

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

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

Sec. 1. Short title; table of contents.

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

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

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

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

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

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

Sec. 108. Administrative requirements.

Sec. 109. International cooperation.

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

Sec. 111. Application of the Bank Secrecy Act.

Sec. 112. Implementation.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. Exempted primary transactions in digital commodities.

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

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

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

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

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

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

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

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

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

Sec. 508. Study on financial market infrastructure improvements.

Sec. 509. Study on blockchain in payments.

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

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

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

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

10 “(A) any technology—

11 “(i) where data is—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 “(28) DIGITAL COMMODITY ISSUER.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 “(32) PERMITTED PAYMENT STABLECOIN.—

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

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

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

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

16 “(iv) the issuer of which—

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

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

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

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

3 “(i) means—

4 “(I) a national currency;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (1) in paragraph (10)—

12 (A) in subparagraph (A)—

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

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

18 “(iii) digital commodity;”; and

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

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

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

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

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

9 (2) in paragraph (11)—

10 (A) in subparagraph (A)(i)—

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

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

16 “(III) digital commodity;”; and

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

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

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

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

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

7 (3) in paragraph (12)(A)(i)—

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

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

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

15 “(III) a digital commodity;”;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 “(I) the funds of the user; or

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

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

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

1 participants can execute a financial trans-
2 action—

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

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

10 “(ii) EXCLUSIONS.—

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

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

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

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

13 “(F) DIGITAL COMMODITY.—

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

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

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

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

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

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

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

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

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

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

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

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

15 “(I) SECURITY.—

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

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

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

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

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

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

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

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

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

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

10 “(IV) BANKING DEPOSIT.—

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

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

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

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

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

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

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

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

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

20 “(bb) a security futures
21 product;

22 “(cc) a swap;

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

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

3 “(ee) a commodity option
4 authorized under section 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(c) of such Act (15 U.S.C. 80a–
8 3(c)(1), (7), or (9)).

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

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

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

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

1 are not primarily speculative in
2 nature; or

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

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

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

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

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

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

5 “(G) DIGITAL COMMODITY BROKER.—

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

9 “(I) is engaged in—

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

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

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

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

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

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

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

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

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

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

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

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

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

17 “(H) DIGITAL COMMODITY DEALER.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (b) CONFORMING AMENDMENTS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 In this Act:

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

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

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

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

5 **SEC. 105. RULEMAKINGS.**

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

10 (1) The terms—

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

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

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

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

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

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

13 (c) PROTECTION OF SELF-CUSTODY.—

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

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

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

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

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

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

7 (2) APPLICATION.—This subsection—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (a) IN GENERAL.—

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

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

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

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

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

11 (2) CONDITIONS.—

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

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

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

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

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

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

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

14 (B) REGISTERED ENTITY.—

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

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

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

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

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

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

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

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

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

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

8 and

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

11 (2) DIGITAL COMMODITY OPERATIONS.—Infor-

12 mation concerning the digital commodity operations

13 of the person, including—

- 14 (A) a general description of the person's
- 15 business and the terms of service for United
- 16 States customers;

- 17 (B) a description of the person's account
- 18 approval process;

- 19 (C) any rulebook or other customer order
- 20 fulfillment rules or procedures;

- 21 (D) risk management procedures;

- 22 (E) a description of the product listing
- 23 process; and

- 24 (F) policies and procedures for compliance
- 25 with the Bank Secrecy Act.

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

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

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

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

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

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

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

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

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

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

21 (d) AUTHORITY.—

22 (1) IN GENERAL.—

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

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

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

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

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

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

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

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

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

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

20 (g) RULEMAKING.—

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

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

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

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

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

17 (j) FEDERAL PREEMPTION.—

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

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

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

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

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

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

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

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

16 (B) a swap;

17 (C) a security futures product;

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

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

22 or

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

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

3 (A) a security-based swap;

4 (B) a security futures product; or

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

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

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

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

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

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

24 (1) in paragraph (3)—

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

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

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

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

8 (2) in paragraph (4)—

9 (A) in subparagraph (A)—

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

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

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

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

18 (B) in subparagraph (B)—

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

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

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

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

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

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

20 (1) shall consult and coordinate with foreign
21 regulatory authorities on the application of con-
22 sistent international standards with respect to the
23 regulation of digital assets; and
24 (2) may enter into such information-sharing ar-
25 rangements as may be deemed to be necessary or

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

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

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

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

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

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

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

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

11 (c) EFFECT ON OTHER LAWS.—

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

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

21 (d) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

8 (b) GAO STUDY.—

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

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

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

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

1 **SEC. 112. IMPLEMENTATION.**

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

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

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

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

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

21 (C) register persons under this Act; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 “(F) OWNERSHIP DISCLOSURES.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4 “(e) FAILURE TO MATURE.—

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

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

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

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

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

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

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

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

3 (b) ADDITIONAL EXEMPTIONS.—

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

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

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

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

16 (C) in subparagraph (F)—

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

20 (ii) by striking “or” at the end;

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

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

24 “(H) section 4(a)(8).”.

25 (c) USE OF OTHER EXEMPTIONS.—

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

10 (2) RULEMAKINGS.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (6) any applicable provisions of State law.

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

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

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

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

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

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

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

5 “(b) COMMISSION JURISDICTION.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18 “(I) 12 months; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “(a) CERTIFICATION OF BLOCKCHAIN SYSTEMS.—

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

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

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

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

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

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

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

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

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

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

11 “(4) CERTIFICATION REVIEW.—

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

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

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

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

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

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

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

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

21 “(5) STAY OF CERTIFICATION.—

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

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

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

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

10 “(A) become effective—

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

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

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

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

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

3 “(8) APPEAL OF REBUTTAL.—

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

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

14 “(b) MATURITY CRITERIA.—

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

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

8 “(3) RULES OF CONSTRUCTION.—

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

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

20 “(c) DEEMED MATURE.—

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

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

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

10 “(A) SYSTEM VALUE.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16 “(d) DECENTRALIZED GOVERNANCE SYSTEM.—

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

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

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

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

9 **SEC. 206. EFFECTIVE DATE.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 “(1) by a broker or dealer;

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

23 “(3) through an alternative trading system.

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

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

5 “(1) by a broker or dealer;

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

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

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

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

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

13 “(a) IN GENERAL.—It”;

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

15 “(b) DIGITAL COMMODITY PROTECTIONS.—

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

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

22 “(B) securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

23 (e) PERMITTED TRADING.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (i) customers;

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

4 (iii) issuers of digital commodities.

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

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

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

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

24 (3) trade reporting; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (C) a State bank supervisor;

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

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

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

12 (b) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (b) NATIONAL BANK ACTIVITY.—

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

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

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

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

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

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

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

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

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

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

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

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

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

1 (b) GAO STUDY AND REPORT.—

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

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

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

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

18 (c) DEFINITIONS.—In this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

8 “(II) a swap;

9 “(III) a security futures product;

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

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

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

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

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

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

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

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

4 “(H) permitted payment stablecoins.”.

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

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

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

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

18 “(F) COMMISSION JURISDICTION WITH RESPECT TO
19 DIGITAL COMMODITY TRANSACTIONS.—

20 “(i) IN GENERAL.—Subject to sections 6d and
21 12(e), the Commission shall have exclusive jurisdic-
22 tion with respect to any account, agreement, con-
23 tract, or transaction involving a contract of sale of
24 a digital commodity in interstate commerce, includ-
25 ing in a digital commodity cash or spot market, that

1 is offered, solicited, traded, facilitated, executed,
2 cleared, reported, or otherwise dealt in—

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

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

8 “(ii) LIMITATIONS.—Clause (i) shall not apply
9 with respect to—

10 “(I) custodial or depository activities for a
11 digital commodity of an entity regulated by an
12 appropriate Federal banking agency or a State
13 bank supervisor (within the meaning of section
14 3 of the Federal Deposit Insurance Act); or

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

19 “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

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

22 “(II) REPORTS ON MIXED DIGITAL ASSET
23 TRANSACTIONS.—A digital commodity issuer,
24 digital commodity related person, digital com-
25 modity affiliated person, or other person reg-

1 istered with the Securities and Exchange Com-
2 mission that engages in a mixed digital asset
3 transaction, shall, on request of the Commis-
4 sion, open to inspection and examination by the
5 Commission all books and records relating to
6 the mixed digital asset transaction, subject to
7 the confidentiality and disclosure requirements
8 of section 8.

9 “(G) AGREEMENTS, CONTRACTS, AND TRANS-
10 ACTIONS IN STABLECOINS.—

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

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

21 “(II) by any other entity registered with
22 the Commission.

23 “(ii) PERMITTED PAYMENT STABLECOIN
24 TRANSACTION RULES.—This Act shall apply to a
25 transaction described in clause (i) only for the pur-

1 pose of regulating the offer, execution, solicitation,
2 or acceptance of a cash or spot permitted payment
3 stablecoin transaction on a registered entity or by
4 any other entity registered with the Commission, as
5 if the permitted payment stablecoin were a digital
6 commodity.

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

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

20 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**
21 **TO USE QUALIFIED DIGITAL ASSET**
22 **CUSTODIANS.**

23 Section 4d of the Commodity Exchange Act (7 U.S.C.
24 6d) is amended—

25 (1) in subsection (a)(2)—

1 (A) in the 1st proviso, by striking “any
2 bank or trust company” and inserting “any
3 bank, trust company, or qualified digital asset
4 custodian, as applicable,”; and

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

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

12 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**
13 **DIGITAL COMMODITIES.**

14 Section 5c of the Commodity Exchange Act (7 U.S.C.
15 7a–2) is amended—

16 (1) in subsection (a), by striking “5(d) and
17 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

18 (2) in subsection (b)—

19 (A) in each of paragraphs (1) and (2), by
20 inserting “digital commodity exchange,” before
21 “derivatives”; and

22 (B) in paragraph (3), by inserting “digital
23 commodity exchange,” before “derivatives” each
24 place it appears;

25 (3) in subsection (c)—

1 (A) in paragraph (2), by inserting “or par-
2 ticipants” before “(in”;

3 (B) in paragraph (4)(B), by striking
4 “1a(10)” and inserting “1a(9)”; and

5 (C) in paragraph (5), by adding at the end
6 the following:

7 “(D) SPECIAL RULES FOR DIGITAL COM-
8 MODITY CONTRACTS.—In certifying any new
9 rule or rule amendment, or listing any new con-
10 tract or instrument, in connection with a con-
11 tract of sale of a commodity for future delivery,
12 option, swap, or other agreement, contract, or
13 transaction, that is based on or references a
14 digital commodity, a registered entity shall
15 make or rely on a certification under subsection
16 (d) for the digital commodity.”; and

17 (4) by inserting after subsection (c) the fol-
18 lowing:

19 “(d) CERTIFICATIONS FOR DIGITAL COMMODITY
20 TRADING.—

21 “(1) IN GENERAL.—Notwithstanding subsection
22 (c), for the purposes of listing or offering a digital
23 commodity for trading in a digital commodity cash
24 or spot market, an eligible entity shall submit a
25 written certification to the Commission that the dig-

1 ital commodity meets the requirements of this Act
2 (including the regulations prescribed under this
3 Act).

4 “(2) CONTENTS OF THE CERTIFICATION.—

5 “(A) IN GENERAL.—In making a written
6 certification under this paragraph, the eligible
7 entity shall furnish to the Commission an anal-
8 ysis of how the digital commodity meets the re-
9 quirements of section 5i(c)(3).

10 “(B) RELIANCE ON PRIOR DISCLO-
11 SURES.—In making a certification under this
12 subsection, an eligible entity may rely on the
13 records and disclosures of any relevant person
14 registered with the Securities and Exchange
15 Commission or other State or Federal agency.

16 “(3) MODIFICATIONS.—

17 “(A) IN GENERAL.—An eligible entity shall
18 modify a certification made under paragraph
19 (1) to—

20 “(i) account for significant changes in
21 any information provided to the Commis-
22 sion under paragraph (2)(A)(ii); or

23 “(ii) permit or restrict trading in
24 units of a digital commodity held by a dig-

1 ital commodity related person or a digital
2 commodity affiliated person.

3 “(B) RECERTIFICATION.—Modifications
4 required by this subsection shall be subject to
5 the same disapproval and review process as a
6 new certification under paragraphs (4) and (5).

7 “(4) DISAPPROVAL.—

8 “(A) IN GENERAL.—The written certifi-
9 cation described in paragraph (1) shall become
10 effective unless the Commission finds that the
11 listing of the digital commodity is inconsistent
12 with the requirements of this Act or the rules
13 and regulations prescribed under this Act.

14 “(B) ANALYSIS REQUIRED.—The Commis-
15 sion shall include, with any findings referred to
16 in subparagraph (A), a detailed analysis of the
17 factors on which the decision was based.

18 “(C) PUBLIC FINDINGS.—The Commission
19 shall make public any disapproval decision, and
20 any related findings and analysis, made under
21 this paragraph.

22 “(5) REVIEW.—

23 “(A) IN GENERAL.—Unless the Commis-
24 sion makes a disapproval decision under para-
25 graph (4), the written certification described in

1 paragraph (1) shall become effective, pursuant
2 to the certification by the eligible entity and no-
3 tice of the certification to the public (in a man-
4 ner determined by the Commission) on the date
5 that is—

6 “(i) 20 business days after the date
7 the Commission receives the certification
8 (or such shorter period as determined by
9 the Commission by rule or regulation), in
10 the case of a digital commodity that has
11 not been certified under this section or for
12 which a certification is being modified
13 under paragraph (3); or

14 “(ii) 1 business day after the date the
15 Commission receives the certification (or
16 such shorter period as determined by the
17 Commission by rule or regulation) for any
18 digital commodity that has been certified
19 under this section.

20 “(B) EXTENSIONS.—The time for consid-
21 eration under subparagraph (A) may be ex-
22 tended through notice to the eligible entity that
23 there are novel or complex issues that require
24 additional time to analyze, that the explanation

1 by the submitting eligible entity is inadequate,
2 or of a potential inconsistency with this Act—

3 “(i) once, for 30 business days,
4 through written notice to the eligible entity
5 by the Commission; and

6 “(ii) once, for an additional 30 busi-
7 ness days, through written notice to the el-
8 igible entity from the Commission that in-
9 cludes a description of any deficiencies
10 with the certification, including any—

11 “(I) novel or complex issues
12 which require additional time to ana-
13 lyze;

14 “(II) missing information or in-
15 adequate explanations; or

16 “(III) potential inconsistencies
17 with this Act.

