applicability of sub-  
20                   paragraph (A) shall expire—

21                           (i) in the case of a digital commodity  
22                           exchange deemed registered pursuant to  
23                           subparagraph (A)(i), 180 days after the  
24                           final effective date of the rulemakings re-  
25                           quired under 5i; or

1 (ii) in the case of a digital commodity  
2 broker or dealer deemed registered pursu-  
3 ant to subparagraph (A)(ii), 180 days  
4 after the final effective date of the  
5 rulemakings required under 4u.

6 (2) SUPERIORITY OF COMMISSION-ADOPTED RE-  
7 QUIREMENTS.—The requirements of the preceding  
8 provisions of this section shall not supersede any re-  
9 quirements applicable to registered persons adopted  
10 by the Commission under the Commodity Exchange  
11 Act.

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

23 (f) REGISTRATION.—A person may not file a state-  
24 ment of provisional registration with the Commission after  
25 the Commission has finalized its rules for the registration

1 of digital commodity exchanges, digital commodity bro-  
2 kers, or digital commodity dealers, as appropriate.

3 (g) RULEMAKING.—

4 (1) IN GENERAL.—Within 180 days after the  
5 date of the enactment of this Act, a registered fu-  
6 tures association shall adopt and enforce rules appli-  
7 cable to persons required by subsection (a)(2) to be  
8 members of the association.

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

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

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

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

25 (j) FEDERAL PREEMPTION.—

1           (1) This section shall supersede any State or  
2           local law (other than antifraud provisions of general  
3           applicability) that regulates the offer or sale of dig-  
4           ital assets in the case of a transaction conducted in  
5           compliance with this section and conducted on or  
6           through a person who files a statement of provi-  
7           sional registration under subsection (a) and complies  
8           with the requirements of this section.

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

12                   (A) files a statement of provisional reg-  
13                   istration under subsection (a); and

14                   (B) complies with the requirements of this  
15                   section.

16 **SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES**  
17 **LAWS SAVINGS PROVISIONS.**

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

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

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

24                   (B) a swap;

25                   (C) a security futures product;

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

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

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

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

10 (A) a security-based swap;

11 (B) a security futures product; or

12 (C) an option on or based on the value of  
13 a security; or

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

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

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

4 **SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

7 (1) in paragraph (3)—

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

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

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

13 “(D) a contract of sale of a digital com-  
14 modity.”;

15 (2) in paragraph (4)—

16 (A) in subparagraph (A)—

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

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

21 (iii) by adding at the end the fol-  
22 lowing:

23 “(iv) a contract of sale of a digital  
24 commodity.”;

25 (B) in subparagraph (B)—



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

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

5 (iii) by adding at the end the fol-  
6 lowing:

7 “(iv) a contract of sale of a digital  
8 commodity.”; and

9 (C) in subparagraph (C)—

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

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

14 “(iii) a swap; or

15 “(iv) a contract of sale of a digital  
16 commodity,

17 provided, however.”; and

18 (iii) by striking “clauses (i), (ii), or  
19 (iii)” and insert “any of clauses (i)  
20 through (iv)”.

21 **SEC. 109. INTERNATIONAL COOPERATION.**

22 In order to promote greater consistency in effective  
23 and consistent global regulation of digital assets, the Com-  
24 modity Futures Trading Commission and the Securities  
25 and Exchange Commission, as appropriate—

1           (1) shall consult and coordinate with foreign  
2 regulatory authorities on the application of con-  
3 sistent international standards with respect to the  
4 regulation of digital assets; and

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

10 **SEC. 110. IMPLEMENTATION.**

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

19           (b) RULES AND REGISTRATION BEFORE FINAL EF-  
20 FECTIVE DATES.—

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

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

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

5 (C) register persons under this Act; and

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

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

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

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

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

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

25 (b) GAO STUDY.—

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

4           (A) assess the risks posed by centralized  
5 intermediaries that are primarily located in for-  
6 eign jurisdictions that provide services to U.S.  
7 persons without regulatory requirements that  
8 are substantially similar to the requirements of  
9 the Bank Secrecy Act; and

10          (B) provide any regulatory or legislative  
11 recommendations to address these risks under  
12 subparagraph (A).

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

## 18 **TITLE II—OFFERS AND SALES OF** 19 **DIGITAL COMMODITIES**

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

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

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

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

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

7                   “(A) that can be exclusively possessed and  
8 transferred, person to person, without necessary  
9 reliance on an intermediary, and is recorded on  
10 a blockchain; and

11                   “(B) sold or otherwise transferred, or in-  
12 tended to be sold or otherwise transferred, pur-  
13 suant to an investment contract.”.

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

20           (c) INVESTMENT COMPANY ACT OF 1940.—Section  
21 2(a)(36) of the Investment Company Act of 1940 (15  
22 U.S.C. 80a–2(a)(36)) is amended by adding at the end  
23 the following: “The term ‘investment contract’ does not  
24 include an investment contract asset (as such term is de-  
25 fined under section 2(a) of the Securities Act of 1933).”.

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

7 (e) SECURITIES INVESTOR PROTECTION ACT OF  
8 1970.—Section 16(14) of the Securities Investor Protec-  
9 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-  
10 ing at the end the following: “The term ‘investment con-  
11 tract’ does not include an investment contract asset (as  
12 such term is defined under section 2(a) of the Securities  
13 Act of 1933).”.

14 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**  
15 **COMMODITIES.**

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

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

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

24 “(A) the blockchain system to which the  
25 digital commodity relates, together with the dig-

1           ital commodity, is certified as a mature  
2           blockchain system under section 42 of the Secu-  
3           rities Exchange Act of 1934 or the issuer in-  
4           tends for the blockchain system to which the  
5           digital commodity relates to be a mature  
6           blockchain system by the later of—

7                   “(i) the date that is four years after  
8                   the first sale of the investment contract in-  
9                   volving such digital commodity; or

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

12                   “(B) the sum of all cash and other consid-  
13                   eration to be received by the digital commodity  
14                   issuer in reliance on the exemption provided  
15                   under this paragraph, during the 12-month pe-  
16                   riod preceding the date of such offering, includ-  
17                   ing the amount received in such offering, is not  
18                   more than \$75,000,000 (as such amount is an-  
19                   nually adjusted by the Commission to reflect  
20                   the change in the Consumer Price Index for All  
21                   Urban Consumers published by the Bureau of  
22                   Labor Statistics of the Department of Labor);

23                   “(C) after the completion of the trans-  
24                   action, a purchaser does not own more than 10

1           percent of the total amount of the outstanding  
2           units of the digital commodity;

3           “(D) the transaction does not involve the  
4           offer or sale of an investment contract involving  
5           units of a digital commodity by its digital com-  
6           modity issuer that—

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

10                   “(ii) is a development stage company  
11                   that either—

12                           “(I) has no specific business plan  
13                           or purpose; or

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

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



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

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

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

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

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

15       **“SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIG-**

16                               **ITAL COMMODITY TRANSACTIONS.**

17          “(a) COMMISSION JURISDICTION.—For the purposes  
18          of this section:

19               “(1) The Commission shall have jurisdiction  
20               and enforcement authority with respect to disclo-  
21               sures described in this section.

22               “(2) Section 17 shall apply to a statement  
23               made in an offering statement, disclosure, or report  
24               filed under this section to the same extent as such  
25               section 17 applies to a statement made in any other

1 offering statement, disclosure, or report filed under  
2 this Act.

3 “(b) REQUIREMENTS FOR DIGITAL COMMODITY  
4 ISSUERS.—

5 “(1) TERMS AND CONDITIONS.—A digital com-  
6 modity issuer offering or selling an investment con-  
7 tract involving units of a digital commodity in reli-  
8 ance on section 4(a)(8) shall file with the Commis-  
9 sion an offering statement and any related docu-  
10 ments, in such form and with such content as pre-  
11 scribed by the Commission, including financial infor-  
12 mation, a description of the issuer and the oper-  
13 ations of the issuer, the financial condition of the  
14 issuer, a description of the plan of distribution of  
15 any unit of a digital commodity that is to be offered  
16 as well as the intended use of the offering proceeds,  
17 and a description of the development plan for the  
18 blockchain system, and the related digital com-  
19 modity, to become a mature blockchain system, if  
20 such blockchain system is not already certified as a  
21 mature blockchain system pursuant to section 42 of  
22 the Securities Exchange Act of 1934 (15 U.S.C. 78a  
23 et seq.).

24 “(2) INFORMATION REQUIRED FOR PUR-  
25 CHASERS.—A digital commodity issuer that has filed

1 a statement under paragraph (1) to offer and sell an  
2 investment contract involving a unit of a digital  
3 commodity in reliance on section 4(a)(8) shall in-  
4 clude in such statement the following information:

5 “(A) MATURITY STATUS.—Whether the  
6 blockchain system to which the digital com-  
7 modity relates has been certified as a mature  
8 blockchain system pursuant to section 42 of the  
9 Securities Exchange Act of 1934 (15 U.S.C.  
10 78a et seq.) and, where such blockchain system  
11 is not so certified, a statement of the digital  
12 commodity issuer’s intent for the blockchain  
13 system to which the digital commodity relates  
14 to be a mature blockchain system within the  
15 time period described in section 4(a)(8)(A).

