

117TH CONGRESS  
2D SESSION

# S. 4356

To provide for responsible financial innovation and to bring digital assets within the regulatory perimeter.

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IN THE SENATE OF THE UNITED STATES

JUNE 7, 2022

Ms. LUMMIS (for herself and Mrs. GILLIBRAND) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To provide for responsible financial innovation and to bring digital assets within the regulatory perimeter.

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; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the  
5 “Lummis-Gillibrand Responsible Financial Innovation  
6 Act”.

7 (b) **TABLE OF CONTENTS.**—The table of contents for  
8 this Act is as follows:

Sec. 1. Short title; table of contents.  
Sec. 2. Definitions.

TITLE I—DEFINITIONS

Sec. 101. Definitions.

#### TITLE II—RESPONSIBLE TAXATION OF DIGITAL ASSETS

- Sec. 201. Gain from disposition of digital assets.  
 Sec. 202. Information reporting requirements imposed on brokers with respect to digital assets.  
 Sec. 203. Sources of income.  
 Sec. 204. Decentralized autonomous organizations.  
 Sec. 205. Tax treatment of digital asset lending agreements and related matters.  
 Sec. 206. Implementing effective IRS guidance.  
 Sec. 207. Analysis of retirement investing in digital assets.  
 Sec. 208. Digital asset mining and staking.  
 Sec. 209. Conforming amendments.

#### TITLE III—RESPONSIBLE SECURITIES INNOVATION

- Sec. 301. Securities offerings involving certain intangible assets.  
 Sec. 302. Termination of specified periodic disclosure requirements.  
 Sec. 303. Guidance relating to satisfactory control location.  
 Sec. 304. Custody and customer protection rules.

#### TITLE IV—RESPONSIBLE COMMODITIES INNOVATION

- Sec. 401. Definitions.  
 Sec. 402. Reporting and recordkeeping.  
 Sec. 403. CFTC jurisdiction over digital asset transactions.  
 Sec. 404. Registration of digital asset exchanges.  
 Sec. 405. Violations.  
 Sec. 406. Market reports.  
 Sec. 407. Bankruptcy treatment of digital assets.  
 Sec. 408. Identified banking products.  
 Sec. 409. Financial institutions definition.  
 Sec. 410. Offsetting the costs of digital asset regulation.

#### TITLE V—RESPONSIBLE CONSUMER PROTECTION

- Sec. 501. Responsible consumer protection.  
 Sec. 502. Source code version of digital assets.  
 Sec. 503. Settlement finality.  
 Sec. 504. Notice to customers; enforcement.  
 Sec. 505. Right to individual management of digital assets.  
 Sec. 506. Technical and conforming amendments.

#### TITLE VI—RESPONSIBLE PAYMENTS INNOVATION

- Sec. 601. Issuance of payment stablecoins.  
 Sec. 602. Sanctions compliance responsibilities of payment stablecoin issuers.  
 Sec. 603. Use of the official digital currency of the People's Republic of China on Government devices.  
 Sec. 604. Certificate of authority to commence banking.  
 Sec. 605. Holding company supervision of covered depository institutions.  
 Sec. 606. Implementation rules to preserve adequate competition in payment stablecoins.  
 Sec. 607. Financial Crimes Enforcement Network Innovation Laboratory.

#### TITLE VII—RESPONSIBLE BANKING INNOVATION

- Sec. 701. Study on use of distributed ledger technology for reduction of risk in depository institutions.
- Sec. 702. Eligibility for Federal Reserve services to depository institutions.
- Sec. 703. Routing transit number issuance.
- Sec. 704. Clarifying application review times with respect to the Federal banking agencies.
- Sec. 705. Examination standards for digital asset activities.
- Sec. 706. Asset custody for depository institutions and certain other entities.
- Sec. 707. Reputation risk; requirements for account termination requests and orders.
- Sec. 708. Conforming amendments.

#### TITLE VIII—RESPONSIBLE INTERAGENCY COORDINATION

- Sec. 801. Timeline for interpretive guidance issued by Federal financial agencies.
- Sec. 802. Interstate sandbox activities.
- Sec. 803. State money transmission coordination relating to digital assets.
- Sec. 804. Information sharing among Federal and State financial regulators.
- Sec. 805. Analysis of decentralized finance markets and technologies.
- Sec. 806. Analysis of energy consumption in digital asset markets.
- Sec. 807. Analysis of self-regulation and registered digital asset associations.
- Sec. 808. Cybersecurity standards for digital asset intermediaries.
- Sec. 809. Advisory Committee on Financial Innovation.

### 1 **SEC. 2. DEFINITIONS.**

2 In this Act:

3 (1) **COMMODITY.**—The term “commodity” has  
 4 the meaning given the term in section 1a of the  
 5 Commodity Exchange Act (7 U.S.C. 1a).

6 (2) **DIGITAL ASSET; DIGITAL ASSET INTER-**  
 7 **MEDIARY; DISTRIBUTED LEDGER TECHNOLOGY; PAY-**  
 8 **MENT STABLECOIN; SMART CONTRACT; VIRTUAL**  
 9 **CURRENCY.**—The terms “digital asset”, “digital  
 10 asset intermediary”, “distributed ledger technology”,  
 11 “payment stablecoin”, “smart contract”, and “vir-  
 12 tual currency” have the meanings given the terms in  
 13 section 9801 of title 31, United States Code, as  
 14 added by section 101 of this Act.

1           (3) SECURITY.—Except as otherwise expressly  
 2           provided, the term “security” has the meaning given  
 3           the term in section 3(a) of the Securities Exchange  
 4           Act of 1934 (15 U.S.C. 78c(a)).

## 5           **TITLE I—DEFINITIONS**

### 6           **SEC. 101. DEFINITIONS.**

7           (a) IN GENERAL.—Subtitle VI of title 31, United  
 8           States Code, is amended by adding after chapter 97 the  
 9           following:

### 10           **“CHAPTER 98—DIGITAL ASSETS**

“Sec.  
 “9801. Definitions.

#### 11           **“§ 9801. Definitions**

12           “In this chapter:

13           “(1) DEPOSITORY INSTITUTION.—The term ‘de-  
 14           pository institution’ has the meaning given the term  
 15           in section 19(b)(1) of the Federal Reserve Act (12  
 16           U.S.C. 461(b)(1)).

17           “(2) DIGITAL ASSET.—The term ‘digital  
 18           asset’—

19           “(A) means a natively electronic asset  
 20           that—

21           “(i) confers economic, proprietary, or  
 22           access rights or powers; and

1           “(ii) is recorded using cryptographi-  
2 cally secured distributed ledger technology,  
3 or any similar analogue; and

4           “(B) includes—

5           “(i) virtual currency and ancillary as-  
6 sets in accordance with section 2(c)(2)(F)  
7 of the Commodity Exchange Act;

8           “(ii) payment stablecoins in accord-  
9 ance with section 403 of the Commodity  
10 Futures Modernization Act of 2000 (7  
11 U.S.C. 27a); and

12           “(iii) any other security or commodity  
13 that meets the requirements of subpara-  
14 graph (A).

15           “(3) DIGITAL ASSET INTERMEDIARY.—The  
16 term ‘digital asset intermediary’—

17           “(A) means—

18           “(i) a person who holds a license, reg-  
19 istration, or other similar authorization, as  
20 specified by this chapter, the Commodity  
21 Exchange Act (7 U.S.C. 1 et seq.), the Se-  
22 curities Act of 1933 (15 U.S.C. 77a et  
23 seq.), the Corporation of Foreign Bond-  
24 holders Act, 1933 (15 U.S.C. 77bb et  
25 seq.), the Trust Indenture Act of 1939 (15

1 U.S.C. 77aaa et seq.), the Securities Ex-  
2 change Act of 1934 (15 U.S.C. 78a et  
3 seq.), the Securities Investor Protection  
4 Act of 1970 (15 U.S.C. 78aaa et seq.), the  
5 Investment Company Act of 1940 (15  
6 U.S.C. 80a–1 et seq.), the Investment Ad-  
7 visers Act of 1940 (15 U.S.C. 80b–1), and  
8 the Omnibus Small Business Capital For-  
9 mation Act of 1980 (15 U.S.C. 80e), that  
10 may conduct market activities relating in  
11 digital assets; or

12 “(ii) a person who is required by law  
13 to hold a license, registration, or other  
14 similar authorization described in clause  
15 (i);

16 “(B) includes—

17 “(i) a person who holds a license, reg-  
18 istration, or other similar authorization  
19 under State or Federal law that issues a  
20 payment stablecoin; and

21 “(ii) a person who is required by law  
22 to hold a license, registration, or other  
23 similar authorization described in clause  
24 (i); and

1           “(C) does not include a depository institu-  
2           tion.

3           “(4) DISTRIBUTED LEDGER TECHNOLOGY.—  
4           The term ‘distributed ledger technology’ means tech-  
5           nology that enables the operation and use of a ledger  
6           that—

7           “(A) is shared across a set of distributed  
8           nodes that participate in a network and store a  
9           complete or partial replica of the ledger;

10           “(B) is synchronized between the nodes;

11           “(C) has data appended to the ledger by  
12           following the specified consensus mechanism of  
13           the ledger;

14           “(D) may be accessible to anyone or re-  
15           stricted to a subset of participants; and

16           “(E) may require participants to have au-  
17           thorization to perform certain actions or require  
18           no authorization.

19           “(5) PAYMENT STABLECOIN.—The term ‘pay-  
20           ment stablecoin’ means a digital asset that is—

21           “(A) redeemable, on demand, on a 1-to-1  
22           basis for instruments denominated in United  
23           States dollars;

1           “(B) defined as legal tender under section  
2           5103 or under the laws of a foreign country  
3           (excluding digital assets);

4           “(C) issued by a business entity;

5           “(D) accompanied by a statement from the  
6           issuer that the asset is redeemable, as specified  
7           in subparagraph (A), from the issuer or another  
8           identified person;

9           “(E) backed by 1 or more financial assets  
10          (excluding other digital assets), consistent with  
11          subparagraph (A); and

12          “(F) intended to be used as a medium of  
13          exchange.

14          “(6) PERSON WHO PROVIDES DIGITAL ASSET  
15          SERVICES.—The term ‘person who provides digital  
16          asset services’ means—

17               “(A) a digital asset intermediary;

18               “(B) a financial institution, as defined in  
19               section 1a of the Commodity Exchange Act (7  
20               U.S.C. 1a);

21               “(C) any other person conducting digital  
22               asset activities pursuant to a Federal or State  
23               charter, license, registration, or other similar  
24               authorization; and



1           “(D) any person who is required by law to  
2           hold a license, registration, or other similar au-  
3           thorization described in subparagraph (C).

4           “(7) SECURITY.—The term ‘security’ has the  
5           meaning given the term in section 3(a) of the Secu-  
6           rities Exchange Act of 1934 (15 U.S.C. 78c(a)).

7           “(8) SMART CONTRACT.—The term ‘smart con-  
8           tract’—

9           “(A) means—

10           “(i) computer code deployed to a dis-  
11           tributed ledger technology network that  
12           executes an instruction based on the occur-  
13           rence or nonoccurrence of specified condi-  
14           tions; or

15           “(ii) any similar analogue; and

16           “(B) includes taking possession or control  
17           of a digital asset and transferring the asset or  
18           issuing executable instructions for these actions.

19           “(9) SOURCE CODE VERSION.—The term  
20           ‘source code version’—

21           “(A) means the source code version com-  
22           prising a digital asset; and

23           “(B) does not include software used to  
24           manage or facilitate transactions in a digital  
25           asset.

1           “(10) VIRTUAL CURRENCY.—The term ‘virtual  
2           currency’—

3                   “(A) means a digital asset that—

4                           “(i) is used primarily as a medium of  
5                           exchange, unit of account, store of value,  
6                           or any combination of such functions;

7                           “(ii) is not legal tender, as described  
8                           in section 5103; and

9                           “(iii) does not derive value from or is  
10                           backed by an underlying financial asset  
11                           (except other digital assets); and

12                   “(B) includes a digital asset, consistent  
13                   with subparagraph (A) that is accompanied by  
14                   a statement from the issuer that a denominated  
15                   or pegged value will be maintained and be avail-  
16                   able upon redemption from the issuer or other  
17                   identified person, based solely on a smart con-  
18                   tract.”.

19           (b) TECHNICAL AND CONFORMING AMENDMENT.—

20           The table of contents for subtitle VI of title 31, United  
21           States Code, is amended by adding at the end the fol-  
22           lowing:

**“98. Digital assets ..... 9801”.**

1                   **TITLE II—RESPONSIBLE**  
2                   **TAXATION OF DIGITAL ASSETS**

3   **SEC. 201. GAIN FROM DISPOSITION OF DIGITAL ASSETS.**

4           (a) IN GENERAL.—Part III of subchapter B of chap-  
5   ter 1 of the Internal Revenue Code of 1986 is amended  
6   by inserting after section 139I the following new section:

7   **“SEC. 139J. GAIN OR LOSS FROM SALE OR EXCHANGE OF**  
8                                   **VIRTUAL CURRENCY.**

9           “(a) IN GENERAL.—Gross income shall not include  
10   gain or loss from the sale or exchange of virtual currency  
11   in a personal transaction (as defined in section 988(e)(3))  
12   for goods and services.

13          “(b) LIMITATION.—

14               “(1) IN GENERAL.—The amount of gain or loss  
15               excluded from gross income under subsection (a)  
16               with respect to a sale or exchange shall not exceed  
17               \$200.

18               “(2) AGGREGATION RULE.—For purposes of  
19               this subsection, all sales or exchanges which are part  
20               of the same transaction (or a series of related trans-  
21               actions) shall be treated as one sale or exchange.

22          “(c) OTHER SALES OR EXCHANGES.—Subsection (a)  
23   shall not apply to sales or exchanges in which virtual cur-  
24   rency is sold or exchanged for cash, cash equivalents, dig-

1 ital assets (as defined in section 9801 of title 31, United  
2 States Code), or other securities or commodities.

3 “(d) VIRTUAL CURRENCY.—For purposes of this sec-  
4 tion, the term ‘virtual currency’ has the meaning given  
5 such term in section 9801 of title 31, United States Code.

6 “(e) INFLATION ADJUSTMENT.—In the case of any  
7 taxable year beginning in a calendar year after 2023, the  
8 dollar amount in subsection (b) shall be increased by an  
9 amount equal to—

10 “(1) such dollar amount, multiplied by

11 “(2) the cost-of-living adjustment determined  
12 under section 1(f)(3) for the calendar year in which  
13 the taxable year begins, determined by substituting  
14 ‘calendar year 2022’ for ‘calendar year 2016’ in sub-  
15 paragraph (A)(ii) thereof.

16 Any increase determined under the preceding sentence  
17 shall be rounded to the nearest multiple of \$50.”.

18 (b) CLERICAL AMENDMENT.—The table of sections  
19 for part III of subchapter B of chapter 1 of the Internal  
20 Revenue Code of 1986 is amended by inserting after the  
21 item relating to section 139I the following new item:

“Sec. 139J. Gain or loss from sale or exchange of virtual currency.”.

22 (c) REPORTING OF GAINS OR LOSSES.—The Sec-  
23 retary shall issue regulations providing for information re-  
24 turns on virtual currency transactions for which gain or  
25 loss is recognized.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to transactions entered into after  
3 December 31, 2022.

4 **SEC. 202. INFORMATION REPORTING REQUIREMENTS IM-**  
5 **POSED ON BROKERS WITH RESPECT TO DIG-**  
6 **ITAL ASSETS.**

7 (a) CLARIFICATION OF DEFINITION OF BROKER.—  
8 Section 6045(c)(1)(D) of the Internal Revenue Code of  
9 1986 is amended to read as follows:

10 “(D) any person who (for consideration)  
11 stands ready in the ordinary course of a trade  
12 or business to effect sales of digital assets at  
13 the direction of their customers.”.

14 (b) REPORTING OF DIGITAL ASSETS.—

15 (1) BROKERS.—

16 (A) DEFINITION OF DIGITAL ASSET.—Sec-  
17 tion 6045(g)(3)(D) of the Internal Revenue  
18 Code of 1986 is amended to read as follows:

19 “(D) DIGITAL ASSET.—The term ‘digital  
20 asset’ has the meaning given such term in sec-  
21 tion 9801 of title 31, United States Code.”.

22 (B) APPLICABLE DATE.—Section  
23 6045(g)(3)(C)(iii) of such Code is amended to  
24 read as follows:

1                   “(iii) January 1, 2025, in the case of  
2                   any specified security which is a digital  
3                   asset, and”.

4                   (2) FURNISHING OF INFORMATION.—Section  
5                   6045A(d) of such Code is amended to read as fol-  
6                   lows:

7                   “(d) RETURN REQUIREMENT FOR CERTAIN TRANS-  
8                   FERS OF DIGITAL ASSETS NOT OTHERWISE SUBJECT TO  
9                   REPORTING.—Any broker, with respect to any transfer  
10                  (which is not part of a sale or exchange executed by such  
11                  broker) during a calendar year of a covered security which  
12                  is a digital asset from an account wholly controlled and  
13                  maintained by such broker to an account which is not  
14                  maintained by, or an address not associated with, a person  
15                  that such broker knows or has reason to know is also a  
16                  broker, shall make a return for such calendar year, in such  
17                  form as determined by the Secretary, showing the infor-  
18                  mation otherwise required to be furnished with respect to  
19                  transfers subject to subsection (a). Information reported  
20                  by brokers under this section shall be limited to customer  
21                  information that is voluntarily provided by the customer  
22                  and held by the broker for a legitimate business purpose.”.

23                  (c) EFFECTIVE DATES.—The amendments made by  
24                  this section shall apply to returns required to be filed and

1 statements required to be furnished after December 31,  
2 2025.

3 **SEC. 203. SOURCES OF INCOME.**

4 (a) IN GENERAL.—Paragraph (2) of section 864(b)  
5 of the Internal Revenue Code of 1986 is amended by re-  
6 designating subparagraph (C) as subparagraph (D) and  
7 by inserting after subparagraph (B) the following new  
8 subparagraph:

9 “(C) DIGITAL ASSETS.—

10 “(i) IN GENERAL.—Trading in digital  
11 assets through a resident broker, commis-  
12 sion agent, custodian, digital asset ex-  
13 change, or other independent agent.

14 “(ii) TRADING FOR TAXPAYER’S OWN  
15 ACCOUNT.—Trading in digital assets for  
16 the taxpayer’s own account, whether by the  
17 taxpayer or the taxpayer’s employees or  
18 through a resident broker, commission  
19 agent, custodian, digital asset exchange, or  
20 other agent, and whether or not any such  
21 employee or agent has discretionary au-  
22 thority to make decisions in effecting the  
23 transactions. This clause shall not apply in  
24 the case of a dealer in digital assets.

1 “(iii) DEFINITIONS.—For purposes of  
2 this subparagraph—

3 “(I) DIGITAL ASSET EX-  
4 CHANGE.—The term ‘digital asset ex-  
5 change’ means a centralized or decen-  
6 tralized platform which facilitates the  
7 transfer of digital assets.

8 “(II) DIGITAL ASSET.—The term  
9 ‘digital asset’ has the meaning given  
10 such term in section 9801 of title 31,  
11 United States Code.

12 “(iv) LIMITATION.—This subpara-  
13 graph shall apply only if the digital assets  
14 are of a kind customarily dealt in on a dig-  
15 ital asset exchange and if the transaction  
16 is of a kind customarily consummated at  
17 such exchange.”.

18 (b) CONFORMING AMENDMENT.—Subparagraph (D)  
19 of section 864(b)(2) of the Internal Revenue Code of  
20 1986, as redesignated by subsection (a), is amended by  
21 striking “(A)(i) and (B)(i)” and inserting “(A)(i), (B)(i),  
22 and (C)(i)”.

23 (c) EFFECTIVE DATE.—The amendments made by  
24 this section shall apply to sales and exchanges after De-  
25 cember 31, 2022.



1 **SEC. 204. DECENTRALIZED AUTONOMOUS ORGANIZATIONS.**

2 (a) IN GENERAL.—Section 7701(a) of the Internal  
3 Revenue Code of 1986 is amended by adding at the end  
4 the following new paragraph:

5 “(51) DECENTRALIZED AUTONOMOUS ORGANI-  
6 ZATIONS.—

7 “(A) IN GENERAL.—The default classifica-  
8 tion of a decentralized autonomous organization  
9 shall be as a business entity which is not a dis-  
10 regarded entity.

11 “(B) CLASSIFICATION OF OTHER ACTIVI-  
12 TIES.—The following shall not be considered a  
13 business activity of such organization for pur-  
14 poses of determining whether such organization  
15 is described in section 501(c)(7):

16 “(i) Treasury management, including  
17 mining and staking of digital assets (as de-  
18 fined in section 9801 of title 31, United  
19 States Code).

20 “(ii) Raising funds for a charitable  
21 purpose.

22 “(C) DECENTRALIZED AUTONOMOUS OR-  
23 GANIZATION.—The term ‘decentralized autono-  
24 mous organization’ means an organization—

25 “(i) which utilizes smart contracts (as  
26 defined in section 9801 of title 31, United

1 States Code) to effectuate collective action  
2 for a business, commercial, charitable, or  
3 similar entity,

4 “(ii) governance of which is achieved  
5 primarily on a distributed basis, and

6 “(iii) which is properly incorporated  
7 or organized under the laws of a State or  
8 foreign jurisdiction as a decentralized au-  
9 tonomous organization, cooperative, foun-  
10 dation, or any similar entity.”.

11 (b) EFFECTIVE DATE.—Except as provided by sub-  
12 section (c), the amendments made by this section shall  
13 apply to taxable years beginning after December 31, 2022.

14 **SEC. 205. TAX TREATMENT OF DIGITAL ASSET LENDING**  
15 **AGREEMENTS AND RELATED MATTERS.**

16 (a) IN GENERAL.—Subsection (a) of section 1058 of  
17 the Internal Revenue Code of 1986 is amended by striking  
18 “(as defined in section 1236(c))”.

19 (b) FIXED TERM.—Paragraph (1) of subsection (b)  
20 of section 1058 of the Internal Revenue Code of 1986 is  
21 amended by inserting “, including a fixed-term transfer  
22 that occurs in the ordinary course of a securities lending  
23 or investment management business” after “transferred”.

24 (c) BASIS.—Subsection (c) of section 1058 of the In-  
25 ternal Revenue Code of 1986 is amended by adding at the

1 end the following: “All appropriate basis adjustments to  
2 an agreement under subsection (b) shall be made, as de-  
3 termined by the Secretary, including upon the return of  
4 the lent securities to the taxpayer.”.

5 (d) SECURITIES.—Section 1058 of the Internal Rev-  
6 enue Code of 1986 is amended by adding at the end the  
7 following new subsections:

8 “(d) SECURITIES.—For purposes of this section, the  
9 term ‘securities’ has the meaning given such term by sec-  
10 tion 1236(c), except that such term includes any digital  
11 asset (as defined in section 9801 of title 31, United States  
12 Code) and, with respect to a digital asset, does not require  
13 a call option.

