

Union Calendar No. 134

119TH CONGRESS
1ST SESSION

H. R. 3633

[Report No. 119–168, Parts I and II]

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 29, 2025

Mr. HILL of Arkansas (for himself, Mr. THOMPSON of Pennsylvania, Ms. CRAIG, Mr. EMMER, Mr. JOHNSON of South Dakota, Mr. DAVIS of North Carolina, Mr. STEIL, Mr. TORRES of New York, and Mr. DAVIDSON) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

JUNE 23, 2025

Additional sponsors: Mr. GOTTHEIMER, Mr. HUIZENGA, Mr. NUNN of Iowa, Mr. LAWLER, Mr. MEUSER, Mr. CARTER of Georgia, Mr. MOORE of West Virginia, Mr. BEGICH, Ms. McDONALD RIVET, Mr. THANEDAR, Mr. MESSMER, Mr. BRESNAHAN, and Ms. STEVENS

JUNE 23, 2025

Reported from the Committee on Agriculture with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

JUNE 23, 2025

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in boldface roman]

[For text of introduced bill, see copy of bill as introduced on May 29, 2025]

A BILL

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) *SHORT TITLE.*—*This Act may be cited as the*
 5 *“Digital Asset Market Clarity Act of 2025” or the “CLAR-*
 6 *ITY Act of 2025”.*

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

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; RULEMAKING; PROVISIONAL REGISTRATION

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

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

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

Sec. 106. Registration for digital commodity exchanges, brokers, and dealers; pro-
visional status.

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

Sec. 108. Administrative requirements.

Sec. 109. International cooperation.

Sec. 110. Application of the Bank Secrecy Act.

Sec. 111. Implementation.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. Exempted primary transactions in digital commodities.

Sec. 203. Treatment of secondary transactions in digital commodities that origi-
nally involved investment contracts.

Sec. 204. Requirements for offers and sales of digital commodities by digital com-
modity related persons and digital commodity affiliated persons.

Sec. 205. Mature blockchain system requirements.

Sec. 206. Effective date.

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

Sec. 301. Treatment of digital commodities and permitted payment stablecoins.

Sec. 302. Anti-fraud authority over permitted payment stablecoins and certain
digital commodity transactions.

Sec. 303. Eligibility of alternative trading systems.

Sec. 304. Operation of alternative trading systems.

Sec. 305. Modernization of recordkeeping requirements.

Sec. 306. Exemptive authority.

- Sec. 307. Additional registrations with the Commodity Futures Trading Commission.*
- Sec. 308. Exempting digital commodities from State securities laws.*
- Sec. 309. Exclusion for decentralized finance activities.*
- Sec. 310. Treatment of custody activities by banking institutions.*
- Sec. 311. Digital commodity activities that are financial in nature.*
- Sec. 312. Effective date; administration.*
- Sec. 313. Studies on foreign adversary participation.*

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

- Sec. 401. Commission jurisdiction over digital commodity transactions.*
- Sec. 402. Requiring futures commission merchants to use qualified digital asset custodians.*
- Sec. 403. Trading certification and approval for digital commodities.*
- Sec. 404. Registration of digital commodity exchanges.*
- Sec. 405. Qualified digital asset custodians.*
- Sec. 406. Registration and regulation of digital commodity brokers and dealers.*
- Sec. 407. Registration of associated persons.*
- Sec. 408. Registration of commodity pool operators and commodity trading advisors.*
- Sec. 409. Exclusion for decentralized finance activities.*
- Sec. 410. Resources for implementation and enforcement.*
- Sec. 411. Digital commodity activities by SEC-registered entities.*
- Sec. 412. Requirements related to control persons.*
- Sec. 413. Other tradable assets.*
- Sec. 414. Effective date.*
- Sec. 415. Sense of Congress.*

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Findings; sense of Congress.*
- Sec. 502. Modernization of the Securities and Exchange Commission mission.*
- Sec. 503. Strategic Hub for Innovation and Financial Technology.*
- Sec. 504. Codification of LabCFTC.*
- Sec. 505. Study on decentralized finance.*
- Sec. 506. Study on non-fungible tokens.*
- Sec. 507. Study on expanding financial literacy amongst digital commodity holders.*
- Sec. 508. Study on financial market infrastructure improvements.*
- Sec. 509. Study on illicit use of digital assets.*
- Sec. 510. Conflict of interest rulemaking.*

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

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

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

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

10 *“(A) any technology—*

11 *“(i) where data is—*

12 *“(I) shared across a network to*
 13 *create a distributed ledger of independ-*
 14 *ently verifiable transactions or infor-*
 15 *mation among network participants;*

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

20 *“(III) propagated among network*
 21 *participants to reach consensus on the*
 22 *state of the distributed ledger and any*
 23 *other functions; and*

24 *“(ii) composed of source code that is*
 25 *publicly available; and*

1 “(B) *any similar technology to the tech-*
2 *nology described in subparagraph (A).*

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

9 “(22) *BLOCKCHAIN PROTOCOL.—The term*
10 *‘blockchain protocol’ means the freely and publicly*
11 *available source code of a blockchain that is executed*
12 *by the network participants of a blockchain to facili-*
13 *tate its functioning, or other similar technology.*

14 “(23) *BLOCKCHAIN SYSTEM.—The term*
15 *‘blockchain system’ means any blockchain, together*
16 *with its blockchain protocol or any blockchain appli-*
17 *cation or network of blockchain applications.*

18 “(24) *DECENTRALIZED GOVERNANCE SYSTEM.—*

19 “(A) *IN GENERAL.—The term ‘decentralized*
20 *governance system’ means, with respect to a*
21 *blockchain system, any transparent, rules-based*
22 *system permitting persons to form consensus or*
23 *reach agreement in the development, provision,*
24 *publication, management, or administration of*
25 *such blockchain system, where participation is*

1 *not limited to, or under the effective control of,*
2 *any person or group of persons under common*
3 *control.*

4 “(B) *RELATIONSHIP OF PERSONS TO DE-*
5 *CENTRALIZED GOVERNANCE SYSTEMS.*—*With re-*
6 *spect to a decentralized governance system, the*
7 *decentralized governance system and any persons*
8 *participating in the decentralized governance*
9 *system shall be treated as separate persons unless*
10 *such persons are under common control.*

11 “(C) *LEGAL ENTITIES FOR DECENTRALIZED*
12 *GOVERNANCE SYSTEMS.*—*The term ‘decentralized*
13 *governance system’ shall include a legal entity*
14 *used to implement the rules-based system de-*
15 *scribed in subparagraph (A), provided that the*
16 *organizing and governing laws of such legal enti-*
17 *ty do not create or require centralized and hier-*
18 *archical management of such legal entity. For*
19 *the purposes of this subparagraph, the delegation*
20 *of ministerial or administrative authority at the*
21 *direction of the participants in a decentralized*
22 *governance system shall not be construed to be*
23 *centralized and hierarchical management.*

24 “(25) *DIGITAL ASSET.*—*The term ‘digital asset’*
25 *means any digital representation of value which is re-*

1 *corded on a cryptographically-secured distributed*
 2 *ledger or other similar technology.*

3 “(26) *DIGITAL COMMODITY.*—*The term ‘digital*
 4 *commodity’ has the meaning given that term under*
 5 *section 1a of the Commodity Exchange Act (7 U.S.C.*
 6 *1a).*

7 “(27) *DIGITAL COMMODITY AFFILIATED PER-*
 8 *SON.*—*The term ‘digital commodity affiliated person’*
 9 *means a person (including a digital commodity re-*
 10 *lated person) that, with respect to any digital com-*
 11 *modity—*

12 “(A) *acquires 5 percent or more of the total*
 13 *outstanding units of such digital commodity*
 14 *from a digital commodity issuer;*

15 “(B) *is a founder of the digital commodity*
 16 *issuer; or*

17 “(C) *is an executive director, director, trust-*
 18 *ee, or general partner of the digital commodity*
 19 *issuer or held such role at any point in the pre-*
 20 *vious 12-month period.*

21 “(28) *DIGITAL COMMODITY ISSUER.*—*With re-*
 22 *spect to a digital commodity, the term ‘digital com-*
 23 *modity issuer’ means any person that—*

24 “(A) *proposes, issues, or causes to be issued*
 25 *a unit of such digital commodity to a person; or*

1 “(B) offers or sells a right to a future
2 issuance of a unit of such digital commodity to
3 a person.

4 “(29) *DIGITAL COMMODITY RELATED PERSON.*—

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

8 “(i) a person that is or was in the pre-
9 vious 6-month period a promoter, senior
10 employee, advisory board member, consult-
11 ant, advisor, or person serving in a similar
12 capacity; and

13 “(ii) a person that acquires 1 percent
14 or more of the total outstanding units of
15 such digital commodity from a digital com-
16 modity issuer.

17 “(B) *SENIOR EMPLOYEE DEFINED.*—In this
18 paragraph and with respect to a digital com-
19 modity issuer, the term ‘senior employee’ means
20 any employee materially involved in the man-
21 agement or planning of the digital commodity
22 issuer or the development of the blockchain sys-
23 tem to which the digital commodity relates.

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

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

7 “(B) is distributed in a broad and equitable
8 manner based on conditions capable of being sat-
9 isfied by any participant in the blockchain sys-
10 tem, including, as incentive-based rewards—

11 “(i) to users of the digital commodity
12 or any blockchain system to which the dig-
13 ital commodity relates;

14 “(ii) for activities directly related to
15 the operation of the blockchain system, such
16 as mining, validating, staking, or other ac-
17 tivity directly tied to the operation of the
18 blockchain system; or

19 “(iii) to the existing holders of another
20 digital commodity, in proportion to the
21 total units of such other digital commodity
22 as are held by each person.

23 “(31) *MATURE BLOCKCHAIN SYSTEM*.—The term
24 ‘*mature blockchain system*’ means a blockchain sys-
25 tem, together with its related digital commodity, that

1 *is not controlled by any person or group of persons*
2 *under common control.*

3 “(32) *PERMITTED PAYMENT STABLECOIN.*—

4 “(A) *IN GENERAL.*—*The term ‘permitted*
5 *payment stablecoin’ means a digital asset—*

6 “(i) *that is or is designed to be used as*
7 *a means of payment or settlement;*

8 “(ii) *that is denominated in a national*
9 *currency;*

10 “(iii) *the issuer of which is subject to*
11 *the regulatory and supervisory authority of*
12 *a State or Federal agency;*

13 “(iv) *the issuer of which—*

14 “(I) *is obligated to convert, re-*
15 *deem, or repurchase for a fixed amount*
16 *of monetary value; or*

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

23 “(v) *that is not—*

24 “(I) *a national currency;*

25 “(II) *a security issued by—*

1 “(aa) an investment com-
2 pany registered under section 8(a)
3 of the Investment Company Act of
4 1940 (15 U.S.C. 80a–8(a)); or

5 “(bb) a person that would be
6 an investment company under the
7 Investment Company Act of 1940
8 but for paragraphs (1) and (7) of
9 section 3(c) of that Act (15 U.S.C.
10 80a–3(c));

11 “(III) a deposit (as defined under
12 section 3 of the Federal Deposit Insur-
13 ance Act (12 U.S.C. 1813)), regardless
14 of the technology used to record such
15 deposit; or

16 “(IV) an account (as defined in
17 section 101 of the Federal Credit
18 Union Act (12 U.S.C. 1752)), regard-
19 less of the technology used to record
20 such account.

21 “(B) *MONETARY VALUE DEFINED.*—The
22 term ‘monetary value’—

23 “(i) means—

24 “(I) a national currency;

1 “(II) a deposit (as defined in sec-
 2 tion 3 of the Federal Deposit Insurance
 3 Act (12 U.S.C. 1813)) that is denomi-
 4 nated in a national currency; or

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

8 “(ii) does not include any agricultural
 9 or other physical commodity (as defined in
 10 section 1a of the Commodity Exchange Act
 11 (7 U.S.C. 1a)).

12 “(33) SECURITIES LAWS.—The term ‘securities
 13 laws’ has the meaning given that term under section
 14 3(a) of the Securities Exchange Act of 1934 (15
 15 U.S.C. 78c(a)).”.

16 **SEC. 102. DEFINITIONS UNDER THE SECURITIES EXCHANGE**
 17 **ACT OF 1934.**

18 Section 3(a) of the Securities Exchange Act of 1934
 19 (15 U.S.C. 78c(a)) is amended—

20 (1) by redesignating the second paragraph (80)
 21 (relating to funding portals) as paragraph (81); and

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

23 “(82) BANK SECRECY ACT.—The term ‘Bank Se-
 24 crecy Act’ means—

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

3 “(B) *chapter 2 of title I of Public Law 91–*
 4 *508 (12 U.S.C. 1951 et seq.); and*

5 “(C) *subchapter II of chapter 53 of title 31,*
 6 *United States Code.*

7 “(83) *ADDITIONAL DIGITAL COMMODITY-RE-*
 8 *LATED TERMS.—*

9 “(A) *SECURITIES ACT OF 1933.—The terms*
 10 *‘blockchain system’, ‘decentralized governance*
 11 *system’, ‘digital asset’, ‘digital commodity affili-*
 12 *ated person’, ‘digital commodity issuer’, ‘digital*
 13 *commodity related person’, ‘end user distribu-*
 14 *tion’, ‘mature blockchain system’, and ‘permitted*
 15 *payment stablecoin’, have the meaning given*
 16 *those terms, respectively, under section 2(a) of*
 17 *the Securities Act of 1933 (15 U.S.C. 77b(a)).*

18 “(B) *COMMODITY EXCHANGE ACT.—The*
 19 *terms ‘digital commodity’, ‘digital commodity*
 20 *broker’, ‘digital commodity dealer’, ‘digital com-*
 21 *modity exchange’, ‘decentralized finance mes-*
 22 *saging system’, and ‘decentralized finance trad-*
 23 *ing protocol’ have the meaning given those terms,*
 24 *respectively, under section 1a of the Commodity*
 25 *Exchange Act (7 U.S.C. 1a).”.*

1 **SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-**
2 **CHANGE ACT.**

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

5 (1) in paragraph (10)—

6 (A) in subparagraph (A)—

7 (i) by redesignating clauses (iii) and
8 (iv) as clauses (iv) and (v), respectively;
9 and

10 (ii) by inserting after clause (ii) the
11 following:

12 “(iii) digital commodity;” and

13 (B) by redesignating subparagraph (B) as
14 subparagraph (C) and inserting after subpara-
15 graph (A) the following:

16 “(B) *EXCLUSION.*—For purposes of this
17 paragraph, the term ‘trading in commodity in-
18 terests’ shall not include transacting in digital
19 commodities for the purpose of—

20 “(i) acting as a digital commodity cus-
21 todian;

22 “(ii) establishing, maintaining, or
23 managing inventory or payment instru-
24 ments for commercial purposes; or

1 “(iii) maintaining or supporting the
 2 operation of, or validating transactions on,
 3 a blockchain system.”;

4 (2) in paragraph (11)—

5 (A) in subparagraph (A)(i)—

6 (i) by redesignating subclauses (III)
 7 and (IV) as subclauses (IV) and (V), respec-
 8 tively; and

9 (ii) by inserting after subclause (II)
 10 the following:

11 “(III) digital commodity;” and

12 (B) by redesignating subparagraph (B) as
 13 subparagraph (C) and inserting after subpara-
 14 graph (A) the following:

15 “(B) *EXCLUSION.*—For purposes of this
 16 paragraph, the term ‘trading in commodity in-
 17 terests’ shall not include transacting in digital
 18 commodities for the purpose of—

19 “(i) acting as a digital commodity cus-
 20 todian;

21 “(ii) establishing, maintaining, or
 22 managing inventory or payment instru-
 23 ments for commercial purposes; or

1 “(iii) maintaining or supporting the
2 operation of, or validating transactions on,
3 a blockchain system.”;

4 (3) in paragraph (12)(A)(i)—

5 (A) in subclause (II), by adding at the end
6 a semicolon;

7 (B) by redesignating subclauses (III) and
8 (IV) as subclauses (IV) and (V), respectively; and

9 (C) by inserting after subclause (II) the fol-
10 lowing:

11 “(III) a digital commodity;”;

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

15 “(16) *TERMS RELATED TO DIGITAL COMMOD-*
16 *ITIES.*—

17 “(A) *ASSOCIATED PERSON OF A DIGITAL*
18 *COMMODITY BROKER.*—

19 “(i) *IN GENERAL.*—Except as provided
20 in clause (ii), the term ‘associated person of
21 a digital commodity broker’ means a person
22 who is associated with a digital commodity
23 broker as a partner, officer, employee, or
24 agent (or any person occupying a similar

1 *status or performing similar functions) in*
 2 *any capacity that involves—*

3 “(I) *the solicitation or acceptance*
 4 *of an order for the purchase or sale of*
 5 *a digital commodity; or*

6 “(II) *the supervision of any per-*
 7 *son engaged in the solicitation or ac-*
 8 *ceptance of an order for the purchase*
 9 *or sale of a digital commodity.*

10 “(ii) *EXCLUSION.—The term ‘associ-*
 11 *ated person of a digital commodity broker’*
 12 *does not include any person associated with*
 13 *a digital commodity broker the functions of*
 14 *which are solely clerical or ministerial.*

15 “(B) *ASSOCIATED PERSON OF A DIGITAL*
 16 *COMMODITY DEALER.—*

17 “(i) *IN GENERAL.—Except as provided*
 18 *in clause (ii), the term ‘associated person of*
 19 *a digital commodity dealer’ means a person*
 20 *who is associated with a digital commodity*
 21 *dealer as a partner, officer, employee, or*
 22 *agent (or any person occupying a similar*
 23 *status or performing similar functions) in*
 24 *any capacity that involves—*

1 “(I) the solicitation or acceptance
2 of a contract for the purchase or sale of
3 a digital commodity; or

4 “(II) the supervision of any per-
5 son engaged in the solicitation or ac-
6 ceptance of a contract for the purchase
7 or sale of a digital commodity.

8 “(ii) *EXCLUSION.*—The term ‘associ-
9 ated person of a digital commodity dealer’
10 does not include any person associated with
11 a digital commodity dealer the functions of
12 which are solely clerical or ministerial.

13 “(C) *BANK SECRECY ACT.*—The term ‘Bank
14 Secrecy Act’ means—

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

17 “(ii) chapter 2 of title I of Public Law
18 91–508 (12 U.S.C. 1951 *et seq.*); and

19 “(iii) subchapter II of chapter 53 of
20 title 31, *United States Code*.

21 “(D) *DECENTRALIZED FINANCE MESSAGING*
22 *SYSTEM.*—

23 “(i) *IN GENERAL.*—The term ‘decen-
24 tralized finance messaging system’ means a
25 software application that provides a user

1 *with the ability to create or submit an in-*
2 *struction, communication, or message to a*
3 *decentralized finance trading protocol for*
4 *the purpose of executing a transaction by*
5 *the user.*

6 “(ii) *ADDITIONAL REQUIREMENTS.—*
7 *The term ‘decentralized finance messaging*
8 *system’ does not include any system that*
9 *provides any person other than the user*
10 *with control over—*

11 “(I) *the funds of the user; or*

12 “(II) *the execution of the trans-*
13 *action of the user.*

14 “(E) *DECENTRALIZED FINANCE TRADING*
15 *PROTOCOL.—*

16 “(i) *IN GENERAL.—The term ‘decen-*
17 *tralized finance trading protocol’ means a*
18 *blockchain system through which multiple*
19 *participants can execute a financial trans-*
20 *action—*

21 “(I) *in accordance with an auto-*
22 *mated rule or algorithm that is pre-*
23 *determined and non-discretionary; and*

24 “(II) *without reliance on any*
25 *other person to maintain control of the*

1 *digital assets of the user during any*
2 *part of the financial transaction.*

3 “(ii) *EXCLUSIONS.*—

4 “(I) *IN GENERAL.*—The term ‘de-
5 *centralized finance trading protocol*
6 *does not include a blockchain system*
7 *if—*

8 “(aa) *a person or group of*
9 *persons under common control or*
10 *acting pursuant to an agreement*
11 *to act in concert has the author-*
12 *ity, directly or indirectly, through*
13 *any contract, arrangement, un-*
14 *derstanding, relationship, or oth-*
15 *erwise, to control or materially*
16 *alter the functionality, operation,*
17 *or rules of consensus or agreement*
18 *of the blockchain system; or*

19 “(bb) *the blockchain system*
20 *does not operate, execute, and en-*
21 *force its operations and trans-*
22 *actions based solely on pre-estab-*
23 *lished, transparent rules encoded*
24 *directly within the source code of*
25 *the blockchain system.*

1 “(II) *SPECIAL RULE.*—For pur-
2 poses of subclause (I), a decentralized
3 governance system shall not be consid-
4 ered to be a person or a group of per-
5 sons under common control or acting
6 pursuant to an agreement to act in
7 concert.

8 “(F) *DIGITAL COMMODITY.*—

9 “(i) *IN GENERAL.*—The term ‘digital
10 commodity’ means a digital asset that is in-
11 trinsically linked to a blockchain system,
12 and the value of which is derived from or
13 is reasonably expected to be derived from
14 the use of the blockchain system.

15 “(ii) *RELATIONSHIP TO A BLOCKCHAIN*
16 *SYSTEM.*—For purposes of this subpara-
17 graph, a digital asset is intrinsically linked
18 to a blockchain system if the digital asset is
19 directly related to the functionality or oper-
20 ation of the blockchain system or to the ac-
21 tivities or services for which the blockchain
22 system is created or utilized, including
23 where the digital asset is—

1 “(I) issued or generated by the
2 programmatic functioning of the
3 blockchain system;

4 “(II) used to transfer value be-
5 tween participants in the blockchain
6 system;

7 “(III) used to access the activities
8 or services of the blockchain system;

9 “(IV) used to participate in the
10 decentralized governance system of the
11 blockchain system;

12 “(V) used or removed from cir-
13 culation in whole or in part to pay
14 fees or otherwise verify or validate
15 transactions on the blockchain system;

16 “(VI) used as payment or incen-
17 tive to participants in the blockchain
18 system to engage in the activities of the
19 blockchain system, provide services to
20 other participants in the blockchain
21 system, or otherwise participate in the
22 functionality of the blockchain system;
23 or

24 “(VII) used as payment or incen-
25 tive to participants in the blockchain

1 *system to validate transactions, secure*
 2 *the blockchain system, provide com-*
 3 *putational services, maintain or dis-*
 4 *tribute information, or otherwise par-*
 5 *ticipate in the operations of the*
 6 *blockchain system.*

7 “(iii) *EXCLUSION.*—*The term ‘digital*
 8 *commodity’ does not include any of the fol-*
 9 *lowing:*

10 “(I) *SECURITY.*—

11 “(aa) *Any security, other*
 12 *than a note, an investment con-*
 13 *tract, or a certificate of interest or*
 14 *participation in any profit-shar-*
 15 *ing agreement.*

16 “(bb) *A note, an investment*
 17 *contract, or a certificate of inter-*
 18 *est or participation in any profit-*
 19 *sharing agreement that—*

20 “(AA) *represents or*
 21 *gives the holder an ownership*
 22 *interest or other interest in*
 23 *the revenues, profits, obliga-*
 24 *tions, debts, assets, or assets*
 25 *or debts to be acquired of the*

1 *issuer of the digital asset or*
2 *another person (other than a*
3 *decentralized governance sys-*
4 *tem);*

5 *“(BB) makes the holder*
6 *a creditor of the issuer of the*
7 *digital asset or another per-*
8 *son; or*

9 *“(CC) represents or*
10 *gives the holder the right to*
11 *receive interest or the return*
12 *of principal from the issuer*
13 *of the digital asset or another*
14 *person.*

15 *“(II) SECURITY DERIVATIVE.—A*
16 *digital asset that, based on its terms*
17 *and other characteristics, is, represents,*
18 *or is functionally equivalent to an*
19 *agreement, contract, or transaction*
20 *that is—*

21 *“(aa) a security future, as*
22 *defined in section 2a of the Secu-*
23 *rities Act of 1933;*

1 “(bb) a security-based swap,
2 as defined in section 2a of the Se-
3 curities Act of 1933;

4 “(cc) a put, call, straddle,
5 option, or privilege on any secu-
6 rity, certificate of deposit, or
7 group or index of securities (in-
8 cluding any interest therein or
9 based on the value thereof), as de-
10 fined in section 2a of the Securi-
11 ties Act of 1933; or

12 “(dd) a put, call, straddle,
13 option, or privilege on any secu-
14 rity, as defined in section 2a of
15 the Securities Act of 1933.