16 “(B) SOURCE CODE.—The source code, or  
17 a publicly accessible webpage displaying such  
18 source code, for any blockchain system to which  
19 the digital commodity relates, and whether the  
20 source code was sourced from an external third  
21 party, whether there are any existing external  
22 dependencies, and whether the code underwent  
23 a third-party security audit.

24 “(C) TRANSACTION HISTORY.—A descrip-  
25 tion of the steps necessary to independently ac-

1           cess, search, and verify the transaction history  
2           of any blockchain system to which the digital  
3           commodity relates, to the extent any such inde-  
4           pendent access, search, and verification activi-  
5           ties are technically feasible with respect to such  
6           blockchain system.

7           “(D) DIGITAL COMMODITY ECONOMICS.—

8           A description of the purpose of any blockchain  
9           system to which the digital commodity relates  
10          and the operation of any such blockchain sys-  
11          tem, including—

12               “(i) information explaining the launch  
13               and supply process, including the number  
14               of units of the digital commodity to be  
15               issued in an initial allocation, the total  
16               number of units of the digital commodity  
17               to be created, the release schedule for the  
18               units of the digital commodity, and the  
19               total number of units of the digital com-  
20               modity outstanding;

21               “(ii) information explaining the tech-  
22               nical requirements for holding, accessing,  
23               and transferring the digital commodity;

24               “(iii) information on any applicable  
25               consensus mechanism or process for vali-

1 dating transactions, method of generating  
2 or mining digital commodities, and any  
3 process for burning or destroying units of  
4 the digital commodity on the blockchain  
5 system;

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

9 “(v) an explanation of governance  
10 mechanisms for implementing changes to  
11 the blockchain system or forming con-  
12 sensus among holders of units of such dig-  
13 ital commodity.

14 “(E) PLAN OF DEVELOPMENT.—The cur-  
15 rent state and timeline for the development of  
16 any blockchain system to which the digital com-  
17 modity relates, detailing how and when the  
18 blockchain system is intended to be a mature  
19 blockchain system, if the blockchain system is  
20 not yet certified as a mature blockchain system,  
21 and the various roles that exist or are intended  
22 to exist in connection with the blockchain sys-  
23 tem, such as users, service providers, devel-  
24 opers, transaction validators, and governance  
25 participants, including a discussion of any

1 mechanisms by which control or authority are  
2 exerted with respect to the blockchain system or  
3 its related digital commodity, and any critical  
4 operational dependencies of the blockchain sys-  
5 tem or its related digital commodity.

6 “(F) OWNERSHIP DISCLOSURES.—

7 “(i) IN GENERAL.—A list of all per-  
8 sons who are digital commodity related  
9 persons or digital commodity affiliated per-  
10 sons who have been issued a unit of the  
11 digital commodity by the digital commodity  
12 issuer or have a right to a unit of the dig-  
13 ital commodity from the digital commodity  
14 issuer.

15 “(ii) CONFIDENTIALITY.—The Com-  
16 mission shall keep each list described  
17 under clause (i) confidential, consistent  
18 with what is necessary or appropriate in  
19 the public interest or for the protection of  
20 investors.

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

24 “(3) ONGOING DISCLOSURE REQUIREMENTS  
25 FOR MATURING BLOCKCHAIN SYSTEMS.—Subject to

1 paragraph (5), the issuer of a digital commodity re-  
2 lated to a blockchain system that is not yet certified  
3 as a mature blockchain system that has filed a state-  
4 ment under paragraph (1) to offer and sell an in-  
5 vestment contract involving a unit of a digital com-  
6 modity in reliance on section 4(a)(8) shall file the  
7 following with the Commission:

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

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

16 “(ii) a description of the efforts of the  
17 issuer and digital commodity related per-  
18 sons in developing the blockchain system to  
19 which the digital commodity relates; and

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

1           “(B) CURRENT REPORTS.—A current re-  
2           port reflecting any material changes relevant to  
3           the information previously reported to the Com-  
4           mission by the digital commodity issuer, which  
5           shall be filed as soon as practicable after the  
6           material change occurred, in accordance with  
7           such rules as the Commission may prescribe as  
8           necessary or appropriate in the public interest  
9           or for the protection of investors.

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

15           “(5) TERMINATION OF CERTAIN REPORTING  
16           REQUIREMENTS; POST-MATURITY REPORTING RE-  
17           QUIREMENTS.—

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



1 and the disclosure requirements under subpara-  
2 graph (C) of this paragraph are satisfied.

3 “(B) COVERED FISCAL YEAR DEFINED.—  
4 In this paragraph, the term ‘covered fiscal year’  
5 means, with respect to a digital commodity, the  
6 first fiscal year of a digital commodity issuer in  
7 which the blockchain system to which such dig-  
8 ital commodity relates is certified as a mature  
9 blockchain system under section 42 of the Secu-  
10 rities Exchange Act of 1934.

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

1           “(i) any participation in a decentral-  
2           ized governance system of such blockchain  
3           system;

4           “(ii) any participation in alterations  
5           or proposed alterations to the functionality  
6           or operation of such blockchain system;

7           “(iii) the use or planned use of any  
8           funds raised in reliance on section 4(a)(8)  
9           or any rulemaking pursuant to section  
10          202(d) of the CLARITY Act of 2025 in  
11          such efforts;

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

17          “(v) any affiliations of such issuer  
18          material to the efforts of such issuer.

19          “(D) RULE OF CONSTRUCTION.—Nothing  
20          in subparagraph (C) may be construed to make  
21          any digital commodity described in such sub-  
22          paragraph a security.

23          “(c) REQUIREMENTS FOR INTERMEDIARIES.—A per-  
24          son acting as an intermediary in connection with the offer

1 or sale of an investment contract involving units of a dig-  
2 ital commodity in reliance on section 4(a)(8) shall—

3 “(1) register with the Commission as a broker  
4 or dealer; and

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

8 “(d) DISQUALIFICATION PROVISIONS.—The Commis-  
9 sion shall issue rules to apply the disqualification provi-  
10 sions under section 230.262 of title 17, Code of Federal  
11 Regulations, to the exemption provided under section  
12 4(a)(8).

13 “(e) FAILURE TO MATURE.—

14 “(1) IN GENERAL.—Not later than 270 days  
15 after the date of the enactment of this section, the  
16 Commission shall issue rules applying such addi-  
17 tional obligations and disclosures for the digital com-  
18 modity issuers, digital commodity related persons,  
19 and digital commodity affiliated persons of a  
20 blockchain system described under subsection (b)(1)  
21 that does not become a mature blockchain system  
22 within the time period described in section  
23 4(a)(8)(A) as are necessary or appropriate in the  
24 public interest or for the protection of investors.

1 Such obligations and disclosures shall include the  
2 following:

3 “(A) DISCLOSURES.—Disclosures regard-  
4 ing the following:

5 “(i) FAILURE TO MATURE.—The ma-  
6 terial reasons that the blockchain system  
7 has not become a mature blockchain sys-  
8 tem within the time period described in  
9 section 4(a)(8)(A).

10 “(ii) DEVELOPMENT PLANS.—The fu-  
11 ture plans of development of the  
12 blockchain system, including information  
13 required under subsection (b)(3).

14 “(iii) RISK FACTOR DISCLOSURES.—  
15 The material risks surrounding ownership  
16 of a unit of a digital commodity that re-  
17 lates to a blockchain system described  
18 under subsection (b)(1) that has not be-  
19 come a mature blockchain system within  
20 the time period described in section  
21 4(a)(8)(A).

22 “(B) OBLIGATIONS.—Transaction report-  
23 ing and beneficial ownership disclosure obliga-  
24 tions applicable to digital commodity related

1 persons and digital commodity affiliated per-  
2 sons of such blockchain system.

3 “(2) QUALIFICATION REQUIRED.—The Com-  
4 mission may not permit any additional raising of  
5 capital by the issuer of a digital commodity related  
6 to a blockchain system described under subsection  
7 (a)(1) that has not become a mature blockchain sys-  
8 tem within the time period described in section  
9 4(a)(8)(A) unless the Commission has qualified any  
10 offering statement related to such additional raising  
11 of capital.”.

12 (b) ADDITIONAL EXEMPTIONS.—

13 (1) CERTAIN REGISTRATION REQUIREMENTS.—  
14 Section 12(g)(6) of the Securities Exchange Act of  
15 1934 (15 U.S.C. 78l(g)(6)) is amended by striking  
16 “under section 4(6)” and inserting “under section  
17 4(a)(6) or 4(a)(8)”.

