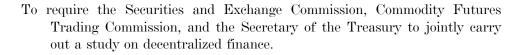
## [DISCUSSION DRAFT]

**H.R**.

118th CONGRESS 2D Session



### IN THE HOUSE OF REPRESENTATIVES

M\_\_\_\_ introduced the following bill; which was referred to the Committee on \_\_\_\_\_

# A BILL

- To require the Securities and Exchange Commission, Commodity Futures Trading Commission, and the Secretary of the Treasury to jointly carry out a study on decentralized finance.
  - 1 Be it enacted by the Senate and House of Representa-
  - 2 tives of the United States of America in Congress assembled,

#### **3** SECTION 1. SHORT TITLE.

- 4 This Act may be cited as the **[**"\_\_\_\_\_ Act
- 5 of 2024"].

 $\mathbf{2}$ 

### 1 SEC. 2. STUDY ON DECENTRALIZED FINANCE.

2 (a) STUDY REQUIRED.—The Secretary of the Treas3 ury, in coordination with the Securities and Exchange
4 Commission and Commodity Futures Trading Commis5 sion, shall carry out a study on decentralized finance that
6 analyzes—

- 7 (1) the nature, size, role, and use of decentral-8 ized finance blockchain protocols;
- 9 (2) the operation of blockchain protocols that10 comprise decentralized finance;

11 (3) the interoperability of blockchain protocols12 and blockchain systems;

13 (4) the interoperability of blockchain protocols
14 and software-based systems, including websites and
15 wallets;

16 (5) the decentralized governance systems
17 through which blockchain protocols may be devel18 oped, published, constituted, administered, main19 tained, or otherwise distributed, including—

- 20 (A) whether the systems enhance or de21 tract from—
- (i) the decentralization of the decen-tralized finance; and
- 24 (ii) the inherent benefits and risks of25 the decentralized governance system; and

3

1	(B) any procedures, requirements, or best
2	practices that would mitigate the risks identi-
3	fied in subparagraph (A)(ii);
4	(6) the benefits of decentralized finance, includ-
5	ing—
6	(A) operational resilience and availability
7	of blockchain systems;
8	(B) interoperability of blockchain systems;
9	(C) market competition and innovation;
10	(D) transaction efficiency;
11	(E) transparency and traceability of trans-
12	actions; and
13	(F) disintermediation;
14	(7) the risks of decentralized finance, includ-
15	ing—
16	(A) pseudonymity of users and trans-
17	actions;
18	(B) disintermediation; and
19	(C) cybersecurity vulnerabilities;
20	(8) the extent to which decentralized finance
21	has integrated with the traditional financial markets
22	and any potential risks or improvements to the sta-
23	bility of the markets;

4

1	(9) how the levels of illicit activity in decentral-
2	ized finance compare with the levels of illicit activity
3	in traditional financial markets;
4	(10) methods for addressing illicit activity in
5	decentralized finance and traditional markets that
6	are tailored to the unique attributes of each;
7	(11) how decentralized finance may increase the
8	accessibility of cross-border transactions;
9	(12) the feasibility of embedding self-executing
10	compliance and risk controls into decentralized fi-
11	nance; and
12	(13) any businesses or service providers that
13	are necessary to the communication of user informa-
14	tion for a material portion of any decentralized fi-
15	nance transaction.
16	(b) REPORT.—Not later than 1 year after the date
17	of enactment of this Act, the Secretary of the Treasury,
18	in coordination with the Securities and Exchange Commis-
19	sion and Commodity Futures Trading Commission, shall
20	submit to the relevant congressional committees a report
21	that includes the results of the study required by sub-
22	section (a).
23	(c) GAO STUDY.—The Comptroller General of the
24	United States shall—

5

1 (1) carry out a study on decentralized finance 2 that analyzes the information described in para-3 graphs (1) through (13) of subsection (a); and 4 (2) not later than 1 year after the date of en-5 actment of this Act, submit to the relevant congres-6 sional committees a report that includes the results 7 of the study required by paragraph (1). 8 (d) DEFINITIONS.—In this section: (1) DECENTRALIZED FINANCE.—The term "de-9 10 centralized finance" means blockchain protocols that 11 allow users to engage in financial transactions in a self-directed manner so that a third-party inter-12 13 mediary does not effectuate the transactions or take 14 custody of digital assets of a user during any part 15 of the transactions. 16 (2)Relevant CONGRESSIONAL COMMIT-17 TEES.—The term "relevant congressional commit-18 tees" means— 19 (A) the Committees on Financial Services 20 and Agriculture of the House of Representa-21 tives; and

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