14 “(e) INCOME.—An amount equal to the income which  
15 would otherwise accrue to the lender but for a lending  
16 transaction under this section shall be included in gross  
17 income of the lender.”.

18 (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
19 tion shall be construed to create any inference with respect  
20 to the classification of any digital asset as security under  
21 the Securities Act of 1933 (15 U.S.C. 77a et seq.) or the  
22 Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

23 (f) RULEMAKING AUTHORITY.—The Secretary of the  
24 Treasury (or the Secretary’s delegate) may adopt rules to

1 implement this section, including the application of this  
2 section to forks, airdrops, and similar subsidiary value.

3 (g) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to sales and exchanges after De-  
5 cember 31, 2022.

6 **SEC. 206. IMPLEMENTING EFFECTIVE IRS GUIDANCE.**

7 (a) IN GENERAL.—Not later than 1 year after the  
8 date of the enactment of this Act, the Secretary of the  
9 Treasury (or the Secretary’s delegate) shall adopt guid-  
10 ance relating to the following:

11 (1) Classification of forks, airdrops, and similar  
12 subsidiary value as taxable, contingent upon the af-  
13 firmative claim and disposition of the subsidiary  
14 value by a taxpayer. Such guidance shall also permit  
15 a taxpayer to provide notification through an annual  
16 return or other appropriate means to the Internal  
17 Revenue Service relating to claim and disposition of,  
18 or disclaimer of, subsidiary value.

19 (2) Merchant acceptance of digital assets and  
20 the tax treatment of payments and receipts, con-  
21 sistent with the amendments made by section 80603  
22 of the Infrastructure Investment and Jobs Act, as  
23 amended by section 203.

24 (3) Treatment of digital asset mining and stak-  
25 ing, including mining and staking rewards, in which

1 income is not realized until disposition of the assets  
2 produced or received in connection with such activ-  
3 ity, in accordance with section 451(l) of the Internal  
4 Revenue Code of 1986 (as added by this Act).

5 (4) Classification of charitable contributions  
6 greater than \$5,000 of digital assets which are trad-  
7 ed on established financial markets as contributions  
8 of readily valued property not requiring a qualified  
9 appraisal for purposes of section 170(f)(11)(A) of  
10 the Internal Revenue Code of 1986, as amended by  
11 this Act.

12 (5) Characterization of payment stablecoins (as  
13 defined in section 9801 of title 31, United States  
14 Code) as indebtedness.

15 (b) EFFECTIVE DATE.—The guidance adopted under  
16 this section shall be applicable on a prospective basis for  
17 taxable years beginning after December 31, 2023.

18 **SEC. 207. ANALYSIS OF RETIREMENT INVESTING IN DIG-**  
19 **ITAL ASSETS.**

20 (a) Not later than March 1, 2023, the Comptroller  
21 General of the United States shall conduct a study and  
22 provide a report to the entities specified in subsection (b)  
23 regarding the following issues relating to retirement in-  
24 vesting in digital assets:

1           (1) Potential benefits to diversification and re-  
2           turn of an investor's retirement portfolio.

3           (2) Appropriate asset allocations, including  
4           among other alternative investments.

5           (3) Consumer education, financial literacy and  
6           investment advisor training relating to digital assets.

7           (4) Risk.

8           (5) Legal and operational barriers to effective  
9           retirement investing in digital assets.

10          (6) Any other topic determined to be material  
11          by the Comptroller General relating to retirement in-  
12          vesting in digital assets.

13          (b) The Comptroller General shall provide the report  
14          required by subsection (a) to the following:

15               (1) The Committee on Banking, Housing, and  
16               Urban Affairs of the Senate.

17               (2) The Committee on Finance of the Senate.

18               (3) The Committee on Health, Education,  
19               Labor, and Pensions of the Senate.

20               (4) The Committee on Financial Services of the  
21               House of Representatives.

22               (5) The Committee on Ways and Means of the  
23               House of Representatives.

24               (6) The Committee on Education and Labor of  
25               the House of Representatives.

1 (7) The Secretary of the Treasury.

2 (8) The Secretary of Labor.

3 **SEC. 208. DIGITAL ASSET MINING AND STAKING.**

4 (a) IN GENERAL.—Section 451 of the Internal Rev-  
5 enue Code of 1986 is amended by adding at the end the  
6 following new subsection:

7 “(1) DEFERRAL OF INCOME RECOGNITION FOR DIG-  
8 ITAL ASSET ACTIVITIES.—In the case of a taxpayer who  
9 conducts digital asset mining or staking activities, the  
10 amount of income relating to such activities shall not be  
11 included in the gross income of the taxpayer until the tax-  
12 able year of the disposition of the assets produced or re-  
13 ceived in connection with the mining or staking activi-  
14 ties.”.

15 (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall apply to taxable years beginning after  
17 December 31, 2022.

18 **SEC. 209. CONFORMING AMENDMENTS.**

19 (a) CHARITABLE CONTRIBUTIONS.—

20 (1) IN GENERAL.—Subclause (I) of section  
21 170(f)(11)(A)(ii) of the Internal Revenue Code of  
22 1986 is amended by inserting “, digital assets (as  
23 defined in section 9801 of title 31, United States  
24 Code)” after “6050L(a)(2)(B))”.

1           (2) EFFECTIVE DATE.—The amendment made  
2 by this subsection shall apply to taxable years begin-  
3 ning after December 31, 2022.

4           (b) OTHER CONFORMING AMENDMENTS.—

5           (1) IN GENERAL.—Title 31, United States  
6 Code, is amended—

7           (A) in section 5312(a)(2)—

8           (i) by redesignating subparagraphs  
9 (A) through (Z) as clauses (i) through  
10 (xxvi), respectively;

11           (ii) in the matter preceding clause (i),  
12 as so designated, by striking “‘institution’  
13 means—” and inserting “‘institution’—  
14 “(A) means—”;

15           (iii) in clause (xxvi), as so designated,  
16 by striking the period at the end and in-  
17 serting “; and”; and

18           (iv) by adding at the end the fol-  
19 lowing:

20           “(B) does not include a decentralized au-  
21 tonomous organization, as defined in section  
22 7701(a) of the Internal Revenue Code of  
23 1986.”; and

24           (B) in section 5336(a)(11)(B)(2)—



1 (i) by redesignating clause (xxv) as  
2 clause (xxvi); and

3 (ii) by adding after clause (xxv) the  
4 following:

5 “(xxv) A decentralized autonomous  
6 organization, as defined in section 7701(a)  
7 of the Internal Revenue Code of 1986;  
8 and”.

9 (2) ANTI-MONEY LAUNDERING ACT OF 2020.—  
10 Section 6110(a) of the Anti-Money Laundering Act  
11 of 2020 (division F of Public Law 116–283) is  
12 amended by striking paragraph (1) and inserting the  
13 following:

14 “(A) by redesignating clauses (xxv) and  
15 (xxvi) as clauses (xxvi) and (xxvii), respectively,  
16 and adjust the margins accordingly; and

17 “(B) by inserting after clause (xxiv) the  
18 following:

19 “‘(Y) a person engaged in the trade of an-  
20 tiquities, including an advisor, consultant, or  
21 any other person who engages as a business in  
22 the solicitation or the sale of antiques, subject  
23 to regulations prescribed by the Secretary;’”.

1           **TITLE III—RESPONSIBLE**  
2           **SECURITIES INNOVATION**

3   **SEC. 301. SECURITIES OFFERINGS INVOLVING CERTAIN IN-**  
4                           **TANGIBLE ASSETS.**

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

8   **“SEC. 41. SECURITIES OFFERINGS INVOLVING CERTAIN IN-**  
9                           **TANGIBLE ASSETS.**

10           “(a) DEFINITIONS.—In this section:

11                   “(1) ANCILLARY ASSET.—

12                           “(A) IN GENERAL.—The term ‘ancillary  
13                   asset’ means an intangible, fungible asset that  
14                   is offered, sold, or otherwise provided to a per-  
15                   son in connection with the purchase and sale of  
16                   a security through an arrangement or scheme  
17                   that constitutes an investment contract, as that  
18                   term is used in section 2(a)(1) of the Securities  
19                   Act of 1933 (15 U.S.C. 77b(a)(1)).

20                           “(B) EXCLUSION.—The term ‘ancillary  
21                   asset’ does not include an asset that provides  
22                   the holder of the asset with any of the following  
23                   rights in a business entity:

24                                   “(i) A debt or equity interest in that  
25                   entity.

1                   “(ii) Liquidation rights with respect  
2                   to that entity.

3                   “(iii) An entitlement to an interest or  
4                   dividend payment from that entity.

5                   “(iv) A profit or revenue share in that  
6                   entity solely from the entrepreneurial or  
7                   managerial efforts of others.

8                   “(v) Any other financial interest in  
9                   that entity.

10                  “(2) FOREIGN PRIVATE ISSUER.—The term  
11                  ‘foreign private issuer’ means a foreign issuer, other  
12                  than a foreign government, except that the term  
13                  does not include a foreign issuer that, as of the last  
14                  business day of the most recently completed fiscal  
15                  quarter of the issuer, satisfies the following condi-  
16                  tions:

17                         “(A) More than 50 percent of the out-  
18                         standing voting securities of the issuer are di-  
19                         rectly or indirectly owned by residents of the  
20                         United States.

21                         “(B) Any of the following:

22                                 “(i) The majority of the executive offi-  
23                                 cers or directors of the issuer are citizens  
24                                 or residents of the United States.

1                   “(ii) More than 50 percent of the as-  
2                   sets of the issuer are located in the United  
3                   States.

4                   “(iii) The business of the issuer is  
5                   principally administered in the United  
6                   States.

7                   “(b) DISCLOSURE REQUIREMENTS.—

8                   “(1) INITIAL COMPLIANCE WITH SPECIFIED  
9                   PERIODIC DISCLOSURE REQUIREMENTS.—Subject to  
10                  paragraphs (4) and (5), an issuer engaged in busi-  
11                  ness in or affecting interstate commerce, or that is  
12                  organized outside of the United States and is not a  
13                  foreign private issuer, that offers, sells, or otherwise  
14                  provides a security through an arrangement or  
15                  scheme that constitutes an investment contract, as  
16                  that term is used in section 2(a)(1) of the Securities  
17                  Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-  
18                  vides or proposes to provide any holder of the secu-  
19                  rity with an ancillary asset, shall be subject to the  
20                  periodic disclosure requirements under subsection (c)  
21                  for the 1-year period beginning on the date that is  
22                  180 days after the first date on which the security  
23                  is offered, sold, or otherwise provided by the issuer,  
24                  if—

1           “(A) the average daily aggregate value of  
2           all ancillary assets offered, sold, or otherwise  
3           provided by the issuer in relation to the offer,  
4           sale, or provision of the security in all spot  
5           markets open to the public in the United States  
6           (based on the knowledge of the issuer after due  
7           inquiry) is greater than \$5,000,000 for the  
8           180-day period immediately succeeding the date  
9           of that first offer, sale, or provision; and

10           “(B) during the 180-day period described  
11           in subparagraph (A), the issuer, or any person  
12           owning not less than 10 percent of any class of  
13           equity securities of the issuer, engaged in entre-  
14           preneurial or managerial efforts that primarily  
15           determined the value of the ancillary asset.

16           “(2) ONGOING COMPLIANCE WITH SPECIFIED  
17           PERIODIC DISCLOSURE REQUIREMENTS.—Subject to  
18           paragraphs (4) and (5), an issuer that is engaged in  
19           business in or affecting interstate commerce, or that  
20           is organized outside of the United States and is not  
21           a foreign private issuer, that offers, sells, or other-  
22           wise provides a security through an arrangement or  
23           scheme that constitutes an investment contract, as  
24           that term is used in section 2(a)(1) of the Securities  
25           Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-

1       vides the holder of the security with an ancillary  
2       asset in connection with the acquisition of the secu-  
3       rity, shall be subject to the periodic disclosure re-  
4       quirements under subsection (c) for a given fiscal  
5       year of that issuer, if, in the immediately preceding  
6       fiscal year of the issuer (or any portion thereof)—

7               “(A) the average daily aggregate value of  
8               all trading in the ancillary asset in all spot mar-  
9               kets open to the public in the United States  
10              was greater than \$5,000,000, based on the  
11              knowledge of the issuer after due inquiry; and

12              “(B) the issuer, or any person owning not  
13              less than 10 percent of any class of equity secu-  
14              rities of the issuer, engaged in entrepreneurial  
15              or managerial efforts that primarily determined  
16              the value of the ancillary asset.

17              “(3) TRANSITION RULE.—Subject to para-  
18              graphs (4) and (5), an issuer that is engaged in  
19              business in or affecting interstate commerce, or that  
20              is organized outside of the United States and is not  
21              a foreign private issuer, that offers, sells, or other-  
22              wise provides a security through an arrangement or  
23              scheme that constitutes an investment contract, as  
24              that term is used in section 2(a)(1) of the Securities  
25              Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-

1       vides the holder of the security with an ancillary  
2       asset before January 1, 2023, in connection with the  
3       acquisition of the security shall be subject to the  
4       periodic disclosure requirements under subsection (c)  
5       beginning in the first fiscal year of the issuer that  
6       begins on or after that date, if, in the immediately  
7       preceding fiscal year of the issuer—

8               “(A) the average daily aggregate value of  
9               trading in the ancillary asset in all spot mar-  
10              kets open to the public for which trading vol-  
11              ume is generally available was greater than  
12              \$5,000,000, based on the knowledge of the  
13              issuer after due inquiry; and

14             “(B) the issuer, or any person owning not  
15             less than 10 percent of any class of equity secu-  
16             rities of the issuer, engaged in entrepreneurial  
17             or managerial efforts that primarily determined  
18             the value of the ancillary asset.

19             “(4) TREATMENT OF ANCILLARY ASSETS.—

20             “(A) IN GENERAL.—Notwithstanding any  
21             other provision of law, if an issuer issues a se-  
22             curity through an arrangement or scheme that  
23             constitutes an investment contract, as that term  
24             is used in section 2(a)(1) of the Securities Act  
25             of 1933 (15 U.S.C. 77b(a)(1)), is subject to

1 paragraph (1), (2), or (3), and is in compliance  
2 with the periodic disclosure requirements under  
3 subsection (c), an ancillary asset provided di-  
4 rectly or indirectly by the issuer shall be pre-  
5 sumed—

6 “(i) to be a commodity, consistent  
7 with section 2(c)(2)(F) of the Commodity  
8 Exchange Act (7 U.S.C. 2(c)(2)(F)); and

9 “(ii) not to be a security under—

10 “(I) section 3(a);

11 “(II) such section 2(a)(1);

12 “(III) section 2(a) of the Invest-  
13 ment Company Act of 1940 (15  
14 U.S.C. 80a-2(a));

15 “(IV) section 202(a) of the In-  
16 vestment Advisers Act of 1940 (15  
17 U.S.C. 80b-2(a)); or

18 “(V) any applicable provision of  
19 State law.

20 “(B) OTHER PERSONS.—A person who is  
21 not an issuer, an entity controlled by an issuer  
22 (including a person that acquires an ancillary  
23 asset from such an issuer for the purpose of re-  
24 sale or distribution of the ancillary asset), or a  
25 person acting at the direction or on the behalf



1 of an issuer shall be not required to treat an  
2 ancillary asset provided by an issuer as a secu-  
3 rity under this Act or any provision of law de-  
4 scribed in subparagraph (A)(ii).

5 “(C) EXCEPTION.—

6 “(i) IN GENERAL.—Subparagraph (A)  
7 shall not apply to an ancillary asset if a  
8 court of the United States of competent ju-  
9 risdiction, after an appropriate proceeding,  
10 issues an order finding that there is not a  
11 substantial basis for the presumption that  
12 the ancillary asset is a commodity and not  
13 a security under subparagraph (A).

14 “(ii) RULES OF CONSTRUCTION.—

15 Nothing in this subparagraph shall be con-  
16 strued to preclude the Commission from  
17 entering into a settlement agreement relat-  
18 ing to violations or alleged violations of  
19 this section. Compliance under this section  
20 shall not be used in any administrative or  
21 judicial proceeding that an ancillary asset  
22 is a security.

23 “(5) CALCULATION.—For the purposes of para-  
24 graphs (1), (2), and (3), the calculation of daily ag-  
25 gregate value shall be based on data disclosed by

1 spot markets or otherwise available to the public for  
2 inspection.

3 “(c) SPECIFIED PERIODIC DISCLOSURE REQUIRE-  
4 MENTS.—If an issuer is subject to paragraph (1), (2), or  
5 (3) of subsection (b), the issuer shall furnish, or cause  
6 the relevant affiliate to furnish, to the Commission, on a  
7 semi-annual basis, information that the Commission may,  
8 by rule, require relating to the issuer and any relevant  
9 ancillary asset, as necessary or appropriate in the public  
10 interest or for the protection of investors, which shall be  
11 exclusively comprised of the following:

12 “(1) Basic corporate information regarding the  
13 issuer, including the following:

14 “(A) The experience of the issuer in devel-  
15 oping assets similar to the ancillary asset.

16 “(B) If the issuer has previously provided  
17 ancillary assets to purchasers of securities, in-  
18 formation on the subsequent history of those  
19 previously provided ancillary assets, including  
20 price history, if the information is publicly  
21 available.

22 “(C) The activities that the issuer has  
23 taken in the relevant disclosure period, and is  
24 projecting to take in the 1-year period following  
25 the submission of the disclosure, with respect to

1 promoting the use, value, or resale of the ancil-  
2 lary asset (including any activity to facilitate  
3 the creation or maintenance of a trading mar-  
4 ket for the ancillary asset and any network or  
5 system that utilizes the ancillary asset).

6 “(D) The anticipated cost of the activities  
7 of the issuer in subparagraph (C) and whether  
8 the issuer has unencumbered, liquid funds equal  
9 to that amount.

10 “(E) To the extent the ancillary asset in-  
11 volves the use of a particular technology, the  
12 experience of the issuer with the use of that  
13 technology.

14 “(F) The backgrounds of the board of di-  
15 rectors (or equivalent body), senior manage-  
16 ment, and key employees of the issuer, the ex-  
17 perience or functions of whom are material to  
18 the value of the ancillary asset, as well as any  
19 personnel changes relating to the issuer during  
20 the period covered by the disclosure.

21 “(G) A description of the assets and liabil-  
22 ities of the issuer, to the extent material to the  
23 value of the ancillary asset.

24 “(H) A description of any legal pro-  
25 ceedings in which the issuer is engaged (includ-

1           ing inquiries by governmental agencies into the  
2           activities of the issuer), to the extent material  
3           to the value of the ancillary asset.

4           “(I) Risk factors relating to the impact of  
5           the issuer on, or unique knowledge relating to,  
6           the value of the ancillary asset.

7           “(J) Information relating to ownership of  
8           the ancillary asset by—

9                   “(i) persons owning not less than 10  
10                   percent of any class of equity security of  
11                   the issuer; and

12                   “(ii) the management of the issuer.

13           “(K) Information relating to transactions  
14           involving the ancillary asset by the issuer with  
15           related persons, promoters, and control persons.

16           “(L) Recent sales or similar dispositions of  
17           ancillary assets by the issuer and affiliates of  
18           the issuer.

19           “(M) Purchases or similar dispositions of  
20           ancillary assets by the issuer and affiliates of  
21           the issuer.

22           “(N) A going concern statement from the  
23           chief financial officer of the issuer or equivalent  
24           official, signed under penalty of perjury, stating  
25           whether the issuer maintains the financial re-

1 sources to continue business as a going concern  
2 for the 1-year period following the submission  
3 of the disclosure, absent a material change in  
4 circumstances.

5 “(2) Information relating to the ancillary asset,  
6 including the following:

7 “(A) A general description of the ancillary  
8 asset, including the standard unit of measure  
9 with respect to the ancillary asset, the intended  
10 or known functionality and uses of the ancillary  
11 asset, the market for the ancillary asset, other  
12 assets or services that may compete with the  
13 ancillary asset, and the total supply of the an-  
14 cillary asset or the manner and rate of the on-  
15 going production or creation of the ancillary  
16 asset.

17 “(B) If ancillary assets have been offered,  
18 sold, or otherwise provided by the issuer to in-  
19 vestors, intermediaries, or resellers, a descrip-  
20 tion of the amount of assets offered, sold, or  
21 provided, the terms of each such transaction,  
22 and any contractual or other restrictions on the  
23 resale of the assets by intermediaries.

24 “(C) If ancillary assets were distributed  
25 without charge, a description of each distribu-

1           tion, including the identity of any recipient that  
2           received more than 5 percent of the total  
3           amount of the ancillary assets in any such dis-  
4           tribution.

5           “(D) The amount of ancillary assets owned  
6           by the issuer.

7           “(E) For the 1-year period following the  
8           submission of the disclosure, a description of  
9           the plans of the issuer to support (or to cease  
10          supporting) the use or development of the ancil-  
11          lary asset, including markets for the ancillary  
12          asset and each platform or system that uses the  
13          ancillary asset.

14          “(F) Each third party not affiliated with  
15          the issuer, the activities of which may have a  
16          material impact on the value of the ancillary  
17          asset.

18          “(G) Risk factors known to the issuer that  
19          may limit demand for, or interest in, the ancil-  
20          lary asset.

21          “(H) The names and locations of the mar-  
22          kets in which the ancillary asset is known by  
23          the issuer to be available for sale or purchase.

24          “(I) To the extent available to the issuer,  
25          the average daily price for a constant unit of

1 value of the ancillary asset during the relevant  
2 reporting period, as well as the 12-month high  
3 and low prices for the ancillary asset.

4 “(J) If applicable, information relating to  
5 any external audit of the code and functionality  
6 of the ancillary asset, including the entity per-  
7 forming the audit and the experience of the en-  
8 tity in conducting similar audits.

9 “(K) If applicable, any third-party valu-  
10 ation report or economic analysis regarding the  
11 ancillary asset or the projected market of the  
12 ancillary asset, which shall include the entity  
13 performing the valuation or analysis and the ex-  
14 perience of the entity in conducting similar re-  
15 ports or analyses.

16 “(L) If the ancillary asset is intangible, in-  
17 formation relating to custody by the owner of  
18 the ancillary asset or a third party.

19 “(M) Information on intellectual property  
20 rights claimed or disputed relating to the ancil-  
21 lary asset.

22 “(N) A description of the technology un-  
23 derlying the ancillary asset.

1           “(O) Any material tax considerations ap-  
2           plicable to owning, storing, using, or trading  
3           the ancillary asset.

4           “(P) Any material legal or regulatory con-  
5           siderations applicable to owning, storing, using,  
6           or trading the ancillary asset, including any  
7           legal proceeding that may impact the value of  
8           the ancillary asset.

9           “(Q) Any other material factor or informa-  
10          tion that may impact the value of the ancillary  
11          asset and about which the issuer is reasonably  
12          aware.

13          “(d) APPLICATION TO SUCCESSOR ENTITIES AND  
14          CERTAIN AFFILIATES.—

15                 “(1) IN GENERAL.—If an issuer would other-  
16                 wise be subject to specified periodic disclosure re-  
17                 quirements under subsection (e) and is no longer in  
18                 operation, any successor entity that directly or indi-  
19                 rectly received not less than 50 percent of the pro-  
20                 ceeds raised by the sale of the related securities of  
21                 that issuer, and that is engaged in entrepreneurial  
22                 or managerial efforts that primarily determine the  
23                 value of the applicable ancillary asset, shall furnish,  
24                 or cause to be furnished, to the Commission the in-  
25                 formation required under that subsection.