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

21 (A) in section (B), by striking “section  
22 4(4)” and inserting “section 4(a)(4)”;

23 (B) in section (C), by striking “section  
24 4(6)” and inserting “section 4(a)(6)”;

25 (C) in subparagraph (F)—

1 (i) by striking “section 4(2)” each  
2 place such term appears and inserting  
3 “section 4(a)(2)”; and

4 (ii) by striking “or” at the end;

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

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

8 “(H) section 4(a)(8).”.

9 (c) PRIOR ISSUERS.—

10 (1) REPORTING EXCEPTION.—With respect to a  
11 digital commodity, the digital commodity issuer shall  
12 not be required to file the reports otherwise required  
13 under section 4B(b)(3) of the Securities Act of 1933  
14 (or, with respect to a digital commodity not issued  
15 in reliance on section 4(a)(8) of the Securities Act  
16 of 1933, a comparable set of reports specified by the  
17 Securities and Exchange Commission), if the digital  
18 commodity issuer—

19 (A) last offered or sold an investment con-  
20 tract involving a unit of the digital commodity  
21 prior to January 1, 2020; or

22 (B) both—

23 (i) last offered or sold an investment  
24 contract involving a unit of the digital

1 commodity between January 1, 2020, and  
2 June 1, 2025; and

3 (ii) is no longer engaged in material  
4 ongoing efforts related to the blockchain  
5 system to which the digital commodity re-  
6 lates.

7 (2) REPORTING APPLICATION DATE FOR CER-  
8 TAIN PRIOR ISSUERS.—With respect to a digital  
9 commodity, if the digital commodity issuer is en-  
10 gaged in material ongoing efforts related to the  
11 blockchain system to which the digital commodity re-  
12 lates and last offered and sold an investment con-  
13 tract involving a unit of the digital commodity be-  
14 tween January 1, 2020, and June 1, 2025, the dig-  
15 ital commodity issuer shall file with the Commission  
16 a comparable set of reports to the reports described  
17 under, as applicable, section 4B(b)(3) or  
18 4B(b)(5)(C) of the Securities Act of 1933, where re-  
19 quired by the Commission, not later than one year  
20 after the effective date of this section.

21 (d) USE OF OTHER EXEMPTIONS.—

22 (1) RULE OF CONSTRUCTION.—Nothing in this  
23 section or the amendments made by this section may  
24 be construed as prohibiting the offer or sale of an  
25 investment contract involving units of a digital com-

1 commodity in reliance on an exemption provided under  
2 section 3, 4(a), or 19 of the Securities Act of 1933  
3 other than that provided under section 4(a)(8) of the  
4 Securities Act of 1933.

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

7 (A) to permit the issuer of a digital com-  
8 modity related to a blockchain system described  
9 under section 4B(b)(1) of the Securities Act of  
10 1933 that has not become a mature blockchain  
11 system within the time period described in sec-  
12 tion 4(a)(8)(A) of such Act to raise capital pur-  
13 suant to an exempt offering, if the Commission  
14 qualifies any offering statement related to such  
15 raising of capital; and

16 (B) for the offer and sale of investment  
17 contracts involving units of a digital commodity  
18 by issuers that are not organized under the  
19 laws of a State, a territory of the United  
20 States, or the District of Columbia.

21 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**  
22 **DIGITAL COMMODITIES THAT ORIGINALLY**  
23 **INVOLVED INVESTMENT CONTRACTS.**

24 (a) SECONDARY MARKET TREATMENT.—Notwith-  
25 standing any other provision of law, the offer or sale of



1 a digital commodity that originally involved an investment  
2 contract by a person other than the issuer of such digital  
3 commodity, or an agent or underwriter thereof, shall be  
4 deemed not to be an offer or sale of the investment con-  
5 tract originally involving the digital commodity between  
6 the issuer of the investment contract involving the digital  
7 commodity, or an agent or underwriter thereof, and the  
8 purchaser of such digital commodity under—

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

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

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

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

17 (5) the Securities Investor Protection Act of  
18 1970 (15 U.S.C. 78aaa et seq.); and

19 (6) any applicable provisions of State law.

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

23 (c) AGENT DEFINED.—In this section and with re-  
24 spect to a digital commodity issuer, the term “agent”  
25 means any person directly or indirectly controlled by the

1 issuer or under direct or indirect common control with the  
2 issuer.

3 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**  
4 **ITAL COMMODITIES BY DIGITAL COMMODITY**  
5 **RELATED PERSONS AND DIGITAL COM-**  
6 **MODITY AFFILIATED PERSONS.**

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

10 **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**  
11 **ITAL COMMODITIES BY DIGITAL COMMODITY**  
12 **RELATED PERSONS AND DIGITAL COM-**  
13 **MODITY AFFILIATED PERSONS.**

14 “(a) IN GENERAL.—It shall be a violation of this Act  
15 for a digital commodity affiliated person or a digital com-  
16 modity related person to offer or sell a digital commodity  
17 acquired directly from its issuer, or an agent or under-  
18 writer thereof, pursuant to an investment contract in reli-  
19 ance on section 4(a)(8) or another exemption under this  
20 Act, other than as provided in this section.

21 “(b) COMMISSION JURISDICTION.—

22 “(1) Where a digital commodity affiliated per-  
23 son or a digital commodity related person offers or  
24 sells a digital commodity acquired directly from its  
25 issuer, or an agent or underwriter thereof, pursuant

1 to an investment contract in reliance on section  
2 4(a)(8), or another exemption under this Act, other  
3 than as provided in this section, such digital com-  
4 modity affiliated person or digital commodity related  
5 person shall be considered an issuer of such invest-  
6 ment contract.

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

11 “(c) RESTRICTIONS ON DIGITAL COMMODITY RE-  
12 LATED PERSONS AND DIGITAL COMMODITY AFFILIATED  
13 PERSONS.—

14 “(1) PRIOR TO BEING A MATURE BLOCKCHAIN  
15 SYSTEM.—Prior to the blockchain system to which a  
16 digital commodity relates being certified as a mature  
17 blockchain system under section 42 of the Securities  
18 Exchange Act of 1934, units of the digital com-  
19 modity acquired by a digital commodity related per-  
20 son or digital commodity affiliated person directly  
21 from its issuer, or an agent or underwriter thereof,  
22 pursuant to an investment contract in reliance on  
23 section 4(a)(8), or another exemption under this  
24 Act, may be offered or sold by such digital com-

1       modity related person or digital commodity affiliated  
2       person if—

3               “(A) reports with respect to such digital  
4               commodity, where required under section  
5               4B(b)(3) (or, with respect to a digital com-  
6               modity not issued in reliance on section 4(a)(8),  
7               a comparable set of reports where required by  
8               the Commission) have been filed with the Com-  
9               mission;

10              “(B) the digital commodity related person  
11              or digital commodity affiliated person has held  
12              the units for not less than 12 months from the  
13              date the units were delivered; and

14              “(C) the aggregate amount of the units of  
15              the digital commodity offered or sold by the  
16              digital commodity related person or digital com-  
17              modity affiliated person is—

18                      “(i) in any 12-month period, not  
19                      greater than 15 percent of the total units  
20                      of the digital commodity acquired directly  
21                      from its issuer by the digital commodity  
22                      related person or digital commodity affili-  
23                      ated person; and

24                      “(ii) not greater than 50 percent of  
25                      the total units of the digital commodity ac-

1           required directly from its issuer by the dig-  
2           ital commodity related person or digital  
3           commodity affiliated person.

4           “(2) AFTER BECOMING A MATURE BLOCKCHAIN  
5           SYSTEM.—After the blockchain system to which a  
6           digital commodity relates is certified as a mature  
7           blockchain system under section 42 of the Securities  
8           Exchange Act of 1934, units of the digital com-  
9           modity acquired by a digital commodity related per-  
10          son or digital commodity affiliated person directly  
11          from its issuer, or the issuer’s agent or underwriter,  
12          pursuant to an investment contract in reliance on  
13          section 4(a)(8) or another exemption under this Act,  
14          may be—

15                 “(A) offered or sold by a digital commodity  
16                 related person; or

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

19                         “(i) information described in section  
20                         4B(b)(5)(C), where required (or, with re-  
21                         spect to a digital commodity not issued in  
22                         reliance on section 4(a)(8), a comparable  
23                         set of information, where required) is pub-  
24                         licly available;

1           “(ii) the digital commodity affiliated  
2 person has held the units for not less than  
3 the earlier of—

4                   “(I) 12 months from the date the  
5 units were delivered; or

6                   “(II) 3 months following the date  
7 on which the blockchain system is cer-  
8 tified as a mature blockchain system  
9 under section 42 of the Securities Ex-  
10 change Act of 1934; and

11           “(iii) the aggregate amount of the  
12 units of the digital commodity offered or  
13 sold by the digital commodity affiliated  
14 person in any 12-month period does not  
15 exceed the greater of—

16                   “(I) 8 percent of the total out-  
17 standing amount of the digital com-  
18 modity; or

19                   “(II) 25 percent of the total  
20 units of the digital commodity ac-  
21 quired directly from its issuer by the  
22 digital commodity affiliated person.

