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(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To codify the Strategic Hub for Innovation and Financial Technology of the Securities and Exchange Commission and LabCFTC of the Commodity Futures Trading Commission, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LUCAS introduced the following bill; which was referred to the Committee
on _____

A BILL

To codify the Strategic Hub for Innovation and Financial Technology of the Securities and Exchange Commission and LabCFTC of the Commodity Futures Trading Commission, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Securing Innovation
5 in Financial Regulation Act”.

1 **SEC. 2. CODIFICATION OF THE SEC STRATEGIC HUB FOR**
2 **INNOVATION AND FINANCIAL TECHNOLOGY.**

3 Section 4 of the Securities Exchange Act of 1934 (15
4 U.S.C. 78d) is amended by adding at the end the fol-
5 lowing:

6 “(1) STRATEGIC HUB FOR INNOVATION AND FINAN-
7 CIAL TECHNOLOGY.—

8 “(1) OFFICE ESTABLISHED.—There is estab-
9 lished within the Commission the Strategic Hub for
10 Innovation and Financial Technology (referred to in
11 this section as the ‘FinHub’).

12 “(2) PURPOSES.—The purposes of FinHub are
13 as follows:

14 “(A) To assist in shaping the approach of
15 the Commission to technological advancements.

16 “(B) To examine financial technology inno-
17 vations among market participants.

18 “(C) To coordinate the response of the
19 Commission to emerging technologies in finan-
20 cial, regulatory, and supervisory systems.

21 “(3) DIRECTOR OF FINHUB.—FinHub shall
22 have a Director who shall be appointed by the Com-
23 mission, from among individuals having experience
24 in both emerging technologies and Federal securities
25 laws and serve at the pleasure of the Commission.
26 The Director shall report directly to the Commission

1 and perform such functions and duties as the Com-
2 mission may prescribe.

3 “(4) RESPONSIBILITIES.—FinHub shall—

4 “(A) foster responsible technological inno-
5 vation and fair competition within the Commis-
6 sion, including around financial technology, reg-
7 ulatory technology, and supervisory technology;

8 “(B) provide internal education and train-
9 ing to the Commission regarding financial tech-
10 nology;

11 “(C) advise the Commission regarding fi-
12 nancial technology that would serve the Com-
13 mission’s functions;

14 “(D) analyze technological advancements
15 and the impact of regulatory requirements on
16 financial technology companies;

17 “(E) advise the Commission with respect
18 to rulemakings or other agency or staff action
19 regarding financial technology;

20 “(F) provide businesses working in emerg-
21 ing financial technology fields with information
22 on the Commission, its rules and regulations;
23 and

24 “(G) encourage firms working in emerging
25 technology fields to engage with the Commis-

1 sion and obtain feedback from the Commission
2 on potential regulatory issues.

3 “(5) ACCESS TO DOCUMENTS.—The Commis-
4 sion shall ensure that FinHub has full access to the
5 documents and information of the Commission and
6 any self-regulatory organization, as necessary to
7 carry out the functions of FinHub.

8 “(6) REPORT TO CONGRESS.—

9 “(A) IN GENERAL.—Not later than Octo-
10 ber 31 of each year after 2024, FinHub shall
11 submit to the Committee on Banking, Housing,
12 and Urban Affairs of the Senate and the Com-
13 mittee on Financial Services of the House of
14 Representatives a report on the activities of
15 FinHub during the immediately preceding fiscal
16 year.

17 “(B) CONTENTS.—Each report required
18 under subparagraph (A) shall include—

19 “(i) the total number of persons that
20 met with FinHub;

21 “(ii) the total number of market par-
22 ticipants FinHub met with, including the
23 classification of those participants;

24 “(iii) a summary of general issues dis-
25 cussed during meetings with persons;

1 “(iv) information on steps FinHub
2 has taken to improve Commission services,
3 including responsiveness to the concerns of
4 persons;

5 “(v) recommendations—

6 “(I) with respect to the regula-
7 tions of the Commission and the guid-
8 ance and orders of the Commission;
9 and

10 “(II) for such legislative actions
11 as FinHub determines appropriate;
12 and

13 “(vi) any other information, as deter-
14 mined appropriate by the Director of
15 FinHub.

16 “(C) CONFIDENTIALITY.—A report under
17 subparagraph (A) may not contain confidential
18 information.

19 “(7) SYSTEMS OF RECORDS.—

20 “(A) IN GENERAL.—The Commission shall
21 establish a detailed system of records (as de-
22 fined under section 552a of title 5, United
23 States Code) to assist FinHub in commu-
24 nicating with interested parties.

1 “(B) ENTITIES COVERED BY THE SYS-
2 TEM.—Entities covered by the system required
3 under subparagraph (A) include entities or per-
4 sons submitting requests or inquiries and other
5 information to Commission through FinHub.

6 “(C) SECURITY AND STORAGE OF
7 RECORDS.—FinHub shall store—

8 “(i) electronic records—

9 “(I) in the system required under
10 subparagraph (A); or

11 “(II) on the secure network or
12 other electronic medium, such as
13 encrypted hard drives or back-up
14 media, of the Commission; and

15 “(ii) paper records in secure facilities.