1           “(2) CERTAIN AFFILIATES.—If an entity con-  
2           trolled by an issuer is subject to specified periodic  
3           disclosure requirements under subsection (c) and is  
4           engaged in entrepreneurial or managerial efforts  
5           that primarily determine the value of an ancillary  
6           asset, the entity may furnish to the Commission the  
7           information required under that subsection.

8           “(e) VOLUNTARY DISCLOSURE.—An issuer that is  
9           not subject to the specified periodic disclosure require-  
10          ments under subsection (c) and that offers or sells a secu-  
11          rity through an arrangement or scheme that constitutes  
12          an investment contract, as that term is used in section  
13          2(a)(1) of the Securities Act of 1933 (15 U.S.C.  
14          77b(a)(1)), and that provides the holder of that security  
15          with an ancillary asset in connection with the acquisition  
16          of the security may voluntarily furnish to the Commission  
17          the information required under that subsection if the  
18          issuer believes that it is reasonably likely that the issuer  
19          will become subject to those requirements in the future.

20          “(f) EXEMPTIONS.—The Commission may, by order,  
21          exempt an ancillary asset from the specified periodic dis-  
22          closure requirements under subsection (c) if the Commis-  
23          sion determines that the public policy goals of disclosure  
24          and consumer protection are not satisfied by requiring dis-  
25          closures relating to an ancillary asset.



1 issuer filing the certification, after due inquiry,  
2 that—

3 “(i) the average daily aggregate value  
4 of all trading in the applicable ancillary  
5 asset in all spot markets open to the public  
6 in the United States in the 12-month pe-  
7 riod preceding the date on which the cer-  
8 tification is filed was not greater than  
9 \$5,000,000; or

10 “(ii) during the 12-month period pre-  
11 ceding the date on which the certification  
12 is filed, neither the applicable issuer, nor  
13 any entity controlled by the applicable  
14 issuer, engaged in entrepreneurial or man-  
15 agerial efforts that primarily determined  
16 the value of the ancillary asset.

17 “(B) DENIAL.—

18 “(i) IN GENERAL.—Subject to sub-  
19 paragraph (C)(ii), the Commission may, by  
20 majority vote and after notice and oppor-  
21 tunity for hearing, deny a certification filed  
22 under paragraph (1) if the Commission  
23 finds that the certification is not supported  
24 by substantial evidence.

1           “(ii) EFFECT.—The denial, under  
2 clause (i), of a certification filed under  
3 paragraph (1)—

4           “(I) shall terminate the certifi-  
5 cation so filed; and

6           “(II) shall not prevent the appli-  
7 cable issuer from filing another cer-  
8 tification under paragraph (1), if the  
9 re-filed certification is filed not earlier  
10 than 180 days after the date on which  
11 the original certification is denied.

12           “(C) PENDING STATUS.—

13           “(i) IN GENERAL.—Termination of  
14 the disclosure requirements described in  
15 paragraph (1) applicable to an issuer that  
16 has filed a certification under that para-  
17 graph shall be deferred pending review by  
18 the Commission of the evidence supporting  
19 the certification.

20           “(ii) EFFECT OF DELAY.—If, as of  
21 the date that is 90 days after receiving a  
22 certification filed under paragraph (1), the  
23 Commission has not requested additional  
24 evidence with respect to the certification  
25 from the applicable issuer, the disclosure

1 obligations that are the subject of the cer-  
2 tification shall terminate.”.

3 **SEC. 303. GUIDANCE RELATING TO SATISFACTORY CON-**  
4 **TROL LOCATION.**

5 Not later than 180 days after the date of the enact-  
6 ment of this Act, the Securities and Exchange Commission  
7 (referred to in this title as the “Commission”) shall issue  
8 guidance relating to section 240.15c3–3 of title 17, Code  
9 of Federal Regulations, or any successor regulation, pro-  
10 viding that the requirement to designate a satisfactory  
11 control location for a digital asset that is, or may rep-  
12 resent ownership of, a security may be satisfied by pro-  
13 tecting the digital asset through commercially reasonable  
14 cybersecurity practices to maintain control of sufficient  
15 private key material to transfer control of the digital asset  
16 to another person, or to cause another person to obtain  
17 control of the digital asset, including by means of a smart  
18 contract that generates private key material without the  
19 involvement of a natural person.

20 **SEC. 304. CUSTODY AND CUSTOMER PROTECTION RULES.**

21 (a) IN GENERAL.—

22 (1) MODERNIZATION OF EXISTING RULES AND  
23 ADOPTION OF NEW RULES.—Not later than 18  
24 months after the date of enactment of this Act, the  
25 Commission shall—

1 (A) complete the multi-year study of the  
2 Commission with respect to the modernization  
3 of the rules of the Commission relating to cus-  
4 tomer protection (section 240.15c3-3 of title  
5 17, Code of Federal Regulations) and custody  
6 of securities, digital assets, and client funds  
7 (section 275.206(4)-2 of title 17, Code of Fed-  
8 eral Regulations); and

9 (B) consistent with the results of the study  
10 described in subparagraph (A), adopt final rules  
11 relating to the issues described in paragraph  
12 (2).

13 (2) CONTENTS.—The final rules adopted under  
14 paragraph (1)(B) shall address the following con-  
15 cepts:

16 (A) Investor protection and education with  
17 respect to digital assets.

18 (B) Digital assets, distributed ledger tech-  
19 nology, and use of collaborative custody or  
20 multi-signature arrangements, including dis-  
21 tribution of private key material and resulting  
22 obligations.

23 (C) Changes in market structure and asset  
24 characteristics, including disuse of physical se-

1 securities and assets and appropriate custodial  
2 methods for electronically native assets.

3 (D) Reduction of regulatory burden.

4 (E) Use of technology to facilitate regu-  
5 latory compliance and risk management.

6 (F) Parity of State- and nationally char-  
7 tered banks, as defined in section 202(a) of the  
8 Investment Advisers Act of 1940 (15 U.S.C.  
9 80b-2(a)), with respect to asset custody in a  
10 manner consistent with that Act (15 U.S.C.  
11 80b-1 et seq.) and other existing law.

12 (G) Standards under which an issuer of an  
13 unregistered digital asset that is, or may rep-  
14 resent ownership of, a security is not required  
15 to utilize a registered transfer agent.

16 (H) Specification of the digital assets  
17 which constitute client funds under section  
18 275.206(4)-2 of title 17, Code of Federal Reg-  
19 ulations.

20 (b) DIGITAL ASSETS AND SECURITIES.—Not later  
21 than 270 days after the date of enactment of this Act,  
22 the Commission shall adopt final guidance permitting, for  
23 the purposes of section 240.15c3-3(b) of title 17, Code  
24 of Federal Regulations, a broker or a dealer to perform,  
25 within the same legal entity, both trading and custodial

1 activities relating to fully paid and excess margin digital  
 2 assets, including virtual currency and digital assets that  
 3 are securities or may represent ownership of securities, in  
 4 addition to traditional securities, client funds, and other  
 5 assets permitted by the Commission to be within the con-  
 6 trol of a broker or dealer.

7 **TITLE IV—RESPONSIBLE**  
 8 **COMMODITIES INNOVATION**

9 **SEC. 401. DEFINITIONS.**

10 Section 1a of the Commodity Exchange Act (7 U.S.C.  
 11 1a) is amended—

12 (1) in paragraph (9), by striking “and frozen  
 13 concentrated orange juice” and inserting “frozen  
 14 concentrated orange juice, and a digital asset (con-  
 15 sistent with section 2(c)(2)(F))”;

16 (2) by inserting after paragraph (15) the fol-  
 17 lowing:

18 “(15A) DIGITAL ASSET.—

19 “(A) IN GENERAL.—Except as provided in  
 20 subparagraph (B), the term ‘digital asset’ has  
 21 the meaning given the term in section 9801 of  
 22 title 31, United States Code.

23 “(B) EXCLUSION.—The term ‘digital  
 24 asset’ does not include an asset that provides



1 the holder of the asset with any of the following  
 2 rights in a business entity:

3 “(i) A debt or equity interest in that  
 4 entity.

5 “(ii) Liquidation rights with respect  
 6 to that entity.

7 “(iii) An entitlement to an interest or  
 8 dividend payment from that entity.

9 “(iv) A profit or revenue share in that  
 10 entity derived solely from the entrepre-  
 11 neurial or managerial efforts of others.

12 “(v) Any other financial interest in  
 13 that entity.

14 “(15B) DIGITAL ASSET EXCHANGE.—The term  
 15 ‘digital asset exchange’ means a trading facility that  
 16 lists for trading at least 1 digital asset.”;

17 (3) in paragraph (28)(A)(i)—

18 (A) in subclause (I)—

19 (i) in item (aa)—

20 (I) in subitem (EE), by striking

21 “or” at the end; and

22 (II) by adding at the end the fol-  
 23 lowing:

24 “(GG) the purchase or  
 25 sale of a digital asset that is

1 traded on or subject to the  
2 rules of a registered entity;”;

3 (ii) in item (bb), by striking “and”  
4 and inserting “or”; and

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

7 “(cc) acting as a  
8 counterparty to any cash or spot  
9 agreement, contract, or trans-  
10 action involving a digital asset  
11 with a person who is not an eligi-  
12 ble contract participant, unless  
13 the activity is—

14 “(AA) conducted in  
15 compliance with the laws of  
16 the State in which the activ-  
17 ity occurs;

18 “(BB) subject to regu-  
19 lation by another Federal  
20 authority; or

21 “(CC) separately regu-  
22 lated under this Act; and”;  
23 and

1 (B) in subclause (II), by striking “items  
2 (aa) or (bb)” and inserting “item (aa), (bb), or  
3 (cc)”;

4 (4) by inserting after paragraph (39) the fol-  
5 lowing:

6 “(39A) REGISTERED DIGITAL ASSET EX-  
7 CHANGE.—The term ‘registered digital asset ex-  
8 change’ means a digital asset exchange registered  
9 under section 5i.”; and

10 (5) in paragraph (40)—

11 (A) in subparagraph (E), by striking  
12 “and” at the end;

13 (B) by redesignating subparagraph (F) as  
14 subparagraph (G); and

15 (C) by inserting after subparagraph (E)  
16 the following:

17 “(F) a registered digital asset exchange;  
18 and”.

19 **SEC. 402. REPORTING AND RECORDKEEPING.**

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

22 (1) in subsection (a), by inserting “digital as-  
23 sets or” before “commodities”; and

1           (2) in subsection (d), in the second sentence, by  
2           striking “commodity futures.” and inserting “com-  
3           modities.”.

4 **SEC. 403. CFTC JURISDICTION OVER DIGITAL ASSET**  
5 **TRANSACTIONS.**

6           (a) COMMISSION JURISDICTION OVER RETAIL DIG-  
7           ITAL ASSET TRANSACTIONS.—

8           (1) IN GENERAL.—Section 2(c)(2) of the Com-  
9           modity Exchange Act (7 U.S.C. 2(c)(2)) is amend-  
10          ed—

11           (A) in subparagraph (D)(ii)—

12           (i) in subclause (III), in the matter  
13           preceding item (aa), by inserting “of a  
14           commodity, other than a digital asset,” be-  
15           fore “that”;

16           (ii) by redesignating subclauses (IV)  
17           and (V) as subclauses (V) and (VI), re-  
18           spectively; and

19           (iii) by inserting after subclause (III)  
20           the following:

21           “(IV) a contract of sale of a dig-  
22           ital asset that—

23           “(aa) results in actual deliv-  
24           ery within 2 days or such other  
25           period as the Commission may

1 determine by rule based upon the  
2 typical commercial practice in  
3 cash or spot markets for the dig-  
4 ital asset involved; or

5 “(bb) is executed on or sub-  
6 ject to the rules of a registered  
7 digital asset exchange or with a  
8 registered futures commission  
9 merchant;”; and

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

11 “(F) COMMISSION JURISDICTION OVER  
12 DIGITAL ASSET TRANSACTIONS.—

13 “(i) IN GENERAL.—

14 “(I) JURISDICTION.—Subject to  
15 sections 6d and 12(e) and section 403  
16 of the Commodity Futures Moderniza-  
17 tion Act of 2000 (7 U.S.C. 27a), the  
18 Commission shall have exclusive juris-  
19 diction over any agreement, contract,  
20 or transaction involving a contract of  
21 sale of a digital asset in interstate  
22 commerce, including ancillary assets  
23 (consistent with section 41(b)(4) of  
24 the Securities Exchange Act of 1934),  
25 except that specified periodic report-

1           ing requirements made by an issuer  
2           which provided the holder of the secu-  
3           rity with an ancillary asset under that  
4           section, and the security that con-  
5           stitutes an investment contract (with-  
6           in the meaning of section 2(a)(1) of  
7           the Securities Act of 1933 (15 U.S.C.  
8           77b(a)(1))), shall remain within the  
9           jurisdiction of the Securities and Ex-  
10          change Commission.

11                   “(II) FUNGIBILITY REQUIRE-  
12                   MENT.—The Commission shall only  
13                   exercise jurisdiction over an agree-  
14                   ment, contract, or transaction involv-  
15                   ing a contract of sale of a digital asset  
16                   that is fungible, which shall not in-  
17                   clude digital collectibles and other  
18                   unique digital assets.

19                   “(ii) WITHHOLDING OF RULEMAKING  
20                   AUTHORITY OVER CERTAIN TRANS-  
21                   ACTIONS.—Notwithstanding clause (i), this  
22                   subparagraph shall not be interpreted to  
23                   permit the Commission to issue any rule  
24                   regarding any agreement, contract, or  
25                   transaction that is not offered, solicited,

1 traded, facilitated, executed, cleared, re-  
2 ported, or otherwise dealt in—

3 “(I) on or subject to the rules of  
4 a registered entity; or

5 “(II) by any other entity reg-  
6 istered by the Commission.

7 “(iii) LIMITATION.—Clause (i) shall  
8 not apply to custodial activities with re-  
9 spect to a digital asset of an entity super-  
10 vised or regulated by a State or other Fed-  
11 eral regulatory agency.”.

12 (2) CONFORMING AMENDMENT.—Section  
13 2(a)(1)(A) of the Commodity Exchange Act (7  
14 U.S.C. 2(a)(1)(A)) is amended, in the first sentence,  
15 by striking “section 19 of this Act” and inserting  
16 “subsection (c)(2)(F) or section 19”.

17 (b) SEGREGATION OF DIGITAL ASSETS.—Section 4d  
18 of the Commodity Exchange Act (7 U.S.C. 6d) is amended  
19 by adding at the end the following:

20 “(i) SEGREGATION OF DIGITAL ASSETS.—

21 “(1) HOLDING OF CUSTOMER ASSETS.—

22 “(A) IN GENERAL.—Each futures commis-  
23 sion merchant shall hold customer money, as-  
24 sets, and property in a manner to minimize the  
25 customer’s risk of loss of, or unreasonable delay

1 in the access to, the money, assets, and prop-  
2 erty.

3 “(B) CUSTODIAN.—A futures commission  
4 merchant shall hold the property of a customer  
5 of the futures commission merchant with a li-  
6 censed, chartered, or registered entity subject to  
7 regulation by 1 of the following agencies:

8 “(i) The Commission.

9 “(ii) The Securities and Exchange  
10 Commission.

11 “(iii) An appropriate Federal banking  
12 agency (as defined in section 3 of the Fed-  
13 eral Deposit Insurance Act (12 U.S.C.  
14 1813)).

15 “(iv) A State bank supervisor (as de-  
16 fined in that section).

17 “(v) An appropriate foreign govern-  
18 mental authority in the home country of  
19 the custodian.

20 “(2) SEGREGATION OF FUNDS.—

21 “(A) DEFINITION OF DIGITAL ASSET CUS-  
22 TOMER.—In this paragraph, the term ‘digital  
23 asset customer’ means a customer involved in a  
24 cash or spot, leveraged, margined, or financed  
25 digital asset transaction in which the futures



1 commission merchant is acting as the  
2 counterparty.

3 “(B) REQUIREMENTS.—

4 “(i) IN GENERAL.—A futures commis-  
5 sion merchant shall treat and deal with all  
6 money, assets, and property of any digital  
7 asset customer received as belonging to the  
8 customer.

9 “(ii) COMMINGLING PROHIBITED.—  
10 Money, assets, and property of a digital  
11 asset customer described in clause (i)—

12 “(I) shall be separately accounted  
13 for; and

14 “(II) shall not be—

15 “(aa) commingled with the  
16 funds of the futures commission  
17 merchant; or

18 “(bb) used to margin, se-  
19 cure, or guarantee any trades or  
20 accounts of any customer or per-  
21 son other than the person for  
22 whom the money, assets, or prop-  
23 erty are held.

24 “(C) EXCEPTIONS.—

25 “(i) USE OF FUNDS.—

1           “(I) IN GENERAL.—Notwith-  
2 standing subparagraph (B), money,  
3 assets, and property of a digital asset  
4 customer may, for convenience, be  
5 commingled and deposited in the same  
6 account or accounts with an entity de-  
7 scribed in paragraph (1)(B).

8           “(II) WITHDRAWAL.—Notwith-  
9 standing subparagraph (B), the share  
10 of the money, assets, and property de-  
11 scribed in subclause (I) as in the nor-  
12 mal course of business is necessary to  
13 margin, guarantee, secure, transfer,  
14 adjust, or settle a digital asset trans-  
15 action with a registered entity may be  
16 withdrawn and applied to those pur-  
17 poses, including the payment of com-  
18 missions, brokerage, interest, taxes,  
19 storage, and other charges, lawfully  
20 accruing in connection with the digital  
21 asset transaction.

22           “(ii) COMMISSION ACTION.—Notwith-  
23 standing subparagraph (B), in accordance  
24 with such terms and conditions as the  
25 Commission may prescribe by rule or

1 order, any money, assets, or property of a  
2 digital asset customer may be commingled  
3 and deposited in customer accounts with  
4 any other money, assets, or property re-  
5 ceived by the futures commission merchant  
6 and required by the Commission to be sep-  
7 arately accounted for and treated and dealt  
8 with as belonging to the digital asset cus-  
9 tomer.

10 “(D) PERMITTED INVESTMENTS.—Money  
11 of a digital asset customer may be invested—

12 “(i) in—

13 “(I) obligations of the United  
14 States;

15 “(II) general obligations of any  
16 State or of any political subdivision of  
17 a State;

18 “(III) obligations fully guaran-  
19 teed as to principal and interest by  
20 the United States; or

21 “(IV) any other investment that  
22 the Commission may by rule pre-  
23 scribe; and

1           “(ii) in accordance with such rules  
2           and subject to such conditions as the Com-  
3           mission may prescribe.

4           “(E) PROHIBITION.—It shall be unlawful  
5           for any person, including any derivatives clear-  
6           ing organization or depository institution, that  
7           has received any money, assets, or property for  
8           deposit in a separate account or accounts as re-  
9           quired by subparagraph (B) to hold, dispose of,  
10          or use any of the money, assets, or property  
11          that belongs to the depositing futures commis-  
12          sion merchant or any person other than the dig-  
13          ital asset customer of the futures commission  
14          merchant.

15          “(3) CUSTOMER RIGHT TO OPT OUT.—

16                 “(A) IN GENERAL.—A customer shall have  
17                 the right to waive any requirement under this  
18                 subsection by affirmatively electing, in writing  
19                 to the futures commission merchant, to waive  
20                 the requirement.

21                 “(B) LIMITATIONS.—The Commission  
22                 may, by rule, establish notice and disclosure re-  
23                 quirements, segregation requirements, invest-  
24                 ment limitations, and other rules relating to the  
25                 waiving of any requirement under this sub-

1 section that are reasonably necessary to protect  
2 customers, including eligible contract partici-  
3 pants, non-eligible contract participants, and  
4 any other class of customers.”.

5 (c) LIMITATION ON FUTURES COMMISSION MER-  
6 CHANTS ACTING AS A COUNTERPARTY IN DIGITAL ASSET  
7 TRANSACTIONS.—Section 4d of the Commodity Exchange  
8 Act (7 U.S.C. 6d) (as amended by subsection (b)) is  
9 amended by adding at the end the following:

10 “(j) LIMITATION ON FUTURES COMMISSION MER-  
11 CHANTS ACTING AS A COUNTERPARTY IN DIGITAL ASSET  
12 TRANSACTIONS.—A registered futures commission mer-  
13 chant shall not act as a counterparty in any agreement,  
14 contract, or transaction involving a digital asset that has  
15 not been listed for trading on a registered digital asset  
16 exchange.”.

17 (d) COMMON PROVISIONS APPLICABLE TO REG-  
18 ISTERED ENTITIES.—Section 5c of the Commodity Ex-  
19 change Act (7 U.S.C. 7a–2) is amended—

20 (1) in subsection (a)(1), by striking “5(d) and  
21 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

22 (2) in subsection (b), by inserting “registered  
23 digital asset exchange,” before “derivatives” each  
24 place it appears; and

25 (3) in subsection (c)—

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

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 THE LISTING OF  
8 CERTAIN DIGITAL ASSETS.—

9 “(i) IN GENERAL.—In the case of list-  
10 ing for trading a digital asset that has not  
11 previously been listed for trading on an-  
12 other registered entity—

13 “(I) paragraphs (2) and (3) shall  
14 apply as if the listing were a rule; and

15 “(II) paragraph (2) shall be ap-  
16 plied by substituting ‘20 business  
17 days’ for ‘10 business days’.

18 “(ii) TRANSITIONAL EXTENSION.—  
19 During the 1-year period beginning on the  
20 date of the registration of the first digital  
21 asset exchange, the Commission shall have  
22 an additional 20 business days to review  
23 any certification under clause (i).

24 “(iii) CONSIDERATION OF COM-  
25 MENTS.—In conducting a review under

1 clause (i), the Commission shall consider  
2 any comments provided by the Securities  
3 and Exchange Commission with respect to  
4 the legal classification of a digital asset.”.

5 **SEC. 404. REGISTRATION OF DIGITAL ASSET EXCHANGES.**

6 (a) IN GENERAL.—The Commodity Exchange Act (7  
7 U.S.C. 1 et seq.) is amended by inserting after section  
8 5h the following:

9 **“SEC. 5i. REGISTRATION OF DIGITAL ASSET EXCHANGES.**

10 “(a) DEFINITION OF CUSTOMER.—In this section,  
11 the term ‘customer’ means any person that maintains an  
12 account for the trading of digital assets directly with a  
13 registered digital asset exchange (other than a person that  
14 is owned or controlled, directly or indirectly, by the reg-  
15 istered digital asset exchange) on behalf of the person or  
16 any other person.

17 “(b) REGISTRATION.—

18 “(1) IN GENERAL.—Any trading facility that  
19 offers or seeks to offer a market in digital assets  
20 may register with the Commission as a digital asset  
21 exchange by submitting to the Commission an appli-  
22 cation in such form and containing such information  
23 as the Commission may require for the purpose of  
24 making the determinations required for approval  
25 under subsections (d) and (f).