16 “(III) *PERMITTED PAYMENT*
17 *STABLECOIN*.—A digital asset that is a
18 permitted payment stablecoin.

19 “(IV) *BANKING DEPOSIT*.—

20 “(aa) A deposit (as defined
21 under section 3 of the Federal De-
22 posit Insurance Act (12 U.S.C.
23 1813)), regardless of the tech-
24 nology used to record the deposit.

1 “(bb) *An account (as defined*
2 *in section 101 of the Federal*
3 *Credit Union Act (12 U.S.C.*
4 *1752)), regardless of the tech-*
5 *nology used to record the account.*

6 “(V) *COMMODITY.—A digital asset*
7 *that references, represents an interest*
8 *in, or is functionally equivalent to—*

9 “(aa) *an agricultural com-*
10 *modity;*

11 “(bb) *an excluded com-*
12 *modity, other than a security; or*

13 “(cc) *an exempt commodity,*
14 *other than the digital commodity*
15 *itself, as shall be further defined*
16 *by the Commission.*

17 “(VI) *COMMODITY DERIVATIVE.—*
18 *A digital asset that, based on its terms*
19 *and other characteristics, is, represents,*
20 *or is functionally equivalent to an*
21 *agreement, contract, or transaction*
22 *that is—*

23 “(aa) *a contract of sale of a*
24 *commodity for future delivery or*
25 *an option thereon;*

1 “(bb) a security futures prod-
2 uct;

3 “(cc) a swap;

4 “(dd) an agreement, contract,
5 or transaction described in section
6 2(c)(2)(C)(i) or 2(c)(2)(D)(i);

7 “(ee) a commodity option
8 authorized under section 4c; or

9 “(ff) a leverage transaction
10 authorized under section 19.

11 “(VII) POOLED INVESTMENT VE-
12 HICLE.—

13 “(aa) IN GENERAL.—A dig-
14 ital asset that, based on its terms
15 and other characteristics, is, rep-
16 resents, or is functionally equiva-
17 lent to—

18 “(AA) a commodity
19 pool, as defined in this Act;
20 or

21 “(BB) a pooled invest-
22 ment vehicle.

23 “(bb) POOLED INVESTMENT
24 VEHICLE DEFINED.—In this sub-

1 clause, the term ‘pooled invest-
2 ment vehicle’ means—

3 “(AA) any investment
4 company as defined in sec-
5 tion 3(a) of the Investment
6 Company Act of 1940 (15
7 U.S.C. 80a–3(a));

8 “(BB) any company
9 that would be an investment
10 company under section 3(a)
11 of such Act but for the exclu-
12 sion provided from that defi-
13 nition by paragraph (1), (7),
14 or (9) of section 3(c) of such
15 Act (15 U.S.C. 80a–3(c)(1),
16 (7), or (9)); or

17 “(CC) any entity or
18 person that is not an invest-
19 ment company but holds or
20 will hold assets other than se-
21 curities.

22 “(VIII) GOOD, COLLECTIBLE, AND
23 OTHER NON-COMMODITY ASSET.—A
24 digital asset that has value, utility, or
25 significance beyond its mere existence

1 *as a digital asset, including the digital*
2 *equivalent of a tangible or intangible*
3 *good, such as—*

4 *“(aa) a work of art, a musi-*
5 *cal composition, a literary work,*
6 *or other intellectual property;*

7 *“(bb) collectibles, merchan-*
8 *dise, virtual land, and video game*
9 *assets;*

10 *“(cc) affinity, rewards, or*
11 *loyalty points, including airline*
12 *miles or credit card points, that*
13 *are not primarily speculative in*
14 *nature; or*

15 *“(dd) rights, licenses, and*
16 *tickets.*

17 *“(iv) RULE OF CONSTRUCTION.—No*
18 *presumption shall exist that a digital asset*
19 *is a security, nor shall a digital asset be ex-*
20 *cluded from being a digital commodity pur-*
21 *suant to clause (iii)(I), solely due to—*

22 *“(I) the digital asset providing*
23 *voting or economic rights with respect*
24 *to the blockchain system to which the*
25 *digital asset relates or the decentralized*

1 *governance system of the blockchain*
2 *system to which the digital asset re-*
3 *lates;*

4 “(II) *the value of the digital asset*
5 *having the potential to appreciate or*
6 *depreciate in response to the efforts,*
7 *operations, or financial performance of*
8 *the blockchain system to which the dig-*
9 *ital asset relates or the decentralized*
10 *governance system of the blockchain*
11 *system to which the digital asset re-*
12 *lates; or*

13 “(III) *the value of the digital*
14 *asset appreciating or depreciating due*
15 *to the use of the blockchain system to*
16 *which the digital asset relates or the*
17 *decentralized governance system of the*
18 *blockchain system to which the digital*
19 *asset relates.*

20 “(G) *DIGITAL COMMODITY BROKER.—*

21 “(i) *IN GENERAL.—The term ‘digital*
22 *commodity broker’ means any person who,*
23 *as a regular business—*

24 “(I) *is engaged in—*

1 “(aa) soliciting or accepting
2 an order from a customer for—

3 “(AA) the purchase or
4 sale of a digital commodity;
5 or

6 “(BB) an agreement,
7 contract, or transaction de-
8 scribed in section
9 2(c)(2)(D)(iv); and

10 “(bb) in conjunction with the
11 activities in item (aa), accepts or
12 maintains control over—

13 “(AA) the funds of any
14 customer; or

15 “(BB) the execution of
16 any transaction of a cus-
17 tomer;

18 “(II) is engaged in soliciting or
19 accepting orders from a customer for
20 the purchase or sale of a unit of a dig-
21 ital commodity on or subject to the
22 rules of a registered entity; or

23 “(III) is registered with the Com-
24 mission as a digital commodity broker.

1 “(ii) *EXCEPTIONS.*—The term ‘digital
2 commodity broker’ does not include a per-
3 son solely because the person—

4 “(I) *solicits or accepts an order*
5 *described in clause (i)(I)(aa)(AA) from*
6 *a customer who is an eligible contract*
7 *participant;*

8 “(II) *enters into 1 or more digital*
9 *commodity transactions that are at-*
10 *tributable or solely incidental to mak-*
11 *ing, sending, receiving, or facilitating*
12 *payments, whether involving a pay-*
13 *ment service provider or on a peer-to-*
14 *peer basis; or*

15 “(III) *is a bank (as defined under*
16 *section 3(a) of the Securities Exchange*
17 *Act of 1934) engaging in certain bank-*
18 *ing activities with respect to a digital*
19 *commodity in the same or a similar*
20 *manner as a bank is excluded from the*
21 *definition of a broker under such sec-*
22 *tion, as determined by the Commis-*
23 *sion.*

24 “(iii) *FURTHER DEFINITION.*—The
25 Commission, by rule or regulation, may ex-

1 *clude from the term ‘digital commodity*
 2 *broker’ any person or class of persons if the*
 3 *Commission determines that the rule or reg-*
 4 *ulation will effectuate the purposes of this*
 5 *Act.*

6 *“(H) DIGITAL COMMODITY DEALER.—*

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

10 *“(I) is, or offers to be a*
 11 *counterparty to a person for the pur-*
 12 *chase or sale of a digital commodity as*
 13 *a regular business, and in conjunction*
 14 *with the activities, accepts or main-*
 15 *tains control over the funds of any*
 16 *counterparty; or*

17 *“(II) is registered with the Com-*
 18 *mission as a digital commodity dealer.*

19 *“(ii) EXCEPTION.—The term ‘digital*
 20 *commodity dealer’ does not include a person*
 21 *solely because the person—*

22 *“(I) is or offers to be a*
 23 *counterparty to a person who is an eli-*
 24 *gible contract participant;*

1 “(II) enters into a digital com-
2 modity transaction with an eligible
3 contract participant;

4 “(III) enters into a digital com-
5 modity transaction on or through a
6 registered digital commodity exchange,
7 with a registered digital commodity
8 broker, or through a decentralized fi-
9 nance trading protocol;

10 “(IV) enters into a digital com-
11 modity transaction for the person’s
12 own account, either individually or in
13 a fiduciary capacity, but not as a part
14 of a regular business;

15 “(V) enters into 1 or more digital
16 commodity transactions that are at-
17 tributable or solely incidental to mak-
18 ing, sending, receiving, or facilitating
19 payments, whether involving a pay-
20 ment service provider or on a peer-to-
21 peer basis; or

22 “(VI) is a bank (as defined under
23 section 3(a) of the Securities Exchange
24 Act of 1934) engaging in certain bank-
25 ing activities with respect to a digital

1 *commodity in the same or a similar*
2 *manner as a bank is excluded from the*
3 *definition of a dealer under section*
4 *3(a)(5) of such Act, as determined by*
5 *the Commission.*

6 “(iii) *FURTHER DEFINITION.—The*
7 *Commission, by rule or regulation, may ex-*
8 *clude from the term ‘digital commodity*
9 *dealer’ any person or class of persons if the*
10 *Commission determines that the rule or reg-*
11 *ulation will effectuate the purposes of this*
12 *Act.*

13 “(I) *DIGITAL COMMODITY EXCHANGE.—The*
14 *term ‘digital commodity exchange’ means a trad-*
15 *ing facility that offers or seeks to offer a cash or*
16 *spot market in at least 1 digital commodity.*

17 “(J) *MIXED DIGITAL ASSET TRANS-*
18 *ACTION.—The term ‘mixed digital asset trans-*
19 *action’ means a transaction in which a digital*
20 *commodity is traded for a security.*

21 “(K) *TERMS DEFINED UNDER THE SECURI-*
22 *TIES ACT OF 1933.—The terms ‘blockchain sys-*
23 *tem’, ‘decentralized governance system’, ‘digital*
24 *asset’, ‘digital commodity issuer’, ‘digital com-*
25 *modity affiliated person’, ‘digital commodity re-*

1 *lated person’, ‘end user distribution’, ‘mature*
 2 *blockchain system’, and ‘permitted payment*
 3 *stablecoin’ have the meaning given those terms,*
 4 *respectively, under section 2(a) of the Securities*
 5 *Act of 1933 (15 U.S.C. 77b(a)).”; and*
 6 *(5) in paragraph (41) (as so redesignated by*
 7 *paragraph (4) of this subsection)—*

8 *(A) by striking “and” at the end of sub-*
 9 *paragraph (E);*

10 *(B) by striking the period at the end of sub-*
 11 *paragraph (F) and inserting “; and”; and*

12 *(C) by adding at the end the following:*

13 *“(G) a digital commodity exchange reg-*
 14 *istered under section 5i.”.*

15 *(b) CONFORMING AMENDMENTS.—*

16 *(1) Each of the following provisions of law is*
 17 *amended by striking “1a(18)” and inserting*
 18 *“1a(19)”:*

19 *(A) Section 4s(h)(5)(A)(i) of the Commodity*
 20 *Exchange Act (7 U.S.C. 6s(h)(5)(A)(i)).*

21 *(B) Section 5(e) of the Securities Act of*
 22 *1933 (15 U.S.C. 77e(e)).*

23 *(C) Section 6(g)(5)(B) of the Securities Ex-*
 24 *change Act of 1934 (15 U.S.C. 78f(g)(5)(B)).*

1 (D) Section 15F(h)(5)(A)(i) of the Securi-
 2 ties Exchange Act of 1934 (15 U.S.C. 78o-
 3 10(h)(5)(A)(i)).

4 (2) Section 752 of the Wall Street Transparency
 5 and Accountability Act of 2010 (15 U.S.C. 8325) is
 6 amended by striking “1a(39)” and inserting
 7 “1a(40)”.

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

11 (4) Each of the following provisions of the Com-
 12 modity Exchange Act is amended by striking
 13 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”:

14 (A) Section 4t(b)(1)(C) (7 U.S.C.
 15 6t(b)(1)(C)).

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

17 (C) Section 5b(k)(3) (7 U.S.C. 7a-1(k)(3)).

18 (D) Section 5h(f)(10)(A)(iii) (7 U.S.C. 7b-
 19 3(f)(10)(A)(iii)).

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

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

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

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

6 (7) Section 712 of the Wall Street Transparency
 7 and Accountability Act of 2010 (15 U.S.C. 8302) is
 8 amended—

9 (A) in subsection (a)(8), by striking
 10 “1a(47)(D)” each place it appears and inserting
 11 “1a(48)(D)”;

12 (B) in subsection (d)(1), by striking
 13 “1a(47)(A)(v)” each place it appears and insert-
 14 ing “1a(48)(A)(v)”.

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

16 *In this Act:*

17 (1) **DEFINITIONS UNDER THE COMMODITY EX-**
 18 **CHANGE ACT.**—The terms “decentralized finance mes-
 19 saging system”, “decentralized finance trading pro-
 20 tocol”, “digital commodity”, “digital commodity
 21 broker”, “digital commodity dealer”, “digital com-
 22 modity exchange”, and “mixed digital asset trans-
 23 action” have the meaning given those terms, respec-
 24 tively, under section 1a of the Commodity Exchange
 25 Act (7 U.S.C. 1a).

1 (2) *DEFINITIONS UNDER THE SECURITIES ACT*
 2 *OF 1933.*—The terms “blockchain”, “blockchain sys-
 3 tem”, “blockchain protocol”, “decentralized govern-
 4 ance system”, “digital asset”, “digital commodity
 5 issuer”, “end user distribution”, “mature blockchain
 6 system”, “permitted payment stablecoin”, and “secu-
 7 rities laws” have the meaning given those terms, re-
 8 spectively, under section 2(a) of the Securities Act of
 9 1933 (15 U.S.C. 77b(a)).

10 (3) *DEFINITIONS UNDER THE SECURITIES EX-*
 11 *CHANGE ACT OF 1934.*—The terms “Bank Secrecy
 12 Act”, “securities laws”, and “self-regulatory organiza-
 13 tion” have the meaning given those terms, respec-
 14 tively, under section 3(a) of the Securities Exchange
 15 Act of 1934 (15 U.S.C. 78c(a)).

16 **SEC. 105. RULEMAKINGS.**

17 (a) *DEFINITIONS.*—The Commodity Futures Trading
 18 Commission and the Securities and Exchange Commission
 19 shall jointly issue rules to further define the following terms:

20 (1) *The terms—*

21 (A) “blockchain”, “blockchain application”,
 22 “blockchain system”, “blockchain protocol”, “de-
 23 centralized governance system”, “digital com-
 24 modity affiliated person”, “digital commodity
 25 issuer”, “digital commodity related person”,

1 “end user distribution”, and “mature blockchain
2 system”, as defined under section 2(a) of the Se-
3 curities Act of 1933;

4 (B) “unilateral authority”, as such term is
5 used in section 42 of the Securities Exchange Act
6 of 1934 and section 1a of the Commodity Ex-
7 change Act; and

8 (C) “programmatic functioning”, as such
9 term is used in sections 4C of the Securities Act
10 of 1933, section 42 of the Securities Exchange
11 Act of 1934, and section 1a of the Commodity
12 Exchange Act.

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

17 (b) *JOINT RULEMAKING FOR MIXED DIGITAL ASSET*
18 *TRANSACTIONS.*—The Securities and Exchange Commis-
19 sion and the Commodity Futures Trading Commission
20 shall jointly issue rules applicable to mixed digital asset
21 transactions under this Act and the amendments made by
22 this Act, including by further defining such term.

23 (c) *PROTECTION OF SELF-CUSTODY.*—

24 (1) *IN GENERAL.*—A United States individual
25 shall retain the right to—

1 (A) maintain a hardware wallet or software
2 wallet for the purpose of facilitating the individ-
3 ual's own lawful custody of digital assets; and

4 (B) engage in direct, peer-to-peer trans-
5 actions in digital assets with another individual
6 or entity for the individual's own lawful pur-
7 poses using a hardware wallet or software wallet,
8 if—

9 (i) such other individual or entity is
10 not a financial institution (as defined in
11 section 5312 of title 31, United States
12 Code); and

13 (ii) the transactions do not involve any
14 property or interests in property that are
15 blocked pursuant to, or are otherwise pro-
16 hibited by, United States sanctions.

17 (2) *APPLICATION.*—This subsection—

18 (A) applies solely to personal use by indi-
19 viduals; and

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

22 (3) *RULE OF CONSTRUCTION.*—Nothing in this
23 subsection shall be construed to limit the authority of
24 the Secretary of the Treasury, the Securities and Ex-
25 change Commission, the Commodity Futures Trading

1 *Commission, the Board of Governors of the Federal*
2 *Reserve System, the Comptroller of the Currency, the*
3 *Federal Deposit Insurance Corporation, or the Na-*
4 *tional Credit Union Administration to carry out any*
5 *enforcement action or special measure authorized*
6 *under applicable law, including—*

7 *(A) the Bank Secrecy Act, section 9714 of*
8 *the Combating Russian Money Laundering Act*
9 *(31 U.S.C. 5318A note), and section 7213A of*
10 *the Fentanyl Sanctions Act (21 U.S.C. 2313a);*
11 *or*

12 *(B) any other law relating to illicit finance,*
13 *money laundering, terrorism financing, or*
14 *United States sanctions.*

15 *(d) JOINT RULEMAKING, PROCEDURES, OR GUIDANCE*
16 *FOR DELISTING.—Not later than 180 days after the date*
17 *of the enactment of this Act, the Commodity Futures Trad-*
18 *ing Commission and the Securities and Exchange Commis-*
19 *sion shall jointly issue rules, procedures, or guidance (as*
20 *determined appropriate by the Commissions) regarding the*
21 *process to delist an asset for trading under section 106 of*
22 *this Act if the Commissions determine that the listing is*
23 *inconsistent with the Commodity Exchange Act, the securi-*
24 *ties laws (including regulations under those laws), or this*
25 *Act.*

1 (e) *JOINT RULES FOR PORTFOLIO MARGINING DETER-*
2 *MINATIONS.*—

3 (1) *IN GENERAL.*—Not later than 360 days after
4 the date of the enactment of this Act, the Commodity
5 Futures Trading Commission and the Securities and
6 Exchange Commission shall jointly issue rules de-
7 scribing the process for persons registered with either
8 such Commission to seek a joint order or determina-
9 tion with respect to margin, customer protection, seg-
10 regation, or other requirements as necessary to facili-
11 tate portfolio margining of securities (including re-
12 lated extensions of credit), security-based swaps, con-
13 tracts for future delivery, options on a contract for fu-
14 ture delivery, swaps, and digital commodities, or any
15 subset thereof, in—

16 (A) a securities account carried by a reg-
17 istered broker or dealer or a security-based swap
18 account carried by a registered security-based
19 swap dealer;

20 (B) a futures or cleared swap account car-
21 ried by a registered futures commission mer-
22 chant;

23 (C) a swap account carried by a swap deal-
24 er; or

1 (D) a digital commodity account carried by
2 a registered digital commodity broker or digital
3 commodity dealer that is also registered in such
4 other capacity as is necessary to also carry the
5 other customer or counterparty positions being
6 held in the account.

7 (2) *PROCESS.*—With respect to a joint order or
8 determination described in paragraph (1), the rules
9 required to be issued pursuant to paragraph (1) shall
10 require—

11 (A) the joint order or determination to be
12 issued only if the order or determination is in
13 the public interest and provides for the appro-
14 priate protection of customers;

15 (B) applicants to file a standard applica-
16 tion, in a form and manner determined by the
17 Securities and Exchange Commission and the
18 Commodity Futures Trading Commission, which
19 shall include the information necessary to make
20 the joint order or determination;

21 (C) the Securities and Exchange Commis-
22 sion and the Commodity Futures Trading Com-
23 mission to make a final determination not later
24 than 270 days after the filing of a completed ap-
25 plication;

1 (D) the Securities and Exchange Commis-
 2 sion and the Commodity Futures Trading Com-
 3 mission to consider the public interest of the
 4 joint order or determination through the sollicita-
 5 tion of public comments; and

6 (E) the Securities and Exchange Commis-
 7 sion and the Commodity Futures Trading Com-
 8 mission to consult with other relevant foreign or
 9 domestic regulators, including the Board of Gov-
 10 ernors of the Federal Reserve System, the Federal
 11 Deposit Insurance Corporation, and the Office of
 12 the Comptroller of the Currency, as appropriate.

13 **SEC. 106. REGISTRATION FOR DIGITAL COMMODITY EX-**
 14 **CHANGES, BROKERS, AND DEALERS; PROVI-**
 15 **SIONAL STATUS.**

16 (a) *REGISTRATION.*—

17 (1) *IN GENERAL.*—Unless exempted from reg-
 18 istration under section 5k of the Commodity Ex-
 19 change Act, a person shall not act as a digital com-
 20 modity broker, digital commodity dealer, or digital
 21 commodity exchange after the end of the 270-day pe-
 22 riod beginning on the date of the enactment of this
 23 Act, unless, as the case may be, the person is reg-
 24 istered as a—

1 (A) digital commodity broker pursuant to
2 section 4u of the Commodity Exchange Act;

3 (B) digital commodity dealer pursuant to
4 section 4u of the Commodity Exchange Act; or

5 (C) digital commodity exchange pursuant to
6 section 5i of the Commodity Exchange Act.

7 (2) *EXPEDITED PROCESS*.—Not less than 270
8 days after the date of the enactment of this Act, the
9 Commodity Futures Trading Commission shall adopt,
10 by rule, regulation, or order, a process for expedited
11 registration of persons in provisional status pursuant
12 to subsection (b).

13 (b) *PROVISIONAL STATUS*.—

14 (1) *IN GENERAL*.—A person who is registered in
15 accordance with subsection (a) of this section shall be
16 in provisional status until—

17 (A) in the case of a digital commodity
18 broker or dealer, 270 days after the final effective
19 date of the rulemakings required under section
20 4u of the Commodity Exchange Act; or

21 (B) in the case of a digital commodity ex-
22 change, 270 days after the final effective date of
23 the rulemakings required under section 5i of such
24 Act.

1 (2) *PAYMENT OF FEES.*—A person in provisional
2 status shall pay all fees and penalties required under
3 section 410.

4 (c) *OPERATIONS PRIOR TO REGULATIONS.*—

5 (1) *REQUIREMENTS.*—A person in provisional
6 status shall apply and be subject to the statutory re-
7 quirements of this Act and any rules or regulations
8 promulgated under this Act, as applicable.

9 (2) *LISTINGS.*—

10 (A) *IN GENERAL.*—Except as provided in
11 subparagraph (B), a person in provisional status
12 may continue to offer, solicit, trade, facilitate,
13 execute, clear, report, or otherwise deal in any
14 digital asset offered on or through the facilities
15 of the person before the date of registration under
16 this section, until such time as the joint rule-
17 making on definitions required under section
18 105(a) is effective.