23           “(d) USE OF A DIGITAL COMMODITY IN THE PRO-  
24 GRAMMATIC FUNCTIONING OF THE BLOCKCHAIN SYS-  
25 TEM.—For purposes of this section, the use of a digital

1 commodity in the programmatic functioning of the  
2 blockchain system to which it relates is not an offer or  
3 sale of a digital commodity.

4 “(e) MANIPULATIVE AND DECEPTIVE DEVICES; RE-  
5 PORTING.—

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

17 “(2) AFFIRMATIVE DEFENSE.—Not later than  
18 270 days after the date of the enactment of this sec-  
19 tion, the Commission shall issue rules to implement  
20 paragraph (1), including by providing any affirma-  
21 tive defenses to an enforcement action thereunder as  
22 the Commission may prescribe as necessary or ap-  
23 propriate in the public interest or for the protection  
24 of investors.

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

9           “(4) DIFFERENTIATION BETWEEN PERSONS.—  
10 In issuing rules required under paragraphs (2) and  
11 (3), the Commission shall differentiate between dig-  
12 ital commodity related persons and digital com-  
13 modity affiliated persons as necessary or appropriate  
14 in the public interest or for the protection of inves-  
15 tors.

16           “(f) RULES FOR PREVIOUSLY-ISSUED DIGITAL COM-  
17 MODITIES.—

18           “(1) UNITS RECEIVED PRIOR TO JANUARY 1,  
19 2020.—If a unit of a digital commodity was received  
20 by a digital commodity related person or digital com-  
21 modity affiliated person prior to January 1, 2020,  
22 the unit of the digital commodity may be offered or  
23 sold by the digital commodity related person or dig-  
24 ital commodity affiliated person without condition.



1           “(2) CERTAIN UNITS RELATED TO A NON-MA-  
2           TURE BLOCKCHAIN SYSTEM.—If a unit of a digital  
3           commodity was received by a digital commodity re-  
4           lated person or digital commodity affiliated person  
5           between January 1, 2020, and June 1, 2025, and  
6           the blockchain system to which the digital com-  
7           modity relates is not certified as a mature  
8           blockchain system under section 42 of the Securities  
9           Exchange Act of 1934, the unit of the digital asset  
10          may be offered or sold by a digital commodity re-  
11          lated person or digital commodity affiliated person  
12          if—

13                 “(A) reports with respect to such digital  
14                 commodity comparable to the reports described  
15                 under section 4B(b)(3), where required by the  
16                 Commission, have been filed with the Commis-  
17                 sion;

18                 “(B) the digital commodity related person  
19                 or digital commodity affiliated person meets  
20                 any requirements pursuant to subsection (e)(3);  
21                 and

22                 “(C) the digital commodity related person  
23                 or digital commodity affiliated person has held  
24                 the units for not less than 12 months from the  
25                 date the units were delivered.

1           “(3) CERTAIN UNITS RELATED TO A MATURE  
2           BLOCKCHAIN SYSTEM.—If a unit of a digital com-  
3           modity was received by a digital commodity related  
4           person or digital commodity affiliated person be-  
5           tween January 1, 2020, and June 1, 2025, and the  
6           blockchain system to which the digital commodity re-  
7           lates is certified as a mature blockchain system  
8           under section 42 of the Securities Exchange Act of  
9           1934, it may be offered or sold by a digital com-  
10          modity related person or digital commodity affiliated  
11          person if—

12                   “(A) information described in section  
13                   4B(b)(5)(C) or comparable thereto, where re-  
14                   quired by the Commission, is publicly available;  
15                   and

16                   “(B) the digital commodity related person  
17                   or digital commodity affiliated person has held  
18                   the units for not less than 12 months from the  
19                   date the units were delivered.

20          “(g) RULEMAKING ON FURTHER USAGE OF DIGITAL  
21          COMMODITIES.—Not later than 270 days after the date  
22          of enactment of this section, the Commission may issue  
23          rules to exempt, unconditionally or on stated terms or con-  
24          ditions, a digital commodity related person or a digital  
25          commodity affiliated person from the requirements of this

1 section for the offer or sale of a digital commodity in order  
2 to foster the development of mature blockchain systems  
3 and fair and orderly markets.”.

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

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

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

9 “(a) CERTIFICATION OF BLOCKCHAIN SYSTEMS.—

10 “(1) CERTIFICATION.—For purposes of sections  
11 4(a)(8), 4B, and 4C of the Securities Act of 1933  
12 any digital commodity issuer, digital commodity re-  
13 lated person, digital commodity affiliated person, or  
14 decentralized governance system of the blockchain  
15 system may certify to the Securities and Exchange  
16 Commission that the blockchain system to which a  
17 digital commodity relates is a mature blockchain sys-  
18 tem.

19 “(2) FILING REQUIREMENTS.—A certification  
20 described under paragraph (1) shall be filed with the  
21 Commission, and include such information that is  
22 reasonably necessary to establish that the blockchain  
23 system is not controlled by any person or group of  
24 persons under common control, which may include  
25 information regarding—

1           “(A) the operation of the blockchain sys-  
2           tem;

3           “(B) the functionality of the related digital  
4           commodity;

5           “(C) how the market value of the digital  
6           commodity is substantially derived from the  
7           programmatically functioning of such blockchain  
8           system;

9           “(D) any decentralized governance system  
10          which relates to the blockchain system; and

11          “(E) the current roles, if any, of the digital  
12          commodity issuer, digital commodity affiliated  
13          persons, and digital commodity related persons  
14          where such roles are material to the develop-  
15          ment or operation of such blockchain system or  
16          the decentralized governance system of such  
17          blockchain system.

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

24          “(4) CERTIFICATION REVIEW.—

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

11                   “(i) an inadequate explanation by the  
12                   person making the certification; or

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

15          “(B) PUBLIC NOTICE.—The Commission  
16          shall make the following available to the public  
17          and provide a copy to the Commodity Futures  
18          Trading Commission:

19                   “(i) Each certification received under  
20                   paragraph (1).

21                   “(ii) Each stay of the Commission  
22                   under this subsection, and the reasons  
23                   therefor.

24                   “(iii) Any response from a person  
25                   making a certification under paragraph (1)

1 to a stay of the certification by the Com-  
2 mission.

3 “(C) CONSOLIDATION.—The Commission  
4 may consolidate and treat as one submission  
5 multiple certifications made under paragraph  
6 (1) for the same blockchain system which re-  
7 lates to a digital commodity which are received  
8 during the review period provided under this  
9 paragraph.

10 “(5) STAY OF CERTIFICATION.—

11 “(A) IN GENERAL.—A notification by the  
12 Commission pursuant to paragraph (4)(A) shall  
13 stay the certification once for up to an addi-  
14 tional 120 days from the date of the notifica-  
15 tion.

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

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

23 “(A) become effective—

24 “(i) upon the publication of a notifica-  
25 tion from the Commission to the person

1           who made the certification that the Com-  
2           mission does not object to the certification;  
3           or

4           “(ii) at the expiration of the certifi-  
5           cation review period; and

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

10          “(7) RECERTIFICATION.—With respect to a  
11          blockchain system for which a certification has been  
12          rebutted under this subsection, no person may make  
13          a certification under paragraph (1) with respect to  
14          such blockchain system during the 90-day period be-  
15          ginning on the date of such rebuttal.

16          “(8) APPEAL OF REBUTTAL.—

17          “(A) IN GENERAL.—If a certification is re-  
18          butted under this section, the person making  
19          such certification may appeal the decision to  
20          the United States Court of Appeals for the Dis-  
21          trict of Columbia, not later than 60 days after  
22          the notice of rebuttal is made.

23          “(B) REVIEW.—In an appeal under sub-  
24          paragraph (A), the court shall have de novo re-

1 view of the determination to rebut the certifi-  
2 cation.

3 “(b) MATURITY CRITERIA.—

4 “(1) SENSE OF CONGRESS.—It is the sense of  
5 the Congress that protecting investors, maintaining  
6 fair, orderly, and efficient markets, and facilitating  
7 capital formation necessitates establishing clear cri-  
8 teria for blockchain systems to be deemed mature,  
9 as well as enabling the Commission to develop, with-  
10 out prejudice to any such criteria codified in statute,  
11 alternative criteria by which blockchain systems may  
12 be considered not to be controlled by any person or  
13 group of persons under common control in order to  
14 accommodate changes in markets and technology.