16 “(8) EFFECTIVE DATE.—This subsection shall
17 take effect on the date that is 180 days after the
18 date of the enactment of this subsection.”.

19 **SEC. 3. CODIFICATION OF LABCFTC.**

20 (a) IN GENERAL.—Section 18 of the Commodity Ex-
21 change Act (7 U.S.C. 22) is amended by adding at the
22 end the following:

23 “(c) LABCFTC.—

24 “(1) ESTABLISHMENT.—There is established in
25 the Commission LabCFTC.

1 “(2) PURPOSE.—The purposes of LabCFTC
2 are to—

3 “(A) promote responsible financial tech-
4 nology innovation and fair competition for the
5 benefit of the American public;

6 “(B) serve as an information platform to
7 inform the Commission about new financial
8 technology innovation; and

9 “(C) provide outreach to financial tech-
10 nology innovators to discuss their innovations
11 and the regulatory framework established by
12 this Act and the regulations promulgated there-
13 under.

14 “(3) DIRECTOR.—LabCFTC shall have a Direc-
15 tor, who shall be appointed by the Commission and
16 serve at the pleasure of the Commission. Notwith-
17 standing section 2(a)(6)(A), the Director shall re-
18 port directly to the Commission and perform such
19 functions and duties as the Commission may pre-
20 scribe.

21 “(4) DUTIES.—LabCFTC shall—

22 “(A) advise the Commission with respect
23 to rulemakings or other agency or staff action
24 regarding financial technology;

1 “(B) provide internal education and train-
2 ing to the Commission regarding financial tech-
3 nology;

4 “(C) advise the Commission regarding fi-
5 nancial technology that would bolster the Com-
6 mission’s oversight functions;

7 “(D) engage with academia, students, and
8 professionals on financial technology issues,
9 ideas, and technology relevant to activities
10 under this Act;

11 “(E) provide persons working in emerging
12 technology fields with information on the Com-
13 mission, its rules and regulations, and the role
14 of a registered futures association; and

15 “(F) encourage persons working in emerg-
16 ing technology fields to engage with the Com-
17 mission and obtain feedback from the Commis-
18 sion on potential regulatory issues.

19 “(5) ACCESS TO DOCUMENTS.—The Commis-
20 sion shall ensure that LabCFTC has full access to
21 the documents and information of the Commission
22 and any self-regulatory organization or registered fu-
23 tures association, as necessary to carry out the func-
24 tions of LabCFTC.

25 “(6) REPORT TO CONGRESS.—

1 “(A) IN GENERAL.—Not later than Octo-
2 ber 31 of each year after 2024, LabCFTC shall
3 submit to the Committee on Agriculture of the
4 House of Representatives and the Committee
5 on Agriculture, Nutrition, and Forestry of the
6 Senate a report on its activities.

7 “(B) CONTENTS.—Each report required
8 under paragraph (1) shall include—

9 “(i) the total number of persons that
10 met with LabCFTC;

11 “(ii) a summary of general issues dis-
12 cussed during meetings with the person;

13 “(iii) information on steps LabCFTC
14 has taken to improve Commission services,
15 including responsiveness to the concerns of
16 persons;

17 “(iv) recommendations made to the
18 Commission with respect to the regula-
19 tions, guidance, and orders of the Commis-
20 sion and such legislative actions as may be
21 appropriate; and

22 “(v) any other information determined
23 appropriate by the Director of LabCFTC.

1 “(C) CONFIDENTIALITY.—A report under
2 paragraph (A) shall abide by the confidentiality
3 requirements in section 8.

4 “(7) SYSTEMS OF RECORDS.—

5 “(A) IN GENERAL.—The Commission shall
6 establish a detailed system of records (as de-
7 fined in section 552a of title 5, United States
8 Code) to assist LabCFTC in communicating
9 with interested parties.

10 “(B) PERSONS COVERED BY THE SYS-
11 TEM.—The persons covered by the system of
12 records shall include persons submitting re-
13 quests or inquiries and other information to the
14 Commission through LabCFTC.

15 “(C) SECURITY AND STORAGE OF
16 RECORDS.—The system of records shall store
17 records electronically or on paper in secure fa-
18 cilities, and shall store electronic records on the
19 secure network of the Commission and on other
20 electronic media, such as encrypted hard drives
21 and back-up media, as needed.”.

22 (b) CONFORMING AMENDMENTS.—Section
23 2(a)(6)(A) of the Commodity Exchange Act (7 U.S.C.
24 2(a)(6)(A)) is amended—

1 (1) by striking “paragraph and in” and insert-
2 ing “paragraph,”; and

3 (2) by inserting “and section 18(e)(3),” before
4 “the executive”.

5 (c) EFFECTIVE DATE.—The Commodity Futures
6 Trading Commission shall implement the amendments
7 made by this section (including complying with section
8 18(e)(7) of the Commodity Exchange Act) within 180
9 days after the date of the enactment of this Act.