1           “(2) DEEMED REGISTRATION.—A registered  
2 designated contract market or registered swap exe-  
3 cution facility that fulfills the requirements of this  
4 section may elect to be considered a registered dig-  
5 ital asset exchange, in such form and manner as the  
6 Commission shall prescribe.

7           “(3) ADDITIONAL REGISTRATION.—A registered  
8 digital asset exchange shall be registered with the  
9 Secretary of the Treasury as a money services busi-  
10 ness.

11          “(c) TRADING.—

12           “(1) IN GENERAL.—A registered digital asset  
13 exchange may make available for trading any digital  
14 asset that is not readily susceptible to manipulation,  
15 subject to this subsection.

16           “(2) RULES GOVERNING MARGINED OR LEVER-  
17 AGED TRADING.—The Commission may make, pro-  
18 mulgate, and enforce such additional rules governing  
19 margined, leveraged, or financed transactions as are  
20 reasonably necessary to protect market participants  
21 and promote the orderly settlement of transactions  
22 with respect to—

23                   “(A) disclosure;

24                   “(B) recordkeeping;



1           “(C) capital, margin, and other financial  
2 resources;

3           “(D) reporting;

4           “(E) business conduct;

5           “(F) documentation; and

6           “(G) such other matters as the Commis-  
7 sion determines to be necessary.

8           “(3) PROHIBITION ON TRADING DERIVATIVES  
9 PRODUCTS.—Registration as a digital asset exchange  
10 shall not permit a trading facility to offer any con-  
11 tract of sale of a commodity for future delivery, op-  
12 tion, or swap for trading without also being reg-  
13 istered as a designated contract market or swap exe-  
14 cution facility.

15          “(d) CORE PRINCIPLES FOR DIGITAL ASSET EX-  
16 CHANGES.—

17           “(1) COMPLIANCE WITH CORE PRINCIPLES.—

18           “(A) IN GENERAL.—To be registered, and  
19 maintain registration, as a digital asset ex-  
20 change, the registered digital asset exchange  
21 shall comply with—

22           “(i) the core principles described in  
23 this subsection; and

1                   “(ii) any requirement that the Com-  
2                   mission may impose by rule pursuant to  
3                   section 8a(5).

4                   “(B) REASONABLE DISCRETION OF DIG-  
5                   ITAL ASSET EXCHANGE.—Unless otherwise de-  
6                   termined by the Commission by rule, a reg-  
7                   istered digital asset exchange described in sub-  
8                   paragraph (A) shall have reasonable discretion  
9                   in establishing the manner in which the reg-  
10                  istered digital asset exchange complies with the  
11                  core principles described in this subsection.

12                  “(2) COMPLIANCE WITH RULES.—A registered  
13                  digital asset exchange shall—

14                         “(A) establish and enforce compliance with  
15                         1 or more rules of the registered digital asset  
16                         exchange, including—

17                                 “(i) the terms and conditions of the  
18                                 trades traded or processed on or through  
19                                 the registered digital asset exchange; and

20   “(ii) any limitation on access to the  
21   registered digital asset exchange;

22                         “(B) establish and enforce compliance with  
23                         trading, trade processing, and participation  
24                         rules that will deter abuses and have the capac-

1           ity to detect, investigate, and enforce violations  
2           of those rules, including means—

3                   “(i) to provide market participants  
4                   with impartial access to the market; and

5                   “(ii) to capture information that may  
6                   be used in establishing whether rule viola-  
7                   tions have occurred; and

8                   “(C) establish rules governing the oper-  
9                   ation of the registered digital asset exchange,  
10                  including rules specifying trading procedures to  
11                  be used in entering and executing orders traded  
12                  or posted on the registered digital asset ex-  
13                  change.

14                  “(3) DIGITAL ASSETS NOT READILY SUSCEP-  
15                  TIBLE TO MANIPULATION.—

16                   “(A) IN GENERAL.—A registered digital  
17                   asset exchange shall permit trading only in as-  
18                   sets that are not readily susceptible to manipu-  
19                   lation.

20                   “(B) LISTING RESTRICTIONS.—A reg-  
21                   istered digital asset exchange shall not permit  
22                   trading in a digital asset if it is reasonably like-  
23                   ly that—

24                           “(i) the transaction history of the dig-  
25                           ital asset can be fraudulently altered by

1 any person or group of persons acting col-  
2 lectively; or

3 “(ii) the functionality or operation of  
4 the digital asset can be materially altered  
5 by any person or group of persons under  
6 common control.

7 “(C) CONSIDERATIONS.—In assessing a  
8 digital asset under this paragraph, a registered  
9 digital asset exchange shall consider—

10 “(i) the purpose and use of the digital  
11 asset;

12 “(ii) the creation or release process of  
13 the digital asset;

14 “(iii) the consensus mechanism of the  
15 digital asset;

16 “(iv) the governance structure of the  
17 digital asset;

18 “(v) the participation and distribution  
19 of the digital asset;

20 “(vi) the current and proposed  
21 functionality of the digital asset;

22 “(vii) the legal classification of the  
23 digital asset; and

24 “(viii) any other factor required by  
25 the Commission.

1 “(4) TREATMENT OF CUSTOMER ASSETS.—

2 “(A) REQUIRED STANDARDS AND PROCE-  
3 DURES.—A registered digital asset exchange  
4 shall establish standards and procedures that  
5 are designed to protect and ensure the safety of  
6 customer money, assets, and property.

7 “(B) HOLDING OF CUSTOMER ASSETS.—

8 “(i) IN GENERAL.—A registered dig-  
9 ital asset exchange shall hold customer  
10 money, assets, and property in a manner  
11 to minimize the customer’s risk of loss of,  
12 or unreasonable delay in the access to, the  
13 money, assets, and property.

14 “(ii) SEGREGATION OF FUNDS.—

15 “(I) IN GENERAL.—A registered  
16 digital asset exchange shall treat and  
17 deal with all money, assets, and prop-  
18 erty of any customer received as be-  
19 longing to the customer.

20 “(II) COMMINGLING PROHIB-  
21 ITED.—Money, assets, and property of  
22 a customer described in subclause  
23 (I)—

24 “(aa) shall be separately ac-  
25 counted for; and

1 “(bb) shall not be—

2 “(AA) commingled with  
3 the funds of the registered  
4 digital asset exchange; or

5 “(BB) used to margin,  
6 secure, or guarantee any  
7 trades or accounts of any  
8 customer or person other  
9 than the person for whom  
10 the money, assets, or prop-  
11 erty are held.

12 “(iii) EXCEPTIONS.—

13 “(I) USE OF FUNDS.—

14 “(aa) IN GENERAL.—Not-  
15 withstanding clause (ii), money,  
16 assets, and property of customers  
17 of a registered digital asset ex-  
18 change may, for convenience, be  
19 commingled and deposited with  
20 an entity described in section  
21 4d(i)(1)(B).

22 “(bb) WITHDRAWAL.—Not-  
23 withstanding clause (ii), the  
24 share of the money, assets, and  
25 property described in item (aa)

1 as in the normal course of busi-  
2 ness is necessary to margin,  
3 guarantee, secure, transfer, ad-  
4 just, or settle a digital asset  
5 transaction with a registered en-  
6 tity may be withdrawn and ap-  
7 plied to those purposes, including  
8 the payment of commissions, bro-  
9 kerage, interest, taxes, storage,  
10 and other charges, lawfully ac-  
11 cruing in connection with the dig-  
12 ital asset transaction.

13 “(II) COMMISSION ACTION.—  
14 Notwithstanding clause (ii), in accord-  
15 ance with such terms and conditions  
16 as the Commission may prescribe by  
17 rule or order, any money, assets, or  
18 property of the customers of a reg-  
19 istered digital asset exchange may be  
20 commingled and deposited in cus-  
21 tomer accounts with any other money,  
22 assets, or property received by the  
23 registered digital asset exchange and  
24 required by the Commission to be sep-  
25 arately accounted for and treated and

1                   dealt with as belonging to the cus-  
2                   tomer of the registered digital asset  
3                   exchange.

4                   “(C) PERMITTED INVESTMENTS.—Money  
5                   described in subparagraph (B)(ii)(I) may be in-  
6                   vested—

7                   “(i) in—

8                   “(I) obligations of the United  
9                   States;

10                  “(II) general obligations of any  
11                  State or of any political subdivision of  
12                  a State;

13                  “(III) obligations fully guaran-  
14                  teed as to principal and interest by  
15                  the United States; or

16                  “(IV) any other investment that  
17                  the Commission may by rule pre-  
18                  scribe; and

19                  “(ii) in accordance with such rules  
20                  and subject to such conditions as the Com-  
21                  mission may prescribe.

22                  “(D) MISUSE OF CUSTOMER PROPERTY.—  
23                  It shall be unlawful—

24                  “(i) for any registered digital asset ex-  
25                  change that has received any customer



1 money, assets, or property for custody to  
2 dispose of, or use any of the money, assets,  
3 or property as belonging to the registered  
4 digital asset exchange; or

5 “(ii) for any other person, including  
6 any other registered digital asset exchange  
7 or custodian that has received any cus-  
8 tomer money, assets, or property for de-  
9 posit, to hold, dispose of, or use any of the  
10 money, assets, or property as belonging  
11 to—

12 “(I) the registered digital asset  
13 exchange that deposited the money,  
14 assets, or property; or

15 “(II) any person other than the  
16 customers of the registered digital  
17 asset exchange.

18 “(E) CUSTOMER RIGHT TO OPT OUT.—

19 “(i) IN GENERAL.—A customer shall  
20 have the right to waive any requirement  
21 under subparagraph (B) by affirmatively  
22 electing, in writing to the registered digital  
23 asset exchange, to waive the requirement.

24 “(ii) LIMITATIONS.—The Commission  
25 may, by rule, establish notice and disclo-

1           sure requirements, segregation require-  
2           ments, investment limitations, and other  
3           rules relating to the waiving of any re-  
4           quirement under this paragraph that is  
5           reasonably necessary to protect customers,  
6           including eligible contract participants,  
7           non-eligible contract participants, or any  
8           other class of customers.

9           “(5) MONITORING OF TRADING AND TRADE  
10          PROCESSING.—

11           “(A) IN GENERAL.—A registered digital  
12          asset exchange shall provide a competitive,  
13          open, and efficient market and mechanism for  
14          executing transactions that protects the price  
15          discovery process of trading on the registered  
16          digital asset exchange.

17           “(B) PROTECTION OF MARKETS AND MAR-  
18          KET PARTICIPANTS.—A registered digital asset  
19          exchange shall establish and enforce compliance  
20          with rules—

21           “(i) to protect markets and market  
22          participants from abusive practices com-  
23          mitted by any party, including abusive  
24          practices committed by a party acting as  
25          an agent for a participant; and

1           “(ii) to promote fair and equitable  
2 trading on the registered digital asset ex-  
3 change.

4           “(C) PROCEDURES AND MONITORING.—A  
5 registered digital asset exchange shall—

6           “(i) establish and enforce compliance  
7 with rules or terms and conditions defin-  
8 ing, or specifications detailing—

9           “(I) trading procedures to be  
10 used in entering and executing orders  
11 traded on or through the facilities of  
12 the registered digital asset exchange;  
13 and

14           “(II) procedures for trade proc-  
15 essing of digital assets on or through  
16 the facilities of the registered digital  
17 asset exchange; and

18           “(ii) monitor trading in digital assets  
19 to prevent manipulation, price distortion,  
20 and disruptions of the delivery or cash set-  
21 tlement process through surveillance, and  
22 compliance, including methods for con-  
23 ducting real-time monitoring of trading  
24 and comprehensive and accurate trade re-  
25 constructions.

1           “(6) ABILITY TO OBTAIN INFORMATION.—A  
2 registered digital asset exchange shall—

3           “(A) establish and enforce rules that will  
4 allow the registered digital asset exchange to  
5 obtain any necessary information to perform  
6 any of the functions described in this section;

7           “(B) provide the information to the Com-  
8 mission on request; and

9           “(C) have the capacity to carry out such  
10 international information-sharing agreements as  
11 the Commission may require.

12           “(7) EMERGENCY AUTHORITY.—A registered  
13 digital asset exchange shall adopt rules to provide  
14 for the exercise of emergency authority, in consulta-  
15 tion or cooperation with the Commission or a reg-  
16 istered entity, as is necessary and appropriate, in-  
17 cluding the authority to facilitate the liquidation or  
18 transfer of open positions in any digital asset or to  
19 suspend or curtail trading in a digital asset.

20           “(8) REPORTING REQUIREMENTS.—

21           “(A) IN GENERAL.—A registered digital  
22 asset exchange shall provide to the Commission  
23 information that is determined by the Commis-  
24 sion to be necessary to perform any responsi-  
25 bility of the Commission under this Act.

1                   “(B) TIMELY PUBLICATION OF TRADING  
2 INFORMATION.—

3                   “(i) IN GENERAL.—

4                   “(I) PUBLICATION.—A registered  
5 digital asset exchange shall make pub-  
6 lic timely information on price, trad-  
7 ing volume, and other trading data on  
8 digital assets to the extent prescribed  
9 by the Commission.

10                  “(II) ACCESSIBILITY.—A reg-  
11 istered digital asset exchange may  
12 make trading data freely accessible to  
13 the public under rules established by  
14 the Commission.

15                  “(ii) CAPACITY OF DIGITAL ASSET EX-  
16 CHANGE.—A registered digital asset ex-  
17 change shall be required to have the capac-  
18 ity to electronically capture and transmit  
19 trade information with respect to trans-  
20 actions executed on the registered digital  
21 asset exchange.

22                  “(9) RECORDKEEPING AND REPORTING.—

23                  “(A) IN GENERAL.—A registered digital  
24 asset exchange shall—

1           “(i) maintain records of all activities  
2 relating to the business of the registered  
3 digital asset exchange, including a com-  
4 plete audit trail, in a form and manner ac-  
5 ceptable to the Commission for a period of  
6 5 years;

7           “(ii) report to the Commission, in a  
8 form and manner acceptable to the Com-  
9 mission, such information as the Commis-  
10 sion determines to be necessary or appro-  
11 priate for the Commission to perform the  
12 duties of the Commission under this Act;  
13 and

14           “(iii) keep any records relating to an-  
15 cillary assets open to inspection and exam-  
16 ination by the Securities and Exchange  
17 Commission.

18           “(B) INFORMATION-SHARING.—Subject to  
19 section 8, and on request, the Commission shall  
20 share information collected under subparagraph  
21 (A) with—

22           “(i) a self-regulatory organization;

23           “(ii) the Securities and Exchange  
24 Commission;

1           “(iii) an appropriate Federal banking  
2           agency (as defined in section 3 of the Fed-  
3           eral Deposit Insurance Act (12 U.S.C.  
4           1813));

5           “(iv) a State bank supervisor (as de-  
6           fined in that section);

7           “(v) a State securities or commodities  
8           regulator;

9           “(vi) the Financial Stability Oversight  
10          Council;

11          “(vii) the Department of Justice; and

12          “(viii) any other person that the Com-  
13          mission determines to be appropriate, in-  
14          cluding—

15                 “(I) foreign financial supervisors  
16                 (including foreign futures authorities);

17                 “(II) foreign central banks; and

18                 “(III) foreign ministries.

19          “(C) CONFIDENTIALITY AGREEMENT.—Be-  
20          fore the Commission may share information  
21          with any entity described in subparagraph (B),  
22          the Commission shall receive a written agree-  
23          ment from each entity stating that the entity  
24          shall abide by the confidentiality requirements  
25          described in section 8 relating to the informa-

1           tion on digital asset transactions that is pro-  
2           vided.

3           “(D) PROVIDING INFORMATION.—Each  
4           registered digital asset exchange shall provide  
5           to the Commission (including any designee of  
6           the Commission) information under subpara-  
7           graph (A) in such form and at such frequency  
8           as is required by the Commission.

9           “(10) ANTITRUST CONSIDERATIONS.—Unless  
10          necessary or appropriate to achieve the purposes of  
11          this Act, a registered digital asset exchange shall  
12          not—

13                 “(A) adopt any rules or take any actions  
14                 that result in any unreasonable restraint of  
15                 trade; or

16                 “(B) impose any material anticompetitive  
17                 burden on trading.

18          “(11) CONFLICTS OF INTEREST.—A registered  
19          digital asset exchange shall—

20                 “(A) establish and enforce rules to mini-  
21                 mize conflicts of interest in the decision-making  
22                 process of the registered digital asset exchange;  
23                 and

24                 “(B) establish a process for resolving con-  
25                 flicts of interest described in subparagraph (A).



1 “(12) FINANCIAL RESOURCES.—

2 “(A) IN GENERAL.—A registered digital  
3 asset exchange shall have adequate financial,  
4 operational, and managerial resources, as deter-  
5 mined by the Commission, to discharge each re-  
6 sponsibility of the registered digital asset ex-  
7 change.

8 “(B) MINIMUM AMOUNT OF FINANCIAL RE-  
9 SOURCES.—A registered digital asset exchange  
10 shall possess financial resources that, at a min-  
11 imum, exceed the total amount that would en-  
12 able the registered digital asset exchange to  
13 conduct an orderly wind-down of the activities  
14 of the registered digital asset exchange.

15 “(C) ADDITIONAL FINANCIAL RESOURCES  
16 FOR LEVERAGE TRADING.—The Commission  
17 may require such additional financial resources  
18 as are necessary to enable a registered digital  
19 asset exchange that offers margined, leveraged,  
20 or financed transactions to fulfill the customer  
21 obligations of the registered digital asset ex-  
22 change.

23 “(13) GOVERNANCE FITNESS STANDARDS.—

24 “(A) GOVERNANCE ARRANGEMENTS.—A  
25 registered digital asset exchange shall establish

1 governance arrangements that are transparent  
2 to fulfill public interest requirements.

3 “(B) FITNESS STANDARDS.—A registered  
4 digital asset exchange shall establish and en-  
5 force appropriate fitness standards for—

6 “(i) directors;

7 “(ii) any individual or entity with di-  
8 rect access to the settlement activities of  
9 the registered digital asset exchange;

10 “(iii) any individual or entity with di-  
11 rect access to any custodian affiliated with  
12 the registered digital asset exchange;

13 “(iv) any entity offering affiliated  
14 services for the registered digital asset ex-  
15 change; and

16 “(v) any party affiliated with any in-  
17 dividual or entity described in clauses (i)  
18 through (iv).

19 “(14) SYSTEM SAFEGUARDS.—A registered dig-  
20 ital asset 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  
25 and procedures and automated systems that—

1 “(i) are reliable and secure; and

2 “(ii) have adequate scalable capacity;

3 “(B) establish and maintain emergency  
4 procedures, backup facilities, and a plan for dis-  
5 aster recovery that allow for—

6 “(i) the timely recovery and resump-  
7 tion of operations; and

8 “(ii) the fulfillment of the responsibil-  
9 ities and obligations of the registered dig-  
10 ital asset exchange; and

11 “(C) periodically conduct tests to verify  
12 that the backup resources of the registered dig-  
13 ital asset exchange are sufficient to ensure con-  
14 tinued—

15 “(i) order processing and trade  
16 matching;

17 “(ii) price reporting;

18 “(iii) market surveillance; and

19 “(iv) maintenance of a comprehensive  
20 and accurate audit trail.

21 “(e) APPOINTMENT OF TRUSTEE.—

22 “(1) IN GENERAL.—If a proceeding under sec-  
23 tion 5e results in the suspension or revocation of the  
24 registration of a digital asset exchange, or if a dig-  
25 ital asset exchange withdraws from registration, the

1 Commission, after providing notice to the digital  
2 asset exchange, may apply to the district court of  
3 the United States for the judicial district in which  
4 the digital asset exchange is located for the appoint-  
5 ment of a trustee.

6 “(2) ASSUMPTION OF JURISDICTION.—If the  
7 Commission applies to a court for appointment of a  
8 trustee under paragraph (1)—

9 “(A) the court may take exclusive jurisdic-  
10 tion over—

11 “(i) the digital asset exchange; and

12 “(ii) the records and assets of the dig-  
13 ital asset exchange, wherever those records  
14 and assets are located; and

15 “(B) if the court takes jurisdiction under  
16 subparagraph (A), the court shall appoint the  
17 Commission, or a person designated by the  
18 Commission, as trustee with power to take pos-  
19 session and continue to operate or terminate  
20 the operations of the digital asset exchange in  
21 an orderly manner for the protection of cus-  
22 tomers, subject to such terms and conditions as  
23 the court may prescribe.

1       “(f) CUSTODIAN.—A registered digital asset ex-  
2 change shall deposit with an entity described in section  
3 4d(i)(1)(B) each digital asset that is—

4               “(1) the property of a customer of the reg-  
5 istered digital asset exchange;

6               “(2) required to be held by the registered dig-  
7 ital asset exchange under subsection (e)(2) or  
8 (d)(12); or

9               “(3) otherwise required by the Commission to  
10 be so held to reasonably protect customers or pro-  
11 mote the public interest.

12       “(g) EXEMPTIONS.—

13               “(1) IN GENERAL.—To promote responsible  
14 economic or financial innovation and fair competi-  
15 tion, or protect customers, the Commission may ex-  
16 empt, either unconditionally or on stated terms or  
17 conditions or for stated periods, and retroactively,  
18 prospectively, or both, a registered digital asset ex-  
19 change from the requirements of this section, if the  
20 Commission determines that—

21                       “(A) the exemption—

22                               “(i) will be consistent with the public  
23 interest and the purposes of this Act; and

24                               “(ii) will not have a material adverse  
25 effect on the ability of the Commission or

1 the registered digital asset exchange to dis-  
2 charge duties under this Act; or

3 “(B) the registered digital asset exchange  
4 is subject to comparable, comprehensive regula-  
5 tion by the appropriate government authorities  
6 in the home country of the registered digital  
7 asset exchange.

8 “(2) PROCESS.—The Commission may grant an  
9 exemption under paragraph (1)—

10 “(A) on the initiative of the Commission;

11 or

12 “(B) after receiving an application for the  
13 exemption by the registered digital asset ex-  
14 change.

15 “(h) JURISDICTION.—Notwithstanding any other  
16 provision of law, the Commission shall have exclusive ju-  
17 risdiction over the regulation and all other activities of a  
18 registered digital asset exchange.

19 “(i) IMPLEMENTATION.—The Commission may pre-  
20 scribe rules to implement this section.”.

21 (b) CERTAIN DIGITAL ASSET EXCHANGE FUNCTIONS  
22 NOT SUFFICIENT TO TRIGGER REQUIREMENT TO REG-  
23 ISTER AS FUTURES COMMISSION MERCHANT.—Section  
24 4f(c) of the Commodity Exchange Act (7 U.S.C. 6f(c))  
25 is amended by adding at the end the following:

1       “(12) CLARIFICATION OF SCOPE OF REGISTRATION  
2 REQUIREMENT.—A registered digital asset exchange shall  
3 not be required to register as a futures commission mer-  
4 chant for any activity for which the registered digital asset  
5 exchange is regulated under section 5i.”.