15 “(2) IN GENERAL.—The Commission may issue  
16 rules identifying conditions by which a blockchain  
17 system, together with its related digital commodity,  
18 shall be considered a mature blockchain system, con-  
19 sistent with the protection of investors, maintenance  
20 of fair, orderly, and efficient markets, and the facili-  
21 tation of capital formation.

22 “(3) RULES OF CONSTRUCTION.—

23 “(A) Nothing in this subsection may be  
24 construed to permit the Commission to impose  
25 additional criteria to the criteria in subsection



1 (c) for certifying that a blockchain system is a  
2 mature blockchain system pursuant to sub-  
3 section (c).

4 “(B) Nothing in this subsection or sub-  
5 section (c) may be construed to limit the Com-  
6 mission’s ability to identify alternative condi-  
7 tions and criteria by which a blockchain system  
8 may be considered a mature blockchain system.

9 “(c) DEEMED MATURE.—

10 “(1) IN GENERAL.—Notwithstanding subsection  
11 (b), for the purposes of subsection (a), a digital com-  
12 modity issuer, digital commodity related person, dig-  
13 ital commodity affiliated person, or decentralized  
14 governance system of the blockchain system may es-  
15 tablish that a blockchain system, together with its  
16 related digital commodity, is not controlled by any  
17 person or group of persons under common control,  
18 if the blockchain system, together with its related  
19 digital asset, meets the requirements described in  
20 paragraph (2) or (3).

21 “(2) CRITERIA FOR ANY BLOCKCHAIN SYS-  
22 TEM.—The requirements described in this paragraph  
23 are the following:

24 “(A) SYSTEM VALUE.—

1           “(i) MARKET VALUE.—The digital  
2 commodity has a value that is substantially  
3 derived from the adoption, use, and func-  
4 tioning of the blockchain system.

5           “(ii) DEVELOPMENT OF VALUE MECH-  
6 ANISM SUBSTANTIALLY COMPLETED.—  
7 Where the digital commodity issuer has  
8 made public a development plan describing  
9 how the digital commodity’s value is rea-  
10 sonably expected to be derived from the  
11 programmatic functioning of the  
12 blockchain system, the development of such  
13 mechanisms has been substantially com-  
14 pleted.

15          “(B) FUNCTIONAL SYSTEM.—The  
16 blockchain system allows network participants  
17 to engage in the activities the blockchain system  
18 is intended to provide, including—

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

22           “(ii) deploying, executing, or accessing  
23 software or services, or otherwise offering  
24 or participating in services, deployed on or  
25 integrated with the blockchain system;

1           “(iii) participating in the consensus  
2 mechanism, transaction validation process,  
3 or decentralized governance system of the  
4 blockchain system; or

5           “(iv) operating any client, node,  
6 validator, sequencer, or other form of com-  
7 putational infrastructure with respect to  
8 the blockchain system.

9           “(C) OPEN AND INTEROPERABLE SYS-  
10 TEM.—The blockchain system—

11           “(i) is composed of source code that is  
12 open source; and

13           “(ii) does not restrict or prohibit  
14 based on the exercise of unilateral author-  
15 ity any person, other than a digital com-  
16 modity issuer, digital commodity related  
17 person, or a digital commodity affiliated  
18 person from engaging in the activities the  
19 blockchain system is intended to provide,  
20 including the activities described in sub-  
21 paragraph (B).

22           “(D) PROGRAMMATIC SYSTEM.—The  
23 blockchain system operates, executes, and en-  
24 forces its operations and transactions based  
25 solely on pre-established, transparent rules en-

1 coded directly within the source code of the  
2 blockchain system.

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

5 “(i) has the unilateral authority, di-  
6 rectly or indirectly, through any contract,  
7 arrangement, understanding, relationship,  
8 or otherwise, to control or materially alter  
9 the functionality, operation, or rules of  
10 consensus or agreement of the blockchain  
11 system or its related digital commodity; or

12 “(ii) has the unilateral authority to di-  
13 rect the voting, in the aggregate, of 20  
14 percent or more of the outstanding voting  
15 power of such blockchain system by means  
16 of a related digital commodity, nodes or  
17 validators, a decentralized governance sys-  
18 tem, or otherwise, in a blockchain system  
19 which can be altered by a voting system.

20 “(F) IMPARTIAL SYSTEM.—No person or  
21 group of persons under common control pos-  
22 sesses a unique permission or privilege to alter  
23 the functionality, operation, or rules of con-  
24 sensus or agreement of the blockchain system

1 or its related digital commodity, unless such al-  
2 teration—

3 “(i) addresses errors, regular mainte-  
4 nance, or cybersecurity risks of the  
5 blockchain system that affect the pro-  
6 grammatic functioning of the blockchain  
7 system; and

8 “(ii) is adopted through the consensus  
9 or agreement of a decentralized governance  
10 system.

11 “(G) DISTRIBUTED OWNERSHIP.—No dig-  
12 ital commodity issuer, digital commodity related  
13 person, or digital commodity affiliated person  
14 beneficially owns, in the aggregate, 20 percent  
15 or more of the total amount of units of the dig-  
16 ital commodity.

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

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

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

1           “(C) at least 50 percent of the units of the  
2           digital commodity related to the blockchain sys-  
3           tem are held by persons other than the digital  
4           commodity issuer, a digital commodity related  
5           person, or a digital commodity affiliated person.

6           “(d) DECENTRALIZED GOVERNANCE SYSTEM.—

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

10          “(2) A blockchain system, together with its dig-  
11          ital commodity, shall not be precluded from being  
12          considered a mature blockchain system solely based  
13          on a functional, administrative, clerical, or ministe-  
14          rial action of a decentralized governance system, in-  
15          cluding any such action taken by a person acting on  
16          behalf of and at the direction of the decentralized  
17          governance system, as determined by the Commis-  
18          sion and consistent with the protection of investors,  
19          maintenance of fair, orderly, and efficient markets,  
20          and the facilitation of capital formation.

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

1 **SEC. 206. EFFECTIVE DATE.**

2 Unless otherwise provided in this title, this title and  
3 the amendments made by this title shall take effect 360  
4 days after the date of enactment of this Act, except that,  
5 to the extent a provision of this title requires a rule-  
6 making, the provision shall take effect on the later of—

7 (1) 360 days after the date of enactment of this  
8 Act; or

9 (2) 60 days after the publication in the Federal  
10 Register of the final rule implementing the provision.

11 **TITLE III—REGISTRATION FOR**  
12 **INTERMEDIARIES AT THE SE-**  
13 **CURITIES AND EXCHANGE**  
14 **COMMISSION**

15 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PER-**  
16 **MITTED PAYMENT STABLECOINS.**

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

22 (b) SECURITIES EXCHANGE ACT OF 1934.—Section  
23 3(a)(10) of the Securities Exchange Act of 1934 (15  
24 U.S.C. 78c(a)) is amended by adding at the end the fol-  
25 lowing: “The term does not include a digital commodity  
26 or permitted payment stablecoin.”

1 (c) INVESTMENT ADVISERS ACT OF 1940.—Section  
2 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.  
3 80b–2(a)) is amended—

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

7 (2) by redesignating the second paragraph (29)  
8 (relating to commodity pools) as paragraph (31);  
9 and

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

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

16 (d) INVESTMENT COMPANY ACT OF 1940.—Section  
17 2(a) of the Investment Company Act of 1940 (15 U.S.C.  
18 80a–2) is amended—

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

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

23 “(55) DIGITAL COMMODITY-RELATED TERMS.—  
24 The terms ‘digital commodity’ and ‘permitted pay-  
25 ment stablecoin’ have the meaning given those



1 terms, respectively, under section 2(a) of the Securi-  
2 ties Act of 1933 (15 U.S.C. 77b(a)).”.

3 (e) SECURITIES INVESTOR PROTECTION ACT OF  
4 1970.—Section 16(14) of the Securities Investor Protec-  
5 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-  
6 ing at the end the following: “The term does not include  
7 a digital commodity or permitted payment stablecoin, as  
8 such terms are defined, respectively, under section 2(a)  
9 of the Securities Act of 1933 (15 U.S.C. 77b(a))”.

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 designating the undesignated matter at  
18 the end of that section as subsection (d); and

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

20 “(e)(1) Rules promulgated under subsection (b) that  
21 prohibit fraud, manipulation, or insider trading (but not  
22 rules imposing or specifying reporting or recordkeeping re-  
23 quirements, procedures, or standards as prophylactic  
24 measures against fraud, manipulation, or insider trading),  
25 and judicial precedents decided under subsection (b) and

1 rules promulgated thereunder that prohibit fraud, manip-  
2 ulation, or insider trading, shall apply with respect to per-  
3 mitted payment stablecoin and digital commodity trans-  
4 actions engaged in by a broker or dealer or through an  
5 alternative trading system or, as applicable, a national se-  
6 curities exchange to the same extent as they apply to secu-  
7 rities transactions.