19 (B) *DELISTING.*—Before the effective date of
20 the joint rulemaking on definitions under section
21 105(a), person in provisional status shall cease
22 offering, soliciting, trading, facilitating, exe-
23 cuting, clearing, reporting, or otherwise dealing
24 in any digital asset required to be delisted pur-

1 *suant to a joint delisting process established*
2 *under section 105(d).*

3 (3) *EXEMPTIVE AUTHORITY.*—*In order to pro-*
4 *mote responsible innovation and fair competition, or*
5 *protect customers, the Commodity Futures Trading*
6 *Commission may exempt any persons or class of per-*
7 *sons registered pursuant to subsection (a) and in pro-*
8 *visional status pursuant to subsection (b) from any*
9 *requirements of this Act and any rules and regula-*
10 *tions promulgated under this Act.*

11 (d) *CUSTOMER DISCLOSURE BEFORE REGISTRA-*
12 *TION.*—

13 (1) *IN GENERAL.*—*Beginning 30 days after the*
14 *date of the enactment of this Act, any person acting*
15 *as a digital commodity exchange, digital commodity*
16 *broker, or digital commodity dealer shall disclose to*
17 *the customers of the person so acting, in the disclosure*
18 *documents, offering documents, and promotional ma-*
19 *terial of the person so acting, in a prominent man-*
20 *ner, that the person is not registered with or regulated*
21 *by the Commodity Futures Trading Commission.*

22 (2) *EXPIRATION.*—*Paragraph (1) of this sub-*
23 *section shall not apply to any person who registers*
24 *pursuant to subsection (a).*

1 **SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES**

2 **LAWS SAVINGS PROVISIONS.**

3 (a) *IN GENERAL.*—*Nothing in this Act shall affect or*
 4 *apply to, or be interpreted to affect or apply to—*

5 (1) *any agreement, contract, or transaction that*
 6 *is subject to the Commodity Exchange Act as—*

7 (A) *a contract of sale of a commodity for*
 8 *future delivery or an option on such a contract;*

9 (B) *a swap;*

10 (C) *a security futures product;*

11 (D) *an option authorized under section 4c*
 12 *of such Act;*

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

15 (F) *a leverage transaction authorized under*
 16 *section 19 of such Act;*

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

19 (A) *a security-based swap;*

20 (B) *a security futures product; or*

21 (C) *an option on or based on the value of*
 22 *a security; or*

23 (3) *the activities of any person with respect to*
 24 *any such agreement, contract, or transaction.*

25 (b) *PROHIBITIONS ON SPOT DIGITAL COMMODITY EN-*
 26 *TITIES.*—*Nothing in this Act authorizes, or shall be inter-*

1 *preted to authorize, a digital commodity exchange, digital*
 2 *commodity broker, or digital commodity dealer to engage*
 3 *in any activities involving any transaction, contract, or*
 4 *agreement described in subsection (a)(1), solely by virtue*
 5 *of being registered as a digital commodity exchange, digital*
 6 *commodity broker, or digital commodity dealer.*

7 *(c) DEFINITIONS.—In this section, each term shall*
 8 *have the meaning provided in the Commodity Exchange Act*
 9 *or the regulations prescribed under such Act.*

10 **SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

13 *(1) in paragraph (3)—*

14 *(A) in subparagraph (B), by striking “or”*
 15 *at the end;*

16 *(B) in subparagraph (C), by striking the*
 17 *period and inserting “; or”; and*

18 *(C) by adding at the end the following:*

19 *“(D) a contract of sale of a digital com-*
 20 *modity.”;*

21 *(2) in paragraph (4)—*

22 *(A) in subparagraph (A)—*

23 *(i) in clause (ii), by striking “or” at*
 24 *the end;*

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

3 (iii) by adding at the end the fol-
4 lowing:

5 “(iv) a contract of sale of a digital
6 commodity.”;

7 (B) in subparagraph (B)—

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

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

12 (iii) by adding at the end the fol-
13 lowing:

14 “(iv) a contract of sale of a digital
15 commodity.”; and

16 (C) in subparagraph (C)—

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

19 (ii) by striking “(iii) a swap, provided
20 however,” and inserting the following:

21 “(iii) a swap; or

22 “(iv) a contract of sale of a digital
23 commodity,

24 provided, however,”; and

1 (iii) by striking “clauses (i), (ii), or
 2 (iii)” and insert “any of clauses (i) through
 3 (iv)”.

4 **SEC. 109. INTERNATIONAL COOPERATION.**

5 *In order to promote greater consistency in effective and*
 6 *consistent global regulation of digital assets, the Commodity*
 7 *Futures Trading Commission and the Securities and Ex-*
 8 *change Commission, as appropriate—*

9 (1) *shall consult and coordinate with foreign reg-*
 10 *ulatory authorities on the application of consistent*
 11 *international standards with respect to the regulation*
 12 *of digital assets; and*

13 (2) *may enter into such information-sharing ar-*
 14 *rangements as may be deemed to be necessary or ap-*
 15 *propriate in the public interest or for the protection*
 16 *of investors, customers, and users of digital assets.*

17 **SEC. 110. APPLICATION OF THE BANK SECRECY ACT.**

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

20 (1) *by inserting “digital commodity broker, dig-*
 21 *ital commodity dealer,” after “futures commission*
 22 *merchant,”; and*

23 (2) *by inserting before the period the following:*
 24 *“and any digital commodity exchange registered, or*

1 *required to register, under the Commodity Exchange*
2 *Act which permits direct customer access”.*

3 **(b) GAO STUDY.—**

4 **(1) IN GENERAL.—***The Comptroller General of*
5 *the United States, in consultation with the Secretary*
6 *of the Treasury, shall conduct a study to—*

7 **(A)** *assess the risks posed by centralized*
8 *intermediaries that are primarily located in for-*
9 *ign jurisdictions that provide services to U.S.*
10 *persons without regulatory requirements that are*
11 *substantially similar to the requirements of the*
12 *Bank Secrecy Act; and*

13 **(B)** *provide any regulatory or legislative*
14 *recommendations to address these risks under*
15 *subparagraph (A).*

16 **(2) REPORT.—***Not later than 1 year after the*
17 *date of enactment of this Act, the Comptroller General*
18 *shall issue a report to Congress containing all find-*
19 *ings and determinations made in carrying out the*
20 *study required under paragraph (1).*

21 **SEC. 111. IMPLEMENTATION.**

22 **(a) GLOBAL RULEMAKING TIMEFRAME.—***Unless other-*
23 *wise provided in this Act or an amendment made by this*
24 *Act, the Commodity Futures Trading Commission and the*
25 *Securities and Exchange Commission, or both, shall indi-*

1 *vidually, and jointly where required, promulgate rules and*
 2 *regulations required of each Commission under this Act or*
 3 *an amendment made by this Act not later than 360 days*
 4 *after the date of enactment of this Act.*

5 *(b) RULES AND REGISTRATION BEFORE FINAL EFFEC-*
 6 *TIVE DATES.—*

7 *(1) IN GENERAL.—In order to prepare for the*
 8 *implementation of this Act, the Commodity Futures*
 9 *Trading Commission and the Securities and Ex-*
 10 *change Commission may, before any effective date*
 11 *provided in this Act—*

12 *(A) promulgate rules, regulations, or orders*
 13 *permitted or required by this Act;*

14 *(B) conduct studies and prepare reports*
 15 *and recommendations required by this Act;*

16 *(C) register persons under this Act; and*

17 *(D) exempt persons, agreements, contracts,*
 18 *or transactions from provisions of this Act,*
 19 *under the terms contained in this Act.*

20 *(2) LIMITATION ON EFFECTIVENESS.—An action*
 21 *by the Commodity Futures Trading Commission or*
 22 *the Securities and Exchange Commission under para-*
 23 *graph (1) shall not become effective before the effective*
 24 *date otherwise applicable to the action under this Act.*

1 **TITLE II—OFFERS AND SALES OF**
 2 **DIGITAL COMMODITIES**

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

4 (a) *SECURITIES ACT OF 1933.*—Section 2(a) of the Se-
 5 curities Act of 1933 (15 U.S.C. 77b(a)), as amended by sec-
 6 tion 101, is further amended—

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

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

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

13 “(A) that can be exclusively possessed and
 14 transferred, person to person, without necessary
 15 reliance on an intermediary, and is recorded on
 16 a blockchain; and

17 “(B) sold or otherwise transferred, or in-
 18 tended to be sold or otherwise transferred, pursu-
 19 ant to an investment contract.”.

20 (b) *INVESTMENT ADVISERS ACT OF 1940.*—Section
 21 202(a)(18) of the Investment Advisers Act of 1940 (15
 22 U.S.C. 80b–2(a)(18)) is amended by adding at the end the
 23 following: “The term ‘investment contract’ does not include
 24 an investment contract asset (as such term is defined under
 25 section 2(a) of the Securities Act of 1933).”.

1 (c) *INVESTMENT COMPANY ACT OF 1940.*—Section
 2 2(a)(36) of the *Investment Company Act of 1940* (15 U.S.C.
 3 80a–2(a)(36)) is amended by adding at the end the fol-
 4 lowing: “The term ‘investment contract’ does not include
 5 an investment contract asset (as such term is defined under
 6 section 2(a) of the *Securities Act of 1933*).”.

7 (d) *SECURITIES EXCHANGE ACT OF 1934.*—Section
 8 3(a)(10) of the *Securities Exchange Act of 1934* (15 U.S.C.
 9 78c(a)(10)) is amended by adding at the end the following:
 10 “The term ‘investment contract’ does not include an invest-
 11 ment contract asset (as such term is defined under section
 12 2(a) of the *Securities Act of 1933*).”.

13 (e) *SECURITIES INVESTOR PROTECTION ACT OF*
 14 *1970.*—Section 16(14) of the *Securities Investor Protection*
 15 *Act of 1970* (15 U.S.C. 78lll(14)) is amended by adding
 16 at the end the following: “The term ‘investment contract’
 17 does not include an investment contract asset (as such term
 18 is defined under section 2(a) of the *Securities Act of*
 19 *1933*).”.

20 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**
 21 **COMMODITIES.**

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

24 (1) in section 4(a), by adding at the end the fol-
 25 lowing:

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

5 “(A) the blockchain system to which the dig-
6 ital commodity relates, together with the digital
7 commodity, is certified as a mature blockchain
8 system under section 42 of the Securities Ex-
9 change Act of 1934 or the issuer intends for the
10 blockchain system to which the digital com-
11 modity relates to be a mature blockchain system
12 by the later of—

13 “(i) the date that is four years after
14 the first sale of the investment contract in-
15 volving such digital commodity; or

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

18 “(B) the sum of all cash and other consider-
19 ation to be received by the digital commodity
20 issuer in reliance on the exemption provided
21 under this paragraph, during the 12-month pe-
22 riod preceding the date of such offering, includ-
23 ing the amount received in such offering, is not
24 more than \$75,000,000 (as such amount is annu-
25 ally adjusted by the Commission to reflect the

1 *change in the Consumer Price Index for All*
2 *Urban Consumers published by the Bureau of*
3 *Labor Statistics of the Department of Labor);*

4 “(C) after the completion of the transaction,
5 *a purchaser does not own more than 10 percent*
6 *of the total amount of the outstanding units of*
7 *the digital commodity;*

8 “(D) the transaction does not involve the
9 *offer or sale of an investment contract involving*
10 *units of a digital commodity by its digital com-*
11 *modity issuer that—*

12 “(i) is not organized under the laws of
13 *a State, a territory of the United States, or*
14 *the District of Columbia;*

15 “(ii) is a development stage company
16 *that either—*

17 “(I) has no specific business plan
18 *or purpose; or*

19 “(II) has indicated that the busi-
20 *ness plan of the company is to merge*
21 *with or acquire an unidentified com-*
22 *pany;*

23 “(iii) is an investment company, as
24 *defined in section 3 of the Investment Com-*
25 *pany Act of 1940 (15 U.S.C. 80a-3), or is*

1 *excluded from the definition of investment*
 2 *company by section 3(b) or section 3(c) of*
 3 *that Act (15 U.S.C. 80a–3(b) or 80a–3(c));*

4 *“(iv) is issuing fractional undivided*
 5 *interests in oil or gas rights, or a similar*
 6 *interest in other mineral rights;*

7 *“(v) is, or has been, subject to any*
 8 *order of the Commission entered pursuant*
 9 *to section 12(j) of the Securities Exchange*
 10 *Act of 1934 during the 5-year period before*
 11 *the filing of the offering statement; or*

12 *“(vi) is disqualified pursuant to sec-*
 13 *tion 230.262 of title 17, Code of Federal*
 14 *Regulations; and*

15 *“(E) the issuer meets the requirements of*
 16 *section 4B(b).”;* and

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

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

20 *“(a) COMMISSION JURISDICTION.—For the purposes of*
 21 *this section:*

22 *“(1) The Commission shall have jurisdiction and*
 23 *enforcement authority with respect to disclosures de-*
 24 *scribed in this section.*

1 “(2) *Section 17 shall apply to a statement made*
2 *in an offering statement, disclosure, or report filed*
3 *under this section to the same extent as such section*
4 *17 applies to a statement made in any other offering*
5 *statement, disclosure, or report filed under this Act.*

6 “(b) *REQUIREMENTS FOR DIGITAL COMMODITY*
7 *ISSUERS.—*

8 “(1) *TERMS AND CONDITIONS.—A digital com-*
9 *modity issuer offering or selling an investment con-*
10 *tract involving units of a digital commodity in reli-*
11 *ance on section 4(a)(8) shall file with the Commission*
12 *an offering statement and any related documents, in*
13 *such form and with such content as prescribed by the*
14 *Commission, including financial information, a de-*
15 *scription of the issuer and the operations of the*
16 *issuer, the financial condition of the issuer, a descrip-*
17 *tion of the plan of distribution of any unit of a dig-*
18 *ital commodity that is to be offered as well as the in-*
19 *tended use of the offering proceeds, and a description*
20 *of the development plan for the blockchain system,*
21 *and the related digital commodity, to become a ma-*
22 *ture blockchain system, if such blockchain system is*
23 *not already certified as a mature blockchain system*
24 *pursuant to section 42 of the Securities Exchange Act*
25 *of 1934 (15 U.S.C. 78a et seq.).*

1 “(2) *INFORMATION REQUIRED FOR PUR-*
2 *CHASERS.—A digital commodity issuer that has filed*
3 *a statement under paragraph (1) to offer and sell an*
4 *investment contract involving a unit of a digital com-*
5 *modity in reliance on section 4(a)(8) shall include in*
6 *such statement the following information:*

7 “(A) *MATURITY STATUS.—Whether the*
8 *blockchain system to which the digital com-*
9 *modity relates has been certified as a mature*
10 *blockchain system pursuant to section 42 of the*
11 *Securities Exchange Act of 1934 (15 U.S.C. 78a*
12 *et seq.) and, where such blockchain system is not*
13 *so certified, a statement of the digital commodity*
14 *issuer’s intent for the blockchain system to which*
15 *the digital commodity relates to be a mature*
16 *blockchain system within the time period de-*
17 *scribed in section 4(a)(8)(A).*

18 “(B) *SOURCE CODE.—The source code, or a*
19 *publicly accessible webpage displaying such*
20 *source code, for any blockchain system to which*
21 *the digital commodity relates, and whether the*
22 *source code was sourced from an external third*
23 *party, whether there are any existing external*
24 *dependencies, and whether the code underwent a*
25 *third-party security audit.*

1 “(C) *TRANSACTION HISTORY*.—A descrip-
2 tion of the steps necessary to independently ac-
3 cess, search, and verify the transaction history of
4 any blockchain system to which the digital com-
5 modity relates, to the extent any such inde-
6 pendent access, search, and verification activities
7 are technically feasible with respect to such
8 blockchain system.

9 “(D) *DIGITAL COMMODITY ECONOMICS*.—A
10 description of the purpose of any blockchain sys-
11 tem to which the digital commodity relates and
12 the operation of any such blockchain system, in-
13 cluding—

14 “(i) information explaining the launch
15 and supply process, including the number of
16 units of the digital commodity to be issued
17 in an initial allocation, the total number of
18 units of the digital commodity to be created,
19 the release schedule for the units of the dig-
20 ital commodity, and the total number of
21 units of the digital commodity outstanding;

22 “(ii) information explaining the tech-
23 nical requirements for holding, accessing,
24 and transferring the digital commodity;

1 “(iii) information on any applicable
2 consensus mechanism or process for vali-
3 dating transactions, method of generating
4 or mining digital commodities, and any
5 process for burning or destroying units of
6 the digital commodity on the blockchain
7 system;

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

11 “(v) an explanation of governance
12 mechanisms for implementing changes to
13 the blockchain system or forming consensus
14 among holders of units of such digital com-
15 modity.

16 “(E) *PLAN OF DEVELOPMENT.*—The current
17 state and timeline for the development of any
18 blockchain system to which the digital com-
19 modity relates, detailing how and when the
20 blockchain system is intended to be a mature
21 blockchain system, if the blockchain system is not
22 yet certified as a mature blockchain system, and
23 the various roles that exist or are intended to
24 exist in connection with the blockchain system,
25 such as users, service providers, developers,

transaction validators, and governance participants, including a discussion of any mechanisms by which control or authority are exerted with respect to the blockchain system or its related digital commodity, and any critical operational dependencies of the blockchain system or its related digital commodity.

“(F) OWNERSHIP DISCLOSURES.—

“(i) IN GENERAL.—A list of all persons who are digital commodity related persons or digital commodity affiliated persons who have been issued a unit of the digital commodity by the digital commodity issuer or have a right to a unit of the digital commodity from the digital commodity issuer.

“(ii) CONFIDENTIALITY.—The Commission shall keep each list described under clause (i) confidential, consistent with what is necessary or appropriate in the public interest or for the protection of investors.

“(G) RISK FACTOR DISCLOSURES.—A description of the material risks surrounding ownership of a unit of a digital commodity.

“(3) ONGOING DISCLOSURE REQUIREMENTS FOR MATURING BLOCKCHAIN SYSTEMS.—Subject to para-

1 *graph (5), the issuer of a digital commodity related*
2 *to a blockchain system that is not yet certified as a*
3 *mature blockchain system that has filed a statement*
4 *under paragraph (1) to offer and sell an investment*
5 *contract involving a unit of a digital commodity in*
6 *reliance on section 4(a)(8) shall file the following with*
7 *the Commission:*

8 “(A) SEMIANNUAL REPORTS.—Every 6
9 months, a report containing—

10 “(i) an updated description of the cur-
11 rent state and timeline for the development
12 of the blockchain system to which the digital
13 commodity relates, showing how and when
14 the blockchain is intended to be a mature
15 blockchain system;

16 “(ii) a description of the efforts of the
17 issuer and digital commodity related per-
18 sons in developing the blockchain system to
19 which the digital commodity relates; and

20 “(iii) the amount of money raised by
21 the digital commodity issuer in reliance on
22 section 4(a)(8), how much of that money
23 has been spent, and the general categories of
24 activities for which that money has been
25 spent and amounts spent per category.

1 “(B) *CURRENT REPORTS.*—A current report
2 reflecting any material changes relevant to the
3 information previously reported to the Commis-
4 sion by the digital commodity issuer, which shall
5 be filed as soon as practicable after the material
6 change occurred, in accordance with such rules
7 as the Commission may prescribe as necessary or
8 appropriate in the public interest or for the pro-
9 tection of investors.

10 “(4) *RULEMAKING.*—Not later than 360 days
11 after the date of the enactment of this section, the
12 Commission shall prescribe rules on requirements ap-
13 plicable to issuers of digital commodities in reliance
14 on section 4(a)(8).

15 “(5) *TERMINATION OF CERTAIN REPORTING RE-*
16 *QUIREMENTS; POST-MATURITY REPORTING REQUIRE-*
17 *MENTS.*—

18 “(A) *IN GENERAL.*—The ongoing reporting
19 requirements under paragraph (3) shall not
20 apply to a digital commodity issuer 180 days
21 after the end of the covered fiscal year, if the in-
22 formation with respect to the digital commodity
23 and the blockchain system to which it relates de-
24 scribed in subparagraphs (A) through (C) of
25 paragraph (2) is made publicly available and

1 the disclosure requirements under subparagraph
2 (C) of this paragraph are satisfied.

3 “(B) COVERED FISCAL YEAR DEFINED.—In
4 this paragraph, the term ‘covered fiscal year’
5 means, with respect to a digital commodity, the
6 first fiscal year of a digital commodity issuer in
7 which the blockchain system to which such dig-
8 ital commodity relates is certified as a mature
9 blockchain system under section 42 of the Securi-
10 ties Exchange Act of 1934.

11 “(C) POST-MATURITY REPORTING REQUIRE-
12 MENTS.—After the blockchain system to which a
13 digital commodity relates is certified as a ma-
14 ture blockchain system under section 42 of the
15 Securities Exchange Act of 1934, any digital
16 commodity issuer that has filed a statement
17 under paragraph (1) to offer and sell an invest-
18 ment contract involving a unit of a digital com-
19 modity in reliance on section 4(a)(8) and is en-
20 gaged in material ongoing efforts related to the
21 mature blockchain system shall disclose, in a
22 manner reasonably calculated to inform the pub-
23 lic, and at such frequency as the Commission
24 may prescribe, by rule, a description of such ef-
25 forts, including—

1 “(i) any participation in a decentral-
2 ized governance system of such blockchain
3 system;

4 “(ii) any participation in alterations
5 or proposed alterations to the functionality
6 or operation of such blockchain system;

7 “(iii) the use or planned use of any
8 funds raised in reliance on section 4(a)(8)
9 or any rulemaking pursuant to section
10 202(d) of the CLARITY Act of 2025 in such
11 efforts;

12 “(iv) the amount of units of the digital
13 commodity, or rights thereto, owned and
14 controlled by such issuer and any use, sale,
15 trading, or other disposition thereof; and

16 “(v) any affiliations of such issuer ma-
17 terial to the efforts of such issuer.

18 “(D) *RULE OF CONSTRUCTION.*—Nothing in
19 subparagraph (C) may be construed to make any
20 digital commodity described in such subpara-
21 graph a security.

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

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

3 “(2) be a member of a national securities asso-
4 ciation registered under section 15A of the Securities
5 Exchange Act of 1934 (15 U.S.C. 78o–3).

6 “(d) *DISQUALIFICATION PROVISIONS.*—The Commis-
7 sion shall issue rules to apply the disqualification provi-
8 sions under section 230.262 of title 17, Code of Federal Reg-
9 ulations, to the exemption provided under section 4(a)(8).

10 “(e) *FAILURE TO MATURE.*—

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

23 “(A) *DISCLOSURES.*—Disclosures regarding
24 the following:

1 “(i) *FAILURE TO MATURE.*—*The mate-*
2 *rial reasons that the blockchain system has*
3 *not become a mature blockchain system*
4 *within the time period described in section*
5 *4(a)(8)(A).*

6 “(ii) *DEVELOPMENT PLANS.*—*The fu-*
7 *ture plans of development of the blockchain*
8 *system, including information required*
9 *under subsection (b)(3).*

10 “(iii) *RISK FACTOR DISCLOSURES.*—
11 *The material risks surrounding ownership*
12 *of a unit of a digital commodity that relates*
13 *to a blockchain system described under sub-*
14 *section (b)(1) that has not become a mature*
15 *blockchain system within the time period*
16 *described in section 4(a)(8)(A).*

17 “(B) *OBLIGATIONS.*—*Transaction reporting*
18 *and beneficial ownership disclosure obligations*
19 *applicable to digital commodity related persons*
20 *and digital commodity affiliated persons of such*
21 *blockchain system.*

22 “(2) *QUALIFICATION REQUIRED.*—*The Commis-*
23 *sion may not permit any additional raising of cap-*
24 *ital by the issuer of a digital commodity related to a*
25 *blockchain system described under subsection (a)(1)*

1 *that has not become a mature blockchain system with-*
 2 *in the time period described in section 4(a)(8)(A) un-*
 3 *less the Commission has qualified any offering state-*
 4 *ment related to such additional raising of capital.”.*

5 *(b) ADDITIONAL EXEMPTIONS.—*

6 *(1) CERTAIN REGISTRATION REQUIREMENTS.—*
 7 *Section 12(g)(6) of the Securities Exchange Act of*
 8 *1934 (15 U.S.C. 78l(g)(6)) is amended by striking*
 9 *“under section 4(6)” and inserting “under section*
 10 *4(a)(6) or 4(a)(8)”.*

11 *(2) EXEMPTION FROM STATE REGULATION.—Sec-*
 12 *tion 18(b)(4) of the Securities Act of 1933 (15 U.S.C.*
 13 *77r(b)(4)) is amended—*

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

16 *(B) in section (C), by striking “section*
 17 *4(6)” and inserting “section 4(a)(6)”;*

18 *(C) in subparagraph (F)—*

19 *(i) by striking “section 4(2)” each*
 20 *place such term appears and inserting “sec-*
 21 *tion 4(a)(2)”;* and

22 *(ii) by striking “or” at the end;*

23 *(D) in subparagraph (G), by striking the*
 24 *period and inserting “; or”;* and

25 *(E) by adding at the end the following:*

1 “(H) section 4(a)(8).”.