18 “(6) PRIOR APPROVAL BEFORE REGISTRA-
19 TION.—

20 “(A) IN GENERAL.—A person applying for
21 registration with the Commission for the pur-
22 poses of listing or offering a digital commodity
23 for trading in a digital commodity cash or spot
24 market may request that the Commission grant
25 prior approval for the person to list or offer the

1 digital commodity on being registered with the
2 Commission.

3 “(B) REQUEST FOR PRIOR APPROVAL.—A
4 person seeking prior approval under subpara-
5 graph (A) shall furnish the Commission with a
6 written certification that the digital commodity
7 meets the requirements of this Act (including
8 the regulations prescribed under this Act) and
9 the information described in paragraph (2).

10 “(C) DEADLINE.—The Commission shall
11 take final action on a request for prior approval
12 not later than 90 business days after submis-
13 sion of the request, unless the person submit-
14 ting the request agrees to an extension of the
15 time limitation established under this subpara-
16 graph.

17 “(D) DISAPPROVAL.—

18 “(i) IN GENERAL.—The Commission
19 shall approve the listing of the digital com-
20 modity unless the Commission finds that
21 the listing is inconsistent with this Act (in-
22 cluding any regulation prescribed under
23 this Act).

24 “(ii) ANALYSIS REQUIRED.—The
25 Commission shall include, with any find-

1 ings made under clause (i), a detailed anal-
2 ysis of the factors on which the decision is
3 based.

4 “(iii) PUBLIC FINDINGS.—The Com-
5 mission shall make public any disapproval
6 decision, and any related findings and
7 analysis, made under this paragraph.

8 “(7) ELIGIBLE ENTITY DEFINED.—In this sub-
9 section, the term ‘eligible entity’ means a registered
10 entity or group of registered entities acting jointly.”.

11 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**
12 **CHANGES.**

13 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
14 is amended by inserting after section 5h the following:

15 **“SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-**
16 **CHANGES.**

17 “(a) IN GENERAL.—

18 “(1) REGISTRATION.—

19 “(A) IN GENERAL.—A trading facility that
20 offers or seeks to offer a cash or spot market
21 in at least 1 digital commodity shall register
22 with the Commission as a digital commodity ex-
23 change.

24 “(B) APPLICATION.—A person desiring to
25 register as a digital commodity exchange shall

1 submit to the Commission an application in
2 such form and containing such information as
3 the Commission may require for the purpose of
4 making the determinations required for ap-
5 proval.

6 “(C) EXEMPTIONS.—A trading facility
7 that offers or seeks to offer a cash or spot mar-
8 ket in at least 1 digital commodity shall not be
9 required to register under this section if the
10 trading facility—

11 “(i) permits no more than a de mini-
12 mis amount of trading activity, as the
13 Commission may determine by rule or reg-
14 ulation, in a digital commodity; or

15 “(ii) serves only customers in a single
16 State, territory, or possession of the
17 United States.

18 “(2) ADDITIONAL REGISTRATIONS.—

19 “(A) WITH THE COMMISSION.—In order to
20 foster the development of fair and orderly mar-
21 kets, protect customers, and promote respon-
22 sible innovation, the Commission—

23 “(i) shall prescribe rules to exempt an
24 entity registered with the Commission
25 under more than 1 section of this Act from

1 duplicative, conflicting, or unduly burden-
2 some provisions of this Act and the rules
3 under this Act;

4 “(ii) shall prescribe rules to address
5 conflicts of interests and activities of the
6 entity; and

7 “(iii) may, after an analysis of the
8 risks and benefits, prescribe rules to pro-
9 vide for portfolio margining.

10 “(B) WITH A REGISTERED FUTURES ASSO-
11 CIATION.—

12 “(i) IN GENERAL.—A registered dig-
13 ital commodity exchange shall also be a
14 member of a registered futures association
15 and comply with rules related to such ac-
16 tivity, if the registered digital commodity
17 exchange accepts customer funds required
18 to be segregated under subsection (d).

19 “(ii) RULEMAKING REQUIRED.—The
20 Commission shall require any registered
21 futures association with a digital com-
22 modity exchange as a member to provide
23 such rules as may be necessary to further
24 compliance with subsection (d), protect
25 customers, and promote the public interest.

1 “(C) REGISTRATION REQUIRED.—A person
2 required to be registered as a digital commodity
3 exchange under this section shall register with
4 the Commission as such regardless of whether
5 the person is registered with another State or
6 Federal regulator.

7 “(b) TRADING.—

8 “(1) PROHIBITION ON CERTAIN TRADING PRAC-
9 TICES.—

10 “(A) Section 4b shall apply to any agree-
11 ment, contract, or transaction in a digital com-
12 modity as if the agreement, contract, or trans-
13 action were a contract of sale of a commodity
14 for future delivery.

15 “(B) Section 4c shall apply to any agree-
16 ment, contract, or transaction in a digital com-
17 modity as if the agreement, contract, or trans-
18 action were a transaction involving the purchase
19 or sale of a commodity for future delivery.

20 “(C) Section 4b–1 shall apply to any
21 agreement, contract, or transaction in a digital
22 commodity as if the agreement, contract, or
23 transaction were a contract of sale of a com-
24 modity for future delivery.

1 “(2) PROHIBITION ON ACTING AS A
2 COUNTERPARTY.—

3 “(A) IN GENERAL.—A digital commodity
4 exchange or any affiliate of such an exchange
5 shall not trade on or subject to the rules of the
6 digital commodity exchange for its own account.

7 “(B) EXCEPTIONS.—The Commission
8 shall, by rule, permit a digital commodity ex-
9 change or any affiliate of a digital commodity
10 exchange to engage in trading on the exchange
11 so long as the trading is not solely for the pur-
12 pose of the profit of the exchange, including the
13 following:

14 “(i) CUSTOMER DIRECTION.—A trans-
15 action for, or entered into at the direction
16 of, or for the benefit of, an unaffiliated
17 customer.

18 “(ii) RISK MANAGEMENT.—A trans-
19 action to manage the credit, market, and
20 liquidity risks associated with the digital
21 commodity business of the exchange.

22 “(iii) OPERATIONAL NEEDS.—A
23 transaction related to the operational
24 needs of the business of the digital com-
25 modity exchange or its affiliate.

1 “(iv) FUNCTIONAL USE.—A trans-
2 action related to the functional operation
3 of a blockchain system.

4 “(C) NOTICE REQUIREMENT.—In order for
5 a digital commodity exchange or any affiliate of
6 a digital commodity exchange to engage in trad-
7 ing on the affiliated exchange pursuant to sub-
8 section (B), notice must be given to the Com-
9 mission that shall enumerate how any proposed
10 activity is consistent with the exceptions in sub-
11 section (B) and the purposes of this Act.

12 “(c) CORE PRINCIPLES FOR DIGITAL COMMODITY
13 EXCHANGES.—

14 “(1) COMPLIANCE WITH CORE PRINCIPLES.—

15 “(A) IN GENERAL.—To be registered, and
16 maintain registration, as a digital commodity
17 exchange, a digital commodity exchange shall
18 comply with—

19 “(i) the core principles described in
20 this subsection; and

21 “(ii) any requirement that the Com-
22 mission may impose by rule or regulation
23 pursuant to section 8a(5).

24 “(B) REASONABLE DISCRETION OF A DIG-
25 ITAL COMMODITY EXCHANGE.—Unless other-

1 wise determined by the Commission by rule or
2 regulation, a digital commodity exchange de-
3 scribed in subparagraph (A) shall have reason-
4 able discretion in establishing the manner in
5 which the digital commodity exchange complies
6 with the core principles described in this sub-
7 section.

8 “(2) COMPLIANCE WITH RULES.—A digital
9 commodity exchange shall—

10 “(A) establish and enforce compliance with
11 any rule of the digital commodity exchange, in-
12 cluding—

13 “(i) the terms and conditions of the
14 trades traded or processed on or through
15 the digital commodity exchange; and

16 “(ii) any limitation on access to the
17 digital commodity exchange;

18 “(B) establish and enforce trading, trade
19 processing, and participation rules that will
20 deter abuses and have the capacity to detect,
21 investigate, and enforce those rules, including
22 means—

23 “(i) to provide market participants
24 with impartial access to the market; and

1 “(ii) to capture information that may
2 be used in establishing whether rule viola-
3 tions have occurred; and

4 “(C) establish rules governing the oper-
5 ation of the exchange, including rules specifying
6 trading procedures to be used in entering and
7 executing orders traded or posted on the facil-
8 ity.

9 “(3) LISTING STANDARDS FOR DIGITAL COM-
10 MODITIES.—

11 “(A) IN GENERAL.—A digital commodity
12 exchange shall not permit trading in a digital
13 commodity unless—

14 “(i) reports with respect to the digital
15 commodity required under section
16 4B(b)(3) of the Securities Act of 1933 (or,
17 with respect to a digital commodity not
18 issued in reliance on section 4(a)(8) of the
19 Securities Act of 1933, a comparable set of
20 reports, where required by the Securities
21 and Exchange Commission) have been filed
22 with the Securities and Exchange Commis-
23 sion; or

24 “(ii) the blockchain system to which
25 the digital commodity relates, together

1 with the digital commodity, is certified as
2 a mature blockchain system under section
3 42 of the Securities Exchange Act of 1934.

4 “(B) PUBLIC INFORMATION REQUIRE-
5 MENTS.—

6 “(i) IN GENERAL.—A digital com-
7 modity exchange shall permit trading only
8 in a digital commodity if the information
9 required in clause (ii) is correct, current,
10 and available to the public.

11 “(ii) REQUIRED INFORMATION.—With
12 respect to a digital commodity and each
13 blockchain system to which the digital
14 commodity relates for which the digital
15 commodity exchange will make the digital
16 commodity available to the customers of
17 the digital commodity exchange, the infor-
18 mation required in this clause is as follows:

19 “(I) SOURCE CODE.—The source
20 code for any blockchain system to
21 which the digital commodity relates.

22 “(II) TRANSACTION HISTORY.—A
23 description of the steps necessary to
24 independently access, search, and
25 verify the transaction history of any

1 blockchain system to which the digital
2 commodity relates, to the extent any
3 such independent access, search, and
4 verification activities are technically
5 feasible with respect to the blockchain
6 system.

7 “(III) DIGITAL COMMODITY ECO-
8 NOMICS.—A narrative description of
9 the purpose of any blockchain system
10 to which the digital commodity relates
11 and the operation of any such
12 blockchain system, including—

13 “(aa) information explaining
14 the launch and supply process,
15 including the number of digital
16 assets to be issued in an initial
17 allocation, the total number of
18 digital commodities to be created,
19 the release schedule for the dig-
20 ital commodities, and the total
21 number of digital commodities
22 then outstanding;

23 “(bb) information detailing
24 any applicable consensus mecha-
25 nism or process for validating

1 transactions, method of gener-
2 ating or mining digital commod-
3 ities, and any process for burning
4 or destroying digital commodities
5 on the blockchain system;

6 “(cc) an explanation of gov-
7 ernance mechanisms for imple-
8 menting changes to the
9 blockchain system or forming
10 consensus among holders of the
11 digital commodities; and

12 “(dd) sufficient information
13 for a third party to create a tool
14 for verifying the transaction his-
15 tory of the digital asset.

16 “(IV) TRADING VOLUME AND
17 VOLATILITY.—The trading volume
18 and volatility of the digital commodity
19 on the exchange.

20 “(V) ADDITIONAL INFORMA-
21 TION.—Such additional information
22 as the Commission may determine by
23 rule to be necessary for a customer to
24 understand the financial and oper-
25 ational risks of a digital commodity,

1 and to be practically feasible to pro-
2 vide.

3 “(iii) FORMAT.—The Commission
4 shall prescribe rules and regulations for
5 the standardization and simplification of
6 disclosures under clause (ii), including re-
7 quiring that disclosures—

8 “(I) be conspicuous;

9 “(II) use plain language com-
10 prehensible to customers; and

11 “(III) succinctly explain the in-
12 formation that is required to be com-
13 municated to the customer.

14 “(iv) RELIANCE ON PREVIOUS DIS-
15 CLOSURES.—In complying with this sub-
16 paragraph, a digital commodity exchange
17 may rely on and make available to the pub-
18 lic relevant information publicly disclosed
19 to the Commission, the Securities and Ex-
20 change Commission, or an appropriate
21 Federal banking agency.

22 “(C) DIGITAL COMMODITIES HELD BY RE-
23 LATED AND DIGITAL COMMODITY AFFILIATED
24 PERSONS.—A digital commodity exchange shall
25 permit the trading of a unit of a digital com-

1 modity held by a digital commodity affiliated
2 person or a digital commodity related person,
3 only pursuant to section 4C of the Securities
4 Act of 1933.

5 “(4) TREATMENT OF CUSTOMER ASSETS.—A
6 digital commodity exchange shall establish policies
7 and procedures that are designed to protect and en-
8 sure the safety of customer money, assets, and prop-
9 erty.

10 “(5) MONITORING OF TRADING AND TRADE
11 PROCESSING.—

12 “(A) IN GENERAL.—A digital commodity
13 exchange shall provide a competitive, open, and
14 efficient market and mechanism for executing
15 transactions that protects the price discovery
16 process of trading on the exchange.

17 “(B) PROTECTION OF MARKETS AND MAR-
18 KET PARTICIPANTS.—A digital commodity ex-
19 change shall establish and enforce rules—

20 “(i) to protect markets and market
21 participants from abusive practices com-
22 mitted by any party, including abusive
23 practices committed by a party acting as
24 an agent for a participant; and

1 “(ii) to promote fair and equitable
2 trading on the exchange.

3 “(C) TRADING PROCEDURES.—A digital
4 commodity exchange shall—

5 “(i) establish and enforce rules or
6 terms and conditions defining, or specifica-
7 tions detailing—

8 “(I) trading procedures to be
9 used in entering and executing orders
10 traded on or through the facilities of
11 the digital commodity exchange; and

12 “(II) procedures for trade proc-
13 essing of digital commodities on or
14 through the facilities of the digital
15 commodity exchange; and

16 “(ii) monitor trading in digital com-
17 modities to prevent manipulation, price
18 distortion, and disruptions, through sur-
19 veillance, compliance, and disciplinary
20 practices and procedures, including meth-
21 ods for conducting real-time monitoring of
22 trading and comprehensive and accurate
23 trade reconstructions.

24 “(6) ABILITY TO OBTAIN INFORMATION.—A
25 digital commodity exchange shall—

1 “(A) establish and enforce rules that will
2 allow the facility to obtain any necessary infor-
3 mation to perform any of the functions de-
4 scribed in this section;

5 “(B) provide the information to the Com-
6 mission on request; and

7 “(C) have the capacity to carry out such
8 international information-sharing agreements as
9 the Commission may require.