6 **SEC. 405. VIOLATIONS.**

7       Section 9 of the Commodity Exchange Act (7 U.S.C.  
8 13) is amended—

9           (1) in subsection (a)(2), by striking “subsection  
10 4c” and inserting “section 4c”; and

11          (2) in subsection (e)—

12           (A) in paragraph (1), by inserting “con-  
13 tracts for the sale of digital assets,” after “op-  
14 tions thereon,”; and

15           (B) in paragraph (2), by inserting “or con-  
16 tracts for the sale of digital assets” after “op-  
17 tions thereon”.

18 **SEC. 406. MARKET REPORTS.**

19       Section 16(a) of the Commodity Exchange Act (7  
20 U.S.C. 20(a)) is amended—

21           (1) in the first sentence, by striking “which are  
22 the subject of futures contracts,” and inserting  
23 “under the jurisdiction of the Commission,”; and

1           (2) in the second sentence, by striking “futures  
2           markets.” and inserting “markets under the juris-  
3           diction of the Commission.”.

4 **SEC. 407. BANKRUPTCY TREATMENT OF DIGITAL ASSETS.**

5           (a) IN GENERAL.—Section 20(a) of the Commodity  
6           Exchange Act (7 U.S.C. 24(a)) is amended in paragraphs  
7           (1) and (2) by inserting “digital assets,” after “securi-  
8           ties,” each place it appears.

9           (b) COMMODITY BROKER DEFINITION.—Section  
10          101(6) of title 11, United States Code, is amended by in-  
11          serting “registered digital asset exchange, as defined in  
12          section 1a of the Commodity Exchange Act,” before “for-  
13          eign”.

14          (c) COMMODITIES CONTRACTS.—Section 556 of title  
15          11, United States Code, is amended by inserting “a reg-  
16          istered digital asset exchange, as defined in section 1a of  
17          the Commodity Exchange Act,” before “a contract”.

18          (d) CONTRACTUAL RIGHTS.—Section 561 of title 11,  
19          United States Code, is amended by inserting “registered  
20          digital asset exchange, as defined in section 1a of the  
21          Commodity Exchange Act,” after “designated under the  
22          Commodity Exchange Act” each place it appears.

23          (e) DEFINITIONS.—Section 761 of title 11, United  
24          States Code, is amended—

25                 (1) in paragraph (4)—



1 (A) in subparagraph (A), by inserting  
2 “digital asset or a” before “commodity”;

3 (B) in subparagraph (I), by striking “or”  
4 at the end;

5 (C) in subparagraph (J), by adding “or”  
6 at the end; and

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

8 “(K) a contract for the sale of a digital  
9 asset by a registered digital asset exchange;”;  
10 and

11 (2) in paragraph (10)—

12 (A) in the matter preceding subparagraph  
13 (A)—

14 (i) by inserting “a digital asset,” after  
15 “a security,”; and

16 (ii) by inserting “digital asset,” after  
17 “cash, security,”;

18 (B) in subparagraph (A)—

19 (i) in clause (vi), by inserting “a dig-  
20 ital asset,” after “a security,”; and

21 (ii) in clause (vii)—

22 (I) by inserting “or a digital  
23 asset” before “held as property”;

24 (II) by inserting “or digital  
25 asset” after “such security”; and

1 (III) by inserting “or digital  
2 asset” after “based on a security”;  
3 and

4 (C) in subparagraph (B)—

5 (i) by striking “not including prop-  
6 erty” and inserting “not including—

7 “(i) property”;

8 (ii) in clause (i), as so designated, by  
9 adding “and” at the end; and

10 (iii) by adding at the end the fol-  
11 lowing:

12 “(ii) money, assets, or property with  
13 respect to which any requirement under  
14 subsection (i) of section 4d of the Com-  
15 modity Exchange Act (7 U.S.C. 6d) is  
16 waived pursuant to paragraph (3) of that  
17 subsection, or any requirement under sub-  
18 paragraph (B) of paragraph (4) of section  
19 5i(d) of that Act is waived pursuant to  
20 subparagraph (E) of that paragraph;”.

21 (f) VOIDABLE TRANSFERS.—Section 764(b)(1) of  
22 title 11, United States Code, is amended by inserting “,  
23 digital assets” before “, or other property”.

24 (g) TREATMENT OF CUSTOMER PROPERTY.—Section  
25 766 of title 11, United States Code, is amended—

1 (1) in subsection (b)(1), by striking “physical  
2 commodity underlying” and inserting “commodity  
3 underlying”;

4 (2) in subsection (c), by inserting “digital  
5 asset,” before “or commodity contract” each place  
6 the term appears;

7 (3) in subsection (d), by inserting “digital  
8 asset,” before “or commodity contract” each place  
9 the term appears;

10 (4) in subsection (f)—

11 (A) in striking “and other property” and  
12 inserting “digital assets, and other property”;  
13 and

14 (B) by striking “or property” and insert-  
15 ing “, digital assets, or property”;

16 (5) in subsection (g), by striking “security or  
17 property” and inserting “security, digital asset, or  
18 property”; and

19 (6) in subsection (h)(2), by inserting “digital  
20 assets,” after “customer securities,”.

21 **SEC. 408. IDENTIFIED BANKING PRODUCTS.**

22 Section 206(a) of the Gramm-Leach-Bliley Act (15  
23 U.S.C. 78c note) is amended—

24 (1) in paragraph (5)(B)(ii), by striking “or” at  
25 the end;

1           (2) in paragraph (6), by striking the period at  
2           the end and inserting “; or”; and

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

4           “(7) a payment stablecoin issued by a deposi-  
5           tory institution under section 722A.”.

6 **SEC. 409. FINANCIAL INSTITUTIONS DEFINITION.**

7           Section 5312(c)(1) of title 31, United States Code,  
8           is amended by adding at the end the following:

9           “(B) A registered digital asset exchange,  
10           as defined in section 1a of the Commodity Ex-  
11           change Act.”.

12 **SEC. 410. OFFSETTING THE COSTS OF DIGITAL ASSET REG-**  
13 **ULATION.**

14           The Commodity Exchange Act (7 U.S.C. 1 et seq.)  
15           is amended by adding at the end the following:

16 **“SEC. 24. OFFSETTING THE COSTS OF DIGITAL ASSET REG-**  
17 **ULATION.**

18           “(a) RECOVERY OF CERTAIN COSTS OF ANNUAL AP-  
19           PROPRIATION.—

20           “(1) IN GENERAL.—Effective beginning Octo-  
21           ber 1, 2023, the Commission may, by rule, collect  
22           fees—

23           “(A) to fund expenses relating to regula-  
24           tion of digital asset cash and spot markets; and

1           “(B) that are designed to recover the costs  
2           to the Federal Government of the annual ap-  
3           propriation to the Commission by Congress.

4           “(2) REGISTERED ENTITIES.—Fees under  
5           paragraph (1) shall only be imposed—

6                   “(A) on registered entities engaged in cash  
7                   or spot digital asset activities; and

8                   “(B) in relation to the regulation of those  
9                   activities under this Act.

10           “(3) FEE RATES.—Fees under paragraph (1)  
11           shall—

12                   “(A) be strictly related to the cost to the  
13                   Commission of the regulation of digital asset  
14                   cash and spot markets;

15                   “(B) be reduced for newly registered enti-  
16                   ties with less than \$100,000,000 in daily trad-  
17                   ing volume; and

18                   “(C)(i) minimize negative impacts on mar-  
19                   ket liquidity; and

20                   “(ii) maintain the efficiency, competitive-  
21                   ness, and financial integrity of digital asset  
22                   markets.

23           “(4) COLLECTION OF FEES.—The Commission  
24           shall collect fees under this subsection in such man-

1 ner and within such time as may be specified by the  
2 Commission by rule.

3 “(b) **FEE RATE ORDERS.**—

4 “(1) **IN GENERAL.**—Not later than 60 days  
5 after the date on which a law providing a regular  
6 appropriation to the Commission for a fiscal year is  
7 enacted, the Commission shall adopt an order set-  
8 ting rates for fees to be collected under subsection  
9 (a) for that fiscal year.

10 “(2) **PUBLICATION.**—The Commission shall  
11 publish in the Federal Register the order adopted  
12 under paragraph (1), including—

13 “(A) projections on which the fees are  
14 based; and

15 “(B) an explanation of the method used  
16 for calculating applicable fee rates.

17 “(c) **DEPOSIT OF FEES.**—

18 “(1) **OFFSETTING COLLECTIONS.**—Fees col-  
19 lected under subsection (a) for any fiscal year—

20 “(A) shall be deposited and credited as off-  
21 setting collections to the account providing ap-  
22 propriations to the Commission; and

23 “(B) shall not be collected or available for  
24 obligation for any fiscal year except to the ex-  
25 tent provided in advance in appropriation Acts.

1           “(2) GENERAL REVENUES PROHIBITED.—No  
2 fees collected under subsection (a) shall be deposited  
3 and credited as general revenue of the Treasury.

4           “(d) LAPSE OF APPROPRIATIONS.—If a regular ap-  
5 propriation to the Commission has not been enacted on  
6 the first day of a fiscal year, the Commission shall con-  
7 tinue to collect fees under this section at the rates in effect  
8 on September 30 of the preceding fiscal year.

9           “(e) LIMITATIONS.—

10           “(1) LEVERAGED, MARGINED, OR FINANCED  
11 TRANSACTIONS.—Nothing in this section authorizes  
12 the imposition of fees on a registered entity relating  
13 to leveraged, margined, or financed transactions  
14 under this Act, including those activities relating to  
15 digital assets.

16           “(2) OTHER APPROPRIATIONS.—Notwith-  
17 standing any other provision of law, the Commission  
18 may use appropriations otherwise made available by  
19 law to fund expenses relating to the regulation of  
20 digital asset cash and spot markets.

21           “(f) CEILING ON FEES.—Unless otherwise provided  
22 by law, fees collected under this section shall not exceed  
23 \$30,000,000.

24           “(g) AUTHORIZATION REQUIRED.—The authority  
25 under this section to impose and collect fees shall only be

1 in effect during a period that a legislative authorization  
2 of the Commission is in effect, as otherwise provided by  
3 law.”.

4           **TITLE V—RESPONSIBLE**  
5           **CONSUMER PROTECTION**

6           **SEC. 501. RESPONSIBLE CONSUMER PROTECTION.**

7           Chapter 98 of title 31, United States Code, as added  
8 by section 101(a) of this Act, is amended by adding at  
9 the end the following:

10           **“§ 9802. Consumer protection standards for digital**  
11   **assets**

12           “(a) IN GENERAL.—A person or protocol that pro-  
13 vides digital asset services shall ensure that the scope of  
14 permissible transactions that may be undertaken with cus-  
15 tomer digital assets is disclosed clearly in a customer  
16 agreement.

17           “(b) NOTICE.—A person who provides digital asset  
18 services shall provide clear notice to each customer, and  
19 require acknowledgment, of the following:

20                           “(1) Prior to the implementation of any up-  
21 dates, material source code version changes relating  
22 to digital assets, except in emergencies, which may  
23 include security vulnerabilities.



1           “(2) Whether customer digital assets are seg-  
2           regated from other customer assets and the manner  
3           of segregation.

4           “(3) How the assets of the customer would be  
5           treated in a bankruptcy or insolvency scenario and  
6           the risks of loss.

7           “(4) The time period and manner in which the  
8           person is obligated to return the digital asset of the  
9           customer upon the request of the customer.

10          “(5) Applicable fees.

11          “(6) The dispute resolution process of the per-  
12          son.

13          “(c) SUBSIDIARY PROCEEDS.—

14           “(1) DEFINITIONS.—In this subsection:

15           “(A) SUBSIDIARY PROCEEDS.—The term  
16           ‘subsidiary proceeds’ includes forks, airdrops,  
17           staking, and other gains that accrue to a digital  
18           asset through market transactions, use as a fi-  
19           nancial asset, or being held in custody or safe-  
20           keeping by a person who provides digital asset  
21           services.

22           “(B) TERMS OF SERVICE.—The term  
23           ‘agreement’ includes the standard terms of  
24           service of the person who provides digital asset  
25           services.

1           “(2) ACCRUAL TO CUSTOMER.—Except as oth-  
2           erwise specified by an agreement with a customer,  
3           all ancillary or subsidiary proceeds relating to digital  
4           asset services provided to a customer shall accrue to  
5           the benefit of the customer in accordance with para-  
6           graph (3).

7           “(3) ELECTION.—A person who provides digital  
8           asset services may elect not to collect certain sub-  
9           sidiary proceeds if the election is disclosed in an  
10          agreement with the customer.

11          “(4) WITHDRAWAL.—A customer may withdraw  
12          digital assets in a method that permits the collection  
13          of the subsidiary proceeds.

14          “(5) AGREEMENT.—A person who provides dig-  
15          ital asset services shall enter into an agreement with  
16          a customer, if desired by the customer, regarding  
17          the manner in which to invest subsidiary proceeds or  
18          other gains attributable to the digital assets of the  
19          customer.

20          “(d) LENDING ARRANGEMENTS.—A person who pro-  
21          vides digital asset services shall ensure any lending ar-  
22          rangements relating to digital assets are—

23                 “(1) clearly disclosed to customers before any  
24                 lending services take place;

1           “(2) subject to the affirmative consent of the  
2 customer;

3           “(3) fully enforceable as a matter of commercial  
4 law;

5           “(4) accompanied by full disclosures of applica-  
6 ble terms and risks, yield, and the manner in which  
7 the yield is calculated;

8           “(5) accompanied by appropriate disclosures re-  
9 lating to collateral requirements and policies, includ-  
10 ing—

11               “(A) haircuts and overcollateralization re-  
12 quirements;

13               “(B) collateral the person accepts when  
14 calling for additional collateral from a cus-  
15 tomer, including collateral substitution;

16               “(C) whether customer collateral is com-  
17 mingled with the collateral of other customers  
18 or of the person; and

19               “(D) how customer collateral is invested,  
20 and whether the yield belongs to the customer  
21 or to the person;

22           “(6) accompanied by disclosures of mark-to-  
23 market and monitoring arrangements, including—

1           “(A) the frequency of mark-to-market  
2 monitoring and how frequently the person will  
3 call for additional collateral from a customer;

4           “(B) the time period in which the customer  
5 must supply additional collateral to the person  
6 after a collateral call; and

7           “(C) whether the person permits failures  
8 to deliver such collateral, and in the event of a  
9 failure to deliver the period of time in which the  
10 customer must cure the failure to deliver before  
11 the customer’s position is closed; and

12           “(7) compliant with all applicable Federal and  
13 State laws.

14           “(e) REHYPOTHECATION.—

15           “(1) DEFINITION.—In this subsection, the term  
16 ‘rehypothecation’ means the pledging of an asset as  
17 collateral for a financial transaction by a person  
18 after the pledging of the asset as collateral by a cus-  
19 tomer of that person.

20           “(2) REHYPOTHECATION.—Before rehypoth-  
21 ecating a digital asset, a person who provides digital  
22 asset services to a customer shall clearly disclose  
23 policies on rehypothecation to customers, including a  
24 clear definition of rehypothecation that is accessible  
25 to consumers. The person who provides digital asset

1 services to a customer shall obtain affirmative con-  
2 sent and consider the following factors to appro-  
3 priately mitigate risk relating to rehypothecation:

4 “(A) The liquidity and volatility of a dig-  
5 ital asset.

6 “(B) Past failures to deliver a particular  
7 digital asset.

8 “(C) Concentration risk.

9 “(D) Whether an issuer or lender of last  
10 resort relating to a digital asset exists, includ-  
11 ing for virtual currency with a finite supply.

12 “(E) The capital, leverage and market po-  
13 sition of the person.

14 “(F) The legal obligations of the person to  
15 customers and other persons in the market who  
16 provide digital asset services.”

17 **SEC. 502. SOURCE CODE VERSION OF DIGITAL ASSETS.**

18 Chapter 98 of title 31, United States Code, as  
19 amended by section 501 of this Act, is amended by adding  
20 at the end the following:

21 **“§ 9803. Source code version of digital assets**

22 “(a) IN GENERAL.—A customer and a person who  
23 provides digital asset services shall, at the initiation of a  
24 contractual relationship, agree in writing regarding the  
25 source code version the person will use for each digital

1 asset and the treatment of each asset under the law, in-  
2 cluding securities and commodities laws and the Uniform  
3 Commercial Code applicable to the transaction.

4 “(b) DETERMINATION.—A person who provides dig-  
5 ital asset services—

6 “(1) may periodically determine whether to im-  
7 plement a source code version that uses validation  
8 rules different than those of the source code version  
9 specified in a customer agreement, including in cir-  
10 cumstances where it is not possible to predict in ad-  
11 vance whether utilization of the different source code  
12 version will be in the best interests of the customer;

13 “(2) shall consider the nature of proposed  
14 changes to source code versions with potential ef-  
15 fects resulting from third-party actors that may cre-  
16 ate different source code versions resulting in new  
17 networks that could create economic value for cus-  
18 tomers;

19 “(3) shall not be required to support digital as-  
20 sets and source code versions that the person has  
21 not entered into an agreement with customers to  
22 support; and

23 “(4) shall not capriciously redefine a digital  
24 asset or the corresponding source code or alter cus-  
25 tomer agreements with respect to this subsection.

1 “(c) STANDARDS.—A person who provides digital  
2 asset services—

3 “(1) shall adopt and maintain standards for  
4 changes to digital asset source code versions that  
5 use differing validation rules than those of the  
6 source code version specified in the customer agree-  
7 ment, which shall include customer notice and ap-  
8 proval, as appropriate based on the circumstances;  
9 and

10 “(2) may specify differing standards based on  
11 source code changes which occur as the result of  
12 emergencies, including security vulnerabilities.”.

13 **SEC. 503. SETTLEMENT FINALITY.**

14 Chapter 98 of title 31, United States Code, as  
15 amended by section 502 of this Act, is amended by adding  
16 at the end the following:

17 **“§ 9804. Settlement finality**

18 “To promote legal certainty and customer protection,  
19 a person who provides digital asset services and a cus-  
20 tomer shall agree on the terms of settlement finality for  
21 all transactions, including the following:

22 “(1) The conditions under which a digital asset  
23 may be deemed fully transferred, provided that these  
24 legal conditions may diverge from operational condi-  
25 tions under which digital assets are considered

1 transferred, based on the distributed and prob-  
2 abilistic nature of digital assets.

3 “(2) The exact moment of transfer of a digital  
4 asset.

5 “(3) The discharge of any obligations upon  
6 transfer of a digital asset.

7 “(4) Conformity to applicable provisions of the  
8 Uniform Commercial Code.”.

9 **SEC. 504. NOTICE TO CUSTOMERS; ENFORCEMENT.**

10 Chapter 98 of title 31, United States Code, as  
11 amended by section 503 of this Act, is amended by adding  
12 at the end the following:

13 **“§ 9805. Notice to customers; enforcement**

14 “(a) IN GENERAL.—In providing disclosures and car-  
15 rying out other duties under this chapter, a person who  
16 provides digital asset services in or affecting interstate  
17 commerce shall have a duty to provide higher standards  
18 of customer notice and acknowledgment if there is likely  
19 to be a material impact on the economic value of the dig-  
20 ital asset of a customer.

21 “(b) ENFORCEMENT OF STANDARDS.—The stand-  
22 ards under this chapter shall be enforced in an appropriate  
23 manner, commensurate with other customer protection  
24 standards—



1           “(1) in the case of a digital asset intermediary,  
2           by the Federal or State licensing, registration, or  
3           chartering authority of the intermediary; and

4           “(2) in the case of a depository institution or  
5           other financial institution, by the appropriate State  
6           or Federal banking supervisor.”.

7   **SEC. 505. RIGHT TO INDIVIDUAL MANAGEMENT OF DIGITAL**  
8                                   **ASSETS.**

9           Chapter 98 of title 31, United States Code, as  
10          amended by section 504 of this Act, is amended by adding  
11          at the end the following:

12   **“§ 9806. Right to individual management of digital as-**  
13                                   **sets**

14          “(a) IN GENERAL.—Except as otherwise required by  
15          law, no person shall be required to use an intermediary  
16          for the safekeeping of digital assets legally owned, and  
17          possessed or controlled, by that person.

18          “(b) RULE OF CONSTRUCTION.—This section shall  
19          not be construed to—

20                 “(1) permit a person to engage in market activ-  
21                 ity for which authorization is required under Federal  
22                 or State law; or

23                 “(2) restrict a person from freely entering into  
24                 an agreement for digital asset services with a third  
25                 party.”.

1 **SEC. 506. TECHNICAL AND CONFORMING AMENDMENTS.**

2 The table of sections of chapter 98, as added by sec-  
3 tion 101(a) of this Act, is amended by adding at the end  
4 the following:

“9802. Consumer protection standards for digital assets.

“9803. Source code version of digital assets.

“9804. Settlement finality.

“9805. Notice to customers; enforcement.

“9806. Right to individual management of digital assets.”.

5 **TITLE VI—RESPONSIBLE**  
6 **PAYMENTS INNOVATION**

7 **SEC. 601. ISSUANCE OF PAYMENT STABLECOINS.**

8 Subtitle C of title VII of the Gramm-Leach-Bliley Act  
9 (Public Law 106–102; 113 Stat. 1470) is amended by  
10 adding at the end the following:

11 **“SEC. 722A. ISSUANCE OF PAYMENT STABLECOINS.**

12 “(a) IN GENERAL.—A depository institution may  
13 issue, redeem, and conduct all incidental activities relating  
14 to payment stablecoins in accordance with this section.

15 “(b) REQUIRED PAYMENT STABLECOIN ASSETS.—A  
16 depository institution shall maintain high-quality liquid  
17 assets under this section equal to not less than 100 per-  
18 cent of the face amount of the liabilities of the institution  
19 on payment stablecoins issued by the institution. In the  
20 case of an insured depository institution described in sub-  
21 section (m)(1)(A) that engages in on-balance sheet lending  
22 activities, assets under this subsection shall equal not less  
23 than 100 percent of the face amount of the liabilities of

1 the institution on payment stablecoins issued by the insti-  
2 tution, with the assets held in balances at a Federal Re-  
3 serve bank (which may include a segregated balance ac-  
4 count), or, in the case of foreign withdrawable reserves,  
5 at a foreign central bank, in a special, custodial, or trust  
6 account, other off-balance sheet account, or in another  
7 equivalent manner that ensures the segregation of the as-  
8 sets in the event of receivership. An insured depository  
9 institution may segregate the issuance and management  
10 of payment stablecoins into a separate depository institu-  
11 tion affiliate under the same holding company structure.  
12 Eligible high-quality liquid assets under this section shall  
13 be comprised of the following:

14           “(1) United States coins and currency and any  
15           other instrument that is legal tender, as defined in  
16           section 5103 of title 31, United States Code.

17           “(2) Demand deposits at a depository institu-  
18           tion, except that deposits in an insured depository  
19           institution shall not exceed the limit of deposit or  
20           share insurance available for that account, which  
21           may include pass through insurance, or shall be  
22           maintained in a special, custodial, or trust account  
23           or other off-balance sheet account held by the in-  
24           sured depository institution.

1           “(3) Balances held at a Federal Reserve bank,  
2           which may be held in a master account or seg-  
3           regated balance account.

