Amendment to the Amendment in the Nature of a Substitute to H.R. 8957 Offered by Ms. Waters of California

Add at the end the following:

SEC. ____. STOP TRADING, RETENTION, AND UNFAIR MARKET PAYOFFS IN CRYPTO.

(a) Prohibition on Covered Individuals in Connection With Digital Assets.—

(1) In general.—A covered individual may not—

(A) own a proportion of a digital asset that would allow the individual to unilaterally make changes to the digital asset;

(B) serve as an officer, director, or owner of a digital asset issuer;

(C) issue, sponsor, promote, or receive any direct or indirect compensation, including fees, for the sale, marketing, or mining of any digital asset in the United States or to a United States person; or

(D) trade digital assets while in office, if the covered individual has material non-public information about digital assets.

(2) PROHIBITION ON CERTAIN COMPANIES ACTING ON BEHALF OF A COVERED INDIVIDUAL.—An issuer required to file reports with the Securities and Exchange Commission under section 13 of the Securities Exchange Act of 1934 may not issue or sell, or otherwise transact with respect to, a digital asset on behalf of a covered individual.

(3) PENALTIES.—Section 216 of title 18, United States Code, shall apply to a violation of this section to the same extent as such section 216 applies to a violation of section 203, 204, 205, 207, 208, or 209 of such title.

(b) PROHIBITION ON INDIRECT PARTICIPATION THROUGH INTERMEDIARIES AND BENEFICIAL OWNERSHIP.—

(1) ANTI-EVASION RULE.—A covered individual may not take any action prohibited by this Act through any trust, corporation, partnership, limited liability company, unincorporated association, political committee, nonprofit organization, or other entity or person, including any digital wallet or protocol, if such covered individual—

(A) directly or indirectly exercises control over such entity;

(B) acts through such entity as a beneficial owner; or

(C) has received or expects to receive compensation, financial benefit, or influence as a result of the entity's engagement in digital asset activities described in this Act.

(2) DEFINITION OF BENEFICIAL OWNER.—In this section, and with respect to an entity, the term "beneficial owner" includes any individual who, directly or indirectly—

(A) has a financial interest in, or receives material benefit from a digital asset issuer;

(B) has the ability to influence, direct, or control decisions of such entity or digital asset activity, whether formal or informal;

(C) has any ownership interest of 5 percent or more in such entity, including through trusts, nominee arrangements, or contractual rights; or

(D) is a grantor, trustee, or beneficiary of a trust that holds such interests.

(3) LOOK-THROUGH REQUIREMENT.—Any prohibition or disclosure requirement in this Act shall apply to covered individuals with respect to any dig-

ital asset held indirectly or through any arrangement intended to conceal beneficial ownership or control.

(c) DEFINITIONS.—In this section:

(1) COVERED INDIVIDUAL DEFINED.—The term "covered individual" means—

(A) the President;

(B) the Vice President;

(C) a Member of Congress; or

(D) the spouse, child, son-in-law, or daughter-in-law, as determined under applicable common law, of any individual described in subparagraph (A), (B), or (C).

(2) DIGITAL ASSET.—The term "digital asset" means any digital representation of value which is recorded on a cryptographically-secured distributed ledger, including a stablecoin, a memecoin, and any financial contract or product or instrument that derives its value from a digital asset, including—

(A) futures, options, or swaps referencing a digital asset;

(B) any security or trust whose primary assets or benchmark are digital assets;

(C) yield-bearing digital asset products including staking, lending, or decentralized finance protocols;

(D) non-fungible tokens; and

(E) decentralized autonomous organization tokens.

(3) DISTRIBUTED LEDGER.—The term "distributed ledger" means technology where data is shared across a network that creates a digital ledger of verified transactions or information among network participants and the data are typically linked using cryptography to maintain the integrity of the ledger and execute other functions.

(4) MEMBER OF CONGRESS.—The term "Member of Congress" means a Senator or a Representative in, or a Delegate or Resident Commissioner to, the Congress.

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