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

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

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

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

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

13 “(1) by a broker or dealer;

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

15 “(3) through an alternative trading system.

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

22 “(1) by a broker or dealer;

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

24 “(3) through an alternative trading system.

25 “(d) **RULE OF CONSTRUCTION.**—Nothing in this sec-  
26 tion may be construed to prohibit permitted payment

1 stablecoins from being custodied by any person or entity  
2 that is not a broker, dealer, alternative trading system,  
3 or national securities exchange.”.

4 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**  
5 **TEMS.**

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

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

9 “(a) IN GENERAL.—It”;

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

11 “(b) DIGITAL COMMODITY PROTECTIONS.—

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

16 “(A) digital commodities or permitted pay-  
17 ment stablecoins; and

18 “(B) securities.

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

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

23 “(B) with respect to any other rule of the  
24 Commission relating to the definition of ‘ex-  
25 change’.”.

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

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

10 (1) prohibit a national securities exchange from  
11 owning or operating any other type of alternative  
12 trading system; or

13 (2) create a presumption that any other type of  
14 alternative trading system owned or operated by a  
15 national securities exchange is a facility of that ex-  
16 change.

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

18 (a) COMMISSION AUTHORITY.—The Securities and  
19 Exchange Commission shall have jurisdiction over digital  
20 commodity activities and transactions engaged in by—

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

25 (2) a national securities exchange.

1 (b) RULEMAKING AUTHORITY.—The Securities and  
2 Exchange Commission shall have authority to issue rules  
3 governing any digital commodity activities and trans-  
4 actions engaged in by a broker, dealer, or national securi-  
5 ties exchange registered with the Securities and Exchange  
6 Commission and exempt from registration with the Com-  
7 modity Futures Trading Commission pursuant to section  
8 5k of the Commodity Exchange Act, consistent with this  
9 section and what is necessary or appropriate in the public  
10 interest or for the protection of investors.

11 (c) NATIONAL SECURITIES EXCHANGES.—Not later  
12 than 270 days after the date of the enactment of this Act,  
13 the Securities and Exchange Commission shall revise the  
14 covered regulations to permit a national securities ex-  
15 change or affiliate thereof to operate an alternative trad-  
16 ing system that permits the trading of digital commod-  
17 ities, permitted payment stablecoins, or both by registered  
18 brokers or registered dealers that are exempt from reg-  
19 istration with the Commodity Futures Trading Commis-  
20 sion pursuant section 5k of the Commodity Exchange Act,  
21 consistent with this section and what is necessary or ap-  
22 propriate in the public interest or for the protection of  
23 investors.

24 (d) REGISTERED BROKERS AND REGISTERED DEAL-  
25 ERS.—Not later than 270 days after the date of the enact-

1 ment of this Act, the Securities and Exchange Commission  
2 shall revise the covered regulations to permit a registered  
3 broker or registered dealer that is exempt from registra-  
4 tion with the Commodity Futures Trading Commission  
5 pursuant to section 5k of the Commodity Exchange Act  
6 to operate an alternative trading system that permits the  
7 trading of digital commodities, permitted payment  
8 stablecoins, or both, consistent with this section and what  
9 is necessary or appropriate in the public interest or for  
10 the protection of investors.

11 (e) PERMITTED TRADING.—

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

21 (2) COMMISSION AUTHORITY.—Digital com-  
22 modity transactions offered on an alternative trading  
23 system operating pursuant to this section shall be  
24 subject to the jurisdiction of the Securities and Ex-  
25 change Commission. The Securities and Exchange

1 Commission shall have authority to promulgate rules  
2 governing such digital commodity transactions of al-  
3 ternative trading systems, consistent with this sec-  
4 tion and what is necessary or appropriate in the  
5 public interest or for the protection of investors.

6 (3) SUSPENSION OF TRADING.—The Securities  
7 and Exchange Commission may suspend the trading  
8 of a digital commodity by an alternative trading sys-  
9 tem operating pursuant to this section as is nec-  
10 essary or appropriate in the public interest and is  
11 consistent with the protection of investors.

12 (f) ORDER DISPLAY AND EXECUTION REPORTING.—  
13 Not later than 270 days after the date of the enactment  
14 of this Act, the Securities and Exchange Commission shall  
15 issue and revise rules, as necessary or appropriate in the  
16 public interest or for the protection of investors, regarding  
17 whether alternative trading systems operating pursuant to  
18 subsections (c) and (d) have an obligation to provide the  
19 prices and sizes of orders displayed to more than one per-  
20 son in such alternative trading system of digital commod-  
21 ities to self-regulatory organizations with members who  
22 trade in digital commodities or permitted payment  
23 stablecoins.

24 (g) PRINCIPLES OF TRADE.—Not later than 270  
25 days after the date of the enactment of this Act, the Secu-



1 rities and Exchange Commission shall issue and revise  
2 rules, as necessary or appropriate in the public interest  
3 or for the protection of investors, to—

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

7 (A) national securities exchanges operating  
8 an alternative trading system described in sub-  
9 section (c); and

10 (B) registered brokers and registered deal-  
11 ers operating or subscribing to an alternative  
12 trading system described in subsection (d); and

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

16 (A) prevent fraudulent and manipulative  
17 acts and practices;

18 (B) foster cooperation and coordination  
19 with persons engaged in regulating, settling,  
20 processing information with respect to, and fa-  
21 cilitating transactions in digital commodities or  
22 permitted payment stablecoins traded, as appli-  
23 cable, on or by any alternative trading system  
24 operating pursuant to subsection (c) or (d), or  
25 any registered broker or registered dealer;

1 (C) remove impediments to and perfect the  
2 mechanism of a free and open market in digital  
3 commodities or permitted payment stablecoins  
4 traded, as applicable, on or by any alternative  
5 trading system operating pursuant to sub-  
6 section (c) or (d), or any registered broker or  
7 registered dealer;

8 (D) in general, protect investors and the  
9 public interest; and

10 (E) prohibit any unfair discrimination be-  
11 tween—

12 (i) customers;

13 (ii) any market participants described  
14 in subparagraphs (A) and (B) of para-  
15 graph (1); or

16 (iii) issuers of digital commodities.

17 (h) IMPLEMENTING ORGANIZATIONS.—The Securi-  
18 ties and Exchange Commission shall require any reg-  
19 istered national securities association that has as a mem-  
20 ber a registered broker or registered dealer that operates  
21 an alternative trading system pursuant to subsection (d)  
22 or otherwise transacts in digital commodities or permitted  
23 payment stablecoins to adopt such rules as may be nec-  
24 essary to further compliance with this section, including

1 subsection (g)(2), protect investors, maintain fair, orderly,  
2 and efficient markets, and facilitate capital formation.

3 (i) RULE OF CONSTRUCTION.—The enumeration of  
4 any category of rules or regulations in this section shall  
5 not be construed to limit the authority of the Securities  
6 and Exchange Commission to promulgate such rules as  
7 may be necessary or appropriate to implement this section  
8 and the purposes of this Act, including over—

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

10 (2) examinations, inspections, and investiga-  
11 tions;

12 (3) trade reporting; or

13 (4) written procedures for the confidential  
14 treatment of trading information.

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

20 (1) requirements imposed on registered brokers  
21 or registered dealers operating an alternative trading  
22 system pursuant to subsection (c) or otherwise  
23 transacting in digital commodities or permitted pay-  
24 ment stablecoins are consistent with the substantive

1 requirements under section 4u of the Commodity  
2 Exchange Act;

3 (2) requirements imposed on alternative trading  
4 systems operating pursuant to subsection (c) or (d)  
5 are not inconsistent with core principles of and are  
6 consistent with the other substantive requirements  
7 under section 5i of the Commodity Exchange Act;  
8 and

9 (3) non-duplicative supervision and enforcement  
10 with respect to registrants of the Securities and Ex-  
11 change Commission notice registered with the Com-  
12modity Futures Trading Commission.

13 (k) COVERED REGULATIONS DEFINED.—In this sec-  
14 tion, the term “covered regulations” means sections  
15 242.300, 242.301, 242.302, 242.303, 242.304, and  
16 242.1000 through 242.1007 of title 17, Code of Federal  
17 Regulations.

18 (l) RULE OF CONSTRUCTION.—Nothing in this sec-  
19 tion shall be construed to limit the anti-fraud, anti-manip-  
20 ulation, or false reporting enforcement authorities of the  
21 Commodity Futures Trading Commission with respect to  
22 a contract of sale of a commodity and persons effecting  
23 such contracts.

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

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

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

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

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

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

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

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

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

3 **SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE**  
4 **SECURITIES LAWS.**

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

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

11 **SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE AC-**  
12 **TIVITIES.**

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

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

18 “(a) IN GENERAL.—Notwithstanding any other pro-  
19 vision of this Act, a person shall not be subject to this  
20 Act and the regulations promulgated under this Act based  
21 on the person directly or indirectly engaging in any of the  
22 following activities, whether singly or in combination, in  
23 relation to the operation of a blockchain system or in rela-  
24 tion to a decentralized finance trading protocol:

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

4           “(2) Providing computational work, operating a  
5           node or oracle service, or procuring, offering, or uti-  
6           lizing network bandwidth, or providing other similar  
7           incidental services.