4           “(4) Foreign withdrawable reserves, as defined  
5           in section 249.3 of title 12, Code of Federal Regula-  
6           tions, consistent with any foreign unit of account in  
7           which the payment stablecoin is denominated or  
8           pegged.

9           “(5) A security that is issued by, or uncondi-  
10          tionally guaranteed as to the timely payment of prin-  
11          cipal and interest by, the Department of the Treas-  
12          ury, with an original maturity of 1 year or less.

13          “(6) A reserve repurchase agreement relating to  
14          a security described in paragraph (5).

15          “(7) Any other high-quality, liquid asset deter-  
16          mined to be consistent with safe and sound banking  
17          practices, as determined by the appropriate Federal  
18          banking agency or State bank supervisor.

19          “(c) DISCLOSURES.—Not later than 10 business days  
20          after the end of each month, a depository institution shall  
21          disclose, in a publicly accessible manner, a summary de-  
22          scription of the assets backing the payment stablecoin, the  
23          value of the assets, and the number of outstanding pay-  
24          ment stablecoins, as of the last day of the month. Such  
25          explanation shall be filed with the appropriate Federal

1 banking agency or State bank supervisor under penalty  
2 of perjury by the chief financial officer of the institution.  
3 The depository institution shall also report on the sum-  
4 mary description any instances in which the institution  
5 failed to comply with any requirement of subsection (b).  
6 As applicable, the appropriate Federal banking agency or  
7 State bank supervisor shall, as part of a regular examina-  
8 tion of the depository institution, at the frequency other-  
9 wise required by law, verify the composition of the assets  
10 and the accuracy of the summary descriptions made under  
11 this subsection and reports under subsection (d).

12       “(d) CALL REPORT.—As applicable, the appropriate  
13 Federal banking agency or State bank supervisor shall re-  
14 quire a depository institution that issues a payment  
15 stablecoin to report, in detail, on the composition of the  
16 assets in each periodic report of condition, or in an alter-  
17 native format approved by the Federal Financial Institu-  
18 tions Examination Council, at the frequency otherwise re-  
19 quired by law.

20       “(e) PERMISSION.—A depository institution shall, as  
21 applicable, obtain permission from the appropriate Fed-  
22 eral banking agency or State bank supervisor, with an ap-  
23 plication submitted not less than 6 months before intended  
24 issuance of the payment stablecoin, but which may be sub-  
25 mitted as part of a charter application. As part of an ap-

1 plication under this section, a depository institution shall  
2 develop a tailored recovery and resolution plan, consistent  
3 with the standards adopted under subsection (k)(1)(F),  
4 that would permit the orderly resumption of a safe and  
5 sound operation or the orderly wind-down of operations  
6 in the event of distress, including the redemption of all  
7 outstanding payment stablecoins. The application shall  
8 also contain a draft customer agreement, flow of funds  
9 explanation, a robust information technology plan and  
10 operational design of the payment stablecoin. As applica-  
11 ble, the appropriate Federal banking agency or State bank  
12 supervisor shall render a decision on the application within  
13 4 months of the date of filing, and shall approve the appli-  
14 cation unless—

15           “(1) the payment stablecoin activities are not  
16           likely to be able to operate in a safe and sound man-  
17           ner;

18           “(2) the depository institution does not have  
19           the required resources and expertise to manage the  
20           operation of the payment stablecoin, commensurate  
21           with the size and scale of projected operations; or

22           “(3) the depository institution does not have re-  
23           quired policies and procedures relating to material  
24           areas of the operation of the payment stablecoin ac-  
25           tivities.

1       “(f) REDEMPTION OF PAYMENT STABLECOINS.—  
2 Upon the demand of a customer, a depository institution  
3 shall redeem an outstanding payment stablecoin at par in  
4 the coins, currency, or other instruments that are legal  
5 tender, as defined in section 5103 of title 31, United  
6 States Code, or the similar laws of the jurisdiction of the  
7 unit of account in which the payment stablecoin is denomi-  
8 nated or to which the value of the payment stablecoin is  
9 pegged. A depository institution may redeem a payment  
10 stablecoin issued by another depository institution at par,  
11 upon demand. The Board of Governors of the Federal Re-  
12 serve System, through the Federal Reserve banks, shall  
13 provide for the clearing and settlement of payment  
14 stablecoin liabilities among depository institutions under  
15 this section and shall ensure competitive equality in all  
16 clearing, settlement and related services. A depository in-  
17 stitution shall also assess its ability to fulfill large redemp-  
18 tions without placing downward pressure on the market  
19 value of the payment stablecoin.

20       “(g) COLLATERAL AVAILABILITY IN THE CAPITAL  
21 MARKETS.—The appropriate Federal banking agencies, in  
22 consultation with State bank supervisors, the Securities  
23 and Exchange Commission, and Commodity Futures  
24 Trading Commission, shall monitor use of the high-quality  
25 liquid assets authorized under subsection (b) and the im-

1 pact on collateral availability and the efficient functioning  
2 of the capital markets.

3 “(h) RECEIVERSHIP PRIORITY.—In the event of the  
4 receivership of a depository institution that has issued a  
5 payment stablecoin under this section, a person that has  
6 a valid claim on a payment stablecoin issued by that insti-  
7 tution shall have priority over all other claims on the insti-  
8 tution with respect to any required payment stablecoin as-  
9 sets, including claims with respect to insured deposits,  
10 other than administrative costs incurred by the appro-  
11 priate Federal banking agency or State bank supervisor,  
12 as applicable, relating to the receivership of the institu-  
13 tion, if applicable. Consistent with subsection (f), a deposi-  
14 tory institution that redeems a payment stablecoin issued  
15 by a depository institution in receivership shall be consid-  
16 ered to have a valid claim, with corresponding priority  
17 under this subsection, on a payment stablecoin issued by  
18 the institution in receivership.

19 “(i) INCIDENTAL ACTIVITIES.—A depository institu-  
20 tion may conduct all incidental activities relating to the  
21 issuance and redemption of payment stablecoins, which  
22 shall include the following:

23 “(1) Management of required payment  
24 stablecoin assets in accordance with subsection (b).

25 “(2) Making a market in payment stablecoins.



1 “(3) Custodial services.

2 “(4) Settlement and clearing.

3 “(5) Post-trade services.

4 “(6) All other activities consistent with a safe  
5 and sound operation, as determined by the appro-  
6 priate Federal banking agency or State bank super-  
7 visor.

8 “(j) APPLICABILITY OF GRAMM-LEACH-BLILEY  
9 DATA PRIVACY PROVISIONS.—Title V of the Gramm-  
10 Leach-Bliley Act (12 U.S.C. 6801 et seq.) shall apply to  
11 the payment stablecoin activities of a depository institu-  
12 tion under this section.

13 “(k) RULES.—

14 “(1) IN GENERAL.—The appropriate Federal  
15 banking agencies, in consultation with State bank  
16 supervisors, shall adopt rules to implement this sec-  
17 tion, including—

18 “(A) capital treatment for depository insti-  
19 tutions described in subsection (m)(1) in ac-  
20 cordance with paragraph (2);

21 “(B) liquidity, leverage, and interest rate  
22 risk;

23 “(C) third-party service provider activi-  
24 ties—

1 “(i) including custodial wallet pro-  
2 viders; and

3 “(ii) not including licensing or capital  
4 requirements for third-party service pro-  
5 viders;

6 “(D) management practices with respect to  
7 required payment stablecoin assets;

8 “(E) appropriate operational, compliance,  
9 and information technology risk management;

10 “(F) tailored recovery and resolution  
11 standards relating to payment stablecoins; and

12 “(G) any other material topic.

13 “(2) SIGNIFICANT DIFFERENCES.—In accord-  
14 ance with section 5169(c)(3)(A) of the Revised Stat-  
15 utes, in determining capital and leverage require-  
16 ments applicable to a depository institution that has  
17 no material assets other than required payment  
18 stablecoin assets under this section—

19 “(A) the depository institution shall not be  
20 subject to section 171 of the Financial Stability  
21 Act of 2010 (12 U.S.C. 5371); and

22 “(B) the appropriate Federal banking  
23 agencies shall take into account the significant  
24 differences between the risks of the assets of  
25 the institution and those of depository institu-

1           tions with assets that consist primarily of com-  
2           mercial or consumer loans.

3           “(l) NON-DEPOSITORY INSTITUTION PAYMENT  
4 STABLECOIN ISSUERS.—Nothing in this section shall be  
5 construed to prohibit an entity operating under a State  
6 or Federal charter or license that is not a depository insti-  
7 tution from issuing and redeeming a payment stablecoin  
8 and conducting all activities related to the management  
9 of such payment stablecoin consistent with a safe and  
10 sound operation, as determined by the appropriate regu-  
11 lator of the entity. The entity shall—

12           “(1) be subject to the requirements of sub-  
13 sections (b) and (c); and

14           “(2) redeem an outstanding payment stablecoin  
15 at par in the coins, currency, or other instruments  
16 that are legal tender, as defined in section 5103, or  
17 the similar laws of the jurisdiction of the unit of ac-  
18 count in which the payment stablecoin is denomi-  
19 nated or to which the value of the payment  
20 stablecoin is pegged.

21           “(m) DEFINITIONS.—In this section:

22           “(1) DEPOSITORY INSTITUTION.—The term ‘de-  
23 pository institution’ has the meaning given the term  
24 in section 19(b)(1) of the Federal Reserve Act (12  
25 U.S.C. 461(b)(1)) and includes—

1 “(A) an insured depository institution; or

2 “(B) a depository institution operating  
3 under subsection (c) of section 5169 of the Re-  
4 vised Statutes (12 U.S.C. 27), or a substan-  
5 tially similar State law, which is exclusively en-  
6 gaged in issuing payment stablecoins, providing  
7 safekeeping, trust or custodial services, or ac-  
8 tivities incidental to the foregoing.

9 “(2) PAYMENT STABLECOIN.—The term ‘pay-  
10 ment stablecoin’ has the meaning given the term in  
11 section 9801 of title 31, United States Code.

12 “(3) SEGREGATED BALANCE ACCOUNT.—The  
13 term ‘segregated balance account’ includes an ac-  
14 count of a depository institution with a Federal Re-  
15 serve bank or a foreign central bank to which only  
16 required payment stablecoin assets are credited.”.

17 **SEC. 602. SANCTIONS COMPLIANCE RESPONSIBILITIES OF**  
18 **PAYMENT STABLECOIN ISSUERS.**

19 Not later than 120 days after the date of the enact-  
20 ment of this Act, the Secretary of the Treasury shall adopt  
21 final guidance clarifying the sanctions compliance respon-  
22 sibilities and liability of an issuer of a payment stablecoin  
23 with respect to downstream transactions relating to the  
24 stablecoin that take place after the stablecoin is first pro-  
25 vided to a customer of the issuer.

1 **SEC. 603. USE OF THE OFFICIAL DIGITAL CURRENCY OF**  
2 **THE PEOPLE’S REPUBLIC OF CHINA ON GOV-**  
3 **ERNMENT DEVICES.**

4 (a) DEFINITIONS.—In this section—

5 (1) the term “digital yuan” means the official  
6 central bank digital currency of the People’s Repub-  
7 lic of China;

8 (2) the term “executive agency” has the mean-  
9 ing given that term in section 133 of title 41, United  
10 States Code; and

11 (3) the term “information technology” has the  
12 meaning given that term in section 11101 of title  
13 40, United States Code.

14 (b) USE OF DIGITAL YUAN.—Not later than 60 days  
15 after the date of enactment of this Act, the Director of  
16 the Office of Management and Budget, in consultation  
17 with the Administrator of General Services, the Director  
18 of the Cybersecurity and Infrastructure Security Agency,  
19 the Director of National Intelligence, and the Secretary  
20 of Defense, and consistent with the information security  
21 requirements under subchapter II of chapter 35 of title  
22 44, United States Code, shall develop standards and  
23 guidelines for executive agencies which require adequate  
24 security measures for use of the digital yuan on Govern-  
25 ment information technology devices.

1 **SEC. 604. CERTIFICATE OF AUTHORITY TO COMMENCE**  
2 **BANKING.**

3 Section 5169 of the Revised Statutes (12 U.S.C. 27)  
4 is amended—

5 (1) in subsection (a), in the third sentence, by  
6 striking “to those of a trust company and activities  
7 related thereto.” and inserting the following: “to—

8 “(1) those of a trust company and fiduciary ac-  
9 tivities related thereto; or

10 “(2) those of a depository institution required  
11 to maintain assets valued at not less than 100 per-  
12 cent of the deposits of the institution, for the pur-  
13 poses of issuing a payment stablecoin (as defined in  
14 section 9801 of title 31, United States Code) and  
15 activities related thereto consistent with subsection  
16 (c) of this section and without the requirement to  
17 maintain deposit insurance under the Federal De-  
18 posit Insurance Act (12 U.S.C. 1811 et seq.)”; and

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

20 “(c)(1) Notwithstanding any other provision of law,  
21 a National Bank Association described in subsection (a)  
22 may not engage in maturity transformation or facilitate  
23 consumer lending through third parties.

24 “(2) Restrictions on affiliate transactions applicable  
25 for insured depository institutions shall apply to such de-  
26 pository institutions.

1       “(3) The Comptroller of the Currency, in close con-  
2 sultation with the Board of Governors of the Federal Re-  
3 serve System and State bank supervisors, shall develop the  
4 following:

5           “(A) A simplified capital framework based on  
6 the following:

7               “(i) Payment system risk.

8               “(ii) The greater of—

9                   “(I) all projected costs of receivership;

10                   or

11                   “(II) 3 years of projected operating  
12 expenses.

13           “(B) Appropriate standards for the depository  
14 institution to develop a community contribution  
15 plan, which may include consumer education, finan-  
16 cial literacy, charitable donations, volunteerism, job  
17 training and internships or similar involvement.

18           “(C) A tailored recovery and resolution plan  
19 that would permit the orderly resumption of a safe  
20 and sound operation or the orderly wind-down of op-  
21 erations relating to a payment stablecoin in the  
22 event of distress.

23           “(D) Tailored holding company supervision, as  
24 specified by section 15 of the Bank Holding Com-  
25 pany Act of 1956.

1           “(4) In designing the simplified capital frame-  
2           work required by paragraph (3)(A), the Comptroller  
3           of the Currency—

4                   “(A) shall not subject depository institu-  
5                   tions to the standards of section 171 of the Fi-  
6                   nancial Stability Act of 2010 (12 U.S.C. 5371);  
7                   and

8                   “(B) shall take into account the significant  
9                   differences between the risks of the assets of  
10                  the institution and those of depository institu-  
11                  tions with assets that consist primarily of com-  
12                  mercial or consumer loans.

13           “(d) The Comptroller of the Currency may promul-  
14           gate rules to carry out this section.”.

15   **SEC. 605. HOLDING COMPANY SUPERVISION OF COVERED**  
16                   **DEPOSITORY INSTITUTIONS.**

17           The Bank Holding Company Act of 1956 (12 U.S.C.  
18           1841 et seq.) is amended—

19                   (1) in section 2(c) (12 U.S.C. 1841(c)), by  
20                   striking paragraph (2) and by inserting the fol-  
21                   lowing:

22                   “(2) EXCEPTIONS.—The term ‘bank’ does not  
23                   include a covered depository institution subject to  
24                   tailored holding company supervision under section  
25                   15.”; and



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

2 **“SEC. 15. TAILORED HOLDING COMPANY SUPERVISION FOR**  
 3 **COVERED DEPOSITORY INSTITUTIONS.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) APPROPRIATE BANKING SUPERVISOR.—

6 The term ‘appropriate banking supervisor’ means  
 7 the Comptroller of the Currency, a State bank su-  
 8 pervisor, in the case of a State member bank, the  
 9 Board, or in the case of an insured bank, the Fed-  
 10 eral Deposit Insurance Corporation, as applicable.

11 “(2) CONTROLLING INTEREST.—The term ‘con-  
 12 trolling interest’ means a circumstance when a per-  
 13 son, directly or indirectly, or acting through or in  
 14 concert with 1 or more persons—

15 “(A) owns, controls, or has the power to  
 16 vote 25 percent or more of any class of voting  
 17 securities of a covered depository institution;

18 “(B) controls in any manner the election of  
 19 a majority of the directors of the covered depos-  
 20 itory institution; or

21 “(C) has the power to exercise a control-  
 22 ling influence over the management or policies  
 23 of the covered depository institution.

24 “(3) COVERED DEPOSITORY INSTITUTION.—

25 The term ‘covered depository institution’ means a

1 depository institution operating under subsection (c)  
2 of section 5169 of the Revised Statutes (12 U.S.C.  
3 27), or a substantially similar State law, other than  
4 a bank, as defined in section 2 of the Bank Holding  
5 Company Act of 1956 (12 U.S.C. 1841), or an in-  
6 sured depository institution, as defined in section 3  
7 of the Federal Deposit Insurance Act (12 U.S.C.  
8 1813), which is exclusively engaged in issuing pay-  
9 ment stablecoins, providing safekeeping, trust or  
10 custodial services, or activities incidental to the fore-  
11 going.

12 “(b) CONTROLLING INTEREST.—A person with a  
13 controlling interest in a covered depository institution  
14 shall—

15 “(1) submit annual audited financial statements  
16 and other information as otherwise reasonably re-  
17 quired by the appropriate banking supervisor; and

18 “(2) provide a description of all affiliated or  
19 parent entities and their relationships with the insti-  
20 tution, including annual updates.

21 “(c) TAX ALLOCATION AGREEMENT.—The appro-  
22 priate banking supervisor may require a legal entity with  
23 a controlling interest in a covered depository institution  
24 to execute a tax allocation agreement with the institution  
25 that—

1           “(1) expressly states that an agency relation-  
2           ship exists between the person and the institution  
3           with respect to tax assets generated by the institu-  
4           tion, and that the assets are held in trust by the  
5           person for the benefit of the institution and will be  
6           promptly remitted to the institution; and

7           “(2) may provide that the amount and timing  
8           of any payments or refunds to the institution by the  
9           person should be no less favorable than if the insti-  
10          tution were a separate taxpayer.

11          “(d) PROHIBITION ON CONTROLLING INTERESTS.—  
12          A person that is a commercial firm, as defined in section  
13          602 of the Bank and Savings Association Holding Com-  
14          pany and Depository Institution Regulatory Improvements  
15          Act of 2010 (12 U.S.C. 1815 note), may not obtain a con-  
16          trolling interest in a covered depository institution.

17          “(e) PUBLIC INTEREST.—If the appropriate banking  
18          supervisor finds that it is in the public interest and has  
19          reasonable cause to believe it is necessary to protect the  
20          customers of a covered depository institution, the super-  
21          visor may—

22                 “(1) conduct an examination of a legal entity  
23                 with a controlling interest in a covered depository in-  
24                 stitution or otherwise require information from the  
25                 person; and

1           “(2) require a person with a controlling interest  
2           in a covered depository institution to divest or sever  
3           their relationship with the institution, if necessary to  
4           maintain safety and soundness.”.

5 **SEC. 606. IMPLEMENTATION RULES TO PRESERVE ADE-**  
6                   **QUATE COMPETITION IN PAYMENT**  
7                   **STABLECOINS.**

8           (a) IN GENERAL.—The application of a non-deposi-  
9           tory trust company or the holder of a State license that  
10          only persons engaged in digital asset activities may obtain,  
11          which was chartered or issued under the laws of a State  
12          or the National Bank Act before the date of enactment  
13          of this Act, to receive a charter as a depository institution  
14          and to operate under subsection (c) of section 5169 of the  
15          Revised Statutes (12 U.S.C. 27), as added by section 604  
16          of this Act, shall be decided upon by the Comptroller of  
17          the Currency before an application for a charter to operate  
18          under that section from another entity that is filed on or  
19          after the date of enactment of this Act.

20          (b) APPLICATION.—The application of a covered de-  
21          pository institution, as defined in section 15(a) of the  
22          Bank Holding Company Act of 1956 (12 U.S.C. 1853(a)),  
23          chartered before the date of enactment of this Act to be-  
24          come a State member bank in the Federal Reserve System  
25          or for access to Federal Reserve services under section

1 11A of the Federal Reserve Act (12 U.S.C. 248a) shall  
2 be decided upon by the Board of Governors of the Federal  
3 Reserve System, or a Federal Reserve bank, as applicable,  
4 before any application to become a State member bank  
5 or for Federal Reserve services from any other entity  
6 which seeks to operate as a covered depository institution  
7 and which is filed on or after the date of enactment of  
8 this Act.

9 (c) DECISION.—The applications described in sub-  
10 sections (a) and (b) of this section shall be decided upon  
11 by the appropriate Federal banking agency (as defined in  
12 section 3 of the Federal Deposit Insurance Act (12 U.S.C.  
13 1813)) or Federal Reserve bank, as applicable, before an  
14 insured depository institution in operation before the en-  
15 actment date of this Act may issue a payment stablecoin  
16 in accordance with section 722A of the Gramm-Leach-Blie-  
17 ley Act, as added by section 601 of this Act.

18 **SEC. 607. FINANCIAL CRIMES ENFORCEMENT NETWORK IN-**

19 **NOVATION LABORATORY.**

20 Section 310 of title 31, United States Code, is  
21 amended by adding at the end the following:

22 “(m) INNOVATION LABORATORY.—

23 “(1) IN GENERAL.—There is established within  
24 the Financial Crimes Enforcement Network an In-  
25 novation Laboratory to promote regulatory dialogue,

1 data sharing between the Financial Crimes Enforce-  
2 ment Network and financial companies, and an as-  
3 sessment of potential changes in law, rules, or poli-  
4 cies to facilitate the appropriate supervision of finan-  
5 cial technology and the laws under the jurisdiction  
6 of the agency.

7 “(2) CHIEF INNOVATION OFFICER.—The inno-  
8 vation officer appointed under section 6208 of the  
9 Anti-Money Laundering Act of 2020 (31 U.S.C.  
10 5311 note) by the Director of the Financial Crimes  
11 Enforcement Network shall manage the Innovation  
12 Laboratory.

13 “(3) DUTIES.—The Innovation Laboratory, as  
14 appropriate, shall study changes in financial tech-  
15 nology and make recommendations to Congress, the  
16 Secretary, and the Director for appropriate changes  
17 in laws, rules, or policies that can more effectively  
18 facilitate the supervision of financial technology with  
19 respect to the laws under the jurisdiction of the Fi-  
20 nancial Crimes Enforcement Network, including dig-  
21 ital assets, distributed ledger technology and decen-  
22 tralized finance.

23 “(4) PILOT PROJECTS.—The Innovation Lab-  
24 oratory, as appropriate, shall conduct pilot projects  
25 with financial companies to more effectively facilitate

1 the supervision of financial technology, consistent  
2 with applicable law.”.