2 (c) *PRIOR ISSUERS.*—

3 (1) *REPORTING EXCEPTION.*—*With respect to a*
4 *digital commodity, the digital commodity issuer shall*
5 *not be required to file the reports otherwise required*
6 *under section 4B(b)(3) of the Securities Act of 1933*
7 *(or, with respect to a digital commodity not issued in*
8 *reliance on section 4(a)(8) of the Securities Act of*
9 *1933, a comparable set of reports specified by the Se-*
10 *curities and Exchange Commission), if the digital*
11 *commodity issuer—*

12 (A) *last offered or sold an investment con-*
13 *tract involving a unit of the digital commodity*
14 *prior to January 1, 2020; or*

15 (B) *both—*

16 (i) *last offered or sold an investment*
17 *contract involving a unit of the digital com-*
18 *modity between January 1, 2020, and June*
19 *1, 2025; and*

20 (ii) *is no longer engaged in material*
21 *ongoing efforts related to the blockchain sys-*
22 *tem to which the digital commodity relates.*

23 (2) *REPORTING APPLICATION DATE FOR CERTAIN*
24 *PRIOR ISSUERS.*—*With respect to a digital com-*
25 *modity, if the digital commodity issuer is engaged in*

1 *material ongoing efforts related to the blockchain sys-*
2 *tem to which the digital commodity relates and last*
3 *offered and sold an investment contract involving a*
4 *unit of the digital commodity between January 1,*
5 *2020, and June 1, 2025, the digital commodity issuer*
6 *shall file with the Commission a comparable set of re-*
7 *ports to the reports described under, as applicable,*
8 *section 4B(b)(3) or 4B(b)(5)(C) of the Securities Act*
9 *of 1933, where required by the Commission, not later*
10 *than one year after the effective date of this section.*

11 *(d) USE OF OTHER EXEMPTIONS.—*

12 *(1) RULE OF CONSTRUCTION.—Nothing in this*
13 *section or the amendments made by this section may*
14 *be construed as prohibiting the offer or sale of an in-*
15 *vestment contract involving units of a digital com-*
16 *modity in reliance on an exemption provided under*
17 *section 3, 4(a), or 19 of the Securities Act of 1933*
18 *other than that provided under section 4(a)(8) of the*
19 *Securities Act of 1933.*

20 *(2) RULEMAKING.—The Securities and Exchange*
21 *Commission may issue rules—*

22 *(A) to permit the issuer of a digital com-*
23 *modity related to a blockchain system described*
24 *under section 4B(b)(1) of the Securities Act of*
25 *1933 that has not become a mature blockchain*

1 *system within the time period described in sec-*
 2 *tion 4(a)(8)(A) of such Act to raise capital pur-*
 3 *suant to an exempt offering, if the Commission*
 4 *qualifies any offering statement related to such*
 5 *raising of capital; and*

6 *(B) for the offer and sale of investment con-*
 7 *tracts involving units of a digital commodity by*
 8 *issuers that are not organized under the laws of*
 9 *a State, a territory of the United States, or the*
 10 *District of Columbia.*

11 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**
 12 **DIGITAL COMMODITIES THAT ORIGINALLY IN-**
 13 **VOLVED INVESTMENT CONTRACTS.**

14 *(a) SECONDARY MARKET TREATMENT.—Notwith-*
 15 *standing any other provision of law, the offer or sale of a*
 16 *digital commodity that originally involved an investment*
 17 *contract by a person other than the issuer of such digital*
 18 *commodity, or an agent or underwriter thereof, shall be*
 19 *deemed not to be an offer or sale of the investment contract*
 20 *originally involving the digital commodity between the*
 21 *issuer of the investment contract involving the digital com-*
 22 *modity, or an agent or underwriter thereof, and the pur-*
 23 *chaser of such digital commodity under—*

24 *(1) the Securities Act of 1933 (15 U.S.C. 77a et*
 25 *seq.);*

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

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

5 (4) *the Securities Exchange Act of 1934 (15*
 6 *U.S.C. 78a et seq.);*

7 (5) *the Securities Investor Protection Act of 1970*
 8 *(15 U.S.C. 78aaa et seq.); and*

9 (6) *any applicable provisions of State law.*

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

13 (c) *AGENT DEFINED.—In this section and with respect*
 14 *to a digital commodity issuer, the term “agent” means any*
 15 *person directly or indirectly controlled by the issuer or*
 16 *under direct or indirect common control with the issuer.*

17 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
 18 **ITAL COMMODITIES BY DIGITAL COMMODITY**
 19 **RELATED PERSONS AND DIGITAL COM-**
 20 **MODITY AFFILIATED PERSONS.**

21 *The Securities Act of 1933 (15 U.S.C. 77a et seq.), as*
 22 *amended by section 202, is further amended by inserting*
 23 *after section 4B the following:*

1 **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
2 **ITAL COMMODITIES BY DIGITAL COMMODITY**
3 **RELATED PERSONS AND DIGITAL COM-**
4 **MODITY AFFILIATED PERSONS.**

5 “(a) *IN GENERAL.*—*It shall be a violation of this Act*
6 *for a digital commodity affiliated person or a digital com-*
7 *modity related person to offer or sell a digital commodity*
8 *acquired directly from its issuer, or an agent or underwriter*
9 *thereof, pursuant to an investment contract in reliance on*
10 *section 4(a)(8) or another exemption under this Act, other*
11 *than as provided in this section.*

12 “(b) *COMMISSION JURISDICTION.*—

13 “(1) *Where a digital commodity affiliated person*
14 *or a digital commodity related person offers or sells*
15 *a digital commodity acquired directly from its issuer,*
16 *or an agent or underwriter thereof, pursuant to an*
17 *investment contract in reliance on section 4(a)(8), or*
18 *another exemption under this Act, other than as pro-*
19 *vided in this section, such digital commodity affili-*
20 *ated person or digital commodity related person shall*
21 *be considered an issuer of such investment contract.*

22 “(2) *For the purposes of this section, the Com-*
23 *mission shall have jurisdiction and enforcement au-*
24 *thority with respect to an offer or sale of a digital*
25 *commodity described in subsection (a).*

1 “(c) *RESTRICTIONS ON DIGITAL COMMODITY RELATED*
 2 *PERSONS AND DIGITAL COMMODITY AFFILIATED PER-*
 3 *SONS.—*

4 “(1) *PRIOR TO BEING A MATURE BLOCKCHAIN*
 5 *SYSTEM.—Prior to the blockchain system to which a*
 6 *digital commodity relates being certified as a mature*
 7 *blockchain system under section 42 of the Securities*
 8 *Exchange Act of 1934, units of the digital commodity*
 9 *acquired by a digital commodity related person or*
 10 *digital commodity affiliated person directly from its*
 11 *issuer, or an agent or underwriter thereof, pursuant*
 12 *to an investment contract in reliance on section*
 13 *4(a)(8), or another exemption under this Act, may be*
 14 *offered or sold by such digital commodity related per-*
 15 *son or digital commodity affiliated person if—*

16 “(A) *reports with respect to such digital*
 17 *commodity, where required under section*
 18 *4B(b)(3) (or, with respect to a digital commodity*
 19 *not issued in reliance on section 4(a)(8), a com-*
 20 *parable set of reports where required by the Com-*
 21 *mission) have been filed with the Commission;*

22 “(B) *the digital commodity related person*
 23 *or digital commodity affiliated person has held*
 24 *the units for not less than 12 months from the*
 25 *date the units were delivered; and*

1 “(C) the aggregate amount of the units of
2 the digital commodity offered or sold by the dig-
3 ital commodity related person or digital com-
4 modity affiliated person is—

5 “(i) in any 12-month period, not
6 greater than 15 percent of the total units of
7 the digital commodity acquired directly
8 from its issuer by the digital commodity re-
9 lated person or digital commodity affiliated
10 person; and

11 “(ii) not greater than 50 percent of the
12 total units of the digital commodity ac-
13 quired directly from its issuer by the digital
14 commodity related person or digital com-
15 modity affiliated person.

16 “(2) AFTER BECOMING A MATURE BLOCKCHAIN
17 SYSTEM.—After the blockchain system to which a dig-
18 ital commodity relates is certified as a mature
19 blockchain system under section 42 of the Securities
20 Exchange Act of 1934, units of the digital commodity
21 acquired by a digital commodity related person or
22 digital commodity affiliated person directly from its
23 issuer, or the issuer’s agent or underwriter, pursuant
24 to an investment contract in reliance on section

1 4(a)(8) or another exemption under this Act, may
2 be—

3 “(A) offered or sold by a digital commodity
4 related person; or

5 “(B) offered or sold by a digital commodity
6 affiliated person if—

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

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

16 “(I) 12 months from the date the
17 units were delivered; or

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

23 “(iii) the aggregate amount of the
24 units of the digital commodity offered or
25 sold by the digital commodity affiliated per-

1 son in any 12-month period does not exceed
2 the greater of—

3 “(I) 8 percent of the total out-
4 standing amount of the digital com-
5 modity; or

6 “(II) 25 percent of the total units
7 of the digital commodity acquired di-
8 rectly from its issuer by the digital
9 commodity affiliated person.

10 “(d) *USE OF A DIGITAL COMMODITY IN THE PRO-*
11 *GRAMMATIC FUNCTIONING OF THE BLOCKCHAIN SYSTEM.—*
12 *For purposes of this section, the use of a digital commodity*
13 *in the programmatic functioning of the blockchain system*
14 *to which it relates is not an offer or sale of a digital com-*
15 *modity.*

16 “(e) *MANIPULATIVE AND DECEPTIVE DEVICES; RE-*
17 *PORTING.—*

18 “(1) *IN GENERAL.—It shall be unlawful for any*
19 *digital commodity issuer, digital commodity related*
20 *person, or digital commodity affiliated person, di-*
21 *rectly or indirectly, by the use of any means or in-*
22 *strumentality of interstate commerce or of the mails,*
23 *to use or employ, in connection with the purchase or*
24 *sale of any digital commodity, any manipulative or*
25 *deceptive device or contrivance in contravention of*

1 *such rules and regulations as the Commission may*
2 *prescribe as necessary or appropriate in the public*
3 *interest or for the protection of investors.*

4 “(2) *AFFIRMATIVE DEFENSE.*—Not later than
5 *270 days after the date of the enactment of this sec-*
6 *tion, the Commission shall issue rules to implement*
7 *paragraph (1), including by providing any affirma-*
8 *tive defenses to an enforcement action thereunder as*
9 *the Commission may prescribe as necessary or appro-*
10 *priate in the public interest or for the protection of*
11 *investors.*

12 “(3) *REPORTING.*—Not later than 270 days after
13 *the date of the enactment of this section, the Commis-*
14 *sion shall issue rules to prescribe such transaction re-*
15 *porting and beneficial ownership disclosure obliga-*
16 *tions applicable to digital commodity related persons*
17 *and digital commodity affiliated persons, as necessary*
18 *or appropriate in the public interest or for the protec-*
19 *tion of investors.*

20 “(4) *DIFFERENTIATION BETWEEN PERSONS.*—In
21 *issuing rules required under paragraphs (2) and (3),*
22 *the Commission shall differentiate between digital*
23 *commodity related persons and digital commodity af-*
24 *iliated persons as necessary or appropriate in the*
25 *public interest or for the protection of investors.*

1 “(f) *RULES FOR PREVIOUSLY-ISSUED DIGITAL COM-*
2 *MODITIES.*—

3 “(1) *UNITS RECEIVED PRIOR TO JANUARY 1,*
4 *2020.—If a unit of a digital commodity was received*
5 *by a digital commodity related person or digital com-*
6 *modity affiliated person prior to January 1, 2020,*
7 *the unit of the digital commodity may be offered or*
8 *sold by the digital commodity related person or dig-*
9 *ital commodity affiliated person without condition.*

10 “(2) *CERTAIN UNITS RELATED TO A NON-MA-*
11 *TURE BLOCKCHAIN SYSTEM.—If a unit of a digital*
12 *commodity was received by a digital commodity re-*
13 *lated person or digital commodity affiliated person*
14 *between January 1, 2020, and June 1, 2025, and the*
15 *blockchain system to which the digital commodity re-*
16 *lates is not certified as a mature blockchain system*
17 *under section 42 of the Securities Exchange Act of*
18 *1934, the unit of the digital asset may be offered or*
19 *sold by a digital commodity related person or digital*
20 *commodity affiliated person if—*

21 “(A) *reports with respect to such digital*
22 *commodity comparable to the reports described*
23 *under section 4B(b)(3), where required by the*
24 *Commission, have been filed with the Commis-*
25 *sion;*

1 “(B) the digital commodity related person
2 or digital commodity affiliated person meets any
3 requirements pursuant to subsection (e)(3); and

4 “(C) the digital commodity related person
5 or digital commodity affiliated person has held
6 the units for not less than 12 months from the
7 date the units were delivered.

8 “(3) CERTAIN UNITS RELATED TO A MATURE
9 BLOCKCHAIN SYSTEM.—If a unit of a digital com-
10 modity was received by a digital commodity related
11 person or digital commodity affiliated person between
12 January 1, 2020, and June 1, 2025, and the
13 blockchain system to which the digital commodity re-
14 lates is certified as a mature blockchain system under
15 section 42 of the Securities Exchange Act of 1934, it
16 may be offered or sold by a digital commodity related
17 person or digital commodity affiliated person if—

18 “(A) information described in section
19 4B(b)(5)(C) or comparable thereto, where re-
20 quired by the Commission, is publicly available;
21 and

22 “(B) the digital commodity related person
23 or digital commodity affiliated person has held
24 the units for not less than 12 months from the
25 date the units were delivered.

1 “(g) *RULEMAKING ON FURTHER USAGE OF DIGITAL*
 2 *COMMODITIES.*—Not later than 270 days after the date of
 3 enactment of this section, the Commission may issue rules
 4 to exempt, unconditionally or on stated terms or conditions,
 5 a digital commodity related person or a digital commodity
 6 affiliated person from the requirements of this section for
 7 the offer or sale of a digital commodity in order to foster
 8 the development of mature blockchain systems and fair and
 9 orderly markets.”.

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

11 *Title I of the Securities Exchange Act of 1934 (15*
 12 *U.S.C. 78a et seq.) is amended by adding at the end the*
 13 *following:*

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

15 “(a) *CERTIFICATION OF BLOCKCHAIN SYSTEMS.*—

16 “(1) *CERTIFICATION.*—For purposes of sections
 17 4(a)(8), 4B, and 4C of the Securities Act of 1933 any
 18 digital commodity issuer, digital commodity related
 19 person, digital commodity affiliated person, or decen-
 20 tralized governance system of the blockchain system
 21 may certify to the Securities and Exchange Commis-
 22 sion that the blockchain system to which a digital
 23 commodity relates is a mature blockchain system.

24 “(2) *FILING REQUIREMENTS.*—A certification de-
 25 scribed under paragraph (1) shall be filed with the

1 Commission, and include such information that is
2 reasonably necessary to establish that the blockchain
3 system is not controlled by any person or group of
4 persons under common control, which may include
5 information regarding—

6 “(A) the operation of the blockchain system;

7 “(B) the functionality of the related digital
8 commodity;

9 “(C) how the market value of the digital
10 commodity is substantially derived from the pro-
11 grammatic functioning of such blockchain sys-
12 tem;

13 “(D) any decentralized governance system
14 which relates to the blockchain system; and

15 “(E) the current roles, if any, of the digital
16 commodity issuer, digital commodity affiliated
17 persons, and digital commodity related persons
18 where such roles are material to the development
19 or operation of such blockchain system or the de-
20 centralized governance system of such blockchain
21 system.

22 “(3) *REBUTTABLE PRESUMPTION.*—The Commis-
23 sion may rebut a certification described under para-
24 graph (1) with respect to a blockchain system if the
25 Commission, within 60 days of receiving such certifi-

1 *cation, determines that the blockchain system is not*
2 *a mature blockchain system.*

3 “(4) *CERTIFICATION REVIEW.*—

4 “(A) *IN GENERAL.*—*Any blockchain system*
5 *that relates to a digital commodity for which a*
6 *certification has been made under paragraph (1)*
7 *shall be considered a mature blockchain system*
8 *60 days after the date on which the Commission*
9 *receives a certification under paragraph (1), un-*
10 *less the Commission notifies the person who*
11 *made the certification within such time that the*
12 *Commission is staying the certification due to—*

13 “(i) *an inadequate explanation by the*
14 *person making the certification; or*

15 “(ii) *any novel or complex issues which*
16 *require additional time to consider.*

17 “(B) *PUBLIC NOTICE.*—*The Commission*
18 *shall make the following available to the public*
19 *and provide a copy to the Commodity Futures*
20 *Trading Commission:*

21 “(i) *Each certification received under*
22 *paragraph (1).*

23 “(ii) *Each stay of the Commission*
24 *under this subsection, and the reasons there-*
25 *for.*

1 “(iii) *Any response from a person*
 2 *making a certification under paragraph (1)*
 3 *to a stay of the certification by the Commis-*
 4 *sion.*

5 “(C) *CONSOLIDATION.—The Commission*
 6 *may consolidate and treat as one submission*
 7 *multiple certifications made under paragraph*
 8 *(1) for the same blockchain system which relates*
 9 *to a digital commodity which are received dur-*
 10 *ing the review period provided under this para-*
 11 *graph.*

12 “(5) *STAY OF CERTIFICATION.—*

13 “(A) *IN GENERAL.—A notification by the*
 14 *Commission pursuant to paragraph (4)(A) shall*
 15 *stay the certification once for up to an addi-*
 16 *tional 120 days from the date of the notification.*

17 “(B) *PUBLIC COMMENT PERIOD.—Before the*
 18 *end of the 60-day period described under para-*
 19 *graph (4)(A), the Commission may begin a pub-*
 20 *lic comment period of at least 30 days in con-*
 21 *junction with a stay under this subsection.*

22 “(6) *DISPOSITION OF CERTIFICATION.—A certifi-*
 23 *cation made under paragraph (1) shall—*

24 “(A) *become effective—*

1 “(i) upon the publication of a notifica-
 2 tion from the Commission to the person who
 3 made the certification that the Commission
 4 does not object to the certification; or

5 “(ii) at the expiration of the certifi-
 6 cation review period; and

7 “(B) not become effective upon the publica-
 8 tion of a notification from the Commission to the
 9 person who made the certification that the Com-
 10 mission has rebutted the certification.

11 “(7) *RECERTIFICATION.*—With respect to a
 12 blockchain system for which a certification has been
 13 rebutted under this subsection, no person may make
 14 a certification under paragraph (1) with respect to
 15 such blockchain system during the 90-day period be-
 16 ginning on the date of such rebuttal.

17 “(8) *APPEAL OF REBUTTAL.*—

18 “(A) *IN GENERAL.*—If a certification is re-
 19 butted under this section, the person making
 20 such certification may appeal the decision to the
 21 United States Court of Appeals for the District
 22 of Columbia, not later than 60 days after the no-
 23 tice of rebuttal is made.

24 “(B) *REVIEW.*—In an appeal under sub-
 25 paragraph (A), the court shall have de novo re-

1 *view of the determination to rebut the certifi-*
2 *cation.*

3 “(b) *MATURITY CRITERIA.*—

4 “(1) *SENSE OF CONGRESS.*—*It is the sense of the*
5 *Congress that protecting investors, maintaining fair,*
6 *orderly, and efficient markets, and facilitating capital*
7 *formation necessitates establishing clear criteria for*
8 *blockchain systems to be deemed mature, as well as*
9 *enabling the Commission to develop, without preju-*
10 *dice to any such criteria codified in statute, alter-*
11 *native criteria by which blockchain systems may be*
12 *considered not to be controlled by any person or*
13 *group of persons under common control in order to*
14 *accommodate changes in markets and technology.*

15 “(2) *IN GENERAL.*—*The Commission may issue*
16 *rules identifying conditions by which a blockchain*
17 *system, together with its related digital commodity,*
18 *shall be considered a mature blockchain system, con-*
19 *sistent with the protection of investors, maintenance*
20 *of fair, orderly, and efficient markets, and the facili-*
21 *tation of capital formation.*

22 “(3) *RULES OF CONSTRUCTION.*—

23 “(A) *Nothing in this subsection may be con-*
24 *strued to permit the Commission to impose addi-*
25 *tional criteria to the criteria in subsection (c) for*

1 *certifying that a blockchain system is a mature*
 2 *blockchain system pursuant to subsection (c).*

3 “(B) *Nothing in this subsection or sub-*
 4 *section (c) may be construed to limit the Com-*
 5 *mission’s ability to identify alternative condi-*
 6 *tions and criteria by which a blockchain system*
 7 *may be considered a mature blockchain system.*

8 “(c) *DEEMED MATURE.*—

9 “(1) *IN GENERAL.*—*Notwithstanding subsection*
 10 *(b), for the purposes of subsection (a), a digital com-*
 11 *modity issuer, digital commodity related person, dig-*
 12 *ital commodity affiliated person, or decentralized gov-*
 13 *ernance system of the blockchain system may establish*
 14 *that a blockchain system, together with its related*
 15 *digital commodity, is not controlled by any person or*
 16 *group of persons under common control, if the*
 17 *blockchain system, together with its related digital*
 18 *asset, meets the requirements described in paragraph*
 19 *(2) or (3).*

20 “(2) *CRITERIA FOR ANY BLOCKCHAIN SYSTEM.*—

21 *The requirements described in this paragraph are the*
 22 *following:*

23 “(A) *SYSTEM VALUE.*—

24 “(i) *MARKET VALUE.*—*The digital*
 25 *commodity has a value that is substantially*

1 *derived from the adoption, use, and func-*
2 *tioning of the blockchain system.*

3 “(ii) *DEVELOPMENT OF VALUE MECHA-*
4 *NISM SUBSTANTIALLY COMPLETED.*—Where
5 *the digital commodity issuer has made pub-*
6 *lic a development plan describing how the*
7 *digital commodity’s value is reasonably ex-*
8 *pected to be derived from the programmatic*
9 *functioning of the blockchain system, the de-*
10 *velopment of such mechanisms has been sub-*
11 *stantially completed.*

12 “(B) *FUNCTIONAL SYSTEM.*—The blockchain
13 *system allows network participants to engage in*
14 *the activities the blockchain system is intended to*
15 *provide, including—*

16 “(i) *using, transmitting, or storing*
17 *value, or otherwise executing transactions,*
18 *on the blockchain system;*

19 “(ii) *deploying, executing, or accessing*
20 *software or services, or otherwise offering or*
21 *participating in services, deployed on or in-*
22 *tegrated with the blockchain system;*

23 “(iii) *participating in the consensus*
24 *mechanism, transaction validation process,*

1 *or decentralized governance system of the*
2 *blockchain system; or*

3 “(iv) *operating any client, node,*
4 *validator, sequencer, or other form of com-*
5 *putational infrastructure with respect to the*
6 *blockchain system.*

7 “(C) *OPEN AND INTEROPERABLE SYSTEM.—*
8 *The blockchain system—*

9 “(i) *is composed of source code that is*
10 *open source; and*

11 “(ii) *does not restrict or prohibit based*
12 *on the exercise of unilateral authority any*
13 *person, other than a digital commodity*
14 *issuer, digital commodity related person, or*
15 *a digital commodity affiliated person from*
16 *engaging in the activities the blockchain*
17 *system is intended to provide, including the*
18 *activities described in subparagraph (B).*

19 “(D) *PROGRAMMATIC SYSTEM.—The*
20 *blockchain system operates, executes, and enforces*
21 *its operations and transactions based solely on*
22 *pre-established, transparent rules encoded di-*
23 *rectly within the source code of the blockchain*
24 *system.*

1 “(E) *SYSTEM GOVERNANCE.*—No person or
2 group of persons under common control—

3 “(i) *has the unilateral authority, di-*
4 *rectly or indirectly, through any contract,*
5 *arrangement, understanding, relationship,*
6 *or otherwise, to control or materially alter*
7 *the functionality, operation, or rules of con-*
8 *sensus or agreement of the blockchain sys-*
9 *tem or its related digital commodity; or*

10 “(ii) *has the unilateral authority to di-*
11 *rect the voting, in the aggregate, of 20 per-*
12 *cent or more of the outstanding voting*
13 *power of such blockchain system by means*
14 *of a related digital commodity, nodes or*
15 *validators, a decentralized governance sys-*
16 *tem, or otherwise, in a blockchain system*
17 *which can be altered by a voting system.*

18 “(F) *IMPARTIAL SYSTEM.*—No person or
19 group of persons under common control possesses
20 a unique permission or privilege to alter the
21 functionality, operation, or rules of consensus or
22 agreement of the blockchain system or its related
23 digital commodity, unless such alteration—

24 “(i) *addresses errors, regular mainte-*
25 *nance, or cybersecurity risks of the*

1 *blockchain system that affect the pro-*
2 *grammatic functioning of the blockchain*
3 *system; and*

4 “(ii) *is adopted through the consensus*
5 *or agreement of a decentralized governance*
6 *system.*

7 “(G) *DISTRIBUTED OWNERSHIP.—No dig-*
8 *ital commodity issuer, digital commodity related*
9 *person, or digital commodity affiliated person*
10 *beneficially owns, in the aggregate, 20 percent or*
11 *more of the total amount of units of the digital*
12 *commodity.*

13 “(3) *OPTIONAL CRITERIA FOR PREEXISTING*
14 *BLOCKCHAIN SYSTEMS.—The requirements described*
15 *in this paragraph are that the blockchain system—*

16 “(A) *was created prior to the date of enact-*
17 *ment of this section;*

18 “(B) *met the requirements of subparagraphs*
19 *(A) through (F) of paragraph (2) prior to Janu-*
20 *ary 1, 2020; and*

21 “(C) *at least 50 percent of the units of the*
22 *digital commodity related to the blockchain sys-*
23 *tem are held by persons other than the digital*
24 *commodity issuer, a digital commodity related*
25 *person, or a digital commodity affiliated person.*

1 “(d) *DECENTRALIZED GOVERNANCE SYSTEM.*—

2 “(1) *For the purposes of this section, a decentral-*
 3 *ized governance system is not a ‘person’ or a ‘group*
 4 *of persons under common control’.*

5 “(2) *A blockchain system, together with its dig-*
 6 *ital commodity, shall not be precluded from being*
 7 *considered a mature blockchain system solely based on*
 8 *a functional, administrative, clerical, or ministerial*
 9 *action of a decentralized governance system, including*
 10 *any such action taken by a person acting on behalf*
 11 *of and at the direction of the decentralized governance*
 12 *system, as determined by the Commission and con-*
 13 *sistent with the protection of investors, maintenance*
 14 *of fair, orderly, and efficient markets, and the facili-*
 15 *tation of capital formation.*

16 “(e) *RULEMAKING.*—*Not more than 270 days after the*
 17 *date of enactment of this section, the Commission shall issue*
 18 *rules to carry out this section.’.*

19 **SEC. 206. EFFECTIVE DATE.**

20 *Unless otherwise provided in this title, this title and*
 21 *the amendments made by this title shall take effect 360 days*
 22 *after the date of enactment of this Act, except that, to the*
 23 *extent a provision of this title requires a rulemaking, the*
 24 *provision shall take effect on the later of—*

1 (1) 360 days after the date of enactment of this
2 *Act; or*

3 (2) 60 days after the publication in the *Federal*
4 *Register* of the final rule implementing the provision.