10 “(7) EMERGENCY AUTHORITY.—A digital com-
11 modity exchange shall adopt rules to provide for the
12 exercise of emergency authority, in consultation or
13 cooperation with the Commission or a registered en-
14 tity, as is necessary and appropriate, including the
15 authority to facilitate the liquidation or transfer of
16 open positions in any digital commodity or to sus-
17 pend or curtail trading in a digital commodity.

18 “(8) TIMELY PUBLICATION OF TRADING INFOR-
19 MATION.—

20 “(A) IN GENERAL.—A digital commodity
21 exchange shall make public timely information
22 on price, trading volume, and other trading
23 data on digital commodities to the extent pre-
24 scribed by the Commission.

1 “(B) CAPACITY OF DIGITAL COMMODITY
2 EXCHANGE.—A digital commodity exchange
3 shall have the capacity to electronically capture
4 and transmit trade information with respect to
5 transactions executed on the exchange.

6 “(9) RECORDKEEPING AND REPORTING.—

7 “(A) IN GENERAL.—A digital commodity
8 exchange shall—

9 “(i) maintain records relating to the
10 operation of the exchange, including a
11 complete audit trail, in a form and manner
12 acceptable to the Commission for a period
13 of 5 years;

14 “(ii) report to the Commission, in a
15 form and manner acceptable to the Com-
16 mission, such information as the Commis-
17 sion determines to be necessary or appro-
18 priate for the Commission to perform the
19 duties of the Commission under this Act;
20 and

21 “(iii) keep any such records of digital
22 commodities which relate to a security
23 open to inspection and examination by the
24 Securities and Exchange Commission.

1 “(B) INFORMATION-SHARING.—Subject to
2 section 8, and on request, the Commission shall
3 share information collected under subparagraph
4 (A) with—

5 “(i) the Board;

6 “(ii) the Securities and Exchange
7 Commission;

8 “(iii) each appropriate Federal bank-
9 ing agency;

10 “(iv) each appropriate State bank su-
11 pervisor (within the meaning of section 3
12 of the Federal Deposit Insurance Act);

13 “(v) the Financial Stability Oversight
14 Council;

15 “(vi) the Department of Justice; and

16 “(vii) any other person that the Com-
17 mission determines to be appropriate, in-
18 cluding—

19 “(I) foreign financial supervisors
20 (including foreign futures authorities);

21 “(II) foreign central banks; and

22 “(III) foreign ministries.

23 “(C) CONFIDENTIALITY AGREEMENT.—Be-
24 fore the Commission may share information
25 with any entity described in subparagraph (B),

1 the Commission shall receive a written agree-
2 ment from the entity stating that the entity
3 shall abide by the confidentiality requirements
4 described in section 8 relating to the informa-
5 tion on digital commodities that is provided.

6 “(D) PROVIDING INFORMATION.—A digital
7 commodity exchange shall provide to the Com-
8 mission (including any designee of the Commis-
9 sion) information under subparagraph (A) in
10 such form and at such frequency as is required
11 by the Commission.

12 “(10) ANTITRUST CONSIDERATIONS.—Unless
13 necessary or appropriate to achieve the purposes of
14 this Act, a digital commodity exchange shall not—

15 “(A) adopt any rules or take any actions
16 that result in any unreasonable restraint of
17 trade; or

18 “(B) impose any material anticompetitive
19 burden on trading.

20 “(11) CONFLICTS OF INTEREST.—The digital
21 commodity exchange shall establish and enforce
22 rules—

23 “(A) to minimize conflicts of interest in
24 the decision making processes of the contract
25 market; and

1 “(B) to establish a process for resolving
2 conflicts of interest referred to in subparagraph
3 (A).

4 “(12) FINANCIAL RESOURCES.—

5 “(A) IN GENERAL.—A digital commodity
6 exchange shall have adequate financial, oper-
7 ational, and managerial resources, as deter-
8 mined by the Commission, to discharge each re-
9 sponsibility of the digital commodity exchange.

10 “(B) MINIMUM AMOUNT OF FINANCIAL RE-
11 SOURCES.—A digital commodity exchange shall
12 possess financial resources that, at a minimum,
13 exceed—

14 “(i) the total amount that would en-
15 able the digital commodity exchange to
16 cover the operating costs of the digital
17 commodity exchange for a 1-year period,
18 as calculated on a rolling basis; and

19 “(ii) the total amount necessary to
20 meet the financial obligations of the digital
21 commodity exchange to all customers of
22 the digital commodity exchange.

23 “(13) DISCIPLINARY PROCEDURES.—A digital
24 commodity exchange shall establish and enforce dis-
25 ciplinary procedures that authorize the digital com-

1 modity exchange to discipline, suspend, or expel
2 members or market participants that violate the
3 rules of the digital commodity exchange, or similar
4 methods for performing the same functions, includ-
5 ing delegation of the functions to third parties.

6 “(14) GOVERNANCE FITNESS STANDARDS.—

7 “(A) GOVERNANCE ARRANGEMENTS.—A
8 digital commodity exchange shall establish gov-
9 ernance arrangements that are transparent and
10 designed to permit consideration of the views of
11 market participants.

12 “(B) FITNESS STANDARDS.—A digital
13 commodity exchange shall establish and enforce
14 appropriate fitness standards for—

15 “(i) officers and directors; and

16 “(ii) any individual or entity with di-
17 rect access to, or control of, customer as-
18 sets.

19 “(15) SYSTEM SAFEGUARDS.—A digital com-
20 modity exchange shall—

21 “(A) establish and maintain a program of
22 risk analysis and oversight to identify and mini-
23 mize sources of operational and security risks,
24 through the development of appropriate controls

1 and procedures, and automated systems in ac-
2 cordance with industry standards, that—

3 “(i) are reliable and secure; and

4 “(ii) have adequate scalable capacity;

5 “(B) establish and maintain emergency
6 procedures, backup resources, and a plan for
7 disaster recovery that allow for—

8 “(i) the timely recovery and resump-
9 tion of operations; and

10 “(ii) the fulfillment of the responsibil-
11 ities and obligations of the digital com-
12 modity exchange; and

13 “(C) periodically conduct tests to verify
14 that the backup resources of the digital com-
15 modity exchange are sufficient to ensure contin-
16 ued—

17 “(i) order processing and trade
18 matching;

19 “(ii) price reporting;

20 “(iii) market surveillance; and

21 “(iv) maintenance of a comprehensive
22 and accurate audit trail.

23 “(d) HOLDING OF CUSTOMER ASSETS.—

24 “(1) IN GENERAL.—A digital commodity ex-
25 change shall hold customer money, assets, and prop-

1 erty in a manner to minimize the risk of loss to the
2 customer or unreasonable delay in customer access
3 to the money, assets, and property of the customer.

4 “(A) SEGREGATION OF FUNDS.—

5 “(i) IN GENERAL.—A digital com-
6 modity exchange shall treat and deal with
7 all money, assets, and property that is re-
8 ceived by the digital commodity exchange,
9 or accrues to a customer as the result of
10 trading in digital commodities, as belong-
11 ing to the customer.

12 “(ii) COMMINGLING PROHIBITED.—
13 Money, assets, and property of a customer
14 described in clause (i) shall be separately
15 accounted for and shall not be commingled
16 with the funds of the digital commodity ex-
17 change or be used to margin, secure, or
18 guarantee any trades or accounts of any
19 customer or person other than the person
20 for whom the same are held.

21 “(B) EXCEPTIONS.—

22 “(i) USE OF FUNDS.—

23 “(I) IN GENERAL.—Notwith-
24 standing subparagraph (A), money,
25 assets, and property of customers of a

1 digital commodity exchange described
2 in subparagraph (A) may, for conven-
3 ience, be commingled and deposited in
4 the same account or accounts with
5 any bank, trust company, derivatives
6 clearing organization, or qualified dig-
7 ital asset custodian.

8 “(II) WITHDRAWAL.—Notwith-
9 standing subparagraph (A), such
10 share of the money, assets, and prop-
11 erty described in subclause (I) of this
12 clause as in the normal course of busi-
13 ness shall be necessary to margin,
14 guarantee, secure, transfer, adjust, or
15 settle a contract of sale of a digital
16 commodity with a registered entity
17 may be withdrawn and applied to such
18 purposes, including the payment of
19 commissions, brokerage, interest,
20 taxes, storage, and other charges, law-
21 fully accruing in connection with the
22 contract of sale of a digital com-
23 modity.

24 “(ii) COMMISSION ACTION.—Notwith-
25 standing subparagraph (A), in accordance

1 with such terms and conditions as the
2 Commission may prescribe by rule, regula-
3 tion, or order, any money, assets, or prop-
4 erty of the customers of a digital com-
5 modity exchange described in subpara-
6 graph (A) may be commingled and depos-
7 ited in customer accounts with any other
8 money, assets, or property received by the
9 digital commodity exchange and required
10 by the Commission to be separately ac-
11 counted for and treated and dealt with as
12 belonging to the customer of the digital
13 commodity exchange.

14 “(2) PERMITTED INVESTMENTS.—Money de-
15 scribed in subparagraph (A) may be invested in obli-
16 gations of the United States, in general obligations
17 of any State or of any political subdivision of a
18 State, and in obligations fully guaranteed as to prin-
19 cipal and interest by the United States, or in any
20 other investment that the Commission may by rule
21 or regulation prescribe, and such investments shall
22 be made in accordance with such rules and regula-
23 tions and subject to such conditions as the Commis-
24 sion may prescribe.

1 “(3) CUSTOMER PROTECTION DURING BANK-
2 RUPTCY.—

3 “(A) CUSTOMER PROPERTY.—All assets
4 held on behalf of a customer by a digital com-
5 modity exchange, and all money, assets, and
6 property of any customer received by a digital
7 commodity exchange for trading or custody, or
8 to facilitate, margin, guarantee, or secure con-
9 tracts of sale of a digital commodity (including
10 money, assets, or property accruing to the cus-
11 tomer as the result of the transactions), shall
12 be considered customer property for purposes of
13 section 761 of title 11, United States Code.

14 “(B) TRANSACTIONS.—A transaction in-
15 volving the sale of a unit of a digital commodity
16 occurring on or subject to the rules of a digital
17 commodity exchange shall be considered a con-
18 tract for the purchase or sale of a commodity
19 for future delivery, on or subject to the rules of,
20 a contract market or board of trade for pur-
21 poses of the definition of ‘commodity contract’
22 in section 761 of title 11, United States Code.

23 “(C) EXCHANGES.—A digital commodity
24 exchange shall be considered a futures commis-

1 sion merchant for purposes of section 761 of
2 title 11, United States Code.

3 “(D) ASSETS REMOVED FROM SEGREGA-
4 TION.—Assets removed from segregation due to
5 a customer election under paragraph (5) shall
6 not be considered customer property for pur-
7 poses of section 761 of title 11, United States
8 Code.

9 “(4) MISUSE OF CUSTOMER PROPERTY.—

10 “(A) IN GENERAL.—It shall be unlawful—

11 “(i) for any digital commodity ex-
12 change that has received any customer
13 money, assets, or property for custody to
14 dispose of, or use any such money, assets,
15 or property as belonging to the digital
16 commodity exchange or any person other
17 than a customer of the digital commodity
18 exchange; or

19 “(ii) for any other person, including
20 any depository, other digital commodity ex-
21 change, or digital asset custodian that has
22 received any customer money, assets, or
23 property for deposit, to hold, dispose of, or
24 use any such money, assets, or property, or
25 property, as belonging to the depositing

1 digital commodity exchange or any person
2 other than the customers of the digital
3 commodity exchange.

4 “(B) USE FURTHER DEFINED.—For pur-
5 poses of this section, ‘use’ of a digital com-
6 modity includes utilizing any unit of a digital
7 asset to participate in a blockchain service de-
8 fined in paragraph (5) or a decentralized gov-
9 ernance system associated with the digital com-
10 modity or the blockchain system to which the
11 digital commodity relates in any manner other
12 than that expressly directed by the customer
13 from whom the unit of a digital commodity was
14 received.

15 “(5) PARTICIPATION IN BLOCKCHAIN SERV-
16 ICES.—

17 “(A) IN GENERAL.—A customer shall have
18 the right to waive the restrictions in paragraph
19 (1) for any unit of a digital commodity to be
20 used under subparagraph (B), by affirmatively
21 electing, in writing to the digital commodity ex-
22 change, to waive the restrictions.

23 “(B) USE OF FUNDS.—Customer digital
24 commodities removed from segregation under
25 subparagraph (A) may be pooled and used by

1 the digital commodity exchange or its designee
2 to provide a blockchain service for a blockchain
3 system to which the unit of the digital asset re-
4 moved from segregation in subparagraph (A)
5 relates.

6 “(C) LIMITATIONS.—

7 “(i) IN GENERAL.—The Commission
8 shall, by rule, establish notice and disclo-
9 sure requirements, and may, by rule, es-
10 tablish any other limitations and rules re-
11 lated to the waiving of any restrictions
12 under this paragraph that are reasonably
13 necessary to protect customers, including
14 eligible contract participants, non-eligible
15 contract participants, or any other class of
16 customers.

17 “(ii) CUSTOMER CHOICE.—A digital
18 commodity exchange may not require a
19 waiver from a customer described in sub-
20 paragraph (A) as a condition of doing
21 business on the exchange.

22 “(D) BLOCKCHAIN SERVICE DEFINED.—In
23 this subparagraph, the term ‘blockchain service’
24 means any activity relating to validating trans-
25 actions on a blockchain system, providing secu-

1 rity for a blockchain system, or other similar
2 activity required for the ongoing operation of a
3 blockchain system.

4 “(e) MARKET ACCESS REQUIREMENTS.—The Com-
5 mission may, by rule, impose any additional requirements
6 related to the operations and activities of the digital com-
7 modity exchange and an affiliated digital commodity
8 broker necessary to protect market participants, promote
9 fair and equitable trading on the digital commodity ex-
10 change, and promote responsible innovation.

11 “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-
12 CER.—

13 “(1) IN GENERAL.—A digital commodity ex-
14 change shall designate an individual to serve as a
15 chief compliance officer.