3 **TITLE VII—RESPONSIBLE**  
4 **BANKING INNOVATION**

5 **SEC. 701. STUDY ON USE OF DISTRIBUTED LEDGER TECH-**  
6 **NOLOGY FOR REDUCTION OF RISK IN DEPOS-**  
7 **ITORY INSTITUTIONS.**

8 Not later than 180 days after the date of enactment  
9 of this Act, the Board of Governors of the Federal Reserve  
10 System shall complete a study and submit to the Com-  
11 mittee on Banking, Housing, and Urban Affairs of the  
12 Senate and the Committee on Financial Services of the  
13 House of Representatives a report regarding the manner  
14 in which distributed ledger technology may reduce risk for  
15 depository institutions, as defined in section 19(b)(1) of  
16 the Federal Reserve Act (12 U.S.C. 461(b)(1)), including  
17 settlement risk, operational risk and capital requirements.

18 **SEC. 702. ELIGIBILITY FOR FEDERAL RESERVE SERVICES**  
19 **TO DEPOSITORY INSTITUTIONS.**

20 (a) FINDINGS.—Congress finds the following:

21 (1) Final settlement of transactions in central  
22 bank money reduces risk in the financial system, in-  
23 cluding through the reduction of counterparty expo-  
24 sure.

1           (2) Digital assets settle with finality in seconds  
2 or minutes, whereas traditional financial trans-  
3 actions may take days to settle.

4           (3) This mismatch in the settlement window of  
5 digital assets and traditional financial assets creates  
6 risk in the economy that may be reduced through  
7 the ability of depository institutions to simulta-  
8 neously conduct digital asset transactions and settle,  
9 with finality, the United States dollar component of  
10 these transactions.

11           (4) The Federal Reserve Act specifies that a  
12 depository institution, as defined in section 19(b)(1)  
13 of that Act (12 U.S.C. 461(b)(1)), upon receiving a  
14 charter from the Office of the Comptroller of the  
15 Currency, National Credit Union Administration or  
16 State bank supervisor, is required to be made avail-  
17 able services from Federal Reserve banks under sec-  
18 tion 11A of the Federal Reserve Act (12 U.S.C.  
19 248a), including currency and coin services, wire  
20 transfer services, automated clearinghouse services  
21 and settlement services.

22           (5) Numerous Federal courts have found that  
23 the provision of services to depository institutions  
24 under section 11A of the Federal Reserve Act (12



1 U.S.C. 248a) is a ministerial duty imposed by Con-  
2 gress with respect to all depository institutions.

3 (6) The Board of Governors of the Federal Re-  
4 serve System has long interpreted the Federal Re-  
5 serve Act to mean that the Federal Reserve banks  
6 must provide services to all depository institutions,  
7 noting that it has a duty “to ensure the provision  
8 of payment services to all depository institutions on  
9 an equitable basis, and to do so in an atmosphere  
10 of competitive fairness”.

11 (7) The Federal Reserve banks have, on occa-  
12 sion, provided services to non-depository, non-in-  
13 sured institutions without appropriate statutory au-  
14 thority.

15 (8) Certain novel legal positions that conflict  
16 with or frustrate these precedents are not in the best  
17 traditions of the Federal Reserve Act, our dual  
18 banking system, and the imperatives of Congress.

19 (9) The statutory independence of the Board of  
20 Governors and the Federal Reserve banks under the  
21 Constitution of the United States is properly rooted  
22 in absolute fidelity to the laws enacted by Congress.

23 (10) It is appropriate for Congress to reaffirm  
24 its existing statutory intent to ensure that all deposi-  
25 tory institutions may access services under the Fed-

1       eral Reserve Act “on an equitable basis, and to do  
2       so in an atmosphere of competitive fairness”.

3       (b) PRICING OF SERVICES.—Section 11A of the Fed-  
4       eral Reserve Act (12 U.S.C. 248a) is amended by adding  
5       at the end the following:

6       “(f) A Federal Reserve bank shall provide a seg-  
7       regated balance account to a depository institution upon  
8       the request of any institution that receives services under  
9       this section.”.

10       (c) DEPOSITS; EXCHANGE AND COLLECTION; MEM-  
11       BER AND NONMEMBER BANKS OR OTHER DEPOSITORY  
12       INSTITUTIONS; CHARGES.—Section 13 of the Federal Re-  
13       serve Act (12 U.S.C. 342) is amended to read as follows:

14       “Any Federal Reserve bank shall receive from any of  
15       its member banks or other depository institutions, and  
16       from the United States, deposits of current funds in lawful  
17       money, national-bank notes, Federal reserve notes, or  
18       checks, and drafts, payable upon presentation or other  
19       items, and also, for collection, maturing notes and bills;  
20       or, solely for purposes of exchange or of collection, shall  
21       receive from other Federal Reserve banks deposits of cur-  
22       rent funds in lawful money, national-bank notes, or checks  
23       upon other Federal Reserve banks, and checks and drafts,  
24       payable upon presentation within its district or other  
25       items, and maturing notes and bills payable within its dis-

1 triet; or, solely for the purposes of exchange or of collec-  
2 tion, shall receive from any nonmember bank or trust com-  
3 pany or other depository institution deposits of current  
4 funds in lawful money, national-bank notes, Federal re-  
5 serve notes, checks and drafts payable upon presentation  
6 or other items, or maturing notes and bills: *Provided*, Such  
7 nonmember bank or trust company or other depository in-  
8 stitutions maintains with the Federal Reserve bank of its  
9 district a balance in such amount as the Board determines  
10 taking into account items in transit, services provided by  
11 the Federal Reserve bank, and other factors as the Board  
12 may deem appropriate: *Provided further*, That nothing in  
13 this or any other section of this Act shall be construed  
14 as prohibiting a member or nonmember bank or other de-  
15 pository institution from making reasonable charges, to be  
16 determined and regulated by the Board of Governors, but  
17 in no case to exceed 10 cents per \$100 or fraction thereof,  
18 based on the total of checks and drafts presented at any  
19 one time, for collection or payment of checks and drafts  
20 and remission therefor by exchange or otherwise; but no  
21 such charges shall be made against the Federal Reserve  
22 banks.”.

23 **SEC. 703. ROUTING TRANSIT NUMBER ISSUANCE.**

24 Not later than 2 years after the date of enactment  
25 of this Act, the Board of Governors of the Federal Reserve

1 System shall assume responsibility for issuing routing  
 2 transit numbers to depository institutions for all purposes  
 3 relating to the clearing of transactions and the services  
 4 required to be made available to all depository institutions  
 5 under section 11A of the Federal Reserve Act (12 U.S.C.  
 6 248a).

7 **SEC. 704. CLARIFYING APPLICATION REVIEW TIMES WITH**  
 8 **RESPECT TO THE FEDERAL BANKING AGEN-**  
 9 **CIES.**

10 Section 343 of the Riegle Community Development  
 11 and Regulatory Improvement Act of 1994 (12 U.S.C.  
 12 4807) is amended by striking subsection (a) and inserting  
 13 the following:

14 “(a) FINAL ACTION.—

15 “(1) DEFINITION.—In this subsection, the term  
 16 ‘completed application’—

17 “(A) means the information requested by  
 18 the Federal banking agency at the outset of an  
 19 application through application forms or similar  
 20 means; and

21 “(B) does not include supplemental infor-  
 22 mation requested by the agency after filing of  
 23 an application.

24 “(2) ACTION.—Each Federal banking agency,  
 25 including Federal Reserve banks, shall take final ac-

1       tion on any application to the agency before the end  
2       of the 1-year period beginning on the date on which  
3       a completed application is received by the agency.

4       “(b) REPORT.—Each Federal banking agency, in-  
5       cluding the Federal Reserve banks, shall annually report  
6       to Congress a list of the applications that have been pend-  
7       ing for 9 months or longer since the date of the initial  
8       application filed by an applicant. Such list—

9               “(1) shall disclose the reason why the applica-  
10       tion has not yet been approved or denied by the  
11       Federal banking agency; and

12               “(2) shall not contain confidential supervisory  
13       information.”.

14       **SEC. 705. EXAMINATION STANDARDS FOR DIGITAL ASSET**  
15               **ACTIVITIES.**

16       (a) IN GENERAL.—Not later than 18 months after  
17       the date of enactment of this Act, the Federal Financial  
18       Institutions Examination Council, in consultation with the  
19       Financial Crimes Enforcement Network, shall publish  
20       final guidance and examiner handbooks for depository in-  
21       stitutions, as defined in section 19(b)(1) of the Federal  
22       Reserve Act (12 U.S.C. 461(b)(1)), on the following topics  
23       related to digital assets:

24               (1) Anti-money laundering, customer identifica-  
25       tion, beneficial ownership, and sanctions compliance,

1 including with respect to payment stablecoin activi-  
2 ties and subsidiary value (as defined in section  
3 9802(c) of title 31, United States Code).

4 (2) Custody.

5 (3) Fiduciary and capital markets activities.

6 (4) Information technology standards.

7 (5) Payment system risk.

8 (6) Consumer protection.

9 (b) FINAL GUIDANCE.—Not later than 18 months  
10 after the date of enactment of this Act, Securities and Ex-  
11 change Commission and Commodity Futures Trading  
12 Commission, in consultation with the Financial Crimes  
13 Enforcement Network, shall publish final guidance and ex-  
14 aminer handbooks relating to digital asset intermediaries  
15 regarding the topics described in paragraphs (1) and (4)  
16 of subsection (a).

17 **SEC. 706. ASSET CUSTODY FOR DEPOSITORY INSTITUTIONS**  
18 **AND CERTAIN OTHER ENTITIES.**

19 (a) FINDINGS.—Congress finds the following:

20 (1) The laws surrounding custody of financial  
21 assets is largely customary, uncodified, and poorly  
22 understood.

23 (2) Lack of uniformity amongst various juris-  
24 dictions' laws relating to custody has largely not

1       been addressed by regulators, can contribute to risk,  
2       and is producing uncertainty for innovators.

3               (3) Codifying basic principles around custody of  
4       financial assets will reduce systemic risk, clearly de-  
5       fine the rights and duties of both custodian and cus-  
6       tomer, and contribute to a more uniform and effec-  
7       tive banking system.

8       (b) DEFINITION.—In this section, the term “cus-  
9       tody” means the safekeeping, servicing and management  
10      of customer financial assets, including currency, securities  
11      and commodities, on an off-balance sheet basis.

12      (c) CUSTODY.—

13              (1) IN GENERAL.—Except as provided in para-  
14      graph (2), custody of financial assets is accom-  
15      plished by a bailment and established by a written  
16      customer agreement. Custody shall not be a fidu-  
17      ciary or trust activity unless the custodian is pro-  
18      viding substantial discretionary services with respect  
19      to an account, including through investment advice  
20      or investment discretion, and the custodian owes a  
21      customer a higher standard of care or duty with re-  
22      spect to the customer of that account.

23              (2) EXCEPTION.—A custodian and customer  
24      may establish a legal relationship other than a bail-  
25      ment pursuant to a written customer agreement.

1 (d) PROPER DOCUMENTATION.—A custodial account  
2 shall be properly documented in a customer agreement,  
3 with a clearly defined legal relationship between the custo-  
4 dian and customer. Custodial assets shall be properly iden-  
5 tified and segregated from the assets of the custodian,  
6 with proper documentation of asset segregation.

7 (e) NOT ASSETS OR LIABILITIES.—Assets properly  
8 held in a custodial account under this section are not as-  
9 sets or liabilities of the custodian and shall be maintained  
10 on an off-balance sheet basis, including for the purpose  
11 of accounting treatment for the custodian and the cus-  
12 tomers of the custodian, notwithstanding the form in  
13 which the assets are maintained.

14 (f) APPLICABILITY.—This section shall apply to de-  
15 pository institutions, as defined in section 19(b)(1) of the  
16 Federal Reserve Act (12 U.S.C. 461(b)(1)), and non-de-  
17 pository trust companies chartered under section 5169 of  
18 the Revised Statutes (12 U.S.C. 27).

19 **SEC. 707. REPUTATION RISK; REQUIREMENTS FOR AC-**  
20 **COUNT TERMINATION REQUESTS AND OR-**  
21 **DERS.**

22 (a) REPUTATION RISK.—An appropriate Federal  
23 banking agency may not formally or informally request or  
24 order a depository institution to terminate a specific cus-  
25 tomer account or group of customer accounts unless the



1 agency has a valid reason for such request or order, con-  
2 sistent with subsections (b) and (c).

3 (b) NO RESTRICTION.—An appropriate Federal  
4 banking agency shall not restrict or discourage a deposi-  
5 tory institution from entering into or maintaining a bank-  
6 ing relationship with a specific customer or group of cus-  
7 tomers based on reputation risk, including through the ex-  
8 aminations and ratings of the depository institution.

9 (c) TREATMENT OF NATIONAL SECURITY  
10 THREATS.—If an appropriate Federal banking agency be-  
11 lieves a specific customer or group of customers is, or act-  
12 ing as a conduit for, an entity which—

13 (1) poses a threat to national security;

14 (2) is involved in terrorist financing;

15 (3) is an agency of the Government of Iran,  
16 North Korea, Syria, or any country listed from time  
17 to time on the State Sponsors of Terrorism list;

18 (4) is located in, or is subject to the jurisdiction  
19 of, any country specified in paragraph (3); or

20 (5) does business with any entity described in  
21 paragraph (3) or (4), unless the appropriate Federal  
22 banking agency determines that the customer or  
23 group of customers has used due diligence to avoid  
24 doing business with that entity, such belief shall sat-  
25 isfy the requirement under subsection (a).

1 (d) NOTICE REQUIREMENT.—

2 (1) IN GENERAL.—If an appropriate Federal  
3 banking agency formally requests or orders a deposi-  
4 tory institution to terminate a specific customer ac-  
5 count or a group of customer accounts, the agency  
6 shall—

7 (A) provide such request or order to the  
8 institution in writing; and

9 (B) accompany such request or order with  
10 a written justification for why such termination  
11 is needed, including any specific laws or rules  
12 the agency believes are being violated by the  
13 customer or group of customers.

14 (2) JUSTIFICATION REQUIREMENT.—Consistent  
15 with subsection (b), the justification described in  
16 paragraph (1)(B) may not be based on reputation  
17 risk to the depository institution.

18 (e) CUSTOMER NOTICE.—

19 (1) NOTICE REQUIRED.—Except as provided  
20 under paragraph (2) or as otherwise prohibited from  
21 being disclosed by law, if an appropriate Federal  
22 banking agency orders a depository institution to  
23 terminate a specific customer account or a group of  
24 customer accounts, the depository institution shall  
25 inform the specific customer or group of customers

1 of the justification for the customer's account termi-  
2 nation described under subsection (b).

3 (2) NOTICE PROHIBITED.—

4 (A) NOTICE PROHIBITED IN CASES OF NA-  
5 TIONAL SECURITY.—If an appropriate Federal  
6 banking agency requests or orders a depository  
7 institution to terminate a specific customer ac-  
8 count or a group of customer accounts based on  
9 a belief that the customer or customers pose a  
10 threat to national security, or are otherwise de-  
11 scribed under subsection (a)(2), neither the de-  
12 pository institution nor the appropriate Federal  
13 banking agency may inform the customer or  
14 customers of the justification for the customer's  
15 account termination.

16 (B) NOTICE PROHIBITED IN OTHER  
17 CASES.—If an appropriate Federal banking  
18 agency determines that the notice required  
19 under paragraph (1) may interfere with an au-  
20 thorized criminal investigation, neither the de-  
21 pository institution nor the appropriate Federal  
22 banking agency may inform the specific cus-  
23 tomer or group of customers of the justification  
24 for the customer's account termination.

1 (f) REPORTING REQUIREMENT.—Each appropriate  
2 Federal banking agency shall issue an annual report to  
3 Congress stating—

4 (1) the aggregate number of specific customer  
5 accounts that the agency requested or ordered a de-  
6 pository institution to terminate during the previous  
7 year; and

8 (2) the legal authority on which the agency re-  
9 lied in making such requests and orders and the fre-  
10 quency on which the agency relied on each such au-  
11 thority.

12 (g) DEFINITIONS.—In this section:

13 (1) APPROPRIATE FEDERAL BANKING AGEN-  
14 CY.—The term “appropriate Federal banking agen-  
15 cy” means—

16 (A) the appropriate Federal banking agen-  
17 cy, as defined in section 3 of the Federal De-  
18 posit Insurance Act (12 U.S.C. 1813); and

19 (B) the National Credit Union Administra-  
20 tion, in the case of an insured credit union.

21 (2) DEPOSITORY INSTITUTION.—The term “de-  
22 pository institution” has the meaning given the term  
23 in section 19(b)(1) of the Federal Reserve Act (12  
24 U.S.C. 461(b)(1)(A)).

1 **SEC. 708. CONFORMING AMENDMENTS.**

2 (a) FEDERAL DEPOSIT INSURANCE ACT.—Section  
3 12 of the Federal Deposit Insurance Act (12 U.S.C. 1822)  
4 is amended by adding at the end the following:

5 “(g) APPOINTMENT OF RECEIVER.—

6 “(1) DEFINITION.—In this subsection, the term  
7 ‘covered depository institution’ has the meaning  
8 given the term in section 15(a) of the Bank Holding  
9 Company Act of 1956.

10 “(2) APPOINTMENT.—The Corporation may be  
11 appointed as receiver of a covered depository institu-  
12 tion, as defined in section 15(a) of the Bank Hold-  
13 ing Company Act of 1956.

14 “(3) PREMIUMS.—A covered depository institu-  
15 tion may not be charged deposit insurance premiums  
16 for the purpose of this subsection, but the Corpora-  
17 tion may use the capital of the covered depository  
18 institution to fund the costs of the receivership.

19 “(4) RULES.—The Corporation may promul-  
20 gate rules to carry out this subsection, which shall—

21 “(A) be substantially consistent with the  
22 rules for receivership of an insured depository  
23 institution; and

24 “(B) account for the limited activities, cap-  
25 ital, and the required tailored recovery and res-

1           olution plan of the covered depository institu-  
2           tion.”.

3           (b) FEDERAL RESERVE ACT.—The Federal Reserve  
4 Act (12 U.S.C. 221 et seq.) is amended—

5           (1) in section 19(b)(1)(A) (12 U.S.C.  
6 461(b)(1)(A))—

7           (A) in clause (vi), by striking “and” at the  
8 end;

9           (B) in clause (vii), by striking the period  
10 at the end and inserting “; and”; and

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

12           “(viii) a covered depository institution,  
13 as defined in section 15(a) of the Bank  
14 Holding Company Act of 1956.”; and

15           (2) in the first undesignated paragraph of sec-  
16 tion 9 (12 U.S.C. 321), in the first sentence, by in-  
17 serting “, covered depository institutions, as defined  
18 in section 15(a) of the Bank Holding Company Act  
19 of 1956 (12 U.S.C. 1853(a)),” after “Plan banks”.

1           **TITLE VIII—RESPONSIBLE**  
 2           **INTERAGENCY COORDINATION**

3   **SEC. 801. TIMELINE FOR INTERPRETIVE GUIDANCE ISSUED**  
 4                           **BY FEDERAL FINANCIAL AGENCIES.**

5           (a) IN GENERAL.—Title 31, United States Code, is  
 6 amended by adding after chapter 98, as added by section  
 7 101(a) of this Act, the following:

8                           **“CHAPTER 99—RESPONSIBLE**  
 9                           **INTERAGENCY COORDINATION**

“Sec.

“9901. Timeline for interpretive guidance issues by Federal financial agencies.

“9902. Interstate sandbox activities.

10   **“§ 9901. Timeline for interpretive guidance issues by**  
 11                           **Federal financial agencies**

12           “(a) IN GENERAL.—In this section:

13                       “(1) FEDERAL FINANCIAL REGULATOR.—The  
 14 term ‘Federal financial regulator’ means—

15                       “(A) Board of Governors of the Federal  
 16 Reserve System and the Federal Reserve banks;

17                       “(B) Commodity Futures Trading Com-  
 18 mission;

19                       “(C) Department of the Treasury;

20                       “(D) Federal Deposit Insurance Corpora-  
 21 tion;

22                       “(E) Federal Housing Finance Agency;

1           “(F) National Credit Union Administra-  
2           tion;

3           “(G) Office of the Comptroller of the Cur-  
4           rency;

5           “(H) Consumer Financial Protection Bu-  
6           reau; and

7           “(I) Securities and Exchange Commission.

8           “(2) REQUESTING PERSON.—The term ‘re-  
9           questing person’—

10           “(A) means any entity that is required to  
11           be chartered, licensed, supervised or registered  
12           by that agency; and

13           “(B) includes State agencies and self-regu-  
14           latory organizations.

15           “(b) RESPONSE.—Not later than 180 days after fil-  
16           ing a written request for individualized interpretive guid-  
17           ance with respect to the application of a statute, rule or  
18           policy under the jurisdiction of a Federal financial regu-  
19           lator, the agency shall provide a final, complete and writ-  
20           ten response to the requesting person. This subsection  
21           shall not apply to requests for guidance that the Federal  
22           financial regulator determine lack substance.

23           “(c) OTHER MATTERS.—With respect to matters del-  
24           egated or otherwise under the jurisdiction of self-regu-  
25           latory organizations, including national securities ex-



1 changes, boards of trade, and similar entities, the self-reg-  
2 ulatory organization shall be subject to the same require-  
3 ments as a Federal financial regulator under this sec-  
4 tion.”.

5 **SEC. 802. INTERSTATE SANDBOX ACTIVITIES.**

6 (a) IN GENERAL.—Chapter 99 of title 31, United  
7 States Code, as added by section 701 of this Act, is  
8 amended by adding at the end the following:

9 **“§ 9902. Interstate sandbox activities**

10 “(a) DEFINITIONS.—In this section:

11 “(1) FEDERAL FINANCIAL REGULATOR.—The  
12 term ‘Federal financial regulator’ means the Federal  
13 agency described in section 9901(a)(1) that would  
14 typically exercise jurisdiction over the product or  
15 service made available in the State financial regu-  
16 latory sandbox, or the Department of the Treasury,  
17 in the case of a matter only within the jurisdiction  
18 of a State.

19 “(2) FINANCIAL COMPANY.—The term ‘finan-  
20 cial company’ means a business entity primarily en-  
21 gaged in activities that are financial in nature, as  
22 described in section 4(k)(4) of the Bank Holding  
23 Company Act of 1956 (12 U.S.C. 1843(k)(4)).

24 “(3) HOST STATE.—The term ‘host State’  
25 means a State in which a financial company is not

1 operating in the State financial regulatory sandbox  
2 of that State.

3 “(4) INNOVATIVE.—The term ‘innovative’  
4 means new or emerging technology, or new uses of  
5 existing technology, that—

6 “(A) provides a financial product, service,  
7 business model, or delivery mechanism to the  
8 public; and

9 “(B) has no substantially comparable,  
10 widely available analogue in common use in the  
11 United States.

12 “(5) STATE FINANCIAL REGULATOR.—The term  
13 ‘State financial regulator’ includes State agencies  
14 that regulate, supervise, or license banks, trust com-  
15 panies, credit unions, consumer credit, consumer  
16 protection, money transmission, securities, commod-  
17 ities, and similar areas.

18 “(6) STATE FINANCIAL REGULATORY SAND-  
19 BOX.—The term ‘State financial regulator sandbox’  
20 means a program created under State law that al-  
21 lows a financial company to make an innovative fi-  
22 nancial product or service available to customers  
23 within that State during a defined period in order to  
24 permit regulatory dialogue, data sharing amongst  
25 regulators and financial companies, and to promote

1 an assessment of potential changes in law, rule, or  
2 policy to facilitate the appropriate supervision of fi-  
3 nancial technology.