5 **TITLE III—REGISTRATION FOR**
6 **INTERMEDIARIES AT THE SE-**
7 **CURITIES AND EXCHANGE**
8 **COMMISSION**

9 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PER-**
10 **MITTED PAYMENT STABLECOINS.**

11 (a) *SECURITIES ACT OF 1933.*—Section 2(a)(1) of the
12 *Securities Act of 1933* (15 U.S.C. 77b(a)(1)) is amended
13 by adding at the end the following: “The term does not in-
14 clude a digital commodity or permitted payment
15 stablecoin.”.

16 (b) *SECURITIES EXCHANGE ACT OF 1934.*—Section
17 3(a)(10) of the *Securities Exchange Act of 1934* (15 U.S.C.
18 78c(a)) is amended by adding at the end the following: “The
19 term does not include a digital commodity or permitted
20 payment stablecoin.”

21 (c) *INVESTMENT ADVISERS ACT OF 1940.*—Section
22 202(a) of the *Investment Advisers Act of 1940* (15 U.S.C.
23 80b–2(a)) is amended—

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

4 (2) by redesignating the second paragraph (29)
 5 (relating to commodity pools) as paragraph (31); and

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

7 “(32) *DIGITAL COMMODITY-RELATED TERMS.*—
 8 The terms ‘digital commodity’ and ‘permitted pay-
 9 ment stablecoin’ have the meaning given those terms,
 10 respectively, under section 2(a) of the Securities Act
 11 of 1933 (15 U.S.C. 77b(a)).”.

12 (d) *INVESTMENT COMPANY ACT OF 1940.*—Section
 13 2(a) of the Investment Company Act of 1940 (15 U.S.C.
 14 80a–2) is amended—

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

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

19 “(55) *DIGITAL COMMODITY-RELATED TERMS.*—
 20 The terms ‘digital commodity’ and ‘permitted pay-
 21 ment stablecoin’ have the meaning given those terms,
 22 respectively, under section 2(a) of the Securities Act
 23 of 1933 (15 U.S.C. 77b(a)).”.

24 (e) *SECURITIES INVESTOR PROTECTION ACT OF*
 25 1970.—Section 16(14) of the Securities Investor Protection

1 *Act of 1970 (15 U.S.C. 78ll(14)) is amended by adding*
 2 *at the end the following: “The term does not include a dig-*
 3 *ital commodity or permitted payment stablecoin, as such*
 4 *terms are defined, respectively, under section 2(a) of the Se-*
 5 *curities Act of 1933 (15 U.S.C. 77b(a))”.*

6 **SEC. 302. ANTI-FRAUD AUTHORITY OVER PERMITTED PAY-**
 7 **MENT STABLECOINS AND CERTAIN DIGITAL**
 8 **COMMODITY TRANSACTIONS.**

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

11 *(1) by moving subsection (c) so as to appear*
 12 *after subsection (b);*

13 *(2) by designating the undesignated matter at*
 14 *the end of that section as subsection (d); and*

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

16 *“(e)(1) Rules promulgated under subsection (b) that*
 17 *prohibit fraud, manipulation, or insider trading (but not*
 18 *rules imposing or specifying reporting or recordkeeping re-*
 19 *quirements, procedures, or standards as prophylactic meas-*
 20 *ures against fraud, manipulation, or insider trading), and*
 21 *judicial precedents decided under subsection (b) and rules*
 22 *promulgated thereunder that prohibit fraud, manipulation,*
 23 *or insider trading, shall apply with respect to permitted*
 24 *payment stablecoin and digital commodity transactions en-*
 25 *gaged in by a broker or dealer or through an alternative*

1 trading system or, as applicable, a national securities ex-
 2 change to the same extent as they apply to securities trans-
 3 actions.

4 “(2) Judicial precedents decided under section 17(a)
 5 of the Securities Act of 1933 and sections 9, 15, 16, 20,
 6 and 21A of this title, and judicial precedents decided under
 7 applicable rules promulgated under such sections, shall
 8 apply to permitted payment stablecoins and digital com-
 9 modities with respect to those circumstances in which the
 10 permitted payment stablecoins and digital commodities are
 11 brokered, traded, or custodied by a broker or dealer or
 12 through an alternative trading system or, as applicable, a
 13 national securities exchange to the same extent as they
 14 apply to securities.”.

15 (b) TREATMENT OF PERMITTED PAYMENT
 16 STABLECOINS.—Title I of the Securities Exchange Act of
 17 1934 (15 U.S.C. 78a et seq.) is amended by inserting after
 18 section 6 the following:

19 **“SEC. 6A. TREATMENT OF TRANSACTIONS IN PERMITTED**
 20 **PAYMENT STABLECOINS.**

21 “(a) AUTHORITY TO BROKER, TRADE, AND CUSTODY
 22 PERMITTED PAYMENT STABLECOINS.—Permitted payment
 23 stablecoins may be brokered, traded, or custodied by a
 24 broker, dealer or through an alternative trading system or
 25 national securities exchange.

1 “(b) *COMMISSION JURISDICTION.*—*The Commission*
 2 *shall only have jurisdiction over a transaction in a per-*
 3 *mitted payment stablecoin with respect to those cir-*
 4 *cumstances in which a permitted payment stablecoin is bro-*
 5 *kered, traded, or custodied—*

6 “(1) *by a broker or dealer;*

7 “(2) *through a national securities exchange; or*

8 “(3) *through an alternative trading system.*

9 “(c) *LIMITATION.*—*Subsection (b) shall only apply to*
 10 *a transaction described in subsection (b) for the purposes*
 11 *of regulating the offer, execution, solicitation, or acceptance*
 12 *of a permitted payment stablecoin in those circumstances*
 13 *in which the permitted payment stablecoin is brokered,*
 14 *traded, or custodied—*

15 “(1) *by a broker or dealer;*

16 “(2) *through a national securities exchange; or*

17 “(3) *through an alternative trading system.*

18 “(d) *RULE OF CONSTRUCTION.*—*Nothing in this sec-*
 19 *tion may be construed to prohibit permitted payment*
 20 *stablecoins from being custodied by any person or entity*
 21 *that is not a broker, dealer, alternative trading system, or*
 22 *national securities exchange.”.*

23 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYSTEMS.**

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

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

2 “(a) *IN GENERAL.—It*”;

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

4 “(b) *DIGITAL COMMODITY PROTECTIONS.—*

5 “(1) *IN GENERAL.—The Commission may not*
6 *preclude a trading platform from operating pursuant*
7 *to a covered exemption on the basis that the assets*
8 *traded or to be traded on such platform include—*

9 “(A) *digital commodities or permitted pay-*
10 *ment stablecoins; and*

11 “(B) *securities.*

12 “(2) *COVERED EXEMPTION.—In this subsection,*
13 *the term ‘covered exemption’ means an exemption—*

14 “(A) *described in subsection (a)(2); or*

15 “(B) *with respect to any other rule of the*
16 *Commission relating to the definition of ‘ex-*
17 *change’.*”.

18 (b) *SECURITIES EXCHANGE ACT OF 1934.—Section*
19 *3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C.*
20 *78c(a)(2)) is amended by adding at the end the following:*
21 *“An alternative trading system primarily facilitating the*
22 *trading of digital commodities, permitted payment*
23 *stablecoins, or both, is not a ‘facility’ of an exchange.”.*

1 (c) *RULE OF CONSTRUCTION.*—*Nothing in this section,*
 2 *the amendments made by this section, or section 304 may*
 3 *be construed to—*

4 (1) *prohibit a national securities exchange from*
 5 *owning or operating any other type of alternative*
 6 *trading system; or*

7 (2) *create a presumption that any other type of*
 8 *alternative trading system owned or operated by a*
 9 *national securities exchange is a facility of that ex-*
 10 *change.*

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

12 (a) *COMMISSION AUTHORITY.*—*The Securities and Ex-*
 13 *change Commission shall have jurisdiction over digital*
 14 *commodity activities and transactions engaged in by—*

15 (1) *a registered broker or registered dealer ex-*
 16 *empt from registration with the Commodity Futures*
 17 *Trading Commission pursuant to section 5k of the*
 18 *Commodity Exchange Act; and*

19 (2) *a national securities exchange.*

20 (b) *RULEMAKING AUTHORITY.*—*The Securities and*
 21 *Exchange Commission shall have authority to issue rules*
 22 *governing any digital commodity activities and trans-*
 23 *actions engaged in by a broker, dealer, or national securi-*
 24 *ties exchange registered with the Securities and Exchange*
 25 *Commission and exempt from registration with the Com-*

1 *modity Futures Trading Commission pursuant to section*
2 *5k of the Commodity Exchange Act, consistent with this sec-*
3 *tion and what is necessary or appropriate in the public*
4 *interest or for the protection of investors.*

5 (c) NATIONAL SECURITIES EXCHANGES.—Not later
6 than 270 days after the date of the enactment of this Act,
7 the Securities and Exchange Commission shall revise the
8 covered regulations to permit a national securities exchange
9 or affiliate thereof to operate an alternative trading system
10 that permits the trading of digital commodities, permitted
11 payment stablecoins, or both by registered brokers or reg-
12 istered dealers that are exempt from registration with the
13 Commodity Futures Trading Commission pursuant section
14 5k of the Commodity Exchange Act, consistent with this sec-
15 tion and what is necessary or appropriate in the public
16 interest or for the protection of investors.

17 (d) REGISTERED BROKERS AND REGISTERED DEAL-
18 ERS.—Not later than 270 days after the date of the enact-
19 ment of this Act, the Securities and Exchange Commission
20 shall revise the covered regulations to permit a registered
21 broker or registered dealer that is exempt from registration
22 with the Commodity Futures Trading Commission pursu-
23 ant to section 5k of the Commodity Exchange Act to operate
24 an alternative trading system that permits the trading of
25 digital commodities, permitted payment stablecoins, or

1 *both, consistent with this section and what is necessary or*
2 *appropriate in the public interest or for the protection of*
3 *investors.*

4 *(e) PERMITTED TRADING.—*

5 *(1) IN GENERAL.—An alternative trading system*
6 *operated pursuant to this section and the regulations*
7 *promulgated hereunder shall be permitted to trade*
8 *upon notice to the Securities and Exchange Commis-*
9 *sion in a manner prescribed by the Securities and*
10 *Exchange Commission any digital commodity that*
11 *has been listed by a digital commodity exchange in*
12 *compliance with section 5i(c)(3) of the Commodity*
13 *Exchange Act.*

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

24 *(3) SUSPENSION OF TRADING.—The Securities*
25 *and Exchange Commission may suspend the trading*

1 of a digital commodity by an alternative trading sys-
2 tem operating pursuant to this section as is necessary
3 or appropriate in the public interest and is consistent
4 with the protection of investors.

5 (f) *ORDER DISPLAY AND EXECUTION REPORTING.*—
6 Not later than 270 days after the date of the enactment of
7 this Act, the Securities and Exchange Commission shall
8 issue and revise rules, as necessary or appropriate in the
9 public interest or for the protection of investors, regarding
10 whether alternative trading systems operating pursuant to
11 subsections (c) and (d) have an obligation to provide the
12 prices and sizes of orders displayed to more than one person
13 in such alternative trading system of digital commodities
14 to self-regulatory organizations with members who trade in
15 digital commodities or permitted payment stablecoins.

16 (g) *PRINCIPLES OF TRADE.*—Not later than 270 days
17 after the date of the enactment of this Act, the Securities
18 and Exchange Commission shall issue and revise rules, as
19 necessary or appropriate in the public interest or for the
20 protection of investors, to—

21 (1) *apply the rules and standards promulgated*
22 *pursuant to paragraph (2) to the appropriate market*
23 *participants, including—*

1 (A) national securities exchanges operating
2 an alternative trading system described in sub-
3 section (c); and

4 (B) registered brokers and registered dealers
5 operating or subscribing to an alternative trad-
6 ing system described in subsection (d); and

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

10 (A) prevent fraudulent and manipulative
11 acts and practices;

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

20 (C) remove impediments to and perfect the
21 mechanism of a free and open market in digital
22 commodities or permitted payment stablecoins
23 traded, as applicable, on or by any alternative
24 trading system operating pursuant to subsection

1 (c) or (d), or any registered broker or registered
2 dealer;

3 (D) in general, protect investors and the
4 public interest; and

5 (E) prohibit any unfair discrimination be-
6 tween—

7 (i) customers;

8 (ii) any market participants described
9 in subparagraphs (A) and (B) of paragraph
10 (1); or

11 (iii) issuers of digital commodities.

12 (h) *IMPLEMENTING ORGANIZATIONS.*—The Securities
13 and Exchange Commission shall require any registered na-
14 tional securities association that has as a member a reg-
15 istered broker or registered dealer that operates an alter-
16 native trading system pursuant to subsection (d) or other-
17 wise transacts in digital commodities or permitted payment
18 stablecoins to adopt such rules as may be necessary to fur-
19 ther compliance with this section, including subsection
20 (g)(2), protect investors, maintain fair, orderly, and effi-
21 cient markets, and facilitate capital formation.

22 (i) *RULE OF CONSTRUCTION.*—The enumeration of
23 any category of rules or regulations in this section shall
24 not be construed to limit the authority of the Securities and
25 Exchange Commission to promulgate such rules as may be

1 *necessary or appropriate to implement this section and the*
 2 *purposes of this Act, including over—*

3 *(1) system capacity, integrity, and security;*

4 *(2) examinations, inspections, and investiga-*
 5 *tions;*

6 *(3) trade reporting; or*

7 *(4) written procedures for the confidential treat-*
 8 *ment of trading information.*

9 *(j) MEMORANDUM OF UNDERSTANDING.—Consistent*
 10 *with section 5k of the Commodity Exchange Act and to*
 11 *carry out this Act, the Securities and Exchange Commis-*
 12 *sion shall enter into a memorandum of understanding with*
 13 *the Commodity Futures Trading Commission to ensure—*

14 *(1) requirements imposed on registered brokers*
 15 *or registered dealers operating an alternative trading*
 16 *system pursuant to subsection (c) or otherwise*
 17 *transacting in digital commodities or permitted pay-*
 18 *ment stablecoins are consistent with the substantive*
 19 *requirements under section 4u of the Commodity Ex-*
 20 *change Act;*

21 *(2) requirements imposed on alternative trading*
 22 *systems operating pursuant to subsection (c) or (d)*
 23 *are not inconsistent with core principles of and are*
 24 *consistent with the other substantive requirements*
 25 *under section 5i of the Commodity Exchange Act; and*

1 (3) *non-duplicative supervision and enforcement*
 2 *with respect to registrants of the Securities and Ex-*
 3 *change Commission notice registered with the Com-*
 4 *modity Futures Trading Commission.*

5 (k) *COVERED REGULATIONS DEFINED.*—*In this sec-*
 6 *tion, the term “covered regulations” means sections*
 7 *242.300, 242.301, 242.302, 242.303, 242.304, and 242.1000*
 8 *through 242.1007 of title 17, Code of Federal Regulations.*

9 (l) *RULE OF CONSTRUCTION.*—*Nothing in this section*
 10 *shall be construed to limit the anti-fraud, anti-manipula-*
 11 *tion, or false reporting enforcement authorities of the Com-*
 12 *modity Futures Trading Commission with respect to a con-*
 13 *tract of sale of a commodity and persons effecting such con-*
 14 *tracts.*

15 **SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIRE-**
 16 **MENTS.**

17 (a) *IN GENERAL.*—*For purposes of books and records*
 18 *requirements for brokers, dealers, and exchanges under the*
 19 *Securities and Exchange Act of 1934 (15 U.S.C. 78a et*
 20 *seq.), a person may consider records from a blockchain sys-*
 21 *tem.*

22 (b) *REVISION OF RULES.*—*Not later than 180 days*
 23 *after the date of enactment of this Act, the Securities and*
 24 *Exchange Commission shall issue and revise such rules as*
 25 *may be necessary to implement this section.*

1 **SEC. 306. EXEMPTIVE AUTHORITY.**

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

5 **SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COM-**
 6 **MODITY FUTURES TRADING COMMISSION.**

7 *Section 15 of the Securities Exchange Act of 1934 (15*
 8 *U.S.C. 78o) is amended by adding at the end the following:*
 9 *“(p) ADDITIONAL REGISTRATIONS WITH THE COM-*
 10 *MODITY FUTURES TRADING COMMISSION.—A registered*
 11 *broker or registered dealer shall be permitted to maintain*
 12 *a registration with the Commodity Futures Trading Com-*
 13 *mission as a digital commodity broker or digital com-*
 14 *modity dealer, to list or trade contracts of sale for digital*
 15 *commodities.”.*

16 **SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE**
 17 **SECURITIES LAWS.**

18 *Section 18(b) of the Securities Act of 1933 (15 U.S.C.*
 19 *77r(b)) is amended by adding at the end the following:*

20 *“(5) EXEMPTION IN CONNECTION WITH DIGITAL*
 21 *COMMODITIES.—A digital commodity shall be treated*
 22 *as a covered security.”.*

1 **SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
2 **TIVITIES.**

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

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

8 *“(a) IN GENERAL.—Notwithstanding any other provi-*
9 *sion of this Act, a person shall not be subject to this Act*
10 *and the regulations promulgated under this Act based on*
11 *the person directly or indirectly engaging in any of the fol-*
12 *lowing activities, whether singly or in combination, in rela-*
13 *tion to the operation of a blockchain system or in relation*
14 *to a decentralized finance trading protocol:*

15 *“(1) Compiling network transactions or relay-*
16 *ing, searching, sequencing, validating, or acting in a*
17 *similar capacity.*

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

22 *“(3) Providing a user-interface that enables a*
23 *user to read and access data about a blockchain sys-*
24 *tem.*

25 *“(4) Developing, publishing, constituting, ad-*
26 *ministering, maintaining, or otherwise distributing a*

1 *blockchain system or a decentralized finance trading*
 2 *protocol.*

3 “(5) *Developing, publishing, constituting, ad-*
 4 *ministering, maintaining, or otherwise distributing a*
 5 *decentralized finance messaging system, or operating*
 6 *or participating in a liquidity pool, for the purpose*
 7 *of executing a contract of sale of a digital commodity.*

8 “(6) *Developing, publishing, constituting, ad-*
 9 *ministering, maintaining, or otherwise distributing*
 10 *software or systems that create or deploy hardware or*
 11 *software, including wallets or other systems, facili-*
 12 *tating an individual user’s own personal ability to*
 13 *keep, safeguard, or custody the user’s digital assets or*
 14 *related private keys.*

15 “(b) *EXCEPTIONS.—Subsection (a) shall not apply to*
 16 *the anti-fraud and anti-manipulation authorities of the*
 17 *Commission.”.*

18 **SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**
 19 **ING INSTITUTIONS.**

20 “(a) *TREATMENT OF CUSTODY ACTIVITIES.—The ap-*
 21 *propriate Federal banking agency, the National Credit*
 22 *Union Administration (in the case of a credit union), and*
 23 *the Securities and Exchange Commission may not require*
 24 *a depository institution, national bank, Federal credit*

1 union, State credit union, trust company, broker, or dealer,
2 or any affiliate thereof (the “entity”)—

3 (1) to include assets held in custody that are not
4 owned by the entity as a liability on the financial
5 statement or balance sheet of the entity, including
6 digital commodity or permitted payment stablecoin
7 custody or safekeeping services;

8 (2) to hold regulatory capital against assets, in-
9 cluding reserves backing such assets, in custody or
10 safekeeping, except as necessary to mitigate against
11 operational risks inherent with the custody or safe-
12 keeping services, as determined by—

13 (A) the appropriate Federal banking agen-
14 cy;

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

17 (C) a State bank supervisor;

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

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

23 (3) to recognize a liability for any obligations re-
24 lated to activities or services performed with respect
25 to digital commodities that the entity does not own

1 *if that liability would exceed the expense recognized*
 2 *in the income statement as a result of the cor-*
 3 *responding obligation.*

4 *(b) DEFINITIONS.—In this section:*

5 *(1) BANKING TERMS.—The terms “appropriate*
 6 *Federal banking agency”, “depository institution”,*
 7 *“national bank”, and “State bank supervisor” have*
 8 *the meaning given those terms, respectively, under*
 9 *section 3 of the Federal Deposit Insurance Act (12*
 10 *U.S.C. 1813).*

11 *(2) CREDIT UNION TERMS.—The terms “Federal*
 12 *credit union” and “State credit union” have the*
 13 *meaning given those terms, respectively, under section*
 14 *101 of the Federal Credit Union Act (12 U.S.C.*
 15 *1752).*

16 **SEC. 311. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**
 17 **NANCIAL IN NATURE.**

18 *Section 4(k)(4) of the Bank Holding Company Act of*
 19 *1956 (12 U.S.C. 1843(k)(4)) is amended—*

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

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

1 **SEC. 312. EFFECTIVE DATE; ADMINISTRATION.**

2 *Except as otherwise provided under this title, this title*
3 *and the amendments made by this title shall take effect 360*
4 *days after the date of enactment of this Act, except that,*
5 *to the extent a provision of this title requires a rulemaking,*
6 *the provision shall take effect on the later of—*

7 *(1) 360 days after the date of enactment of this*
8 *Act; or*

9 *(2) 60 days after the publication in the Federal*
10 *Register of the final rule implementing the provision.*

11 **SEC. 313. STUDIES ON FOREIGN ADVERSARY PARTICIPA-**
12 **TION.**

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

19 *(1) identifies any digital commodity registrants*
20 *which are owned by governments of foreign adver-*
21 *saries;*

22 *(2) determines whether any governments of for-*
23 *ign adversaries are collecting personal data or trad-*
24 *ing data about United States persons in the digital*
25 *commodity markets; and*

1 (3) *evaluates whether any proprietary intellec-*
 2 *tual property of digital commodity registrants is*
 3 *being misused or stolen by any governments of foreign*
 4 *adversaries.*

5 (b) *GAO STUDY AND REPORT.—*

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

10 (A) *identifies any digital commodity reg-*
 11 *istrants which are owned by governments of for-*
 12 *ign adversaries;*

13 (B) *determines whether any governments of*
 14 *foreign adversaries are collecting personal data*
 15 *or trading data about United States persons in*
 16 *the digital commodity markets; and*

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

21 (c) *DEFINITIONS.—In this section:*

22 (1) *DIGITAL COMMODITY REGISTRANT.—The*
 23 *term “digital commodity registrant” means any per-*
 24 *son required to register as a digital commodity ex-*

1 *change, digital commodity broker, or digital com-*
2 *modity dealer under the Commodity Exchange Act.*

3 (2) *FOREIGN ADVERSARIES.*—*The term “foreign*
4 *adversaries” means the foreign governments and for-*
5 *oreign non-government persons determined by the Sec-*
6 *retary of Commerce to be foreign adversaries under*
7 *section 7.4(a) of title 15, Code of Federal Regulations.*

8 (3) *RELEVANT CONGRESSIONAL COMMITTEES.*—
9 *The term “relevant congressional committees”*
10 *means—*

11 (A) *the Committees on Financial Services*
12 *and Agriculture of the House of Representatives;*
13 *and*

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

1 **TITLE IV—REGISTRATION FOR**
 2 **DIGITAL COMMODITY INTER-**
 3 **MEDIARIES AT THE COM-**
 4 **MODITY FUTURES TRADING**
 5 **COMMISSION**

6 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**
 7 **MODITY TRANSACTIONS.**

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

11 “(J) Except as expressly provided in this
 12 Act, nothing in the CLARITY Act of 2025 shall
 13 affect or apply to, or be interpreted to affect or
 14 apply to—

15 “(i) any agreement, contract, or trans-
 16 action that is subject to this Act as—

17 “(I) a contract of sale of a com-
 18 modity for future delivery or an option
 19 on such a contract;

20 “(II) a swap;

21 “(III) a security futures product;

22 “(IV) an option authorized under
 23 section 4c of this Act;

24 “(V) an agreement, contract, or
 25 transaction described in subparagraph

1 (C)(i) or (D)(i) of subsection (c)(2) of
2 this section; or

3 “(VI) a leverage transaction au-
4 thorized under section 19; or

5 “(ii) the activities of any person with
6 respect to any such an agreement, contract,
7 or transaction.”.