16 “(2) DUTIES.—The chief compliance officer
17 shall—

18 “(A) report directly to the board or to the
19 senior officer of the exchange;

20 “(B) review compliance with the core prin-
21 ciples in this subsection;

22 “(C) in consultation with the board of the
23 exchange, a body performing a function similar
24 to that of a board, or the senior officer of the

1 exchange, resolve any conflicts of interest that
2 may arise;

3 “(D) establish and administer the policies
4 and procedures required to be established pur-
5 suant to this section;

6 “(E) ensure compliance with this Act and
7 the rules and regulations issued under this Act,
8 including rules prescribed by the Commission
9 pursuant to this section; and

10 “(F) establish procedures for the remedi-
11 ation of noncompliance issues found during
12 compliance office reviews, look backs, internal
13 or external audit findings, self-reported errors,
14 or through validated complaints.

15 “(3) REQUIREMENTS FOR PROCEDURES.—In
16 establishing procedures under paragraph (2)(F), the
17 chief compliance officer shall design the procedures
18 to establish the handling, management response, re-
19 mediation, retesting, and closing of noncompliance
20 issues.

21 “(4) ANNUAL REPORTS.—

22 “(A) IN GENERAL.—In accordance with
23 rules prescribed by the Commission, the chief
24 compliance officer shall annually prepare and
25 sign a report that contains a description of—

1 “(i) the compliance of the digital com-
2 modity exchange with this Act; and

3 “(ii) the policies and procedures, in-
4 cluding the code of ethics and conflicts of
5 interest policies, of the digital commodity
6 exchange.

7 “(B) REQUIREMENTS.—The chief compli-
8 ance officer shall—

9 “(i) submit each report described in
10 subparagraph (A) with the appropriate fi-
11 nancial report of the digital commodity ex-
12 change that is required to be submitted to
13 the Commission pursuant to this section;
14 and

15 “(ii) include in the report a certifi-
16 cation that, under penalty of law, the re-
17 port is accurate and complete.

18 “(g) APPOINTMENT OF TRUSTEE.—

19 “(1) IN GENERAL.—If a proceeding under sec-
20 tion 5e results in the suspension or revocation of the
21 registration of a digital commodity exchange, or if a
22 digital commodity exchange withdraws from registra-
23 tion, the Commission, on notice to the digital com-
24 modity exchange, may apply to the appropriate
25 United States district court where the digital com-

1 modity exchange is located for the appointment of a
2 trustee.

3 “(2) ASSUMPTION OF JURISDICTION.—If the
4 Commission applies for appointment of a trustee
5 under paragraph (1)—

6 “(A) the court may take exclusive jurisdic-
7 tion over the digital commodity exchange and
8 the records and assets of the digital commodity
9 exchange, wherever located; and

10 “(B) if the court takes jurisdiction under
11 subparagraph (A), the court shall appoint the
12 Commission, or a person designated by the
13 Commission, as trustee with power to take pos-
14 session and continue to operate or terminate
15 the operations of the digital commodity ex-
16 change in an orderly manner for the protection
17 of customers subject to such terms and condi-
18 tions as the court may prescribe.

19 “(h) QUALIFIED DIGITAL ASSET CUSTODIAN.—A
20 digital commodity exchange shall hold in a qualified digital
21 asset custodian each unit of a digital asset that is—

22 “(1) the property of a customer of the digital
23 commodity exchange;

1 “(2) required to be held by the digital com-
2 modity exchange under subsection (c)(12) of this
3 section; or

4 “(3) otherwise so required by the Commission
5 to reasonably protect customers.

6 “(i) EXEMPTIONS.—

7 “(1) In order to promote responsible innovation
8 and fair competition, or protect customers, the Com-
9 mission may (on its own initiative or on application
10 of the registered digital commodity exchange) ex-
11 empt, either unconditionally or on stated terms or
12 conditions or for stated periods and either retro-
13 actively or prospectively, or both, a registered digital
14 commodity exchange from the requirements of this
15 section, if the Commission determines that—

16 “(A) the exemption would be consistent
17 with the public interest and the purposes of this
18 Act; and

19 “(B) the exemption will not have a mate-
20 rial adverse effect on the ability of the Commis-
21 sion or the digital commodity exchange to dis-
22 charge regulatory or self-regulatory duties
23 under this Act.

24 “(2) The Commission may exempt, condi-
25 tionally or unconditionally, a digital commodity ex-

1 change from registration under this section if the
2 Commission finds that the digital commodity ex-
3 change is subject to comparable, comprehensive su-
4 pervision and regulation on a consolidated basis by
5 the appropriate governmental authorities in the
6 home country of the facility.

7 “(j) CUSTOMER DEFINED.—In this section, the term
8 ‘customer’ means any person that maintains an account
9 for the trading of digital commodities directly with a dig-
10 ital commodity exchange (other than a person that is
11 owned or controlled, directly or indirectly, by the digital
12 commodity exchange) for its own behalf or on behalf of
13 any other person.

14 “(k) FEDERAL PREEMPTION.—Notwithstanding any
15 other provision of law, the Commission shall have exclusive
16 jurisdiction over any digital commodity exchange reg-
17 istered under this section with respect to activities and
18 transactions subject to this Act.”.

19 **SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.**

20 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
21 as amended by the preceding provisions of this Act, is
22 amended by inserting after section 5i the following:

23 **“SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.**

24 “(a) IN GENERAL.—A person is a qualified digital
25 asset custodian for purposes of this Act if the person—

1 “(1) holds digital assets on behalf of a person
2 registered under this Act or a customer of a person
3 registered under this Act; and

4 “(2) is in compliance with subsections (b) and
5 (c).

6 “(b) SUPERVISION REQUIREMENT.—A person is in
7 compliance with this subsection if the person is subject
8 to—

9 “(1) supervision and examination for custody
10 and safekeeping of digital assets by an appropriate
11 Federal banking agency, the National Credit Union
12 Administration, the Commission, or the Securities
13 and Exchange Commission; or

14 “(2) adequate supervision and appropriate reg-
15 ulation for custody and safekeeping of digital assets
16 by—

17 “(A) a State bank supervisor (within the
18 meaning of section 3 of the Federal Deposit In-
19 surance Act);

20 “(B) a State credit union supervisor, as
21 defined under section 6003 of the Anti-Money
22 Laundering Act of 2020; or

23 “(C) an appropriate foreign governmental
24 authority in the home country of the digital
25 commodity custodian.

1 “(c) OTHER REQUIREMENTS.—A person shall be in
2 compliance with this subsection if:

3 “(1) NOT OTHERWISE PROHIBITED.—The per-
4 son has not been prohibited by its supervisor from
5 engaging in an activity with respect to the custody
6 and safekeeping of digital assets.

7 “(2) INFORMATION SHARING.—

8 “(A) IN GENERAL.—The person shares in-
9 formation with the Commission on request and
10 complies with such requirements for periodic
11 sharing of information regarding customer ac-
12 counts that the person holds on behalf of an en-
13 tity registered with the Commission as the
14 Commission determines by rule are reasonably
15 necessary to effectuate any of the provisions, or
16 to accomplish any of the purposes, of this Act.

17 “(B) PROVISION OF INFORMATION.—If the
18 person is subject to regulation and examination
19 by an appropriate Federal banking agency, the
20 person may satisfy any information request de-
21 scribed in subparagraph (A) by providing the
22 Commission with a detailed listing, in writing,
23 of the digital assets of a customer in the cus-
24 tody of, or use by, the person.

25 “(C) RULEMAKING FOR CFTC ENTITIES.—

1 “(i) IN GENERAL.—The Commission
2 shall prescribe rules to permit a person
3 registered with the Commission to be a
4 qualified digital asset custodian in compli-
5 ance with this section.

6 “(ii) CONTENT.—In prescribing the
7 rules under subparagraph (A), the Com-
8 mission shall require a person registered
9 with the Commission to—

10 “(I) implement requirement con-
11 sistent with the requirements in sub-
12 section (d)(1);

13 “(II) establish sufficient system
14 safeguards;

15 “(III) prevent or mitigate con-
16 flicts of interest, as appropriate; and

17 “(IV) establish separate govern-
18 ance arrangements for the custodial
19 function of the entity.

20 “(d) ADEQUATE SUPERVISION AND APPROPRIATE
21 REGULATION.—

22 “(1) IN GENERAL.—For purposes of subsection
23 (b), the terms ‘adequate supervision’ and ‘appro-
24 priate regulation’ mean such minimum standards for
25 supervision and regulation as are reasonably nec-

1 essary to protect the digital assets held by a person
2 registered under this Act, including standards relat-
3 ing to the licensing, examination, and supervisory
4 processes that require the person to, at a min-
5 imum—

6 “(A) receive a review and evaluation of
7 ownership, character and fitness, conflicts of in-
8 terest, business model, financial statements,
9 funding resources, and policies and procedures
10 of the person;

11 “(B) hold capital sufficient for the finan-
12 cial integrity of the person;

13 “(C) protect customer assets;

14 “(D) establish and maintain books and
15 records regarding the business of the person;

16 “(E) submit financial statements and au-
17 dited financial statements to the applicable su-
18 pervisor described in subsection (b);

19 “(F) provide disclosures to the applicable
20 supervisor described in subsection (b) regarding
21 actions, proceedings, and other items as deter-
22 mined by the supervisor;

23 “(G) maintain and enforce policies and
24 procedures for compliance with applicable State

1 and Federal laws, including those related to
2 anti-money laundering and cybersecurity;

3 “(H) establish a business continuity plan
4 to ensure functionality in cases of disruption;
5 and

6 “(I) establish policies and procedures to re-
7 solve complaints.

8 “(2) RULEMAKING WITH RESPECT TO DEFINI-
9 TIONS.—

10 “(A) IN GENERAL.—For purposes of this
11 section, the Commission may, by rule, further
12 define the terms ‘adequate supervision’ and ‘ap-
13 propriate regulation’ as necessary and appro-
14 priate for the protection of customers, and con-
15 sistent with the purposes of this Act.

16 “(B) CONDITIONAL TREATMENT OF CER-
17 TAIN CUSTODIANS BEFORE RULEMAKING.—Be-
18 fore the effective date of a rulemaking under
19 subparagraph (A), a trust company is deemed
20 subject to adequate supervision and appropriate
21 regulation if—

22 “(i) the trust company is expressly
23 permitted by a State bank supervisor to
24 engage in the custody and safekeeping of
25 digital assets;

1 “(ii) the State bank supervisor has es-
2 tablished licensing, examination, and su-
3 pervisory processes that require the trust
4 company to, at a minimum, meet the con-
5 ditions described in subparagraphs (A)
6 through (I) of paragraph (1); and

7 “(iii) the trust company is in good
8 standing with its State bank supervisor.

9 “(C) TRANSITION PERIOD FOR CERTAIN
10 CUSTODIANS.—In implementing the rulemaking
11 under subparagraph (A), the Commission shall
12 provide a transition period of not less than 2
13 years for any trust company that is deemed
14 subject to adequate supervision and appropriate
15 regulation under subparagraph (B) on the ef-
16 fective date of the rulemaking.

17 “(e) AUTHORITY TO TEMPORARILY SUSPEND
18 STANDARDS.—The Commission may, by rule or order,
19 temporarily suspend, in whole or in part, any requirement
20 imposed under, or any standard referred to in, this section
21 if the Commission determines that the suspension would
22 be consistent with the public interest and the purposes of
23 this Act.”.

1 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**
2 **COMMODITY BROKERS AND DEALERS.**

3 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
4 is amended by inserting after section 4t the following:

5 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**
6 **COMMODITY BROKERS AND DEALERS.**

7 “(a) REGISTRATION.—

8 “(1) REQUIREMENT.—It shall be unlawful for
9 any person to act as a digital commodity broker or
10 digital commodity dealer unless the person is reg-
11 istered as such with the Commission.

12 “(2) ADDITIONAL REGISTRATION.—

13 “(A) RULES.—In order to foster the devel-
14 opment of fair and orderly markets, protect
15 customers, and promote responsible innovation,
16 the Commission—

17 “(i) shall prescribe rules to exempt an
18 entity registered with the Commission
19 under more than 1 section of this Act from
20 duplicative, conflicting, or unduly burden-
21 some provisions of this Act and the rules
22 under this Act;

23 “(ii) shall prescribe rules to address
24 conflicts of interests and the activities of
25 the entity; and

1 “(iii) may after an analysis of the
2 risks and benefits, prescribe rules to pro-
3 vide for portfolio margining.

4 “(B) WITH MEMBERSHIP IN A REG-
5 ISTERED FUTURES ASSOCIATION.—Any person
6 required to be registered as a digital commodity
7 broker or digital commodity dealer under this
8 section shall be a member of a registered fu-
9 tures association.

10 “(b) REQUIREMENTS.—

11 “(1) IN GENERAL.—A person shall register as
12 a digital commodity broker or digital commodity
13 dealer by filing a registration application with the
14 Commission.

15 “(2) CONTENTS.—

16 “(A) IN GENERAL.—The application shall
17 be made in such form and manner as is pre-
18 scribed by the Commission, and shall contain
19 such information as the Commission considers
20 necessary concerning the business in which the
21 applicant is or will be engaged.

22 “(B) CONTINUAL REPORTING.—A person
23 that is registered as a digital commodity broker
24 or digital commodity dealer shall continue to
25 submit to the Commission reports that contain

1 such information pertaining to the business of
2 the person as the Commission may require.

3 “(3) STATUTORY DISQUALIFICATION.—Except
4 to the extent otherwise specifically provided by rule,
5 regulation, or order, it shall be unlawful for a digital
6 commodity broker or digital commodity dealer to
7 permit any person who is associated with a digital
8 commodity broker or a digital commodity dealer and
9 who is subject to a statutory disqualification to ef-
10 fect or be involved in effecting a contract of sale of
11 a digital commodity on behalf of the digital com-
12 modity broker or the digital commodity dealer, re-
13 spectively, if the digital commodity broker or digital
14 commodity dealer, respectively, knew, or in the exer-
15 cise of reasonable care should have known, of the
16 statutory disqualification.

17 “(c) RULEMAKING.—

18 “(1) IN GENERAL.—The Commission shall pre-
19 scribe such rules applicable to registered digital com-
20 modity brokers and registered digital commodity
21 dealers as are appropriate to carry out this section,
22 including rules in the public interest that limit the
23 activities of digital commodity brokers and digital
24 commodity dealers.

25 “(2) FINANCING AGREEMENTS.—

1 “(A) IN GENERAL.—The Commission shall
2 prescribe rules and regulations applicable to
3 digital commodity brokers or digital commodity
4 dealers which shall set forth minimum require-
5 ments related to disclosure, recordkeeping, mar-
6 gin and financing arrangements,
7 rehypothecation, capital, reporting, business
8 conduct, documentation, and supervision of em-
9 ployees and agents, in connection with—

10 “(i) an agreement described in section
11 2(c)(2)(D)(iv); or

12 “(ii) any other margined, leveraged,
13 or financing arrangement for the purchase
14 or sale of a digital commodity with an eli-
15 gible contract participant.