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

11          “(4) Developing, publishing, constituting, ad-  
12          ministering, maintaining, or otherwise distributing a  
13          blockchain system or a decentralized finance trading  
14          protocol.

15          “(5) Developing, publishing, constituting, ad-  
16          ministering, maintaining, or otherwise distributing a  
17          decentralized finance messaging system, or operating  
18          or participating in a liquidity pool, for the purpose  
19          of executing a contract of sale of a digital com-  
20          modity.

21          “(6) Developing, publishing, constituting, ad-  
22          ministering, maintaining, or otherwise distributing  
23          software or systems that create or deploy hardware  
24          or software, including wallets or other systems, fa-  
25          cilitating an individual user’s own personal ability to

1 keep, safeguard, or custody the user’s digital assets  
2 or related private keys.

3 “(b) EXCEPTIONS.—Subsection (a) shall not apply to  
4 the anti-fraud and anti-manipulation authorities of the  
5 Commission.”.

6 **SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**  
7 **ING INSTITUTIONS.**

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

15 (1) to include assets held in custody that are  
16 not owned by the entity as a liability on the financial  
17 statement or balance sheet of the entity, including  
18 digital commodity or permitted payment stablecoin  
19 custody or safekeeping services;

20 (2) to hold regulatory capital against assets, in-  
21 cluding reserves backing such assets, in custody or  
22 safekeeping, except as necessary to mitigate against  
23 operational risks inherent with the custody or safe-  
24 keeping services, as determined by—



1 (A) the appropriate Federal banking agen-  
2 cy;

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

5 (C) a State bank supervisor;

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

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

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

17 (b) DEFINITIONS.—In this section:

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

24 (2) CREDIT UNION TERMS.—The terms “Fed-  
25 eral credit union” and “State credit union” have the

1 meaning given those terms, respectively, under sec-  
2 tion 101 of the Federal Credit Union Act (12 U.S.C.  
3 1752).

4 **SEC. 311. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**  
5 **NANCIAL IN NATURE.**

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

8 (1) in subparagraph (A), by striking “or securi-  
9 ties” and inserting “, securities, or digital commod-  
10 ities”; and

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

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

14 Except as otherwise provided under this title, this  
15 title and the amendments made by this title shall take ef-  
16 fect 360 days after the date of enactment of this Act, ex-  
17 cept that, to the extent a provision of this title requires  
18 a rulemaking, the provision shall take effect on the later  
19 of—

20 (1) 360 days after the date of enactment of this  
21 Act; or

22 (2) 60 days after the publication in the Federal  
23 Register of the final rule implementing the provision.

1 **SEC. 313. STUDIES ON FOREIGN ADVERSARY PARTICIPA-**  
2 **TION.**

3 (a) IN GENERAL.—The Secretary of the Treasury, in  
4 consultation with the Commodity Futures Trading Com-  
5 mission and the Securities and Exchange Commission,  
6 shall, not later than 1 year after date of the enactment  
7 of this section, conduct a study and submit a report to  
8 the relevant congressional committees that—

9 (1) identifies any digital commodity registrants  
10 which are owned by governments of foreign adver-  
11 saries;

12 (2) determines whether any governments of for-  
13 eign adversaries are collecting personal data or trad-  
14 ing data about United States persons in the digital  
15 commodity markets; and

16 (3) evaluates whether any proprietary intellec-  
17 tual property of digital commodity registrants is  
18 being misused or stolen by any governments of for-  
19 eign adversaries.

20 (b) GAO STUDY AND REPORT.—

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

1 (A) identifies any digital commodity reg-  
2 istrants which are owned by governments of  
3 foreign adversaries;

4 (B) determines whether any governments  
5 of foreign adversaries are collecting personal  
6 data or trading data about United States per-  
7 sons in the digital commodity markets; and

8 (C) evaluates whether any proprietary in-  
9 tellectual property of digital commodity reg-  
10 istrants is being misused or stolen by any gov-  
11 ernments of foreign adversaries.

12 (c) DEFINITIONS.—In this section:

13 (1) DIGITAL COMMODITY REGISTRANT.—The  
14 term “digital commodity registrant” means any per-  
15 son required to register as a digital commodity ex-  
16 change, digital commodity broker, or digital com-  
17 modity dealer under the Commodity Exchange Act.

18 (2) FOREIGN ADVERSARIES.—The term “for-  
19 eign adversaries” means the foreign governments  
20 and foreign non-government persons determined by  
21 the Secretary of Commerce to be foreign adversaries  
22 under section 7.4(a) of title 15, Code of Federal  
23 Regulations.

1           (3) RELEVANT CONGRESSIONAL COMMIT-  
2           TEES.—The term “relevant congressional commit-  
3           tees” means—

4                   (A) the Committees on Financial Services  
5                   and Agriculture of the House of Representa-  
6                   tives; and

7                   (B) the Committees on Banking, Housing,  
8                   and Urban Affairs and Agriculture, Nutrition,  
9                   and Forestry of the Senate.

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

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

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

20                   “(J) Except as expressly provided in this  
21                   Act, nothing in the CLARITY Act of 2025 shall  
22                   affect or apply to, or be interpreted to affect or  
23                   apply to—

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

1                   “(I) a contract of sale of a com-  
2                   modity for future delivery or an op-  
3                   tion on such a contract;

4                   “(II) a swap;

5                   “(III) a security futures product;

6                   “(IV) an option authorized under  
7                   section 4c of this Act;

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

12                  “(VI) a leverage transaction au-  
13                  thorized under section 19; or

14                  “(ii) the activities of any person with  
15                  respect to any such an agreement, con-  
16                  tract, or transaction.”.

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

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

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

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

25                                 “(H) permitted payment stablecoins.”.

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

4 (1) in subparagraph (D), by redesignating  
5 clause (iv) as clause (v) and inserting after clause  
6 (iii) the following:

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

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

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

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

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

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

6           “(ii) LIMITATIONS.—Clause (i) shall not apply  
7           with respect to—

8           “(I) custodial or depository activities for a  
9           digital commodity of an entity regulated by an  
10          appropriate Federal banking agency or a State  
11          bank supervisor (within the meaning of section  
12          3 of the Federal Deposit Insurance Act); or

13          “(II) an offer or sale of an investment con-  
14          tract involving a digital commodity or of a secu-  
15          rities offer or sale involving a digital com-  
16          modity.

17          “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

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

20                 “(II) REPORTS ON MIXED DIGITAL ASSET  
21                 TRANSACTIONS.—A digital commodity issuer,  
22                 digital commodity related person, digital com-  
23                 modity affiliated person, or other person reg-  
24                 istered with the Securities and Exchange Com-  
25                 mission that engages in a mixed digital asset



1 transaction, shall, on request of the Commis-  
2 sion, open to inspection and examination by the  
3 Commission all books and records relating to  
4 the mixed digital asset transaction, subject to  
5 the confidentiality and disclosure requirements  
6 of section 8.

7 “(G) AGREEMENTS, CONTRACTS, AND TRANS-  
8 ACTIONS IN STABLECOINS.—

9 “(i) TREATMENT OF PERMITTED PAYMENT  
10 STABLECOINS ON COMMISSION-REGISTERED ENTI-  
11 TIES.—Subject to clauses (ii) and (iii), the Commis-  
12 sion shall have jurisdiction over a cash or spot  
13 agreement, contract, or transaction in a permitted  
14 payment stablecoin that is offered, offered to enter  
15 into, entered into, executed, confirmed the execution  
16 of, solicited, or accepted—

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

19 “(II) by any other entity registered with  
20 the Commission.

21 “(ii) PERMITTED PAYMENT STABLECOIN  
22 TRANSACTION RULES.—This Act shall apply to a  
23 transaction described in clause (i) only for the pur-  
24 pose of regulating the offer, execution, solicitation,  
25 or acceptance of a cash or spot permitted payment

1 stablecoin transaction on a registered entity or by  
2 any other entity registered with the Commission, as  
3 if the permitted payment stablecoin were a digital  
4 commodity.

5 “(iii) NO AUTHORITY OVER PERMITTED PAY-  
6 MENT STABLECOINS.—Notwithstanding clauses (i)  
7 and (ii), the Commission shall not make a rule or  
8 regulation, impose a requirement or obligation on a  
9 registered entity or other entity registered with the  
10 Commission, or impose a requirement or obligation  
11 on a permitted payment stablecoin issuer, regarding  
12 the operation of a permitted payment stablecoin  
13 issuer or a permitted payment stablecoin.”.