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

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

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

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

16 “(H) permitted payment stablecoins.”.

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

20 (1) in subparagraph (D)—

21 (A) in clause (ii)(I), by inserting after
22 “paragraph (1)” the following: “(other than an
23 agreement, contract, or transaction in a per-
24 mitted payment stablecoin)”; and

1 (B) by redesignating clause (iv) as clause
2 (v) and inserting after clause (iii) the following:

3 “(iv) *AGREEMENTS FOR MARGIN FI-*
4 *NANCING.—Notwithstanding clause (iii), a*
5 *digital commodity broker may, subject to*
6 *the requirements of section 4u(c)(2), offer to*
7 *or enter into an agreement for margin fi-*
8 *nancing with a customer for the purchase or*
9 *sale of a digital commodity, provided any*
10 *purchase or sale made pursuant to the*
11 *agreement shall result in the delivery of the*
12 *digital commodity into or from an account*
13 *carried for the customer, as determined by*
14 *the Commission by rule or regulation, based*
15 *on commercial spot market practices.”; and*

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

17 “(F) *COMMISSION JURISDICTION WITH RE-*
18 *SPECT TO DIGITAL COMMODITY TRANSACTIONS.—*

19 “(i) *IN GENERAL.—Subject to sections*
20 *6d and 12(e), the Commission shall have ex-*
21 *clusive jurisdiction with respect to any ac-*
22 *count, agreement, contract, or transaction*
23 *involving a contract of sale of a digital*
24 *commodity in interstate commerce, includ-*
25 *ing in a digital commodity cash or spot*

1 *market, that is offered, solicited, traded, fa-*
2 *cilitated, executed, cleared, reported, or oth-*
3 *erwise dealt in—*

4 *“(I) on or subject to the rules of a*
5 *registered entity or an entity that is*
6 *required to be registered as a registered*
7 *entity; or*

8 *“(II) by any other entity reg-*
9 *istered, or required to be registered,*
10 *with the Commission.*

11 *“(ii) LIMITATIONS.—Clause (i) shall*
12 *not apply with respect to—*

13 *“(I) custodial or depository ac-*
14 *tivities for a digital commodity of an*
15 *entity regulated by an appropriate*
16 *Federal banking agency or a State*
17 *bank supervisor (within the meaning*
18 *of section 3 of the Federal Deposit In-*
19 *surance Act); or*

20 *“(II) an offer or sale of an invest-*
21 *ment contract involving a digital com-*
22 *modity or of a securities offer or sale*
23 *involving a digital commodity.*

24 *“(iii) MIXED DIGITAL ASSET TRANS-*
25 *ACTIONS.—*

1 “(I) *IN GENERAL.*—Clause (i)
2 *shall not apply to a mixed digital asset*
3 *transaction.*

4 “(II) *REPORTS ON MIXED DIGITAL*
5 *ASSET TRANSACTIONS.*—A digital com-
6 *modity issuer, digital commodity re-*
7 *lated person, digital commodity affili-*
8 *ated person, or other person registered*
9 *with the Securities and Exchange*
10 *Commission that engages in a mixed*
11 *digital asset transaction, shall, on re-*
12 *quest of the Commission, open to in-*
13 *spection and examination by the Com-*
14 *mission all books and records relating*
15 *to the mixed digital asset transaction,*
16 *subject to the confidentiality and dis-*
17 *closure requirements of section 8.*

18 “(G) *AGREEMENTS, CONTRACTS, AND*
19 *TRANSACTIONS IN STABLECOINS.*—

20 “(i) *TREATMENT OF PERMITTED PAY-*
21 *MENT STABLECOINS ON COMMISSION-REG-*
22 *ISTERED ENTITIES.*—Subject to clauses (ii)
23 *and (iii), the Commission shall have juris-*
24 *diction over a cash or spot agreement, con-*
25 *tract, or transaction in a permitted pay-*

1 *ment stablecoin that is offered, offered to*
 2 *enter into, entered into, executed, confirmed*
 3 *the execution of, solicited, or accepted—*

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

6 *“(II) by any other entity reg-*
 7 *istered with the Commission.*

8 “(ii) *PERMITTED PAYMENT*
 9 *STABLECOIN TRANSACTION RULES.—This*
 10 *Act shall apply to a transaction described*
 11 *in clause (i) only for the purpose of regu-*
 12 *lating the offer, execution, solicitation, or*
 13 *acceptance of a cash or spot permitted pay-*
 14 *ment stablecoin transaction on a registered*
 15 *entity or by any other entity registered with*
 16 *the Commission, as if the permitted pay-*
 17 *ment stablecoin were a digital commodity.*

18 “(iii) *NO AUTHORITY OVER PERMITTED*
 19 *PAYMENT STABLECOINS.—Notwithstanding*
 20 *clauses (i) and (ii), the Commission shall*
 21 *not make a rule or regulation, impose a re-*
 22 *quirement or obligation on a registered enti-*
 23 *ty or other entity registered with the Com-*
 24 *mission, or impose a requirement or obliga-*
 25 *tion on a permitted payment stablecoin*

1 issuer, regarding the operation of a per-
 2 mitted payment stablecoin issuer or a per-
 3 mitted payment stablecoin.”.

4 (d) *CONFORMING AMENDMENT.*—Section 2(a)(1)(A) of
 5 such Act (7 U.S.C. 2(a)(1)(A)) is amended in the 1st sen-
 6 tence by inserting “subparagraphs (F) and (G) of sub-
 7 section (c)(2) of this section or” before “section 19”.

8 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**
 9 **TO USE QUALIFIED DIGITAL ASSET**
 10 **CUSTODIANS.**

11 Section 4d of the Commodity Exchange Act (7 U.S.C.
 12 6d) is amended—

13 (1) in subsection (a)(2)—

14 (A) in the 1st proviso, by striking “any
 15 bank or trust company” and inserting “any
 16 bank, trust company, or qualified digital asset
 17 custodian, as applicable,”; and

18 (B) by inserting “: Provided further, That
 19 any such property that is a digital asset shall be
 20 held in a qualified digital asset custodian” before
 21 the period at the end; and

22 (2) in subsection (f)(3)(A)(i), by striking “any
 23 bank or trust company” and inserting “any bank,
 24 trust company, or qualified digital asset custodian”.

1 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**
 2 **DIGITAL COMMODITIES.**

3 *Section 5c of the Commodity Exchange Act (7 U.S.C.*
 4 *7a-2) is amended—*

5 *(1) in subsection (a), by striking “5(d) and*
 6 *5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;*

7 *(2) in subsection (b)—*

8 *(A) in each of paragraphs (1) and (2), by*
 9 *inserting “digital commodity exchange,” before*
 10 *“derivatives”; and*

11 *(B) in paragraph (3), by inserting “digital*
 12 *commodity exchange,” before “derivatives” each*
 13 *place it appears;*

14 *(3) in subsection (c)—*

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

17 *(B) in paragraph (4)(B), by striking*
 18 *“1a(10)” and inserting “1a(9)”;* and

19 *(C) in paragraph (5), by adding at the end*
 20 *the following:*

21 *“(D) SPECIAL RULES FOR DIGITAL COM-*
 22 *MODITY CONTRACTS.—In certifying any new rule*
 23 *or rule amendment, or listing any new contract*
 24 *or instrument, in connection with a contract of*
 25 *sale of a commodity for future delivery, option,*
 26 *swap, or other agreement, contract, or trans-*

1 *action, that is based on or references a digital*
 2 *commodity, a registered entity shall make or rely*
 3 *on a certification under subsection (d) for the*
 4 *digital commodity.”; and*

5 *(4) by inserting after subsection (c) the fol-*
 6 *lowing:*

7 *“(d) CERTIFICATIONS FOR DIGITAL COMMODITY*
 8 *TRADING.—*

9 *“(1) IN GENERAL.—Notwithstanding subsection*
 10 *(c), for the purposes of listing or offering a digital*
 11 *commodity for trading in a digital commodity cash*
 12 *or spot market, an eligible entity shall submit a writ-*
 13 *ten certification to the Commission that the digital*
 14 *commodity meets the requirements of this Act (includ-*
 15 *ing the regulations prescribed under this Act).*

16 *“(2) CONTENTS OF THE CERTIFICATION.—*

17 *“(A) IN GENERAL.—In making a written*
 18 *certification under this paragraph, the eligible*
 19 *entity shall furnish to the Commission an anal-*
 20 *ysis of how the digital commodity meets the re-*
 21 *quirements of section 5i(c)(3).*

22 *“(B) RELIANCE ON PRIOR DISCLOSURES.—*
 23 *In making a certification under this subsection,*
 24 *an eligible entity may rely on the records and*
 25 *disclosures of any relevant person registered with*

1 *the Securities and Exchange Commission or*
2 *other State or Federal agency.*

3 “(3) *MODIFICATIONS.*—

4 “(A) *IN GENERAL.*—*An eligible entity shall*
5 *modify a certification made under paragraph*
6 *(1) to—*

7 “(i) *account for significant changes in*
8 *any information provided to the Commis-*
9 *sion under paragraph (2)(A)(ii); or*

10 “(ii) *permit or restrict trading in*
11 *units of a digital commodity held by a dig-*
12 *ital commodity related person or a digital*
13 *commodity affiliated person.*

14 “(B) *RECERTIFICATION.*—*Modifications re-*
15 *quired by this subsection shall be subject to the*
16 *same disapproval and review process as a new*
17 *certification under paragraphs (4) and (5).*

18 “(4) *DISAPPROVAL.*—

19 “(A) *IN GENERAL.*—*The written certifi-*
20 *cation described in paragraph (1) shall become*
21 *effective unless the Commission finds that the*
22 *listing of the digital commodity is inconsistent*
23 *with the requirements of this Act or the rules*
24 *and regulations prescribed under this Act.*

1 “(B) *ANALYSIS REQUIRED.*—*The Commis-*
 2 *sion shall include, with any findings referred to*
 3 *in subparagraph (A), a detailed analysis of the*
 4 *factors on which the decision was based.*

5 “(C) *PUBLIC FINDINGS.*—*The Commission*
 6 *shall make public any disapproval decision, and*
 7 *any related findings and analysis, made under*
 8 *this paragraph.*

9 “(5) *REVIEW.*—

10 “(A) *IN GENERAL.*—*Unless the Commission*
 11 *makes a disapproval decision under paragraph*
 12 *(4), the written certification described in para-*
 13 *graph (1) shall become effective, pursuant to the*
 14 *certification by the eligible entity and notice of*
 15 *the certification to the public (in a manner de-*
 16 *termined by the Commission) on the date that*
 17 *is—*

18 “(i) *20 business days after the date the*
 19 *Commission receives the certification (or*
 20 *such shorter period as determined by the*
 21 *Commission by rule or regulation), in the*
 22 *case of a digital commodity that has not*
 23 *been certified under this section or for*
 24 *which a certification is being modified*
 25 *under paragraph (3); or*

1 “(ii) 1 business day after the date the
2 Commission receives the certification (or
3 such shorter period as determined by the
4 Commission by rule or regulation) for any
5 digital commodity that has been certified
6 under this section.

7 “(B) *EXTENSIONS*.—The time for consider-
8 ation under subparagraph (A) may be extended
9 through notice to the eligible entity that there are
10 novel or complex issues that require additional
11 time to analyze, that the explanation by the sub-
12 mitting eligible entity is inadequate, or of a po-
13 tential inconsistency with this Act—

14 “(i) once, for 30 business days, through
15 written notice to the eligible entity by the
16 Commission; and

17 “(ii) once, for an additional 30 busi-
18 ness days, through written notice to the eli-
19 gible entity from the Commission that in-
20 cludes a description of any deficiencies with
21 the certification, including any—

22 “(I) novel or complex issues which
23 require additional time to analyze;

24 “(II) missing information or in-
25 adequate explanations; or

1 “(III) *potential inconsistencies*
2 *with this Act.*

3 “(6) *PRIOR APPROVAL BEFORE REGISTRATION.—*

4 “(A) *IN GENERAL.—A person applying for*
5 *registration with the Commission for the pur-*
6 *poses of listing or offering a digital commodity*
7 *for trading in a digital commodity cash or spot*
8 *market may request that the Commission grant*
9 *prior approval for the person to list or offer the*
10 *digital commodity on being registered with the*
11 *Commission.*

12 “(B) *REQUEST FOR PRIOR APPROVAL.—A*
13 *person seeking prior approval under subpara-*
14 *graph (A) shall furnish the Commission with a*
15 *written certification that the digital commodity*
16 *meets the requirements of this Act (including the*
17 *regulations prescribed under this Act) and the*
18 *information described in paragraph (2).*

19 “(C) *DEADLINE.—The Commission shall*
20 *take final action on a request for prior approval*
21 *not later than 90 business days after submission*
22 *of the request, unless the person submitting the*
23 *request agrees to an extension of the time limita-*
24 *tion established under this subparagraph.*

25 “(D) *DISAPPROVAL.—*

1 “(i) *IN GENERAL.*—*The Commission*
 2 *shall approve the listing of the digital com-*
 3 *modity unless the Commission finds that*
 4 *the listing is inconsistent with this Act (in-*
 5 *cluding any regulation prescribed under*
 6 *this Act).*

7 “(ii) *ANALYSIS REQUIRED.*—*The Com-*
 8 *mission shall include, with any findings*
 9 *made under clause (i), a detailed analysis*
 10 *of the factors on which the decision is based.*

11 “(iii) *PUBLIC FINDINGS.*—*The Com-*
 12 *mission shall make public any disapproval*
 13 *decision, and any related findings and*
 14 *analysis, made under this paragraph.*

15 “(7) *ELIGIBLE ENTITY DEFINED.*—*In this sub-*
 16 *section, the term ‘eligible entity’ means a registered*
 17 *entity or group of registered entities acting jointly.”.*

18 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**
 19 **CHANGES.**

20 *The Commodity Exchange Act (7 U.S.C. 1 et seq.) is*
 21 *amended by inserting after section 5h the following:*

22 **“SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-**
 23 **CHANGES.**

24 “(a) *IN GENERAL.*—

25 “(1) *REGISTRATION.*—

1 “(A) *IN GENERAL.*—A trading facility that
2 offers or seeks to offer a cash or spot market in
3 at least 1 digital commodity shall register with
4 the Commission as a digital commodity ex-
5 change.

6 “(B) *APPLICATION.*—A person desiring to
7 register as a digital commodity exchange shall
8 submit to the Commission an application in
9 such form and containing such information as
10 the Commission may require for the purpose of
11 making the determinations required for ap-
12 proval.

13 “(C) *EXEMPTIONS.*—A trading facility that
14 offers or seeks to offer a cash or spot market in
15 at least 1 digital commodity shall not be re-
16 quired to register under this section if the trad-
17 ing facility—

18 “(i) permits no more than a de mini-
19 mis amount of trading activity, as the Com-
20 mission may determine by rule or regula-
21 tion, in a digital commodity; or

22 “(ii) serves only customers in a single
23 State, territory, or possession of the United
24 States.

25 “(2) *ADDITIONAL REGISTRATIONS.*—

1 “(A) *WITH THE COMMISSION.*—*In order to*
 2 *foster the development of fair and orderly mar-*
 3 *kets, protect customers, and promote responsible*
 4 *innovation, the Commission—*

5 “(i) *shall prescribe rules to exempt an*
 6 *entity registered with the Commission*
 7 *under more than 1 section of this Act from*
 8 *duplicative, conflicting, or unduly burden-*
 9 *some provisions of this Act and the rules*
 10 *under this Act;*

11 “(ii) *shall prescribe rules to address*
 12 *conflicts of interests and activities of the en-*
 13 *tity; and*

14 “(iii) *may, after an analysis of the*
 15 *risks and benefits, prescribe rules to provide*
 16 *for portfolio margining.*

17 “(B) *WITH A REGISTERED FUTURES ASSO-*
 18 *CIATION.*—

19 “(i) *IN GENERAL.*—*A registered digital*
 20 *commodity exchange shall become and re-*
 21 *main a member of a registered futures asso-*
 22 *ciation and comply with rules related to*
 23 *such activity, if the registered digital com-*
 24 *modity exchange accepts customer funds re-*
 25 *quired to be segregated under subsection (d).*

1 “(ii) *RULEMAKING REQUIRED.*—The
 2 *Commission shall require any registered fu-*
 3 *tures association with a digital commodity*
 4 *exchange as a member to provide such rules*
 5 *as may be necessary to further compliance*
 6 *with subsection (d), protect customers, and*
 7 *promote the public interest.*

8 “(C) *REGISTRATION REQUIRED.*—A person
 9 *required to be registered as a digital commodity*
 10 *exchange under this section shall register with*
 11 *the Commission as such regardless of whether the*
 12 *person is registered with another State or Fed-*
 13 *eral regulator.*

14 “(b) *TRADING.*—

15 “(1) *PROHIBITION ON CERTAIN TRADING PRAC-*
 16 *TICES.*—

17 “(A) *Section 4b shall apply to any agree-*
 18 *ment, contract, or transaction in a digital com-*
 19 *modity as if the agreement, contract, or trans-*
 20 *action were a contract of sale of a commodity for*
 21 *future delivery.*

22 “(B) *Section 4c shall apply to any agree-*
 23 *ment, contract, or transaction in a digital com-*
 24 *modity as if the agreement, contract, or trans-*

1 *action were a transaction involving the purchase*
2 *or sale of a commodity for future delivery.*

3 *“(C) Section 4b–1 shall apply to any agree-*
4 *ment, contract, or transaction in a digital com-*
5 *modity as if the agreement, contract, or trans-*
6 *action were a contract of sale of a commodity for*
7 *future delivery.*

8 *“(2) PROHIBITION ON ACTING AS A*
9 *COUNTERPARTY.—*

10 *“(A) IN GENERAL.—A digital commodity*
11 *exchange or any affiliate of such an exchange*
12 *shall not trade on or subject to the rules of the*
13 *digital commodity exchange for its own account.*

14 *“(B) EXCEPTIONS.—Subject to any condi-*
15 *tions, requirements, or limitations imposed by*
16 *the Commission pursuant to subparagraph (C),*
17 *a digital commodity exchange may engage in*
18 *trading on the exchange so long as the trading*
19 *is not solely for the purpose of the profit of the*
20 *exchange, including the following:*

21 *“(i) CUSTOMER DIRECTION.—A trans-*
22 *action for, or entered into at the direction*
23 *of, or for the benefit of, an unaffiliated cus-*
24 *tomer.*

1 “(ii) *RISK MANAGEMENT.*—A trans-
2 action to manage the credit, market, and li-
3 quidity risks associated with the digital
4 commodity business of the exchange.

5 “(iii) *OPERATIONAL NEEDS.*—A trans-
6 action related to the operational needs of the
7 business of the digital commodity exchange
8 or its affiliate.

9 “(iv) *FUNCTIONAL USE.*—A trans-
10 action related to the functional operation of
11 a blockchain system.

12 “(C) *RULEMAKING.*—The Commission may,
13 by rule, establish conditions, requirements, or
14 other limitations on the activities of a digital
15 commodity exchange and its affiliate permitted
16 pursuant to subparagraph (B) that are necessary
17 for the protection of customers, the promotion of
18 innovation, or the maintenance of fair, orderly,
19 and efficient markets.

20 “(D) *NOTICE REQUIREMENT.*—In order for
21 a digital commodity exchange or any affiliate of
22 a digital commodity exchange to engage in trad-
23 ing on the affiliated exchange pursuant to sub-
24 section (B), notice must be given to the Commis-
25 sion that shall enumerate how any proposed ac-

1 *tivity is consistent with the exceptions in sub-*
 2 *section (B) and the purposes of this Act.*

3 “(c) *CORE PRINCIPLES FOR DIGITAL COMMODITY EX-*
 4 *CHANGES.—*

5 “(1) *COMPLIANCE WITH CORE PRINCIPLES.—*

6 “(A) *IN GENERAL.—To be registered, and*
 7 *maintain registration, as a digital commodity*
 8 *exchange, a digital commodity exchange shall*
 9 *comply with—*

10 “(i) *the core principles described in*
 11 *this subsection; and*

12 “(ii) *any requirement that the Com-*
 13 *mission may impose by rule or regulation*
 14 *pursuant to section 8a(5).*

15 “(B) *REASONABLE DISCRETION OF A DIG-*
 16 *ITAL COMMODITY EXCHANGE.—Unless otherwise*
 17 *determined by the Commission by rule or regula-*
 18 *tion, a digital commodity exchange described in*
 19 *subparagraph (A) shall have reasonable discre-*
 20 *tion in establishing the manner in which the*
 21 *digital commodity exchange complies with the*
 22 *core principles described in this subsection.*

23 “(2) *COMPLIANCE WITH RULES.—A digital com-*
 24 *modity exchange shall—*

1 “(A) establish and enforce compliance with
2 any rule of the digital commodity exchange, in-
3 cluding—

4 “(i) the terms and conditions of the
5 trades traded or processed on or through the
6 digital commodity exchange; and

7 “(ii) any limitation on access to the
8 digital commodity exchange;

9 “(B) establish and enforce trading, trade
10 processing, and participation rules that will
11 deter abuses and have the capacity to detect, in-
12 vestigate, and enforce those rules, including
13 means—

14 “(i) to provide market participants
15 with impartial access to the market; and

16 “(ii) to capture information that may
17 be used in establishing whether rule viola-
18 tions have occurred; and

19 “(C) establish rules governing the operation
20 of the exchange, including rules specifying trad-
21 ing procedures to be used in entering and exe-
22 cuting orders traded or posted on the facility.

23 “(3) LISTING STANDARDS FOR DIGITAL COMMOD-
24 ITIES.—

1 “(A) *IN GENERAL.*—A digital commodity
2 exchange shall establish policies and procedures
3 to permit trading in a digital commodity only
4 if—

5 “(i) reports with respect to the digital
6 commodity required under, as applicable,
7 section 4B(b)(3) or 4B(b)(5)(C) of the Secu-
8 rities Act of 1933 (or, with respect to a dig-
9 ital commodity not issued in reliance on
10 section 4(a)(8) of the Securities Act of 1933,
11 a comparable set of reports, where required
12 by the Securities and Exchange Commis-
13 sion) have been filed with the Securities and
14 Exchange Commission;

15 “(ii) such other similar information as
16 the Commission may, by rule or regulation
17 require, that is related to the ongoing devel-
18 opment plan of the blockchain system and is
19 able to be publicly ascertained, has been
20 provided to the public; or

21 “(iii) the blockchain system to which
22 the digital commodity relates, together with
23 the digital commodity, is certified as a ma-
24 ture blockchain system under section 42 of
25 the Securities Exchange Act of 1934.