4 “(b) BUSINESS CONDUCTED.—Upon joint approval  
5 under subsection (d), a financial company in good stand-  
6 ing in a State financial regulatory sandbox and operating  
7 for not less than 6 months in that sandbox program, may  
8 do business across State lines under the standards of this  
9 section. If approved, the State financial regulator and the  
10 Federal financial regulator may agree upon reasonable ad-  
11 justments to the number of customers that may be served,  
12 increased bonding or collateral requirements, and similar  
13 conditions which may be appropriate for conducting busi-  
14 ness nationally.

15 “(c) STATE SANDBOX REQUIREMENTS.—A State fi-  
16 nancial regulatory sandbox shall contain the following  
17 components for financial companies to be eligible to do  
18 business across State lines under this section:

19 “(1) A limited sandbox period of not more than  
20 24 months.

21 “(2) Consumer protection requirements, which  
22 may include disclosures, bonding, insurance require-  
23 ments, and financial literacy programs for specified  
24 consumers.

1           “(3) Authority to conduct examinations of the  
2 financial company.

3           “(4) A background investigation of the financial  
4 company and its officers, directors, members, man-  
5 agers and key employees, prior to commencing busi-  
6 ness.

7           “(d) DECISION.—Upon submission of an application  
8 by a financial company to conduct business across State  
9 lines under subsection (b), the State financial regulator  
10 and Federal financial regulator shall jointly issue a deci-  
11 sion within 120 days with respect to that application, irre-  
12 spective of any supplemental information with respect to  
13 the application that may be requested after initial filing.  
14 The Federal financial regulator shall have the authority  
15 to conduct a joint examination of any financial company  
16 doing business under this section.

17           “(e) FACTORS.—The State financial regulator and  
18 Federal financial regulator shall consider the following  
19 factors in rendering a decision on the application:

20           “(1) Whether the product or service offered  
21 may be offered in a safe and sound manner across  
22 State lines.

23           “(2) Whether the management and capital of  
24 the financial company is commensurate with the  
25 scale of the company.

1           “(3) Risk management plans of the financial  
2           company.

3           “(4) Conduct of the financial company to date  
4           in the State regulatory sandbox, and any past regu-  
5           latory actions, including actions against officers, di-  
6           rectors, members, managers and key employees.

7           “(5) Plans for consumer education and finan-  
8           cial literacy, including partnerships with local edu-  
9           cational institutions and community colleges to pro-  
10          vide financial literacy classes or resources.

11          “(6) Other factors determined by the State and  
12          Federal financial regulators to be material.

13          “(f) ELECTION.—A host State may elect not to per-  
14          mit financial companies operating under this section to do  
15          business in their State through issuance of an executive  
16          order by the Governor of that State.

17          “(g) INNOVATIVE.—A product or service made avail-  
18          able under this section through a State financial regu-  
19          latory sandbox shall be innovative.

20          “(h) RULES OF CONSTRUCTION.—This section shall  
21          not be construed to extend to permit—

22                 “(1) a financial company to engage in any ac-  
23                 tivities for which a charter, license, registration or  
24                 for which permission would be required under Fed-  
25                 eral or State law but for the innovative financial

1 product or service being offered by the company, ex-  
 2 cept to the extent the financial company would be  
 3 required to obtain a charter, license or other author-  
 4 ization required in a host State;

5 “(2) failure to comply with any applicable por-  
 6 tion of State law required by the State financial reg-  
 7 ulatory sandbox, or failure to comply with any appli-  
 8 cable portion of Federal law, unless authorized on a  
 9 limited basis by the Federal financial regulator to  
 10 achieve the purposes of this section and the State fi-  
 11 nancial regulatory sandbox; or

12 “(3) lending activities in excess of the max-  
 13 imum statutory rate of interest permissible in a  
 14 State.”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
 16 The table of contents for subtitle VI of title 31, United  
 17 States Code, as amended by section 101(b) of this Act,  
 18 is amended by adding at the end the following:

“99. Responsible interagency coordination ..... 9901”.

19 **SEC. 803. STATE MONEY TRANSMISSION COORDINATION**  
 20 **RELATING TO DIGITAL ASSETS.**

21 (a) IN GENERAL.—In order to increase uniformity,  
 22 reduce regulatory burden, and enhance consumer protec-  
 23 tion, the States, through the Conference of State Bank  
 24 Supervisors and the Money Transmission Regulators As-  
 25 sociation, shall, not later than 2 years after the date of

1 enactment of this Act, ensure uniform treatment of digital  
2 assets for the purposes of State money transmission laws  
3 on the following matters:

4 (1) Whether digital assets are subject to money  
5 transmission licensing requirements, as appropriate,  
6 which shall include the exchange of digital assets for  
7 legal tender.

8 (2) Treatment of payment stablecoins.

9 (3) Non-applicability to persons or software  
10 that engage in validation of transactions, non-custo-  
11 dial wallet providers, or software or hardware devel-  
12 opment.

13 (4) Tangible net worth and permissible invest-  
14 ment requirements.

15 (5) Disclosures, reporting, and recordkeeping.

16 (6) Common examination and examiner training  
17 standards, including common customer identifica-  
18 tion, anti-money laundering, and sanctions best  
19 practices developed in consultation with the Finan-  
20 cial Crimes Enforcement Network and the Office of  
21 Foreign Assets Control.

22 (b) REGULATIONS.—If the Director of the Bureau of  
23 Consumer Financial Protection determines that a State  
24 does not have the requirements of subsection (a) in effect  
25 by law (including regulations) that are substantively con-

1 sistent with the requirements of the several States on the  
2 date that is 2 years after the date of enactment of this  
3 section, the Director shall adopt rules applicable to that  
4 State that achieve the purposes of subsection (a) and that  
5 are consistent with the standards adopted in the States  
6 that have the requirements of subsection (a) in effect. The  
7 Director may extend the deadline under this section for  
8 not more than 1 year if a State has shown a good faith  
9 effort towards implementation. The Director may promul-  
10 gate regulations to monitor State compliance with this  
11 subsection.

12 **SEC. 804. INFORMATION SHARING AMONG FEDERAL AND**  
13 **STATE FINANCIAL REGULATORS.**

14 Subtitle C of title VII of the Gramm-Leach-Bliley Act  
15 (Public Law 106–102; 113 Stat. 1470), as amended by  
16 section 601 of this Act, is amended by adding at the end  
17 the following:

18 **“SEC. 722B. INFORMATION SHARING AMONG FEDERAL AND**  
19 **STATE FINANCIAL REGULATORS.**

20 “(a) CONFIDENTIALITY.—Notwithstanding any other  
21 provision of law, any requirement under Federal or State  
22 law regarding the privacy or confidentiality of any infor-  
23 mation or materials exchanged among financial regulators  
24 and any privilege arising under Federal or State law (in-  
25 cluding the rules of any Federal or State court) with re-



1 spect to such information or material, shall continue to  
2 apply to such information or material after the informa-  
3 tion or material has been disclosed to any State or Federal  
4 financial regulator.

5 “(b) NON-APPLICABILITY OF CERTAIN REQUIRE-  
6 MENTS.—Information or material that is subject to privi-  
7 lege or confidentiality under subsection (a) shall not be  
8 subject to—

9 “(1) disclosure under any Federal or State law  
10 governing the disclosure to the public of information  
11 held by an officer or an agency of the Federal Gov-  
12 ernment or the respective State; or

13 “(2) subpoena or discovery, or admission into  
14 evidence, in any private civil action or administrative  
15 process, unless with respect to any privilege held by  
16 the Nationwide Mortgage Licensing System and  
17 Registry or the Director with respect to such infor-  
18 mation or material, the person to whom such infor-  
19 mation or material pertains waives that privilege, in  
20 whole or in part, based on the discretion of such per-  
21 son.

22 “(c) COORDINATION WITH OTHER LAW.—Any State  
23 or Federal law, including any State open records law, re-  
24 lating to the disclosure of confidential supervisory infor-  
25 mation or any information or material described in sub-

1 section (a) that is inconsistent with subsection (a) shall  
2 be superseded by the requirements of such provision to  
3 the extent the State or Federal law provides less confiden-  
4 tiality or a weaker privilege.

5 “(d) CONFERENCE OF STATE BANK SUPERVISORS.—  
6 The Conference of State Bank Supervisors shall be consid-  
7 ered the agent of the State financial regulators for the  
8 purposes of sharing information under this provision.

9 “(e) DEFINITION.—In this section, the term ‘finan-  
10 cial regulator’ means—

11 “(1) the Board of Governors of the Federal Re-  
12 serve System and the Federal Reserve banks;

13 “(2) the Commodity Futures Trading Commis-  
14 sion;

15 “(3) the Department of the Treasury, including  
16 the Financial Crimes Enforcement Network and the  
17 Office of Foreign Assets Control;

18 “(4) the Federal Deposit Insurance Corpora-  
19 tion;

20 “(5) the Federal Housing Finance Agency;

21 “(6) the National Credit Union Administration;

22 “(7) the Office of the Comptroller of the Cur-  
23 rency;

24 “(8) the Bureau of Consumer Financial Protec-  
25 tion;



1 (A) current development and use of decen-  
2 tralized finance protocols in the United States  
3 and other countries;

4 (B) opportunities, benefits, and challenges  
5 relating to decentralized finance protocols and  
6 self-custody of digital assets;

7 (C) a comparison of operational friction,  
8 fees, liquidity and trading opportunities in de-  
9 centralized finance protocols, digital asset mar-  
10 kets, and traditional markets;

11 (D) transparency, prevention of manipula-  
12 tion, and customer protection;

13 (E) cybersecurity and resiliency; and

14 (F) ensuring the accuracy of information  
15 regarding the underlying smart contracts of a  
16 decentralized finance protocol and the trans-  
17 actions facilitated by such contracts, as the in-  
18 formation appears on a website or other similar  
19 means relating to the protocol.

20 **SEC. 806. ANALYSIS OF ENERGY CONSUMPTION IN DIGITAL**  
21 **ASSET MARKETS.**

22 (a) IN GENERAL.—Each year, the Federal Energy  
23 Regulatory Commission, in consultation with the Com-  
24 modity Futures Trading Commission and Securities and

1 Exchange Commission, shall analyze the following topics  
2 with respect to digital asset markets:

3 (1) Energy consumption for mining and staking  
4 of digital asset transactions.

5 (2) The effect of energy consumption described  
6 in paragraph (1) on national, regional, and local en-  
7 ergy prices.

8 (3) The effects of mining and staking of digital  
9 asset transactions on baseload power levels.

10 (4) The use of renewable energy sources, in-  
11 cluding use of nonrenewable sources that would oth-  
12 erwise be wasted, and a comparison of digital asset  
13 market energy consumption with the financial serv-  
14 ices industry and economy as a whole.

15 (5) The sources and reliability of the data used  
16 under this subsection.

17 (6) A process for regulated entities to make in-  
18 formation publicly available regarding energy con-  
19 sumption, including sources of energy and amount,  
20 and, if appropriate, recommendations to Congress to  
21 establish such a process.

22 (b) REPORT.—Not later than December 31 of each  
23 year, the Federal Energy Regulatory Commission shall  
24 submit to the Committee on Energy and Natural Re-  
25 sources and the Committee on Environment and Public

1 Works of the Senate and the Committee on Energy and  
2 Commerce and the Committee on Natural Resources of  
3 the House of Representatives a report containing the anal-  
4 ysis required by subsection (a).

5 **SEC. 807. ANALYSIS OF SELF-REGULATION AND REG-**  
6 **ISTERED DIGITAL ASSET ASSOCIATIONS.**

7 (a) IN GENERAL.—Not later than 180 days after the  
8 date of enactment of this Act, the Commodity Futures  
9 Trading Commission and Securities and Exchange Com-  
10 mission, in consultation with digital asset intermediaries,  
11 as defined in section 9801 of title 31, United States Code,  
12 as added by section 101 of this Act, and standard-setting  
13 associations representing the digital asset industry, shall  
14 conduct a study and submit to the Committee on Banking,  
15 Housing, and Urban Affairs and the Committee on Agri-  
16 culture, Nutrition, and Forestry of the Senate and the  
17 Committee on Financial Services and the Committee on  
18 Agriculture of the House of Representatives a report set-  
19 ting forth principles for self-regulation for digital asset  
20 markets and a proposal for the establishment of registered  
21 digital asset associations for digital asset markets based  
22 on delegated authority from the Commodity Futures  
23 Trading Commission and Securities and Exchange Com-  
24 mission to facilitate innovative, efficient, and orderly mar-

1 kets for digital assets in accordance with this Act, and  
2 the amendments made by this Act, including—

3 (1) standard setting, corporate transparency re-  
4 quirements, and rulemaking relating to digital asset  
5 market conduct;

6 (2) regular consultation between the Com-  
7 modity Futures Trading Commission and Securities  
8 and Exchange Commission with respect to rules gov-  
9 erning digital asset market conduct and the govern-  
10 ance of registered digital asset associations;

11 (3) appropriate investigatory and disciplinary  
12 powers of registered digital asset associations and  
13 registered digital asset exchanges, respectively;

14 (4) the authority of digital asset intermediaries  
15 to conduct activities relating to traditional assets;

16 (5) consumer education and financial literacy;

17 (6) professional accreditation and education;

18 (7) market surveillance and oversight, including  
19 use of technology to facilitate shared trade practices  
20 and market surveillance;

21 (8) risk-based examination authority;

22 (9) dispute resolution and arbitration;

23 (10) membership of registered digital asset as-  
24 sociation members in other self-regulatory organiza-  
25 tions and mutual recognition and acceptance of rules

1 and examination reports amongst self-regulatory or-  
2 ganizations;

3 (11) voluntary and compulsory membership  
4 structures;

5 (12) the initial determination of the legal classi-  
6 fication of a digital asset by a registered digital  
7 asset association, subject to oversight by the Com-  
8 modity Futures Trading Commission and Securities  
9 and Exchange Commission; and

10 (13) the funding of registered digital asset as-  
11 sociations based on fees.

12 (b) INTERIM RULE.—Not later than August 1, 2022,  
13 the Commodity Futures Trading Commission and Securi-  
14 ties and Exchange Commission shall jointly adopt an in-  
15 terim final rule specifying the scope of the study under  
16 subsection (a), including topics of discussion and questions  
17 for digital asset intermediaries and associations rep-  
18 resenting the digital asset industry, and setting forth not  
19 fewer than 3 public meetings for staff of the Commodity  
20 Futures Trading Commission and the Securities and Ex-  
21 change Commission to receive public comment. The in-  
22 terim final rule shall establish a comment period of not  
23 less than 120 days prior to publication of the report under  
24 subsection (a) and contain draft legislative text for the



1 creation of registered digital asset associations by Con-  
2 gress.

3 **SEC. 808. CYBERSECURITY STANDARDS FOR DIGITAL**  
4 **ASSET INTERMEDIARIES.**

5 (a) DEFINITION.—In this section, the term “digital  
6 asset intermediary” has the meaning given the term in  
7 section 9801 of title 31, United States Code, as added by  
8 section 101 of this Act.

9 (b) REQUIREMENT.—Not later than 18 months after  
10 the date of enactment of this Act, the Commodity Futures  
11 Trading Commission and the Securities and Exchange  
12 Commission, in consultation with the Secretary of the  
13 Treasury and the Director of the National Institute of  
14 Standards and Technology, shall develop comprehensive,  
15 principles-based guidance relating to cybersecurity for dig-  
16 ital asset intermediaries that account for, with respect to  
17 such a digital asset intermediary—

18 (1) the internal governance, and organizational  
19 culture, of the cybersecurity program of the digital  
20 asset intermediary;

21 (2) security operations of the digital asset inter-  
22 mediary, including threat identification, incident re-  
23 sponse, and mitigation;

24 (3) risk identification and measurement by the  
25 digital asset intermediary;

1 (4) the mitigation of risk by the digital asset  
2 intermediary, including policies of the digital asset  
3 intermediary, controls implemented by the digital  
4 asset intermediary, change management with respect  
5 to the digital asset intermediary, and the supply  
6 chain integrity of the digital asset intermediary;

7 (5) assurance provided by, and testing con-  
8 ducted by, the digital asset intermediary, including  
9 penetration testing and independent audits so con-  
10 ducted; and

11 (6) the potential for digital asset intermediaries  
12 to be used to facilitate illicit activities, including  
13 sanctions avoidance.

14 **SEC. 809. ADVISORY COMMITTEE ON FINANCIAL INNOVA-**  
15 **TION.**

16 (a) ESTABLISHMENT.—There is established the Advi-  
17 sory Committee on Financial Innovation (in this section  
18 referred to as the “Committee”).

19 (b) MEMBERSHIP.—

20 (1) COMPOSITION.—The Committee shall be  
21 composed of 10 members, as follows:

22 (A) 2 members appointed by the President  
23 from the financial technology industry.

24 (B) 4 members appointed by the President  
25 with specializations in consumer protection,

1 consumer education, financial literacy, or finan-  
2 cial inclusion.

3 (C) A commissioner from the Securities  
4 and Exchange Commission, as designated by  
5 the Chair of the Commission.

6 (D) A commissioner from the Commodity  
7 Futures Trading Commission, as designated by  
8 the Chair of the Commission.

9 (E) A member of the Board of Governors  
10 of the Federal Reserve System, as designated  
11 by the Chair of the Board.

12 (F) A State financial regulator, as jointly  
13 designated by the National Association of State  
14 Securities Administrators and the Conference of  
15 State Bank Supervisors.

16 (2) POLITICAL AFFILIATION.—Not more than 4  
17 of the members of the Committee shall be from the  
18 same political party.

19 (3) APPOINTMENT DATE.—The appointments of  
20 the members of the Committee shall be made not  
21 later than 60 days after the date of enactment of  
22 this Act.

23 (4) PERIOD OF APPOINTMENT; VACANCIES.—

24 (A) IN GENERAL.—A member of the Com-  
25 mittee shall be appointed for a term of 4 years.

1 (B) VACANCIES.—A vacancy in the Com-  
2 mittee—

3 (i) shall not affect the powers of the  
4 Committee; and

5 (ii) shall be filled in the same manner  
6 as the original appointment.

7 (5) MEETINGS.—

8 (A) INITIAL MEETING.—Not later than 60  
9 days after the date on which all members of the  
10 Committee have been appointed, the Committee  
11 shall hold its first meeting.

12 (B) FREQUENCY.—The Committee shall  
13 meet at the call of the Chair.

14 (C) QUORUM.—A majority of the members  
15 of the Committee shall constitute a quorum, but  
16 a lesser number of members may hold hearings.

17 (6) CHAIRPERSON.—The members described in  
18 subparagraphs (C) and (D) of paragraph (1) shall  
19 alternate, on a yearly basis, as Chairperson of the  
20 Committee, with the member described in such sub-  
21 paragraph (D) serving as the Chair for the 1-year  
22 period following establishment of the Committee.

23 (c) DUTIES.—

24 (1) MATTERS STUDIED.—The matters studied  
25 by the Committee shall include—

- 1 (A) digital assets;
- 2 (B) consumer education and financial lit-
- 3 eracy;
- 4 (C) market structure in the securities and
- 5 commodities markets;
- 6 (D) banking, payments and settlement;
- 7 (E) consumer credit;
- 8 (F) financial inclusion, including reducing
- 9 the cost of financial services for all people of
- 10 the United States and promoting access to
- 11 those services;
- 12 (G) efficiency in the financial system;
- 13 (H) reduction of systemic risk;
- 14 (I) competition in financial services; and
- 15 (J) the State-Federal partnership in finan-
- 16 cial services regulation.

17 (2) REPORT.—On an annual basis, or as other-

18 wise determined necessary by the Chair of the Com-

19 mittee, the Committee shall report to the President

20 and to Congress on, and provide recommendations

21 for legislation, regulation, and supervision relating

22 to innovation in, the matters studied under para-

23 graph (1).

24 (d) POWERS.—

1           (1) HEARINGS.—The Committee shall hold not  
2 less than 2 hearings per calendar year to hear from  
3 interested parties and to discuss the work of the  
4 Committee.

5           (2) INFORMATION FROM FEDERAL AGENCIES.—

6           (A) IN GENERAL.—The Committee may  
7 secure directly from a Federal department or  
8 agency such information as the Committee con-  
9 siders necessary to carry out this section.

10           (B) FURNISHING INFORMATION.—On re-  
11 quest of the Chair of the Committee, the head  
12 of the department or agency shall furnish the  
13 information to the Committee.

14           (3) POSTAL SERVICES.—The Committee may  
15 use the United States mails in the same manner and  
16 under the same conditions as other departments and  
17 agencies of the Federal Government.

18           (e) COMPENSATION.—

19           (1) IN GENERAL.—All members of the Com-  
20 mittee shall serve without compensation in addition  
21 to that received for their services as officers or em-  
22 ployees of the United States, and all other members  
23 of the Committee shall serve without compensation.

24           (2) TRAVEL EXPENSES.—Each member of the  
25 Committee may be allowed travel expenses, including

1 per diem in lieu of subsistence, in accordance with  
2 sections 5702 and 5703 of title 5, United States  
3 Code, while away from their homes or regular places  
4 of business in performance of services for the Coun-  
5 cil.

6 (f) STAFF.—

7 (1) IN GENERAL.—The Chair of the Committee  
8 may, without regard to the civil service laws (includ-  
9 ing regulations), appoint and terminate an executive  
10 director and such other additional personnel as may  
11 be necessary to enable the Committee to perform its  
12 duties, except that the employment of an executive  
13 director shall be subject to confirmation by the Com-  
14 mittee.

15 (2) COMPENSATION.—The Chair of the Com-  
16 mittee may fix the compensation of the executive di-  
17 rector and other personnel without regard to chapter  
18 51 and subchapter III of chapter 53 of title 5,  
19 United States Code, relating to classification of posi-  
20 tions and General Schedule pay rates, except that  
21 the rate of pay for the executive director and other  
22 personnel may not exceed the rate payable for level  
23 V of the Executive Schedule under section 5316 of  
24 that title.

1 (g) DETAIL OF GOVERNMENT EMPLOYEES.—A Fed-  
2 eral Government employee may be detailed to the Com-  
3 mittee without reimbursement, and such detail shall be  
4 without interruption or loss of civil service status or privi-  
5 lege.

6 (h) PROCUREMENT OF TEMPORARY AND INTERMIT-  
7 TENT SERVICES.—The Chair of the Committee may pro-  
8 cure temporary and intermittent services under section  
9 3109(b) of title 5, United States Code, at rates for individ-  
10 uals that do not exceed the daily equivalent of the annual  
11 rate of basic pay prescribed for level V of the Executive  
12 Schedule under section 5316 of that title.

13 (i) TERMINATION.—Section 14 of the Federal Advi-  
14 sory Committee Act (5 U.S.C. App.) shall not apply to  
15 the Committee.

16 (j) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to the Committee to carry  
18 out this section \$2,000,000 for fiscal year 2023, to remain  
19 available through fiscal year 2024.

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