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

18 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**  
19 **TO USE QUALIFIED DIGITAL ASSET**  
20 **CUSTODIANS.**

21 Section 4d of the Commodity Exchange Act (7 U.S.C.  
22 6d) is amended—

23 (1) in subsection (a)(2)—

24 (A) in the 1st proviso, by striking “any  
25 bank or trust company” and inserting “any

1 bank, trust company, or qualified digital asset  
2 custodian, as applicable,”; and

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

7 (2) in subsection (f)(3)(A)(i), by striking “any  
8 bank or trust company” and inserting “any bank,  
9 trust company, or qualified digital asset custodian”.

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

12 Section 5c of the Commodity Exchange Act (7 U.S.C.  
13 7a-2) is amended—

14 (1) in subsection (a), by striking “5(d) and  
15 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(e)”;

16 (2) in subsection (b)—

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

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

23 (3) in subsection (c)—

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

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

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

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

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

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

19 “(1) IN GENERAL.—Notwithstanding subsection  
20 (c), for the purposes of listing or offering a digital  
21 commodity for trading in a digital commodity cash  
22 or spot market, an eligible entity shall submit a  
23 written certification to the Commission that the dig-  
24 ital commodity meets the requirements of this Act

1 (including the regulations prescribed under this  
2 Act).

3 “(2) CONTENTS OF THE CERTIFICATION.—

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

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

15 “(3) MODIFICATIONS.—

16 “(A) IN GENERAL.—An eligible entity shall  
17 modify a certification made under paragraph  
18 (1) to—

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

22 “(ii) permit or restrict trading in  
23 units of a digital commodity held by a dig-  
24 ital commodity related person or a digital  
25 commodity affiliated person.

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

5           “(4) DISAPPROVAL.—

6           “(A) IN GENERAL.—The written certifi-  
7 cation described in paragraph (1) shall become  
8 effective unless the Commission finds that the  
9 listing of the digital commodity is inconsistent  
10 with the requirements of this Act or the rules  
11 and regulations prescribed under this Act.

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

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

20           “(5) REVIEW.—

21           “(A) IN GENERAL.—Unless the Commis-  
22 sion makes a disapproval decision under para-  
23 graph (4), the written certification described in  
24 paragraph (1) shall become effective, pursuant  
25 to the certification by the eligible entity and no-

1           tice of the certification to the public (in a man-  
2           ner determined by the Commission) on the date  
3           that is—

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

12                   “(ii) 1 business day after the date the  
13                   Commission receives the certification (or  
14                   such shorter period as determined by the  
15                   Commission by rule or regulation) for any  
16                   digital commodity that has been certified  
17                   under this section.

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

1           “(i) once, for 30 business days,  
2           through written notice to the eligible entity  
3           by the Commission; and

4           “(ii) once, for an additional 30 busi-  
5           ness days, through written notice to the el-  
6           igible entity from the Commission that in-  
7           cludes a description of any deficiencies  
8           with the certification, including any—

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

12                   “(II) missing information or in-  
13                  adequate explanations; or

14                   “(III) potential inconsistencies  
15                  with this Act.

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

18                   “(A) IN GENERAL.—A person applying for  
19                  registration with the Commission for the pur-  
20                  poses of listing or offering a digital commodity  
21                  for trading in a digital commodity cash or spot  
22                  market may request that the Commission grant  
23                  prior approval for the person to list or offer the  
24                  digital commodity on being registered with the  
25                  Commission.



1           “(B) REQUEST FOR PRIOR APPROVAL.—A  
2 person seeking prior approval under subpara-  
3 graph (A) shall furnish the Commission with a  
4 written certification that the digital commodity  
5 meets the requirements of this Act (including  
6 the regulations prescribed under this Act) and  
7 the information described in paragraph (2).

8           “(C) DEADLINE.—The Commission shall  
9 take final action on a request for prior approval  
10 not later than 90 business days after submis-  
11 sion of the request, unless the person submit-  
12 ting the request agrees to an extension of the  
13 time limitation established under this subpara-  
14 graph.

15           “(D) DISAPPROVAL.—

16           “(i) IN GENERAL.—The Commission  
17 shall approve the listing of the digital com-  
18 modity unless the Commission finds that  
19 the listing is inconsistent with this Act (in-  
20 cluding any regulation prescribed under  
21 this Act).

22           “(ii) ANALYSIS REQUIRED.—The  
23 Commission shall include, with any find-  
24 ings made under clause (i), a detailed anal-

1           ysis of the factors on which the decision is  
2           based.

3           “(iii) PUBLIC FINDINGS.—The Com-  
4           mission shall make public any disapproval  
5           decision, and any related findings and  
6           analysis, made under this paragraph.

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

10 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**  
11 **CHANGES.**

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

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

16       “(a) IN GENERAL.—

17           “(1) REGISTRATION.—

18               “(A) IN GENERAL.—A trading facility that  
19           offers or seeks to offer a cash or spot market  
20           in at least 1 digital commodity shall register  
21           with the Commission as a digital commodity ex-  
22           change.

23               “(B) APPLICATION.—A person desiring to  
24           register as a digital commodity exchange shall  
25           submit to the Commission an application in

1 such form and containing such information as  
2 the Commission may require for the purpose of  
3 making the determinations required for ap-  
4 proval.

5 “(C) EXEMPTIONS.—A trading facility  
6 that offers or seeks to offer a cash or spot mar-  
7 ket in at least 1 digital commodity shall not be  
8 required to register under this section if the  
9 trading facility—

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

14 “(ii) serves only customers in a single  
15 State, territory, or possession of the  
16 United States.

17 “(2) ADDITIONAL REGISTRATIONS.—

18 “(A) WITH THE COMMISSION.—In order to  
19 foster the development of fair and orderly mar-  
20 kets, protect customers, and promote respon-  
21 sible innovation, the Commission—

22 “(i) shall prescribe rules to exempt an  
23 entity registered with the Commission  
24 under more than 1 section of this Act from  
25 duplicative, conflicting, or unduly burden-

1           some provisions of this Act and the rules  
2           under this Act;

3           “(ii) shall prescribe rules to address  
4           conflicts of interests and activities of the  
5           entity; and

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

9           “(B) WITH A REGISTERED FUTURES ASSO-  
10          CIATION.—

11           “(i) IN GENERAL.—A registered dig-  
12           ital commodity exchange shall also be a  
13           member of a registered futures association  
14           and comply with rules related to such ac-  
15           tivity, if the registered digital commodity  
16           exchange accepts customer funds required  
17           to be segregated under subsection (d).

18           “(ii) RULEMAKING REQUIRED.—The  
19           Commission shall require any registered  
20           futures association with a digital com-  
21           modity exchange as a member to provide  
22           such rules as may be necessary to further  
23           compliance with subsection (d), protect  
24           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                  “(e) 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 sserting “of a commodity trading advisor, of a digital  
19 commodity broker, or of a digital commodity deal-  
20 er”.

21       (b) CONFORMING AMENDMENTS.—The Commodity  
22 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking  
23 “section 4k(6)” each place it appears and inserting “sec-  
24 tion 4k(7)”.

1 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**  
2 **TORS AND COMMODITY TRADING ADVISORS.**

3 (a) IN GENERAL.—Section 4m(3) of the Commodity  
4 Exchange Act (7 U.S.C. 6m(3)) is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “any commodity trading  
7 advisor” and inserting “a commodity pool oper-  
8 ator or commodity trading advisor”; and

9 (B) by striking “acting as a commodity  
10 trading advisor” and inserting “acting as a  
11 commodity pool operator or commodity trading  
12 advisor”; and

13 (2) in subparagraph (C), by inserting “digital  
14 commodities,” after “physical commodities,”.

15 (b) EXEMPTIVE AUTHORITY.—Section 4m of such  
16 Act (7 U.S.C. 6m) is amended by adding at the end the  
17 following:

18 “(4) EXEMPTIVE AUTHORITY.—The Commission  
19 shall promulgate rules to provide appropriate exemptions  
20 for commodity pool operators and commodity trading advi-  
21 sors, to provide relief from duplicative, conflicting, or un-  
22 duly burdensome requirements or to promote responsible  
23 innovation, to the extent the exemptions foster the devel-  
24 opment of fair and orderly cash or spot digital commodity  
25 markets, are necessary or appropriate in the public inter-  
26 est, and are consistent with the protection of customers.”.

1 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**  
2 **TIVITIES.**

3 The Commodity Exchange Act (7 U.S.C. 1 et seq.),  
4 as amended by the preceding provisions of this Act, is  
5 amended by inserting after section 4u the following:

6 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**  
7 **JECT TO THIS ACT.**

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

15 “(1) Compiling network transactions or relay-  
16 ing, searching, sequencing, validating, or acting in a  
17 similar capacity.

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(e)) 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       tegie 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 LabCFTC.

13           “(2) PURPOSE.—The purposes of LabCFTC  
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.

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