1 “(B) *PUBLIC INFORMATION REQUIRE-*
2 *MENTS.—*

3 “(i) *IN GENERAL.—A digital com-*
4 *modity exchange shall—*

5 “(I) *permit trading in a digital*
6 *commodity only if the digital com-*
7 *modity exchange reasonably determines*
8 *that the information required by clause*
9 *(ii) is correct, current, and available to*
10 *the public; and*

11 “(II) *establish policies and proce-*
12 *dures to determine that the informa-*
13 *tion provided pursuant to clause (ii) is*
14 *correct, current, and available to the*
15 *public.*

16 “(ii) *REQUIRED INFORMATION.—With*
17 *respect to a digital commodity and each*
18 *blockchain system to which the digital com-*
19 *modity relates for which the digital com-*
20 *modity exchange will make the digital com-*
21 *modity available to the customers of the dig-*
22 *ital commodity exchange, the following in-*
23 *formation:*

1 “(I) *SOURCE CODE.*—*The source*
2 *code for any blockchain system to*
3 *which the digital commodity relates.*

4 “(II) *TRANSACTION HISTORY.*—*A*
5 *description of the steps necessary to*
6 *independently access, search, and*
7 *verify the transaction history of any*
8 *blockchain system to which the digital*
9 *commodity relates, to the extent any*
10 *such independent access, search, and*
11 *verification activities are technically*
12 *feasible with respect to the blockchain*
13 *system.*

14 “(III) *DIGITAL COMMODITY ECO-*
15 *NOMICS.*—*A narrative description of*
16 *the purpose of any blockchain system*
17 *to which the digital commodity relates*
18 *and the operation of any such*
19 *blockchain system, including—*

20 “(aa) *information explaining*
21 *the launch and supply process, in-*
22 *cluding the number of digital as-*
23 *sets to be issued in an initial allo-*
24 *cation, the total number of digital*
25 *commodities to be created, the re-*

1 *lease schedule for the digital com-*
2 *modities, and the total number of*
3 *digital commodities then out-*
4 *standing;*

5 *“(bb) information detailing*
6 *any applicable consensus mecha-*
7 *nism or process for validating*
8 *transactions, method of generating*
9 *or mining digital commodities,*
10 *and any process for burning or*
11 *destroying digital commodities on*
12 *the blockchain system;*

13 *“(cc) an explanation of gov-*
14 *ernance mechanisms for imple-*
15 *menting changes to the blockchain*
16 *system or forming consensus*
17 *among holders of the digital com-*
18 *modities; and*

19 *“(dd) sufficient information*
20 *for a third party to create a tool*
21 *for verifying the transaction his-*
22 *tory of the digital asset.*

23 *“(IV) TRADING VOLUME AND VOL-*
24 *ATILITY.—The trading volume and vol-*

1 *atility of the digital commodity on the*
2 *exchange.*

3 “(V) *ADDITIONAL INFORMA-*
4 *TION.—Such additional information as*
5 *the Commission may determine by rule*
6 *to be necessary for a customer to un-*
7 *derstand the financial and operational*
8 *risks of a digital commodity, and to be*
9 *practically feasible to provide.*

10 “(iii) *FORMAT.—The Commission shall*
11 *prescribe rules and regulations for the*
12 *standardization and simplification of dis-*
13 *closures under clause (ii), including requir-*
14 *ing that disclosures—*

15 “(I) *be conspicuous;*

16 “(II) *use plain language com-*
17 *prehensible to customers;*

18 “(III) *are not drafted in a way*
19 *that presumes the customer already has*
20 *a base knowledge, familiarity, or un-*
21 *derstanding of the basic terminology,*
22 *operation, and function of blockchain*
23 *systems; and*

1 “(IV) *succinctly explain the infor-*
2 *mation that is required to be commu-*
3 *nicated to the customer.*

4 “(iv) *RELIANCE ON PREVIOUS DISCLO-*
5 *SURES.—In complying with this subpara-*
6 *graph, a digital commodity exchange may*
7 *rely on and make available to the public*
8 *relevant information publicly disclosed to*
9 *the Commission, the Securities and Ex-*
10 *change Commission, or an appropriate Fed-*
11 *eral banking agency.*

12 “(C) *DIGITAL COMMODITIES HELD BY RE-*
13 *LATED AND DIGITAL COMMODITY AFFILIATED*
14 *PERSONS.—A digital commodity exchange shall*
15 *establish policies and procedures designed to per-*
16 *mit the trading of a unit of a digital commodity*
17 *acquired from the issuer and held by a digital*
18 *commodity affiliated person or a digital com-*
19 *modity related person, only in accordance with*
20 *the requirements of section 4C of the Securities*
21 *Act of 1933.*

22 “(4) *TREATMENT OF CUSTOMER ASSETS.—A dig-*
23 *ital commodity exchange shall establish policies and*
24 *procedures that are designed to protect and ensure the*
25 *safety of customer money, assets, and property.*

1 “(5) *MONITORING OF TRADING AND TRADE PROC-*
2 *ESSING.*—

3 “(A) *IN GENERAL.*—*A digital commodity*
4 *exchange shall provide a competitive, open, and*
5 *efficient market and mechanism for executing*
6 *transactions that protects the price discovery*
7 *process of trading on the exchange.*

8 “(B) *PROTECTION OF MARKETS AND MAR-*
9 *KET PARTICIPANTS.*—*A digital commodity ex-*
10 *change shall establish and enforce rules—*

11 “(i) *to protect markets and market*
12 *participants from abusive practices com-*
13 *mitted by any party, including abusive*
14 *practices committed by a party acting as*
15 *an agent for a participant; and*

16 “(ii) *to promote fair and equitable*
17 *trading on the exchange.*

18 “(C) *TRADING PROCEDURES.*—*A digital*
19 *commodity exchange shall—*

20 “(i) *establish and enforce rules or*
21 *terms and conditions defining, or specifica-*
22 *tions detailing—*

23 “(I) *trading procedures to be used*
24 *in entering and executing orders trad-*

1 ed on or through the facilities of the
2 digital commodity exchange; and

3 “(II) procedures for trade proc-
4 essing of digital commodities on or
5 through the facilities of the digital
6 commodity exchange; and

7 “(ii) monitor trading in digital com-
8 modities to prevent manipulation, price dis-
9 tortion, and disruptions, through surveil-
10 lance, compliance, and disciplinary prac-
11 tices and procedures, including methods for
12 conducting real-time monitoring of trading
13 and comprehensive and accurate trade re-
14 constructions.

15 “(6) *ABILITY TO OBTAIN INFORMATION.*—A dig-
16 ital commodity exchange shall—

17 “(A) establish and enforce rules that will
18 allow the facility to obtain any necessary infor-
19 mation to perform any of the functions described
20 in this section;

21 “(B) provide the information to the Com-
22 mission on request; and

23 “(C) have the capacity to carry out such
24 international information-sharing agreements as
25 the Commission may require.

1 “(7) *EMERGENCY AUTHORITY.*—A digital com-
 2 modity exchange shall adopt rules to provide for the
 3 exercise of emergency authority, in consultation or co-
 4 operation with the Commission or a registered entity,
 5 as is necessary and appropriate, including the au-
 6 thority to facilitate the liquidation or transfer of open
 7 positions in any digital commodity or to suspend or
 8 curtail trading in a digital commodity.

9 “(8) *TIMELY PUBLICATION OF TRADING INFOR-*
 10 *MATION.*—

11 “(A) *IN GENERAL.*—A digital commodity
 12 exchange shall make public timely information
 13 on price, trading volume, and other trading data
 14 on digital commodities to the extent prescribed
 15 by the Commission.

16 “(B) *CAPACITY OF DIGITAL COMMODITY EX-*
 17 *CHANGE.*—A digital commodity exchange shall
 18 have the capacity to electronically capture and
 19 transmit trade information with respect to
 20 transactions executed on the exchange.

21 “(9) *RECORDKEEPING AND REPORTING.*—

22 “(A) *IN GENERAL.*—A digital commodity
 23 exchange shall—

24 “(i) maintain records relating to the
 25 business of the exchange, including a com-

1 *plete audit trail, in a form and manner ac-*
2 *ceptable to the Commission for a period of*
3 *5 years;*

4 *“(ii) report to the Commission, in a*
5 *form and manner acceptable to the Commis-*
6 *sion, such information as the Commission*
7 *determines to be necessary or appropriate*
8 *for the Commission to perform the duties of*
9 *the Commission under this Act; and*

10 *“(iii) keep any such records of digital*
11 *commodities which relate to a security open*
12 *to inspection and examination by the Secu-*
13 *rities and Exchange Commission.*

14 *“(B) INFORMATION-SHARING.—Subject to*
15 *section 8, and on request, the Commission shall*
16 *share information collected under subparagraph*
17 *(A) with—*

18 *“(i) the Board;*

19 *“(ii) the Securities and Exchange*
20 *Commission;*

21 *“(iii) each appropriate Federal bank-*
22 *ing agency;*

23 *“(iv) each appropriate State bank su-*
24 *pervisor (within the meaning of section 3 of*
25 *the Federal Deposit Insurance Act);*

1 “(v) *the Financial Stability Oversight*
2 *Council;*

3 “(vi) *the Department of Justice; and*

4 “(vii) *any other person that the Com-*
5 *mission determines to be appropriate, in-*
6 *cluding—*

7 “(I) *foreign financial supervisors*
8 *(including foreign futures authorities);*

9 “(II) *foreign central banks; and*

10 “(III) *foreign ministries.*

11 “(C) *CONFIDENTIALITY AGREEMENT.—Be-*
12 *fore the Commission may share information with*
13 *any entity described in subparagraph (B), the*
14 *Commission shall receive a written agreement*
15 *from the entity stating that the entity shall abide*
16 *by the confidentiality requirements described in*
17 *section 8 relating to the information on digital*
18 *commodities that is provided.*

19 “(D) *PROVIDING INFORMATION.—A digital*
20 *commodity exchange shall provide to the Com-*
21 *mission (including any designee of the Commis-*
22 *sion) information under subparagraph (A) in*
23 *such form and at such frequency as is required*
24 *by the Commission.*

1 “(10) *ANTITRUST CONSIDERATIONS.*—*Unless nec-*
2 *essary or appropriate to achieve the purposes of this*
3 *Act, a digital commodity exchange shall not—*

4 “(A) *adopt any rules or take any actions*
5 *that result in any unreasonable restraint of*
6 *trade; or*

7 “(B) *impose any material anticompetitive*
8 *burden on trading.*

9 “(11) *CONFLICTS OF INTEREST.*—*The digital*
10 *commodity exchange shall establish and enforce*
11 *rules—*

12 “(A) *to minimize conflicts of interest in the*
13 *decision making processes of the contract market;*
14 *and*

15 “(B) *to establish a process for resolving con-*
16 *licts of interest referred to in subparagraph (A).*

17 “(12) *FINANCIAL RESOURCES.*—

18 “(A) *IN GENERAL.*—*A digital commodity*
19 *exchange shall have adequate financial, oper-*
20 *ational, and managerial resources, as determined*
21 *by the Commission, to discharge each responsi-*
22 *bility of the digital commodity exchange.*

23 “(B) *MINIMUM AMOUNT OF FINANCIAL RE-*
24 *SOURCES.*—*A digital commodity exchange shall*

1 possess financial resources that, at a minimum,
2 exceed the sum of—

3 “(i) the total amount that would en-
4 able the digital commodity exchange to
5 cover the operating costs of the digital com-
6 modity exchange for a 1-year period, as cal-
7 culated on a rolling basis; and

8 “(ii) the total amount necessary to
9 meet the financial obligations of the digital
10 commodity exchange to all customers of the
11 digital commodity exchange.

12 “(13) *DISCIPLINARY PROCEDURES.*—A digital
13 commodity exchange shall establish and enforce dis-
14 ciplinary procedures that authorize the digital com-
15 modity exchange to discipline, suspend, or expel mem-
16 bers or market participants that violate the rules of
17 the digital commodity exchange, or similar methods
18 for performing the same functions, including delega-
19 tion of the functions to third parties.

20 “(14) *GOVERNANCE FITNESS STANDARDS.*—

21 “(A) *GOVERNANCE ARRANGEMENTS.*—A
22 digital commodity exchange shall establish gov-
23 ernance arrangements that are transparent and
24 designed to permit consideration of the views of
25 market participants.

1 “(B) *FITNESS STANDARDS.*—A digital com-
2 modity exchange shall establish and enforce ap-
3 propriate fitness standards for—

4 “(i) officers and directors; and

5 “(ii) any individual or entity with di-
6 rect access to, or control of, customer assets.

7 “(15) *SYSTEM SAFEGUARDS.*—A digital com-
8 modity exchange shall—

9 “(A) establish and maintain a program of
10 risk analysis and oversight to identify and mini-
11 mize sources of operational and security risks,
12 through the development of appropriate controls
13 and procedures, and automated systems in ac-
14 cordance with industry standards, that—

15 “(i) are reliable and secure; and

16 “(ii) have adequate scalable capacity;

17 “(B) establish and maintain emergency pro-
18 cedures, backup resources, and a plan for dis-
19 aster recovery that allow for—

20 “(i) the timely recovery and resump-
21 tion of operations; and

22 “(ii) the fulfillment of the responsibil-
23 ities and obligations of the digital com-
24 modity exchange; and

1 “(C) *periodically conduct tests to verify that*
 2 *the backup resources of the digital commodity ex-*
 3 *change are sufficient to ensure continued—*

4 “(i) *order processing and trade match-*
 5 *ing;*

6 “(ii) *price reporting;*

7 “(iii) *market surveillance; and*

8 “(iv) *maintenance of a comprehensive*
 9 *and accurate audit trail.*

10 “(d) *HOLDING OF CUSTOMER ASSETS.—*

11 “(1) *IN GENERAL.—A digital commodity ex-*
 12 *change shall hold customer money, assets, and prop-*
 13 *erty in a manner to minimize the risk of loss to the*
 14 *customer or unreasonable delay in customer access to*
 15 *the money, assets, and property of the customer.*

16 “(2) *SEGREGATION OF FUNDS.—*

17 “(A) *IN GENERAL.—A digital commodity*
 18 *exchange shall treat and deal with all money, as-*
 19 *sets, and property that is received by the digital*
 20 *commodity exchange, or accrues to a customer as*
 21 *the result of trading in digital commodities, as*
 22 *belonging to the customer.*

23 “(B) *COMMINGLING PROHIBITED.—Money,*
 24 *assets, and property described in subparagraph*
 25 *(A) shall be separately accounted for and shall*

1 *not be commingled with the funds of the digital*
 2 *commodity exchange or be used to margin, se-*
 3 *cure, or guarantee any trades or accounts of any*
 4 *customer or person other than the person for*
 5 *whom the same are held.*

6 “(C) *EXCEPTIONS.*—

7 “(i) *USE OF FUNDS.*—

8 “(I) *IN GENERAL.*—*Notwith-*
 9 *standing subparagraph (A), money, as-*
 10 *sets, and property described in sub-*
 11 *paragraph (A) may, for convenience,*
 12 *be commingled and deposited in the*
 13 *same account or accounts with any*
 14 *bank, trust company, derivatives clear-*
 15 *ing organization, or qualified digital*
 16 *asset custodian.*

17 “(II) *WITHDRAWAL.*—*Notwith-*
 18 *standing subparagraph (A), such share*
 19 *of the money, assets, and property de-*
 20 *scribed in subparagraph (A) as in the*
 21 *normal course of business shall be nec-*
 22 *essary to margin, guarantee, secure,*
 23 *transfer, adjust, or settle a contract of*
 24 *sale of a digital commodity with a reg-*
 25 *istered entity may be withdrawn and*

1 *applied to such purposes, including the*
2 *payment of commissions, brokerage, in-*
3 *terest, taxes, storage, and other charges,*
4 *lawfully accruing in connection with*
5 *the contract.*

6 “(ii) *COMMISSION ACTION.*—*Notwith-*
7 *standing subparagraph (A), in accordance*
8 *with such terms and conditions as the Com-*
9 *mission may prescribe by rule, regulation,*
10 *or order, any money, assets, or property of*
11 *the customers of a digital commodity ex-*
12 *change may be commingled and deposited*
13 *in customer accounts with any other money,*
14 *assets, or property received by the digital*
15 *commodity exchange and required by the*
16 *Commission to be separately accounted for*
17 *and treated and dealt with as belonging to*
18 *the customer of the digital commodity ex-*
19 *change.*

20 “(3) *PERMITTED INVESTMENTS.*—*Money de-*
21 *scribed in paragraph (2) may be invested in obliga-*
22 *tions of the United States, in general obligations of*
23 *any State or of any political subdivision of a State,*
24 *and in obligations fully guaranteed as to principal*
25 *and interest by the United States, or in any other in-*

1 vestment that the Commission may by rule or regula-
 2 tion prescribe, and such investments shall be made in
 3 accordance with such rules and regulations and sub-
 4 ject to such conditions as the Commission may pre-
 5 scribe.

6 “(4) CUSTOMER PROTECTION DURING BANK-
 7 RUPTCY.—

8 “(A) CUSTOMER PROPERTY.—All assets held
 9 on behalf of a customer by a digital commodity
 10 exchange, and all money, assets, and property of
 11 any customer received by a digital commodity
 12 exchange for trading or custody, or to facilitate,
 13 margin, guarantee, or secure contracts of sale of
 14 a digital commodity (including money, assets, or
 15 property accruing to the customer as the result
 16 of the transactions), shall be considered customer
 17 property for purposes of section 761 of title 11,
 18 United States Code.

19 “(B) TRANSACTIONS.—A transaction in-
 20 volving the sale of a unit of a digital commodity
 21 occurring on or subject to the rules of a digital
 22 commodity exchange shall be considered a con-
 23 tract for the purchase or sale of a commodity for
 24 future delivery, on or subject to the rules of, a
 25 contract market or board of trade for purposes of

1 *the definition of ‘commodity contract’ in section*
2 *761 of title 11, United States Code.*

3 “(C) *EXCHANGES.*—*A digital commodity*
4 *exchange shall be considered a futures commis-*
5 *sion merchant for purposes of section 761 of title*
6 *11, United States Code.*

7 “(D) *ASSETS REMOVED FROM SEGREGA-*
8 *TION.*—*Assets removed from segregation due to a*
9 *customer election under paragraph (6) shall not*
10 *be considered customer property for purposes of*
11 *section 761 of title 11, United States Code.*

12 “(5) *MISUSE OF CUSTOMER PROPERTY.*—

13 “(A) *IN GENERAL.*—*It shall be unlawful—*

14 “(i) *for any digital commodity ex-*
15 *change that has received any customer*
16 *money, assets, or property for custody to*
17 *dispose of, or use any such money, assets, or*
18 *property as belonging to the digital com-*
19 *modity exchange or any person other than*
20 *a customer of the digital commodity ex-*
21 *change; or*

22 “(ii) *for any other person, including*
23 *any depository, other digital commodity ex-*
24 *change, or digital asset custodian that has*
25 *received any customer money, assets, or*

1 *property for deposit, to hold, dispose of, or*
 2 *use any such money, assets, or property, or*
 3 *property, as belonging to the depositing dig-*
 4 *ital commodity exchange or any person*
 5 *other than the customers of the digital com-*
 6 *modity exchange.*

7 “(B) *USE FURTHER DEFINED.*—*For pur-*
 8 *poses of this section, ‘use’ of a digital commodity*
 9 *includes utilizing any unit of a digital asset to*
 10 *participate in a blockchain service defined in*
 11 *paragraph (6) or a decentralized governance sys-*
 12 *tem associated with the digital commodity or the*
 13 *blockchain system to which the digital com-*
 14 *modity relates in any manner other than that*
 15 *expressly directed by the customer from whom*
 16 *the unit of a digital commodity was received.*

17 “(6) *PARTICIPATION IN BLOCKCHAIN SERV-*
 18 *ICES.*—

19 “(A) *IN GENERAL.*—*A customer shall have*
 20 *the right to waive the restrictions in paragraph*
 21 *(2) for any unit of a digital commodity to be*
 22 *used under subparagraph (B) of this paragraph,*
 23 *by affirmatively electing, in writing to the dig-*
 24 *ital commodity exchange, to waive the restric-*
 25 *tions.*

1 “(B) *USE OF FUNDS.*—Customer digital
2 commodities removed from segregation under
3 subparagraph (A) may be pooled and used by the
4 digital commodity exchange or its designee to
5 provide a blockchain service for a blockchain sys-
6 tem to which the unit of the digital asset re-
7 moved from segregation in subparagraph (A) re-
8 lates.

9 “(C) *LIMITATIONS.*—

10 “(i) *IN GENERAL.*—The Commission
11 shall, by rule, establish notice and disclosure
12 requirements, and may, by rule, establish
13 any other limitations and rules related to
14 the waiving of any restrictions under this
15 paragraph that are reasonably necessary to
16 protect customers, including eligible con-
17 tract participants, non-eligible contract
18 participants, or any other class of cus-
19 tomers.

20 “(ii) *CUSTOMER CHOICE.*—A digital
21 commodity exchange may not require a
22 waiver from a customer described in sub-
23 paragraph (A) as a condition of doing busi-
24 ness on the exchange.