16 “(B) SPECIFIC AUTHORITY.—Except as
17 prohibited in section 2(c)(2)(G)(iii), the Com-
18 mission may also make, promulgate, and en-
19 force such rules and regulations as, in the judg-
20 ment of the Commission, are reasonably nec-
21 essary to effectuate any of the provisions of, or
22 to accomplish any of the purposes of, this Act
23 in connection with an agreement referred to in
24 subparagraph (A) of this paragraph, which may
25 include, without limitation, requirements re-

1 garding registration with the Commission and
2 membership in a registered futures association.

3 “(d) CAPITAL REQUIREMENTS.—

4 “(1) IN GENERAL.—Each digital commodity
5 broker and digital commodity dealer shall meet such
6 minimum capital requirements as the Commission
7 may prescribe to address the risks associated with
8 digital commodity trading and to ensure that the
9 digital commodity broker or digital commodity deal-
10 er, respectively, is able, at all times, to—

11 “(A) meet, and continue to meet the obli-
12 gations of such a registrant; and

13 “(B) fulfill obligations to customers or
14 counterparties for any margined, leveraged, or
15 financed transactions.

16 “(2) FUTURES COMMISSION MERCHANTS AND
17 OTHER DEALERS.—Each futures commission mer-
18 chant, introducing broker, digital commodity broker,
19 digital commodity dealer, broker, and dealer shall
20 maintain sufficient capital to comply with the strict-
21 er of any applicable capital requirements to which
22 the futures commission merchant, introducing
23 broker, digital commodity broker, digital commodity
24 dealer, broker, or dealer, respectively, is subject

1 under this Act or the Securities Exchange Act of
2 1934 (15 U.S.C. 78a et seq.).

3 “(e) REPORTING AND RECORDKEEPING.—Each dig-
4 ital commodity broker and digital commodity dealer—

5 “(1) shall make such reports as are required by
6 the Commission by rule or regulation regarding the
7 transactions, positions, and financial condition of the
8 digital commodity broker or digital commodity deal-
9 er, respectively;

10 “(2) shall keep books and records in such form
11 and manner and for such period as may be pre-
12 scribed by the Commission by rule or regulation; and

13 “(3) shall keep the books and records open to
14 inspection and examination by any representative of
15 the Commission.

16 “(f) DAILY TRADING RECORDS.—

17 “(1) IN GENERAL.—Each digital commodity
18 broker and digital commodity dealer shall maintain
19 daily trading records of the transactions of the dig-
20 ital commodity broker or digital commodity dealer,
21 respectively, and all related records (including re-
22 lated forward or derivatives transactions) and re-
23 corded communications, including electronic mail, in-
24 stant messages, and recordings of telephone calls,

1 for such period as the Commission may require by
2 rule or regulation.

3 “(2) INFORMATION REQUIREMENTS.—The daily
4 trading records shall include such information as the
5 Commission shall require by rule or regulation.

6 “(3) COUNTERPARTY RECORDS.—Each digital
7 commodity broker and digital commodity dealer shall
8 maintain daily trading records for each customer or
9 counterparty in a manner and form that is identifi-
10 able with each digital commodity transaction.

11 “(4) AUDIT TRAIL.—Each digital commodity
12 broker and digital commodity dealer shall maintain
13 a complete audit trail for conducting comprehensive
14 and accurate trade reconstructions.

15 “(g) BUSINESS CONDUCT STANDARDS.—

16 “(1) IN GENERAL.—Each digital commodity
17 broker and digital commodity dealer shall conform
18 with such business conduct standards as the Com-
19 mission, by rule or regulation, prescribes related
20 to—

21 “(A) fraud, manipulation, and other abu-
22 sive practices involving spot or margined, lever-
23 aged, or financed digital commodity trans-
24 actions (including transactions that are offered
25 but not entered into);

1 “(B) diligent supervision of the business of
2 the registered digital commodity broker or dig-
3 ital commodity dealer, respectively; and

4 “(C) such other matters as the Commis-
5 sion deems appropriate.

6 “(2) BUSINESS CONDUCT REQUIREMENTS.—

7 The Commission shall, by rule, prescribe business
8 conduct requirements which—

9 “(A) require disclosure by a registered dig-
10 ital commodity broker and registered digital
11 commodity dealer to any counterparty to the
12 transaction (other than an eligible contract par-
13 ticipant) of—

14 “(i) information about the material
15 risks and characteristics of the digital com-
16 modity;

17 “(ii) information about the material
18 risks and characteristics of the transaction;

19 “(B) establish a duty for such a digital
20 commodity broker and such a digital commodity
21 dealer to communicate in a fair and balanced
22 manner based on principles of fair dealing and
23 good faith;

24 “(C) establish standards governing digital
25 commodity broker and digital commodity dealer

1 marketing and advertising, including
2 testimonials and endorsements; and

3 “(D) establish such other standards and
4 requirements as the Commission may determine
5 are appropriate for the protection of customers.

6 “(3) PROHIBITION ON FRAUDULENT PRAC-
7 TICES.—It shall be unlawful for a digital commodity
8 broker or digital commodity dealer to—

9 “(A) employ any device, scheme, or artifice
10 to defraud any customer or counterparty;

11 “(B) engage in any transaction, practice,
12 or course of business that operates as a fraud
13 or deceit on any customer or counterparty; or

14 “(C) engage in any act, practice, or course
15 of business that is fraudulent, deceptive, or ma-
16 nipulative.

17 “(h) DUTIES.—

18 “(1) RISK MANAGEMENT PROCEDURES.—Each
19 digital commodity broker and digital commodity
20 dealer shall establish robust and professional risk
21 management systems adequate for managing the
22 day-to-day business of the digital commodity broker
23 or digital commodity dealer, respectively.

24 “(2) DISCLOSURE OF GENERAL INFORMA-
25 TION.—Each digital commodity broker and digital

1 commodity dealer shall disclose to the Commission
2 information concerning—

3 “(A) the terms and conditions of the trans-
4 actions of the digital commodity broker or dig-
5 ital commodity dealer, respectively;

6 “(B) the trading operations, mechanisms,
7 and practices of the digital commodity broker
8 or digital commodity dealer, respectively;

9 “(C) financial integrity protections relating
10 to the activities of the digital commodity broker
11 or digital commodity dealer, respectively; and

12 “(D) other information relevant to trading
13 in digital commodities by the digital commodity
14 broker or digital commodity dealer, respectively.

15 “(3) ABILITY TO OBTAIN INFORMATION.—Each
16 digital commodity broker and digital commodity
17 dealer shall—

18 “(A) establish and enforce internal systems
19 and procedures to obtain any necessary infor-
20 mation to perform any of the functions de-
21 scribed in this section; and

22 “(B) provide the information to the Com-
23 mission, on request.

24 “(4) CONFLICTS OF INTEREST.—Each digital
25 commodity broker and digital commodity dealer shall

1 establish, maintain, and enforce written policies and
2 procedures reasonably designed, taking into consid-
3 eration the nature of the business of the person, to
4 mitigate any conflicts of interest in transactions or
5 arrangements with affiliates.

6 “(5) ANTITRUST CONSIDERATIONS.—Unless
7 necessary or appropriate to achieve the purposes of
8 this Act, a digital commodity broker or digital com-
9 modity dealer shall not—

10 “(A) adopt any process or take any action
11 that results in any unreasonable restraint of
12 trade; or

13 “(B) impose any material anticompetitive
14 burden on trading or clearing.

15 “(i) DESIGNATION OF CHIEF COMPLIANCE OFFI-
16 CER.—

17 “(1) IN GENERAL.—Each digital commodity
18 broker and digital commodity dealer shall designate
19 an individual to serve as a chief compliance officer.

20 “(2) DUTIES.—The chief compliance officer
21 shall—

22 “(A) report directly to the board or to the
23 senior officer of the registered digital com-
24 modity broker or registered digital commodity
25 dealer;

1 “(B) review the compliance of the reg-
2 istered digital commodity broker or registered
3 digital commodity dealer with respect to the
4 registered digital commodity broker and reg-
5 istered digital commodity dealer requirements
6 described in this section;

7 “(C) in consultation with the board of di-
8 rectors, a body performing a function similar to
9 the board, or the senior officer of the organiza-
10 tion, resolve any conflicts of interest that may
11 arise;

12 “(D) be responsible for administering each
13 policy and procedure that is required to be es-
14 tablished pursuant to this section;

15 “(E) ensure compliance with this Act (in-
16 cluding regulations), including each rule pre-
17 scribed by the Commission under this section;

18 “(F) establish procedures for the remedi-
19 ation of noncompliance issues identified by the
20 chief compliance officer through any—

21 “(i) compliance office review;

22 “(ii) look-back;

23 “(iii) internal or external audit find-
24 ing;

25 “(iv) self-reported error; or

1 “(v) validated complaint; and

2 “(G) establish and follow appropriate pro-
3 cedures for the handling, management response,
4 remediation, retesting, and closing of non-
5 compliance issues.

6 “(3) ANNUAL REPORTS.—

7 “(A) IN GENERAL.—In accordance with
8 rules prescribed by the Commission, the chief
9 compliance officer shall annually prepare and
10 sign a report that contains a description of—

11 “(i) the compliance of the registered
12 digital commodity broker or registered dig-
13 ital commodity dealer with this Act (in-
14 cluding regulations); and

15 “(ii) each policy and procedure of the
16 registered digital commodity broker or reg-
17 istered digital commodity dealer followed
18 by the chief compliance officer (including
19 the code of ethics and conflict of interest
20 policies).

21 “(B) REQUIREMENTS.—The chief compli-
22 ance officer shall ensure that a compliance re-
23 port under subparagraph (A)—

24 “(i) accompanies each appropriate fi-
25 nancial report of the registered digital

1 commodity broker or registered digital
2 commodity dealer that is required to be
3 furnished to the Commission pursuant to
4 this section; and

5 “(ii) includes a certification that,
6 under penalty of law, the compliance re-
7 port is accurate and complete.

8 “(j) SEGREGATION OF DIGITAL COMMODITIES.—

9 “(1) HOLDING OF CUSTOMER ASSETS.—

10 “(A) IN GENERAL.—Each digital com-
11 modity broker and digital commodity dealer
12 shall hold customer money, assets, and property
13 in a manner to minimize the risk of loss to the
14 customer or unreasonable delay in customer ac-
15 cess to the money, assets, and property of the
16 customer.

17 “(B) QUALIFIED DIGITAL ASSET CUSTO-
18 DIAN.—Each digital commodity broker and dig-
19 ital commodity dealer shall hold in a qualified
20 digital asset custodian each unit of a digital
21 asset that is—

22 “(i) the property of a customer or
23 counterparty of the digital commodity
24 broker or digital commodity dealer, respec-
25 tively;

1 “(ii) required to be held by the digital
2 commodity broker or digital commodity
3 dealer under subsection (e); or

4 “(iii) otherwise so required by the
5 Commission to reasonably protect cus-
6 tomers or promote the public interest.

7 “(2) SEGREGATION OF FUNDS.—

8 “(A) IN GENERAL.—Each digital com-
9 modity broker and digital commodity dealer
10 shall treat and deal with all money, assets, and
11 property that is received by the digital com-
12 modity broker or digital commodity dealer, or
13 accrues to a customer as the result of trading
14 in digital commodities, as belonging to the cus-
15 tomer.

16 “(B) COMMINGLING PROHIBITED.—

17 “(i) IN GENERAL.—Except as pro-
18 vided in clause (ii), each digital commodity
19 broker and digital commodity dealer shall
20 separately account for money, assets, and
21 property of a digital commodity customer,
22 and shall not commingle any such money,
23 assets, or property with the funds of the
24 digital commodity broker or digital com-
25 modity dealer, respectively, or use any such

1 money, assets, or property to margin, se-
2 cure, or guarantee any trades or accounts
3 of any customer or person other than the
4 person for whom the money, assets, or
5 property are held.

6 “(ii) EXCEPTIONS.—

7 “(I) USE OF FUNDS.—

8 “(aa) IN GENERAL.—A dig-
9 ital commodity broker or digital
10 commodity dealer may, for con-
11 venience, commingle and deposit
12 in the same account or accounts
13 with any bank, trust company,
14 derivatives clearing organization,
15 or qualified digital asset custo-
16 dian money, assets, and property
17 of customers.

18 “(bb) WITHDRAWAL.—The
19 share of the money, assets, and
20 property described in item (aa)
21 as in the normal course of busi-
22 ness shall be necessary to mar-
23 gin, guarantee, secure, transfer,
24 adjust, or settle a contract of sale
25 of a digital commodity with a

1 registered entity may be with-
2 drawn and applied to such pur-
3 poses, including the payment of
4 commissions, brokerage, interest,
5 taxes, storage, and other charges,
6 lawfully accruing in connection
7 with the contract.

8 “(II) COMMISSION ACTION.—In
9 accordance with such terms and con-
10 ditions as the Commission may pre-
11 scribe by rule, regulation, or order,
12 any money, assets, or property of the
13 customers of a digital commodity
14 broker or digital commodity dealer
15 may be commingled and deposited in
16 customer accounts with any other
17 money, assets, or property received by
18 the digital commodity broker or dig-
19 ital commodity dealer, respectively,
20 and required by the Commission to be
21 separately accounted for and treated
22 and dealt with as belonging to the
23 customer of the digital commodity
24 broker or digital commodity dealer,
25 respectively.

1 “(3) PERMITTED INVESTMENTS.—Money de-
2 scribed in paragraph (2) may be invested in obliga-
3 tions of the United States, in general obligations of
4 any State or of any political subdivision of a State,
5 in obligations fully guaranteed as to principal and
6 interest by the United States, or in any other invest-
7 ment that the Commission may by rule or regulation
8 allow.

9 “(4) CUSTOMER PROTECTION DURING BANK-
10 RUPTCY.—

11 “(A) CUSTOMER PROPERTY.—All money,
12 assets, or property described in paragraph (2)
13 shall be considered customer property for pur-
14 poses of section 761 of title 11, United States
15 Code.

16 “(B) TRANSACTIONS.—A transaction in-
17 volving a unit of a digital commodity occurring
18 with a digital commodity broker or digital com-
19 modity dealer shall be considered a ‘contract for
20 the purchase or sale of a commodity for future
21 delivery, on or subject to the rules of, a con-
22 tract market or board of trade’ for purposes of
23 the definition of a ‘commodity contract’ in sec-
24 tion 761 of title 11, United States Code.

1 “(C) BROKERS AND DEALERS.—A digital
2 commodity broker and a digital commodity
3 dealer shall be considered a futures commission
4 merchant for purposes of section 761 of title
5 11, United States Code.

6 “(D) ASSETS REMOVED FROM SEGREGA-
7 TION.—Assets removed from segregation due to
8 a customer election under paragraph (6) shall
9 not be considered customer property for pur-
10 poses of section 761 of title 11, United States
11 Code.

12 “(5) MISUSE OF CUSTOMER PROPERTY.—

13 “(A) IN GENERAL.—It shall be unlawful—

14 “(i) for any digital commodity broker
15 or digital commodity dealer that has re-
16 ceived any customer money, assets, or
17 property for custody to dispose of, or use
18 any such money, assets, or property as be-
19 longing to the digital commodity broker or
20 digital commodity dealer, respectively, or
21 any person other than a customer of the
22 digital commodity broker or digital com-
23 modity dealer, respectively; or

24 “(ii) for any other person, including
25 any depository, digital commodity ex-

1 change, other digital commodity broker,
2 other digital commodity dealer, or digital
3 commodity custodian that has received any
4 customer money, assets, or property for
5 deposit, to hold, dispose of, or use any
6 such money, assets, or property, as belong-
7 ing to the depositing digital commodity
8 broker or digital commodity dealer or any
9 person other than the customers of the
10 digital commodity broker or digital com-
11 modity dealer, respectively.

12 “(B) USE FURTHER DEFINED.—For pur-
13 poses of this section, ‘use’ of a digital com-
14 modity includes utilizing any unit of a digital
15 asset to participate in a blockchain service de-
16 fined in paragraph (6) or a decentralized gov-
17 ernance system associated with the digital com-
18 modity or the blockchain system to which the
19 digital commodity relates in any manner other
20 than that expressly directed by the customer
21 from whom the unit of a digital commodity was
22 received.

23 “(6) PARTICIPATION IN BLOCKCHAIN SERV-
24 ICES.—

1 “(A) IN GENERAL.—A customer shall have
2 the right to waive the restrictions in paragraph
3 (2) for any unit of a digital commodity to be
4 used under subparagraph (B) of this para-
5 graph, by affirmatively electing, in writing to
6 the digital commodity broker or digital com-
7 modity dealer, to waive the restrictions.

8 “(B) USE OF FUNDS.—Customer digital
9 commodities removed from segregation under
10 subparagraph (A) may be pooled and used by
11 the digital commodity broker or digital com-
12 modity dealer, or one of their designees, to pro-
13 vide a blockchain service for a blockchain sys-
14 tem to which the unit of the digital asset re-
15 moved from segregation in subparagraph (A)
16 relates.

17 “(C) LIMITATIONS.—

18 “(i) IN GENERAL.—The Commission
19 shall, by rule, establish notice and disclo-
20 sure requirements, and may, by rule, es-
21 tablish any other limitations and rules re-
22 lated to the waiving of any restrictions
23 under this paragraph that are reasonably
24 necessary to protect customers, including
25 eligible contract participants, non-eligible

1 contract participants, or any other class of
2 customers.

3 “(ii) CUSTOMER CHOICE.—A digital
4 commodity broker or digital commodity
5 dealer may not require a waiver from a
6 customer described in subparagraph (A) as
7 a condition of doing business with the
8 broker or dealer.

9 “(D) BLOCKCHAIN SERVICE DEFINED.—In
10 this subparagraph, the term ‘blockchain service’
11 means any activity relating to validating trans-
12 actions on a blockchain system, providing secu-
13 rity for a blockchain system, or other similar
14 activity required for the ongoing operation of a
15 blockchain system.

16 “(k) FEDERAL PREEMPTION.—Notwithstanding any
17 other provision of law, the Commission shall have exclusive
18 jurisdiction over any digital commodity broker or digital
19 commodity dealer registered under this section with re-
20 spect to activities subject to this Act, except as provided
21 in section 5k.

22 “(l) EXEMPTIONS.—In order to promote responsible
23 innovation and fair competition, or protect customers, the
24 Commission may (on its own initiative or on application
25 of the registered digital commodity broker or registered

1 digital commodity dealer) exempt, unconditionally or on
2 stated terms or conditions, or for stated periods, and
3 retroactively or prospectively, or both, a registered digital
4 commodity broker or registered digital commodity dealer
5 from the requirements of this section, if the Commission
6 determines that—

7 “(1)(A) the exemption would be consistent with
8 the public interest and the purposes of this Act; and

9 “(B) the exemption will not have a material ad-
10 verse effect on the ability of the Commission to dis-
11 charge regulatory duties under this Act; or

12 “(2) the registered digital commodity broker or
13 registered digital commodity dealer is subject to
14 comparable, comprehensive supervision and regula-
15 tion by the appropriate government authorities in
16 the home country of the registered digital commodity
17 broker or registered digital commodity dealer, re-
18 spectively.”.

19 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

20 (a) IN GENERAL.—Section 4k of the Commodity Ex-
21 change Act (7 U.S.C. 6k) is amended—

22 (1) by redesignating subsections (4) through
23 (6) as subsections (5) through (7), respectively;

24 (2) by inserting after subsection (3) the fol-
25 lowing:

1 “(4) It shall be unlawful for any person to act as an
2 associated person of a digital commodity broker or an as-
3 sociated person of a digital commodity dealer unless the
4 person is registered with the Commission under this Act
5 and such registration shall not have expired, been sus-
6 pended (and the period of suspension has not expired),
7 or been revoked. It shall be unlawful for a digital com-
8 modity broker or a digital commodity dealer to permit
9 such a person to become or remain associated with the
10 digital commodity broker or digital commodity dealer if
11 the digital commodity broker or digital commodity dealer
12 knew or should have known that the person was not so
13 registered or that the registration had expired, been sus-
14 pended (and the period of suspension has not expired),
15 or been revoked.”; and

16 (3) in subsection (5) (as so redesignated), by
17 striking “or of a commodity trading advisor” and in-
18 serting “of a commodity trading advisor, of a digital
19 commodity broker, or of a digital commodity deal-
20 er”.

21 (b) CONFORMING AMENDMENTS.—The Commodity
22 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking
23 “section 4k(6)” each place it appears and inserting “sec-
24 tion 4k(7)”.

1 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**
2 **TORS AND COMMODITY TRADING ADVISORS.**

3 (a) IN GENERAL.—Section 4m(3) of the Commodity
4 Exchange Act (7 U.S.C. 6m(3)) is amended—

5 (1) in subparagraph (A)—

6 (A) by striking “any commodity trading
7 advisor” and inserting “a commodity pool oper-
8 ator or commodity trading advisor”; and

9 (B) by striking “acting as a commodity
10 trading advisor” and inserting “acting as a
11 commodity pool operator or commodity trading
12 advisor”; and

13 (2) in subparagraph (C), by inserting “digital
14 commodities,” after “physical commodities,”.

15 (b) EXEMPTIVE AUTHORITY.—Section 4m of such
16 Act (7 U.S.C. 6m) is amended by adding at the end the
17 following:

18 “(4) EXEMPTIVE AUTHORITY.—The Commission
19 shall promulgate rules to provide appropriate exemptions
20 for commodity pool operators and commodity trading advi-
21 sors, to provide relief from duplicative, conflicting, or un-
22 duly burdensome requirements or to promote responsible
23 innovation, to the extent the exemptions foster the devel-
24 opment of fair and orderly cash or spot digital commodity
25 markets, are necessary or appropriate in the public inter-
26 est, and are consistent with the protection of customers.”.

1 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
2 **TIVITIES.**

3 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
4 as amended by the preceding provisions of this Act, is
5 amended by inserting after section 4u the following:

6 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
7 **JECT TO THIS ACT.**

8 “(a) IN GENERAL.—Notwithstanding any other pro-
9 vision of this Act, a person shall not be subject to this
10 Act and the regulations promulgated under this Act based
11 on the person directly or indirectly engaging in any of the
12 following activities, whether singly or in combination, in
13 relation to the operation of a blockchain system or in rela-
14 tion to decentralized finance trading protocol:

15 “(1) Compiling network transactions or relay-
16 ing, searching, sequencing, validating, or acting in a
17 similar capacity.

18 “(2) Providing computational work, operating a
19 node or oracle service, or procuring, offering, or uti-
20 lizing network bandwidth, or other similar incidental
21 services.

22 “(3) Providing a user-interface that enables a
23 user to read, and access data about a blockchain
24 system.

25 “(4) Developing, publishing, constituting, ad-
26 ministering, maintaining, or otherwise distributing a

1 blockchain system or a decentralized finance trading
2 protocol.

3 “(5) Developing, publishing, constituting, ad-
4 ministering, maintaining, or otherwise distributing a
5 decentralized finance messaging system or operating
6 or participating in a liquidity pool for the purpose
7 of executing a contract of sale of a digital com-
8 modity.

9 “(6) Developing, publishing, constituting, ad-
10 ministering, maintaining, or otherwise distributing
11 software or systems that create or deploy hardware
12 or software, including wallets or other systems, fa-
13 cilitating an individual user’s own personal ability to
14 keep, safeguard, or custody the user’s digital assets
15 or related private keys.

16 “(b) EXCEPTIONS.—Subsection (a) shall not be inter-
17 preted to apply to the anti-fraud, anti-manipulation, or
18 false reporting enforcement authorities of the Commis-
19 sion.”.

20 **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**
21 **FORCEMENT.**

22 (a) COLLECTION OF FEES.—

23 (1) IN GENERAL.—The Commodity Futures
24 Trading Commission (in this section referred to as
25 the “Commission”) shall charge and collect a filing

1 fee from each person who files with the Commission
2 a statement of provisional registration as a digital
3 commodity exchange, digital commodity broker, or
4 digital commodity dealer pursuant to section 106.

5 (2) AMOUNT.—The fees authorized under para-
6 graph (1) may be collected and available for obliga-
7 tion only in the amounts provided in advance in an
8 appropriation Act.

9 (3) AUTHORITY TO ADJUST FEES.—Notwith-
10 standing the preceding provisions of this subsection,
11 to promote fair competition or innovation, the Com-
12 mission, in its sole discretion, may reduce or elimi-
13 nate any fee otherwise required to be paid by a small
14 or medium filer under this subsection.

15 (b) FEE SCHEDULE.—

16 (1) IN GENERAL.—The Commission shall pub-
17 lish in the Federal Register a schedule of the fees
18 to be charged and collected under this section.

19 (2) CONTENT.—The fee schedule for a fiscal
20 year shall include a written analysis of the estimate
21 of the Commission of the total costs of carrying out
22 the functions of the Commission under this Act dur-
23 ing the fiscal year.

24 (3) SUBMISSION TO CONGRESS.—Before pub-
25 lishing the fee schedule for a fiscal year, the Com-

1 mission shall submit a copy of the fee schedule to
2 the Committees on Agriculture and on Appropria-
3 tions of the House of Representatives and the Com-
4 mittees on Agriculture, Nutrition, and Forestry and
5 on Appropriations of the Senate.

6 (4) TIMING.—

7 (A) 1ST FISCAL YEAR.—The Commission
8 shall publish the fee schedule for the fiscal year
9 in which this Act is enacted, within 30 days
10 after the date of the enactment of this Act.

11 (B) SUBSEQUENT FISCAL YEARS.—The
12 Commission shall publish the fee schedule for
13 each subsequent fiscal year, not less than 90
14 days before the due date prescribed by the
15 Commission for payment of the annual fee for
16 the fiscal year.

17 (c) LATE PAYMENT PENALTY.—

18 (1) IN GENERAL.—The Commission may im-
19 pose a penalty against a person that fails to pay an
20 annual fee charged under this section, within 30
21 days after the due date prescribed by the Commis-
22 sion for payment of the fee.

23 (2) AMOUNT.—The amount of the penalty shall
24 be—

1 (A) 5 percent of the amount of the fee due,
2 multiplied by

3 (B) the whole number of consecutive 30-
4 day periods that have elapsed since the due
5 date.

6 (d) REIMBURSEMENT OF EXCESS FEES.—To the ex-
7 tent that the total amount of fees collected under this sec-
8 tion during a fiscal year that begins after the date of the
9 enactment of this Act exceeds the amount provided under
10 subsection (a)(2) with respect to the fiscal year, the Com-
11 mission shall reimburse the excess amount to the persons
12 who have timely paid their annual fees, on a pro-rata basis
13 that excludes penalties, and shall do so within 60 days
14 after the end of the fiscal year.

15 (e) DEPOSIT OF FEES INTO THE TREASURY.—All
16 amounts collected under this section shall be credited to
17 the currently applicable appropriation, account, or fund of
18 the Commission as discretionary offsetting collections, and
19 shall be available for the purposes authorized in subsection
20 (f) only to the extent and in the amounts provided in ad-
21 vance in appropriations Acts.

22 (f) AUTHORIZATION OF APPROPRIATIONS.—In addi-
23 tion to amounts otherwise authorized to be appropriated
24 to the Commission, there is authorized to be appropriated
25 to the Commission amounts collected under this section

1 to cover the costs the costs of carrying out the functions
2 of the Commission under this Act.

3 (g) EXPEDITED HIRING AUTHORITY.—

4 (1) APPOINTMENT AUTHORITY.—The Chair-
5 man, pursuant to section 6(a), may appoint individ-
6 uals to a position described in paragraph (2) of this
7 subsection—

8 (A) in accordance with the statutes, rules,
9 and regulations governing appointments to posi-
10 tions in the excepted service (as defined in sec-
11 tion 2103 of title 5, United States Code); and

12 (B) without regard to any statute, rule, or
13 regulation governing appointments to positions
14 in the competitive service (as defined in section
15 2102 of such title).

16 (2) POSITION DESCRIBED.—A position referred
17 to in subparagraph (1) is a position at the Commis-
18 sion that—

19 (A) is in the competitive service (as defined
20 in section 2102 of such title); and

21 (B) requires specialized knowledge of dig-
22 ital commodities markets, financial and capital
23 market formation or regulation, financial mar-
24 ket structures or surveillance, data collection or

1 analysis, or information technology, cybersecu-
2 rity, or system safeguards.

3 (3) RULE OF CONSTRUCTION.—The appoint-
4 ment of a candidate to a position under this sub-
5 section shall not be considered to cause the position
6 to be converted from the competitive service to the
7 excepted service.

8 (h) SUNSET.—The authorities provided by this sec-
9 tion shall expire at the end of the 4th fiscal year that be-
10 gins after the date of the enactment of this Act.

11 **SEC. 411. DIGITAL COMMODITY ACTIVITIES BY SEC-REG-**
12 **ISTERED ENTITIES.**

13 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
14 as amended by the preceding provisions of this Act, is
15 amended by inserting after section 5j the following:

16 **“SEC. 5k. EXEMPTION FOR CERTAIN REGISTERED ENTITIES**
17 **ENGAGED IN DIGITAL COMMODITY ACTIVI-**
18 **TIES.**

19 “(a) BY ALTERNATIVE TRADING SYSTEMS.—

20 “(1) IN GENERAL.—On receipt by the Commis-
21 sion from an alternative trading system of a written
22 or electronic notice that contains such information
23 as the Commission, by rule, may prescribe as nec-
24 essary or appropriate in the public interest or for
25 the protection of investors, the alternative trading

1 system shall be exempt from registration as a digital
2 commodity exchange pursuant to section 5i if—

3 “(A) the alternative trading system does
4 not list any retail commodity transactions pur-
5 suant to section 2(c)(2)(D);

6 “(B) the provider, or an affiliate person of
7 the provider, of the alternative trading system
8 is not otherwise registered under this Act;

9 “(C) the alternative trading system lists or
10 trades no other contracts of sale of commod-
11 ities, except for digital commodities, currencies,
12 and securities; and

13 “(D) the registration of the alternative
14 trading system is not suspended pursuant to an
15 order by the Securities and Exchange Commis-
16 sion.

17 “(2) FURTHER REQUIREMENTS.—An alter-
18 native trading system that provides notice to the
19 Commission pursuant to paragraph (1) of this sub-
20 section shall be exempt from the requirements of
21 section 5i to the extent that the alternative trading
22 system—

23 “(A) is in compliance with requirements
24 consistent with the requirements of section 5i

1 and imposed on the alternative trading system
2 by the Securities and Exchange Commission;

3 “(B) annually files with the Commission,
4 in a form and manner acceptable to the Com-
5 mission, a notice that demonstrates compliance
6 with this paragraph and contains any other in-
7 formation the Commission determines to be
8 necessary or appropriate to perform the duties
9 of the Commission under this Act; and

10 “(C) has total trading volume in digital
11 commodities during any calendar quarter in ei-
12 ther of its 2 most recently completed fiscal
13 years that does not exceed the lesser of—

14 “(i) 25 percent of the total trading
15 volume for all transactions over the same
16 period; or

17 “(ii) \$50,000,000,000.

18 “(3) ENFORCEMENT.—This subsection shall not
19 be construed to limit any jurisdiction that the Com-
20 mission may otherwise have under any other provi-
21 sion of this Act with respect to a contract of sale of
22 a digital commodity or persons effecting contracts of
23 sale of digital commodities.

24 “(b) BY REGISTERED INTERMEDIARIES.—

1 “(1) IN GENERAL.—On receipt by the Commis-
2 sion, from a broker or dealer that is registered with
3 the Securities and Exchange Commission, of a writ-
4 ten or electronic notice that contains such informa-
5 tion as the Commission, by rule, may prescribe as
6 necessary or appropriate in the public interest or for
7 the protection of investors, the broker or dealer shall
8 be exempt from registration as a digital commodity
9 broker or digital commodity dealer pursuant to sec-
10 tion 4u of this Act if—

11 “(A) the broker or dealer does not offer or
12 engage in any retail commodity transactions
13 pursuant to section 2(c)(2)(D) of this Act or
14 other contracts of sale of commodities, except
15 for digital commodities, currencies, and securi-
16 ties;

17 “(B) the broker or dealer is not otherwise
18 registered under this Act;

19 “(C) the broker or dealer is not subject to
20 a statutory disqualification, as defined under
21 section 3(a) of the Securities Exchange Act of
22 1934 (15 U.S.C. 78c(a)); and

23 “(D) the broker or dealer is a member of
24 a national securities association registered pur-

1 suant to section 15A of the Securities Exchange
2 Act of 1934.

3 “(2) FURTHER REQUIREMENTS.—A broker or
4 dealer that provides notice to the Commission pursu-
5 ant to paragraph (1) shall be exempt from the re-
6 quirements of section 4u to the extent that the
7 broker or dealer—

8 “(A) is in compliance with requirements
9 consistent with the requirements of section 4u
10 and imposed on the broker or dealer by the Se-
11 curities and Exchange Commission;

12 “(B) annually files with the Commission,
13 in a form and manner acceptable to the Com-
14 mission, a notice that demonstrates compliance
15 with this subsection and contains any other in-
16 formation the Commission determines to be
17 necessary or appropriate to perform the duties
18 of the Commission under this Act; and

19 “(C) has consolidated annual gross finan-
20 cial revenues in either of its 2 most recently
21 completed fiscal years from sales, commissions
22 or other activities in digital commodities that do
23 not exceed the lesser of—

24 “(i) 10 percent of the total annual
25 gross revenues during the same period; or

1 “(ii) \$100,000,000.

2 “(3) ENFORCEMENT.—This subsection shall not
3 be construed to limit any jurisdiction that the Com-
4 mission may otherwise have under any other provi-
5 sion of this Act with respect to a contract of sale of
6 a digital commodity and persons effecting contracts
7 of sale of digital commodities.”.

8 **SEC. 412. REQUIREMENTS RELATED TO CONTROL PER-**
9 **SONS.**

10 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
11 as amended the preceding provisions of this Act, is amend-
12 ed by inserting after section 4v the following:

13 **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN**
14 **CONTROL PERSONS.**

15 “(a) LIMITATION.—It shall be unlawful for a
16 blockchain control person with respect to a blockchain sys-
17 tem certified as a mature blockchain system in accordance
18 with section 42 of the Securities Exchange Act of 1934
19 to sell a unit of a digital commodity related to the
20 blockchain system unless the person files notice with the
21 Commission, in a form and manner determined by the
22 Commission, that the person has or intends to obtain an
23 authority described in subsection (b)(1) with respect to the
24 blockchain system, and complies with rules adopted by the
25 Commission that require—

1 “(1) disclosure of information to the Commis-
2 sion and the public about the material activities, as
3 determined by the Commission, of the blockchain
4 control person; and

5 “(2)(A) the use of a digital commodity broker
6 to effect the sale; or

7 “(B) such other sales restrictions applicable to
8 blockchain control person, or any of its digital com-
9 modity affiliated persons, to prevent manipulation
10 and distortion of the value of the digital commodity
11 and promote further maturity of the blockchain sys-
12 tem to which the digital commodity relates.

13 “(b) DEFINITIONS.—In this section:

14 “(1) BLOCKCHAIN CONTROL PERSON.—The
15 term ‘blockchain control person’ means, with respect
16 to a blockchain system, any person or group of per-
17 sons under common control who—

18 “(A) has the unilateral authority, directly
19 or indirectly, through any contract, arrange-
20 ment, understanding, relationship, or otherwise,
21 to control or materially alter the functionality,
22 operation, or rules of consensus or agreement of
23 the blockchain system or its related digital com-
24 modity; or

1 “(B) has the unilateral authority to direct
2 the voting, in the aggregate, of 20 percent or
3 more of the outstanding voting power of the
4 blockchain system by means of a related digital
5 commodity, nodes or validators, a decentralized
6 governance system, or otherwise, in a
7 blockchain system which can be altered by a
8 voting system.

9 “(2) DIGITAL COMMODITY AFFILIATED PER-
10 SON.—The term ‘digital commodity affiliated person’
11 means any person directly or indirectly controlling,
12 controlled by, or under common control with a
13 blockchain control person, as the Commission by
14 rule or regulation, may determine will effectuate the
15 purposes of this section.”.

16 **SEC. 413. EFFECTIVE DATE.**

17 Unless otherwise provided in this title, this title and
18 the amendments made by this title shall take effect 360
19 days after the date of the enactment of this Act, except
20 that, to the extent a provision of this title requires a rule-
21 making, the provision shall take effect on the later of—

22 (1) 360 days after the date of the enactment of
23 this Act; or

24 (2) 60 days after the publication in the Federal
25 Register of the final rule implementing the provision.

1 **SEC. 414. SENSE OF CONGRESS.**

2 It is the sense of Congress that nothing in this Act
3 or any amendment made by this Act should be interpreted
4 to authorize any entity to regulate any commodity, other
5 than a digital commodity, on any spot market.

6 **TITLE V—INNOVATION AND**
7 **TECHNOLOGY IMPROVEMENTS**

8 **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

9 (a) FINDINGS.—Congress finds the following:

10 (1) Entrepreneurs and innovators are building
11 and deploying this next generation of the internet.

12 (2) Digital commodity networks represent a
13 new way for people to join together and cooperate
14 with one another to undertake certain activities.

15 (3) Digital commodities have the potential to be
16 the foundational building blocks of these systems,
17 aligning the economic incentive for individuals to co-
18 operate with one another to achieve a common pur-
19 pose.

20 (4) The digital commodity ecosystem has the
21 potential to grow our economy and improve everyday
22 lives of Americans by facilitating collaboration
23 through the use of technology to manage activities,
24 allocate resources, and facilitate decision making.

25 (5) Blockchain systems and the digital commod-
26 ities they empower provide control, enhance trans-

1 parency, reduce transaction costs, and increase effi-
2 ciency if proper protections are put in place for in-
3 vestors, consumers, our financial system, and our
4 national security.

5 (6) Blockchain technology facilitates new types
6 of network participation which businesses in the
7 United States may utilize in innovative ways.

8 (7) Other digital commodity companies are set-
9 ting up their operations outside of the United
10 States, where countries are establishing frameworks
11 to embrace the potential of blockchain technology
12 and digital commodities and provide safeguards for
13 consumers.

14 (8) Digital commodities, despite the purported
15 anonymity, provide law enforcement with an excep-
16 tional tracing tool to identify illicit activity and bring
17 criminals to justice.

18 (9) The Financial Services Committee of the
19 House of Representatives has held multiple hearings
20 highlighting various risks that digital commodities
21 can pose to the financial markets, consumers, and
22 investors that must be addressed as we seek to har-
23 ness the benefits of these innovations.

24 (b) SENSE OF CONGRESS.—It is the sense of Con-
25 gress that—

1 (1) the United States should seek to prioritize
2 understanding the potential opportunities of the next
3 generation of the internet;

4 (2) the United States should seek to foster ad-
5 vances in technology that have robust evidence indi-
6 cating they can improve our financial system and
7 create more fair and equitable access to financial
8 services for everyday Americans while protecting our
9 financial system, investors, and consumers;

10 (3) the United States must support the respon-
11 sible development of digital commodities and the un-
12 derlying technology in the United States or risk the
13 shifting of the development of such assets and tech-
14 nology outside of the United States, to less regulated
15 countries;

16 (4) Congress should consult with public and
17 private sector stakeholders to understand how to
18 enact a functional framework tailored to the specific
19 risks and unique benefits of different digital com-
20 modity-related activities, distributed ledger tech-
21 nology, distributed networks, and mature blockchain
22 systems;

23 (5) Congress should enact a functional frame-
24 work tailored to the specific risks of different digital
25 commodity-related activities and unique benefits of

1 distributed ledger technology, distributed networks,
2 and mature blockchain systems; and

3 (6) consumers and market participants will ben-
4 efit from a framework for digital commodities con-
5 sistent with longstanding investor protections in se-
6 curities and commodities markets, yet tailored to the
7 unique benefits and risks of the digital commodity
8 ecosystem.

9 **SEC. 502. MODERNIZATION OF THE SECURITIES AND EX-**
10 **CHANGE COMMISSION MISSION.**

11 (a) SECURITIES ACT OF 1933.—Section 2(b) of the
12 Securities Act of 1933 (15 U.S.C. 77(b)) is amended—

13 (1) in the heading, by inserting “INNOVATION,”
14 after “EFFICIENCY,”; and

15 (2) by inserting “innovation,” after “effi-
16 ciency,”.

17 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
18 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.
19 78(c)) is amended—

20 (1) in the heading, by inserting “INNOVATION,”
21 after “EFFICIENCY,”; and

22 (2) by inserting “innovation,” after “effi-
23 ciency,”.

1 (c) INVESTMENT ADVISERS ACT OF 1940.—Section
2 202(c) of the Investment Advisers Act of 1940 (15 U.S.C.
3 80b–2) is amended—

4 (1) in the heading, by inserting “INNOVATION,”
5 after “EFFICIENCY,”; and

6 (2) by inserting “innovation,” after “effi-
7 ciency,”.

8 (d) INVESTMENT COMPANY ACT OF 1940.—Section
9 2(c) of the Investment Company Act of 1940 (15 U.S.C.
10 80a–2) is amended—

11 (1) in the heading, by inserting “INNOVATION,”
12 after “EFFICIENCY,”; and

13 (2) by inserting “innovation,” after “effi-
14 ciency,”.

15 **SEC. 503. STRATEGIC HUB FOR INNOVATION AND FINAN-**
16 **CIAL TECHNOLOGY.**

17 Section 4 of the Securities Exchange Act of 1934 (15
18 U.S.C. 78d) is amended by adding at the end the fol-
19 lowing:

20 “(k) STRATEGIC HUB FOR INNOVATION AND FINAN-
21 CIAL TECHNOLOGY.—

22 “(1) ESTABLISHMENT.—Not later than 180
23 days after the date of the enactment of this sub-
24 section, the Securities and Exchange Commission
25 shall establish a committee to be known as the Stra-

1 tegic Hub for Innovation and Financial Technology
2 (referred to in this subsection as the ‘FinHub’) to
3 support engagement on emerging technologies in the
4 financial sector.

5 “(2) MEMBERS.—The composition of FinHub
6 shall be determined by the Commission, drawing
7 from relevant divisions as appropriate, including the
8 Division of Trading and Markets, Division of Cor-
9 porate Finance, and Division of Investment Manage-
10 ment.

11 “(3) RESPONSIBILITIES.—FinHub shall—

12 “(A) serve as a resource for the Commis-
13 sion on emerging financial technology advance-
14 ments;

15 “(B) engage with market participants
16 working on emerging financial technologies; and

17 “(C) facilitate communication between the
18 Commission and businesses working in emerg-
19 ing financial technology fields with information
20 on the Commission, its rules, and regulations.

21 “(4) REPORT TO THE COMMISSION.—

22 “(A) IN GENERAL.—Not later than Octo-
23 ber 31 of each year after 2025, FinHub shall
24 provide an annual summary of its engagement
25 activities to the Commission, which shall be in-

1 cluded in the Commission’s annual report to
2 Congress.

3 “(B) CONFIDENTIALITY.—Each report
4 submitted under this paragraph shall not con-
5 tain confidential information.”.

6 **SEC. 504. CODIFICATION OF LABCFTC.**

7 (a) IN GENERAL.—Section 18 of the Commodity Ex-
8 change Act (7 U.S.C. 22) is amended by adding at the
9 end the following:

10 “(c) LABCFTC.—

11 “(1) ESTABLISHMENT.—There is established in
12 the Commission LabCF’TC.

13 “(2) PURPOSE.—The purposes of LabCF’TC
14 are to—

15 “(A) promote responsible financial tech-
16 nology innovation and fair competition for the
17 benefit of the American public;

18 “(B) serve as an information platform to
19 inform the Commission about new financial
20 technology innovation; and

21 “(C) provide outreach to financial tech-
22 nology innovators to discuss their innovations
23 and the regulatory framework established by
24 this Act and the regulations promulgated there-
25 under.

1 “(3) DIRECTOR.—LabCFTC shall have a Direc-
2 tor, who shall be appointed by the Commission and
3 serve at the pleasure of the Commission. Notwith-
4 standing section 2(a)(6)(A), the Director shall re-
5 port directly to the Commission and perform such
6 functions and duties as the Commission may pre-
7 scribe.

8 “(4) DUTIES.—LabCFTC shall—

9 “(A) advise the Commission with respect
10 to rulemakings or other agency or staff action
11 regarding financial technology;

12 “(B) provide internal education and train-
13 ing to the Commission regarding financial tech-
14 nology;

15 “(C) advise the Commission regarding fi-
16 nancial technology that would bolster the Com-
17 mission’s oversight functions;

18 “(D) engage with academia, students, and
19 professionals on financial technology issues,
20 ideas, and technology relevant to activities
21 under this Act;

22 “(E) provide persons working in emerging
23 technology fields with information on the Com-
24 mission, its rules and regulations, and the role
25 of a registered futures association; and

1 “(F) encourage persons working in emerg-
2 ing technology fields to engage with the Com-
3 mission and obtain feedback from the Commis-
4 sion on potential regulatory issues.

5 “(5) REPORT TO CONGRESS.—

6 “(A) IN GENERAL.—Not later than Octo-
7 ber 31 of each year after 2025, LabCFTC shall
8 submit to the Committee on Agriculture of the
9 House of Representatives and the Committee
10 on Agriculture, Nutrition, and Forestry of the
11 Senate a report on its activities.

12 “(B) CONTENTS.—Each report required
13 under paragraph (1) shall include—

14 “(i) the total number of persons that
15 met with LabCFTC;

16 “(ii) a summary of general issues dis-
17 cussed during meetings with the person;

18 “(iii) information on steps LabCFTC
19 has taken to improve Commission services,
20 including responsiveness to the concerns of
21 persons;

22 “(iv) recommendations made to the
23 Commission with respect to the regula-
24 tions, guidance, and orders of the Commis-

1 sion and such legislative actions as may be
2 appropriate; and

3 “(v) any other information determined
4 appropriate by the Director of LabCFTC.

5 “(C) CONFIDENTIALITY.—A report under
6 paragraph (A) shall abide by the confidentiality
7 requirements in section 8.

8 “(6) RECORDS AND ENGAGEMENT.—The Com-
9 mission shall—

10 “(A) maintain systems of records to track
11 engagements with the public through
12 LabCFTC;

13 “(B) store communications and materials
14 received in connection with any such engage-
15 ment in accordance with Commission policies
16 and procedures on data retention and confiden-
17 tiality; and

18 “(C) take reasonable steps to protect any
19 confidential or proprietary information received
20 through LabCFTC engagement.”.

21 (b) CONFORMING AMENDMENTS.—Section
22 2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amend-
23 ed—

24 (1) by striking “paragraph and in” and insert-
25 ing “paragraph,”; and

1 (2) by inserting “and section 18(c)(3),” before
2 “the executive”.

3 (c) **EFFECTIVE DATE.**—The Commodity Futures
4 Trading Commission shall implement the amendments
5 made by this section (including complying with section
6 18(c)(7) of the Commodity Exchange Act) within 180
7 days after the date of the enactment of this Act.

8 **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

9 (a) **IN GENERAL.**—The Commodity Futures Trading
10 Commission, the Securities and Exchange Commission,
11 and the Secretary of the Treasury shall jointly carry out
12 a study on decentralized finance that analyzes—

13 (1) the nature, size, role, and use of decentral-
14 ized finance blockchain applications;

15 (2) the operation of blockchain applications that
16 comprise decentralized finance;

17 (3) the interoperability of blockchain applica-
18 tions and other blockchain systems;

19 (4) the interoperability of blockchain applica-
20 tions and software-based systems, including websites
21 and wallets;

22 (5) the decentralized governance systems
23 through which blockchain applications may be devel-
24 oped, published, constituted, administered, main-
25 tained, or otherwise distributed, including—

1 (A) whether the systems enhance or de-
2 tract from—

3 (i) the decentralization of the decen-
4 tralized finance; and

5 (ii) the inherent benefits and risks of
6 the decentralized governance system; and

7 (B) any procedures, requirements, or best
8 practices that would mitigate the risks identi-
9 fied in subparagraph (A)(ii);

10 (6) the benefits of decentralized finance, includ-
11 ing—

12 (A) operational resilience and availability
13 of blockchain systems;

14 (B) interoperability of blockchain systems;

15 (C) market competition and innovation;

16 (D) transaction efficiency;

17 (E) transparency and traceability of trans-
18 actions; and

19 (F) disintermediation;

20 (7) the risks of decentralized finance, includ-
21 ing—

22 (A) pseudonymity of users and trans-
23 actions;

24 (B) disintermediation; and

25 (C) cybersecurity vulnerabilities;

1 (8) the extent to which decentralized finance
2 has integrated with the traditional financial markets
3 and any potential risks or improvements to the sta-
4 bility of the markets;

5 (9) how the levels of illicit activity in decentral-
6 ized finance compare with the levels of illicit activity
7 in traditional financial markets;

8 (10) methods for addressing illicit activity in
9 decentralized finance and traditional markets that
10 are tailored to the unique attributes of each;

11 (11) how decentralized finance may increase the
12 accessibility of cross-border transactions; and

13 (12) the feasibility of embedding self-executing
14 compliance and risk controls into decentralized fi-
15 nance.

16 (b) CONSULTATION.—In carrying out the study re-
17 quired under subsection (a), the Commodity Futures
18 Trading Commission and the Securities and Exchange
19 Commission shall consult with the Secretary of the Treas-
20 ury on the factors described under paragraphs (7) through
21 (10) of subsection (a).

22 (c) REPORT.—Not later than 1 year after the date
23 of enactment of this Act, the Commodity Futures Trading
24 Commission and the Securities and Exchange Commission
25 shall jointly submit to the relevant congressional commit-

1 tees a report that includes the results of the study re-
2 quired by subsection (a).

3 (d) GAO STUDY.—The Comptroller General of the
4 United States shall—

5 (1) carry out a study on decentralized finance
6 that analyzes the information described under para-
7 graphs (1) through (12) of subsection (a); and

8 (2) not later than 1 year after the date of en-
9 actment of this Act, submit to the relevant congres-
10 sional committees a report that includes the results
11 of the study required by paragraph (1).

12 (e) DEFINITIONS.—In this section:

13 (1) DECENTRALIZED FINANCE.—

14 (A) IN GENERAL.—The term “decentral-
15 ized finance” means blockchain applications (in-
16 cluding decentralized finance trading protocols
17 and related decentralized finance messaging
18 systems) that allow users to engage in financial
19 transactions in a self-directed manner so that a
20 third-party intermediary does not effectuate the
21 transactions or take custody of digital commod-
22 ities of a user during any part of the trans-
23 actions.

24 (B) RELATIONSHIP TO EXCLUDED ACTIVI-
25 TIES.—The term “decentralized finance” shall

1 not be interpreted to limit or exclude any activ-
2 ity from the activities described in section
3 15I(a) of the Securities Exchange Act of 1934
4 or section 4v(a) of the Commodity Exchange
5 Act.

6 (2) RELEVANT CONGRESSIONAL COMMIT-
7 TEES.—The term “relevant congressional commit-
8 tees” means—

9 (A) the Committees on Financial Services
10 and Agriculture of the House of Representa-
11 tives; and

12 (B) the Committees on Banking, Housing,
13 and Urban Affairs and Agriculture, Nutrition,
14 and Forestry of the Senate.

15 **SEC. 506. STUDY ON NON-FUNGIBLE TOKENS.**

16 (a) IN GENERAL.—The Comptroller General of the
17 United States shall carry out a study of non-fungible to-
18 kens that analyzes—

19 (1) the nature, size, role, purpose, and use of
20 non-fungible tokens;

21 (2) the similarities and differences between non-
22 fungible tokens and other digital commodities, in-
23 cluding digital commodities and permitted payment
24 stablecoins, and how the markets for those digital
25 commodities intersect with each other;

1 (3) how non-fungible tokens are minted by
2 issuers and subsequently administered to purchasers;

3 (4) how non-fungible tokens are stored after
4 being purchased by a consumer;

5 (5) the interoperability of non-fungible tokens
6 between different blockchain systems;

7 (6) the scalability of different non-fungible to-
8 kens marketplaces;

9 (7) the benefits of non-fungible tokens, includ-
10 ing verifiable digital ownership;

11 (8) the risks of non-fungible tokens, including—

12 (A) intellectual property rights;

13 (B) cybersecurity risks; and

14 (C) market risks;

15 (9) whether and how non-fungible tokens have
16 integrated with traditional marketplaces, including
17 those for music, real estate, gaming, events, and
18 travel;

19 (10) whether and how non-fungible tokens can
20 be used to facilitate commerce or other activities
21 through the representation of documents, identifica-
22 tion, contracts, licenses, and other commercial, gov-
23 ernment, or personal records;

24 (11) any potential risks to traditional markets
25 from such integration; and

1 (12) the levels and types of illicit activity in
2 non-fungible tokens markets.

3 (b) REPORT.—Not later than 1 year after the date
4 of the enactment of this Act, the Comptroller General,
5 shall make publicly available a report that includes the re-
6 sults of the study required by subsection (a).

7 **SEC. 507. STUDY ON EXPANDING FINANCIAL LITERACY**
8 **AMONGST DIGITAL COMMODITY HOLDERS.**

9 (a) IN GENERAL.—The Commodity Futures Trading
10 Commission with the Securities and Exchange Commis-
11 sion shall jointly conduct a study to identify—

12 (1) the existing level of financial literacy among
13 retail digital commodity holders, including subgroups
14 of investors identified by the Commodity Futures
15 Trading Commission with the Securities and Ex-
16 change Commission;

17 (2) methods to improve the timing, content, and
18 format of financial literacy materials regarding dig-
19 ital commodities provided by the Commodity Fu-
20 tures Trading Commission and the Securities and
21 Exchange Commission;

22 (3) methods to improve coordination between
23 the Securities and Exchange Commission and the
24 Commodity Futures Trading Commission with other
25 agencies, including the Financial Literacy and Edu-

1 cation Commission as well as nonprofit organizations
2 and State and local jurisdictions, to better dissemi-
3 nate financial literacy materials;

4 (4) the efficacy of current financial literacy ef-
5 forts with a focus on rural communities and commu-
6 nities with majority minority populations;

7 (5) the most useful and understandable relevant
8 information, including clear disclosures, that retail
9 digital commodity holders need to make informed fi-
10 nancial decisions before engaging with or purchasing
11 a digital commodity or service that is typically sold
12 to retail investors of digital commodities;

13 (6) the most effective public-private partner-
14 ships in providing financial literacy regarding digital
15 commodities to consumers;

16 (7) the most relevant metrics to measure suc-
17 cessful improvement of the financial literacy of an
18 individual after engaging with financial literacy ef-
19 forts; and

20 (8) in consultation with the Financial Literacy
21 and Education Commission, a strategy (including to
22 the extent practicable, measurable goals and objec-
23 tives) to increase financial literacy of investors re-
24 garding digital commodities.

1 (b) REPORT.—Not later than 1 year after the date
2 of the enactment of this Act, the Commodity Futures
3 Trading Commission and the Securities and Exchange
4 Commission shall jointly submit a written report on the
5 study required by subsection (a) to the Committees on Fi-
6 nancial Services and on Agriculture of the House of Rep-
7 resentatives and the Committees on Banking, Housing,
8 and Urban Affairs and on Agriculture, Nutrition, and
9 Forestry of the Senate.

10 **SEC. 508. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**
11 **IMPROVEMENTS.**

12 (a) IN GENERAL.—The Commodity Futures Trading
13 Commission and the Securities and Exchange Commission
14 shall jointly conduct a study to assess whether additional
15 guidance or rules are necessary to facilitate the develop-
16 ment of tokenized securities and derivatives products, and
17 to the extent such guidance or rules would foster the devel-
18 opment of fair and orderly financial markets, be necessary
19 or appropriate in the public interest, and be consistent
20 with the protection of investors and customers.

21 (b) REPORT.—

22 (1) TIME LIMIT.—Not later than 1 year after
23 the date of enactment of this Act, the Commodity
24 Futures Trading Commission and the Securities and
25 Exchange Commission shall jointly submit to the rel-

1 evant congressional committees a report that in-
2 cludes the results of the study required by sub-
3 section (a).

4 (2) RELEVANT CONGRESSIONAL COMMITTEES
5 DEFINED.—In this section, the term “relevant con-
6 gressional committees” means—

7 (A) the Committees on Financial Services
8 and on Agriculture of the House of Representa-
9 tives; and

10 (B) the Committees on Banking, Housing,
11 and Urban Affairs and on Agriculture, Nutri-
12 tion, and Forestry of the Senate.

13 **SEC. 509. STUDY ON BLOCKCHAIN IN PAYMENTS.**

14 (a) STUDY REQUIRED.—The Secretary of the Treas-
15 ury shall conduct a study on the potential use of
16 blockchain technology by the domestic private sector to ad-
17 dress—

- 18 (1) fraud in payments;
19 (2) transaction costs and transaction times;
20 (3) automated payments; and
21 (4) efficiency in commercial transactions.

22 (b) REPORT TO CONGRESS.—Not later than one year
23 after the date of enactment of this Act, the Secretary shall
24 submit a report to the Committee on Financial Services
25 of the House of Representatives and the Committee on

1 Banking, Housing, and Urban Affairs of the Senate that
2 summarizes the findings of the study required under sub-
3 section (a).

4 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
5 tion shall be construed to mandate the use of blockchain
6 technology by any public or private entity.