1 “(D) *BLOCKCHAIN SERVICE DEFINED.*—In
 2 *this paragraph, the term ‘blockchain service’*
 3 *means any activity relating to validating trans-*
 4 *actions on a blockchain system, providing secu-*
 5 *rity for a blockchain system, or other similar ac-*
 6 *tivity required for the ongoing operation of a*
 7 *blockchain system.*

8 “(e) *MARKET ACCESS REQUIREMENTS.*—The Commis-
 9 *sion may, by rule, impose any additional requirements re-*
 10 *lated to the operations and activities of the digital com-*
 11 *modity exchange and an affiliated digital commodity*
 12 *broker necessary to protect market participants, promote*
 13 *fair and equitable trading on the digital commodity ex-*
 14 *change, and promote responsible innovation.*

15 “(f) *DESIGNATION OF CHIEF COMPLIANCE OFFICER.*—

16 “(1) *IN GENERAL.*—A digital commodity ex-
 17 *change shall designate an individual to serve as a*
 18 *chief compliance officer.*

19 “(2) *DUTIES.*—The chief compliance officer
 20 *shall—*

21 “(A) *report directly to the board or to the*
 22 *senior officer of the exchange;*

23 “(B) *review compliance with the core prin-*
 24 *ciples in this subsection;*

1 “(C) *in consultation with the board of the*
2 *exchange, a body performing a function similar*
3 *to that of a board, or the senior officer of the ex-*
4 *change, resolve any conflicts of interest that may*
5 *arise;*

6 “(D) *establish and administer the policies*
7 *and procedures required to be established pursu-*
8 *ant to this section;*

9 “(E) *ensure compliance with this Act and*
10 *the rules and regulations issued under this Act,*
11 *including rules prescribed by the Commission*
12 *pursuant to this section; and*

13 “(F) *establish procedures for the remedi-*
14 *ation of noncompliance issues found during com-*
15 *pliance office reviews, look backs, internal or ex-*
16 *ternal audit findings, self-reported errors, or*
17 *through validated complaints.*

18 “(3) *REQUIREMENTS FOR PROCEDURES.—In es-*
19 *tablishing procedures under paragraph (2)(F), the*
20 *chief compliance officer shall design the procedures to*
21 *establish the handling, management response, remedi-*
22 *ation, retesting, and closing of noncompliance issues.*

23 “(4) *ANNUAL REPORTS.—*

24 “(A) *IN GENERAL.—In accordance with*
25 *rules prescribed by the Commission, the chief*

1 *compliance officer shall annually prepare and*
2 *sign a report that contains a description of—*

3 “(i) *the compliance of the digital com-*
4 *modity exchange with this Act; and*

5 “(ii) *the policies and procedures, in-*
6 *cluding the code of ethics and conflicts of*
7 *interest policies, of the digital commodity*
8 *exchange.*

9 “(B) *REQUIREMENTS.—The chief compli-*
10 *ance officer shall—*

11 “(i) *submit each report described in*
12 *subparagraph (A) with the appropriate fi-*
13 *nancial report of the digital commodity ex-*
14 *change that is required to be submitted to*
15 *the Commission pursuant to this section;*
16 *and*

17 “(ii) *include in the report a certifi-*
18 *cation that, under penalty of law, the report*
19 *is accurate and complete.*

20 “(g) *APPOINTMENT OF TRUSTEE.—*

21 “(1) *IN GENERAL.—If a proceeding under section*
22 *5e results in the suspension or revocation of the reg-*
23 *istration of a digital commodity exchange, or if a dig-*
24 *ital commodity exchange withdraws from registration,*
25 *the Commission, on notice to the digital commodity*

1 *exchange, may apply to the appropriate United*
2 *States district court where the digital commodity ex-*
3 *change is located for the appointment of a trustee.*

4 “(2) *ASSUMPTION OF JURISDICTION.—If the*
5 *Commission applies for appointment of a trustee*
6 *under paragraph (1)—*

7 “(A) *the court may take exclusive jurisdic-*
8 *tion over the digital commodity exchange and*
9 *the records and assets of the digital commodity*
10 *exchange, wherever located; and*

11 “(B) *if the court takes jurisdiction under*
12 *subparagraph (A), the court shall appoint the*
13 *Commission, or a person designated by the Com-*
14 *mission, as trustee with power to take possession*
15 *and continue to operate or terminate the oper-*
16 *ations of the digital commodity exchange in an*
17 *orderly manner for the protection of customers*
18 *subject to such terms and conditions as the court*
19 *may prescribe.*

20 “(h) *QUALIFIED DIGITAL ASSET CUSTODIAN.—A dig-*
21 *ital commodity exchange shall hold in a qualified digital*
22 *asset custodian each unit of a digital asset that is—*

23 “(1) *the property of a customer of the digital*
24 *commodity exchange;*

1 “(2) *required to be held by the digital commodity*
2 *exchange under subsection (c)(12) of this section; or*

3 “(3) *otherwise so required by the Commission to*
4 *reasonably protect customers.*

5 “(i) *EXEMPTIONS.—*

6 “(1) *IN GENERAL.—In order to promote respon-*
7 *sible innovation and fair competition, or protect cus-*
8 *tomers, the Commission may (on its own initiative or*
9 *on application of the registered digital commodity ex-*
10 *change) exempt, either unconditionally or on stated*
11 *terms or conditions or for stated periods and either*
12 *retroactively or prospectively, or both, a registered*
13 *digital commodity exchange from the requirements of*
14 *this section, if the Commission determines that—*

15 “(A) *the exemption would be consistent with*
16 *the public interest and the purposes of this Act;*
17 *and*

18 “(B) *the exemption will not have a material*
19 *adverse effect on the ability of the Commission or*
20 *the digital commodity exchange to discharge reg-*
21 *ulatory or self-regulatory duties under this Act.*

22 “(2) *FOREIGN EXCHANGES.—The Commission*
23 *may exempt, conditionally or unconditionally, a dig-*
24 *ital commodity exchange from registration under this*
25 *section if the Commission finds that the digital com-*

1 *modity exchange is subject to comparable, comprehen-*
 2 *sive supervision and regulation on a consolidated*
 3 *basis by the appropriate governmental authorities in*
 4 *the home country of the facility.*

5 “(j) *CUSTOMER DEFINED.*—*In this section, the term*
 6 *‘customer’ means any person that maintains an account for*
 7 *the trading of digital commodities directly with a digital*
 8 *commodity exchange (other than a person that is owned or*
 9 *controlled, directly or indirectly, by the digital commodity*
 10 *exchange) for its own behalf or on behalf of any other per-*
 11 *son.*

12 “(k) *FEDERAL PREEMPTION.*—*Notwithstanding any*
 13 *other provision of law, the Commission shall have exclusive*
 14 *jurisdiction over any digital commodity exchange registered*
 15 *under this section with respect to activities and trans-*
 16 *actions subject to this Act.”.*

17 **SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.**

18 *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*
 19 *amended by the preceding provisions of this Act, is amended*
 20 *by inserting after section 5i the following:*

21 **“SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.**

22 “(a) *IN GENERAL.*—*A person is a qualified digital*
 23 *asset custodian for purposes of this Act if the person—*

1 “(1) holds digital assets on behalf of a person
2 registered under this Act or a customer of a person
3 registered under this Act; and

4 “(2) is in compliance with subsections (b) and
5 (c).

6 “(b) *SUPERVISION REQUIREMENT.*—A person is in
7 compliance with this subsection if the person is subject to—

8 “(1) supervision and examination for custody
9 and safekeeping of digital assets by an appropriate
10 Federal banking agency, the National Credit Union
11 Administration, the Commission, or the Securities
12 and Exchange Commission; or

13 “(2) adequate supervision and appropriate regu-
14 lation for custody and safekeeping of digital assets
15 by—

16 “(A) a State bank supervisor (within the
17 meaning of section 3 of the Federal Deposit In-
18 surance Act);

19 “(B) a State credit union supervisor, as de-
20 fined under section 6003 of the Anti-Money
21 Laundering Act of 2020; or

22 “(C) an appropriate foreign governmental
23 authority in the home country of the digital com-
24 modity custodian.

1 “(c) *OTHER REQUIREMENTS.*—A person shall be in
2 compliance with this subsection if:

3 “(1) *NOT OTHERWISE PROHIBITED.*—The person
4 has not been prohibited by its supervisor from engag-
5 ing in an activity with respect to the custody and
6 safekeeping of digital assets.

7 “(2) *INFORMATION SHARING.*—

8 “(A) *IN GENERAL.*—The person shares in-
9 formation with the Commission on request and
10 complies with such requirements for periodic
11 sharing of information regarding customer ac-
12 counts that the person holds on behalf of an enti-
13 ty registered with the Commission as the Com-
14 mission determines by rule are reasonably nec-
15 essary to effectuate any of the provisions, or to
16 accomplish any of the purposes, of this Act.

17 “(B) *PROVISION OF INFORMATION.*—If the
18 person is subject to regulation and examination
19 by an appropriate Federal banking agency, the
20 person may satisfy any information request de-
21 scribed in subparagraph (A) by providing the
22 Commission with a detailed listing, in writing,
23 of the digital assets of a customer in the custody
24 of, or use by, the person.

25 “(C) *RULEMAKING FOR CFTC ENTITIES.*—

1 “(i) *IN GENERAL.*—*The Commission*
 2 *shall prescribe rules to permit a person reg-*
 3 *istered with the Commission to be a quali-*
 4 *fied digital asset custodian in compliance*
 5 *with this section.*

6 “(ii) *CONTENT.*—*In prescribing the*
 7 *rules under subparagraph (A), the Commis-*
 8 *sion shall require a person registered with*
 9 *the Commission to—*

10 “(I) *implement requirement con-*
 11 *sistent with the requirements in sub-*
 12 *section (d)(1);*

13 “(II) *establish sufficient system*
 14 *safeguards;*

15 “(III) *prevent or mitigate con-*
 16 *licts of interest, as appropriate; and*

17 “(IV) *establish separate govern-*
 18 *ance arrangements for the custodial*
 19 *function of the entity.*

20 “(d) *ADEQUATE SUPERVISION AND APPROPRIATE*
 21 *REGULATION.*—

22 “(1) *IN GENERAL.*—*For purposes of subsection*
 23 *(b), the terms ‘adequate supervision’ and ‘appropriate*
 24 *regulation’ mean such minimum standards for super-*
 25 *vision and regulation as are reasonably necessary to*

1 *protect the digital assets held by a person registered*
2 *under this Act, including standards relating to the li-*
3 *censing, examination, and supervisory processes that*
4 *require the person to, at a minimum—*

5 *“(A) receive a review and evaluation of*
6 *ownership, character and fitness, conflicts of in-*
7 *terest, business model, financial statements,*
8 *funding resources, and policies and procedures of*
9 *the person;*

10 *“(B) hold capital sufficient for the financial*
11 *integrity of the person;*

12 *“(C) protect customer assets;*

13 *“(D) establish and maintain books and*
14 *records regarding the business of the person;*

15 *“(E) submit financial statements and au-*
16 *dated financial statements to the applicable su-*
17 *ervisor described in subsection (b);*

18 *“(F) provide disclosures to the applicable*
19 *supervisor described in subsection (b) regarding*
20 *actions, proceedings, and other items as deter-*
21 *mined by the supervisor;*

22 *“(G) maintain and enforce policies and*
23 *procedures for compliance with applicable State*
24 *and Federal laws, including those related to*
25 *anti-money laundering and cybersecurity;*

1 “(H) establish a business continuity plan to
2 ensure functionality in cases of disruption; and

3 “(I) establish policies and procedures to re-
4 solve complaints.

5 “(2) RULEMAKING WITH RESPECT TO DEFINI-
6 TIONS.—

7 “(A) IN GENERAL.—For purposes of this
8 section, the Commission may, by rule, further de-
9 fine the terms ‘adequate supervision’ and ‘appro-
10 priate regulation’ as necessary and appropriate
11 for the protection of customers, and consistent
12 with the purposes of this Act.

13 “(B) CONDITIONAL TREATMENT OF CERTAIN
14 CUSTODIANS BEFORE RULEMAKING.—Before the
15 effective date of a rulemaking under subpara-
16 graph (A), a trust company is deemed subject to
17 adequate supervision and appropriate regulation
18 if—

19 “(i) the trust company is expressly
20 permitted by a State bank supervisor to en-
21 gage in the custody and safekeeping of dig-
22 ital assets;

23 “(ii) the State bank supervisor has es-
24 tablished licensing, examination, and super-
25 visory processes that require the trust com-

pany to, at a minimum, meet the conditions described in subparagraphs (A) through (I) of paragraph (1); and

“(iii) the trust company is in good standing with its State bank supervisor.

“(C) *TRANSITION PERIOD FOR CERTAIN CUSTODIANS.*—In implementing the rulemaking under subparagraph (A), the Commission shall provide a transition period of not less than 2 years for any trust company that is deemed subject to adequate supervision and appropriate regulation under subparagraph (B) on the effective date of the rulemaking.

“(e) *AUTHORITY TO TEMPORARILY SUSPEND STANDARDS.*—The Commission may, by rule or order, temporarily suspend, in whole or in part, any requirement imposed under, or any standard referred to in, this section, or any requirement to utilize a qualified digital asset custodian, if the Commission determines that the suspension would be consistent with the public interest and the purposes of this Act.”.

SEC. 406. REGISTRATION AND REGULATION OF DIGITAL COMMODITY BROKERS AND DEALERS.

The Commodity Exchange Act (7 U.S.C. 1 et seq.) is amended by inserting after section 4t the following:

1 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**
2 **COMMODITY BROKERS AND DEALERS.**

3 “(a) *REGISTRATION.*—

4 “(1) *REQUIREMENT.*—*It shall be unlawful for*
5 *any person to act as a digital commodity broker or*
6 *digital commodity dealer unless the person is reg-*
7 *istered as such with the Commission.*

8 “(2) *ADDITIONAL REGISTRATION.*—

9 “(A) *RULES.*—*In order to foster the devel-*
10 *opment of fair and orderly markets, protect cus-*
11 *tomers, and promote responsible innovation, the*
12 *Commission—*

13 “(i) *shall prescribe rules to exempt an*
14 *entity registered with the Commission*
15 *under more than 1 section of this Act from*
16 *duplicative, conflicting, or unduly burden-*
17 *some provisions of this Act and the rules*
18 *under this Act;*

19 “(ii) *shall prescribe rules to address*
20 *conflicts of interests and the activities of the*
21 *entity; and*

22 “(iii) *may after an analysis of the*
23 *risks and benefits, prescribe rules to provide*
24 *for portfolio margining.*

25 “(B) *WITH MEMBERSHIP IN A REGISTERED*
26 *FUTURES ASSOCIATION.*—*Any person required to*

1 *be registered as a digital commodity broker or*
2 *digital commodity dealer under this section shall*
3 *become and remain a member of a registered fu-*
4 *tures association.*

5 “(b) *REQUIREMENTS.*—

6 “(1) *IN GENERAL.*—*A person shall register as a*
7 *digital commodity broker or digital commodity dealer*
8 *by filing a registration application with the Commis-*
9 *sion.*

10 “(2) *CONTENTS.*—

11 “(A) *IN GENERAL.*—*The application shall*
12 *be made in such form and manner as is pre-*
13 *scribed by the Commission, and shall contain*
14 *such information as the Commission considers*
15 *necessary concerning the business in which the*
16 *applicant is or will be engaged.*

17 “(B) *CONTINUAL REPORTING.*—*A person*
18 *that is registered as a digital commodity broker*
19 *or digital commodity dealer shall continue to*
20 *submit to the Commission reports that contain*
21 *such information pertaining to the business of*
22 *the person as the Commission may require.*

23 “(3) *STATUTORY DISQUALIFICATION.*—*Except to*
24 *the extent otherwise specifically provided by rule, reg-*
25 *ulation, or order, it shall be unlawful for a digital*

1 *commodity broker or digital commodity dealer to per-*
2 *mit any person who is associated with a digital com-*
3 *modity broker or a digital commodity dealer and who*
4 *is subject to a statutory disqualification to effect or*
5 *be involved in effecting a contract of sale of a digital*
6 *commodity on behalf of the digital commodity broker*
7 *or the digital commodity dealer, respectively, if the*
8 *digital commodity broker or digital commodity deal-*
9 *er, respectively, knew, or in the exercise of reasonable*
10 *care should have known, of the statutory disqualifica-*
11 *tion.*

12 “(c) *RULEMAKING.*—

13 “(1) *IN GENERAL.*—*The Commission shall pre-*
14 *scribe such rules applicable to registered digital com-*
15 *modity brokers and registered digital commodity deal-*
16 *ers as are appropriate to carry out this section, in-*
17 *cluding rules in the public interest that limit the ac-*
18 *tivities of digital commodity brokers and digital com-*
19 *modity dealers.*

20 “(2) *FINANCING AGREEMENTS.*—

21 “(A) *IN GENERAL.*—*The Commission shall*
22 *prescribe rules and regulations applicable to dig-*
23 *ital commodity brokers or digital commodity*
24 *dealers which shall set forth minimum require-*
25 *ments related to disclosure, recordkeeping, mar-*

1 *gin financing arrangements, rehypothecation,*
2 *capital, reporting, business conduct, documenta-*
3 *tion, and supervision of employees and agents,*
4 *in connection with—*

5 *“(i) an agreement described in section*
6 *2(c)(2)(D)(iv); or*

7 *“(ii) any other margined, leveraged, or*
8 *financing arrangement for the purchase or*
9 *sale of a digital commodity with an eligible*
10 *contract participant.*

11 *“(B) SPECIFIC AUTHORITY.—Except as pro-*
12 *hibited in section 2(c)(2)(G)(iii), the Commis-*
13 *sion may also make, promulgate, and enforce*
14 *such rules and regulations as, in the judgment of*
15 *the Commission, are reasonably necessary to ef-*
16 *fectuate any of the provisions of, or to accom-*
17 *plish any of the purposes of, this Act in connec-*
18 *tion with an agreement referred to in subpara-*
19 *graph (A) of this paragraph.*

20 *“(d) CAPITAL REQUIREMENTS.—*

21 *“(1) IN GENERAL.—Each digital commodity*
22 *broker and digital commodity dealer shall meet such*
23 *minimum capital requirements as the Commission*
24 *may prescribe to address the risks associated with*
25 *digital commodity trading and to ensure that the dig-*

1 *ital commodity broker or digital commodity dealer,*
2 *respectively, is able, at all times, to—*

3 *“(A) meet, and continue to meet the obliga-*
4 *tions of such a registrant; and*

5 *“(B) fulfill obligations to customers or*
6 *counterparties for any margined, leveraged, or*
7 *financed transactions.*

8 *“(2) FUTURES COMMISSION MERCHANTS AND*
9 *OTHER DEALERS.—Each futures commission mer-*
10 *chant, introducing broker, digital commodity broker,*
11 *digital commodity dealer, broker, and dealer shall*
12 *maintain sufficient capital to comply with the strict-*
13 *er of any applicable capital requirements to which the*
14 *futures commission merchant, introducing broker,*
15 *digital commodity broker, digital commodity dealer,*
16 *broker, or dealer, respectively, is subject under this*
17 *Act or the Securities Exchange Act of 1934 (15 U.S.C.*
18 *78a et seq.).*

19 *“(e) REPORTING AND RECORDKEEPING.—Each digital*
20 *commodity broker and digital commodity dealer—*

21 *“(1) shall make such reports as are required by*
22 *the Commission by rule or regulation regarding the*
23 *transactions, positions, and financial condition of the*
24 *digital commodity broker or digital commodity deal-*
25 *er, respectively;*

1 “(2) shall keep books and records in such form
2 and manner and for such period as may be prescribed
3 by the Commission by rule or regulation; and

4 “(3) shall keep the books and records open to in-
5 spection and examination by any representative of
6 the Commission.

7 “(f) *DAILY TRADING RECORDS.*—

8 “(1) *IN GENERAL.*—Each digital commodity
9 broker and digital commodity dealer shall maintain
10 daily trading records of the transactions of the digital
11 commodity broker or digital commodity dealer, re-
12 spectively, and all related records (including related
13 forward or derivatives transactions) and recorded
14 communications, including electronic mail, instant
15 messages, and recordings of telephone calls, for such
16 period as the Commission may require by rule or reg-
17 ulation.

18 “(2) *INFORMATION REQUIREMENTS.*—The daily
19 trading records shall include such information as the
20 Commission shall require by rule or regulation.

21 “(3) *COUNTERPARTY RECORDS.*—Each digital
22 commodity broker and digital commodity dealer shall
23 maintain daily trading records for each customer or
24 counterparty in a manner and form that is identifi-
25 able with each digital commodity transaction.

1 “(4) *AUDIT TRAIL.*—*Each digital commodity*
2 *broker and digital commodity dealer shall maintain*
3 *a complete audit trail for conducting comprehensive*
4 *and accurate trade reconstructions.*

5 “(g) *BUSINESS CONDUCT STANDARDS.*—

6 “(1) *IN GENERAL.*—*Each digital commodity*
7 *broker and digital commodity dealer shall conform*
8 *with such business conduct standards as the Commis-*
9 *sion, by rule or regulation, prescribes related to—*

10 “(A) *fraud, manipulation, and other abu-*
11 *sive practices involving spot or margined, lever-*
12 *aged, or financed digital commodity transactions*
13 *(including transactions that are offered but not*
14 *entered into);*

15 “(B) *diligent supervision of the business of*
16 *the registered digital commodity broker or dig-*
17 *ital commodity dealer, respectively; and*

18 “(C) *such other matters as the Commission*
19 *deems appropriate.*

20 “(2) *BUSINESS CONDUCT REQUIREMENTS.*—*The*
21 *Commission shall, by rule, prescribe business conduct*
22 *requirements which—*

23 “(A) *require disclosure by a registered dig-*
24 *ital commodity broker and registered digital*
25 *commodity dealer to any counterparty to the*

1 *transaction (other than an eligible contract par-*
2 *ticipant) of—*

3 *“(i) information about the material*
4 *risks and characteristics of the digital com-*
5 *modity; and*

6 *“(ii) information about the material*
7 *risks and characteristics of the transaction;*

8 *“(B) establish a duty for such a digital*
9 *commodity broker and such a digital commodity*
10 *dealer to communicate in a fair and balanced*
11 *manner based on principles of fair dealing and*
12 *good faith;*

13 *“(C) establish standards governing digital*
14 *commodity broker and digital commodity dealer*
15 *marketing and advertising, including*
16 *testimonials and endorsements; and*

17 *“(D) establish such other standards and re-*
18 *quirements as the Commission may determine*
19 *are appropriate for the protection of customers.*

20 *“(3) PROHIBITION ON FRAUDULENT PRAC-*
21 *TICES.—It shall be unlawful for a digital commodity*
22 *broker or digital commodity dealer to—*

23 *“(A) employ any device, scheme, or artifice*
24 *to defraud any customer or counterparty;*

1 “(B) engage in any transaction, practice, or
2 course of business that operates as a fraud or de-
3 ceit on any customer or counterparty; or

4 “(C) engage in any act, practice, or course
5 of business that is fraudulent, deceptive, or ma-
6 nipulative.

7 “(h) DUTIES.—

8 “(1) RISK MANAGEMENT PROCEDURES.—Each
9 digital commodity broker and digital commodity
10 dealer shall establish robust and professional risk
11 management systems adequate for managing the day-
12 to-day business of the digital commodity broker or
13 digital commodity dealer, respectively.

14 “(2) DISCLOSURE OF GENERAL INFORMATION.—
15 Each digital commodity broker and digital com-
16 modity dealer shall disclose to the Commission infor-
17 mation concerning—

18 “(A) the terms and conditions of the trans-
19 actions of the digital commodity broker or dig-
20 ital commodity dealer, respectively;

21 “(B) the trading operations, mechanisms,
22 and practices of the digital commodity broker or
23 digital commodity dealer, respectively;

1 “(C) *financial integrity protections relating*
2 *to the activities of the digital commodity broker*
3 *or digital commodity dealer, respectively; and*

4 “(D) *other information relevant to trading*
5 *in digital commodities by the digital commodity*
6 *broker or digital commodity dealer, respectively.*

7 “(3) *ABILITY TO OBTAIN INFORMATION.—Each*
8 *digital commodity broker and digital commodity*
9 *dealer shall—*

10 “(A) *establish and enforce internal systems*
11 *and procedures to obtain any necessary informa-*
12 *tion to perform any of the functions described in*
13 *this section; and*

14 “(B) *provide the information to the Com-*
15 *mission, on request.*

16 “(4) *CONFLICTS OF INTEREST.—Each digital*
17 *commodity broker and digital commodity dealer shall*
18 *establish, maintain, and enforce written policies and*
19 *procedures reasonably designed, taking into consider-*
20 *ation the nature of the business of the person, to miti-*
21 *gate any conflicts of interest in transactions or ar-*
22 *rangements with affiliates.*

23 “(5) *ANTITRUST CONSIDERATIONS.—Unless nec-*
24 *essary or appropriate to achieve the purposes of this*

1 *Act, a digital commodity broker or digital commodity*
 2 *dealer shall not—*

3 “(A) *adopt any process or take any action*
 4 *that results in any unreasonable restraint of*
 5 *trade; or*

6 “(B) *impose any material anticompetitive*
 7 *burden on trading or clearing.*

8 “(i) *DESIGNATION OF CHIEF COMPLIANCE OFFICER.—*

9 “(1) *IN GENERAL.—Each digital commodity*
 10 *broker and digital commodity dealer shall designate*
 11 *an individual to serve as a chief compliance officer.*

12 “(2) *DUTIES.—The chief compliance officer*
 13 *shall—*

14 “(A) *report directly to the board or to the*
 15 *senior officer of the registered digital commodity*
 16 *broker or registered digital commodity dealer;*

17 “(B) *review the compliance of the registered*
 18 *digital commodity broker or registered digital*
 19 *commodity dealer with respect to the registered*
 20 *digital commodity broker and registered digital*
 21 *commodity dealer requirements described in this*
 22 *section;*

23 “(C) *in consultation with the board of di-*
 24 *rectors, a body performing a function similar to*
 25 *the board, or the senior officer of the organiza-*

1 *tion, resolve any conflicts of interest that may*
 2 *arise;*

3 *“(D) be responsible for administering each*
 4 *policy and procedure that is required to be estab-*
 5 *lished pursuant to this section;*

6 *“(E) ensure compliance with this Act (in-*
 7 *cluding regulations), including each rule pre-*
 8 *scribed by the Commission under this section;*

9 *“(F) establish procedures for the remedi-*
 10 *ation of noncompliance issues identified by the*
 11 *chief compliance officer through any—*

12 *“(i) compliance office review;*

13 *“(ii) look-back;*

14 *“(iii) internal or external audit find-*
 15 *ing;*

16 *“(iv) self-reported error; or*

17 *“(v) validated complaint; and*

18 *“(G) establish and follow appropriate proce-*
 19 *dures for the handling, management response, re-*
 20 *mediation, retesting, and closing of noncompli-*
 21 *ance issues.*

22 *“(3) ANNUAL REPORTS.—*

23 *“(A) IN GENERAL.—In accordance with*
 24 *rules prescribed by the Commission, the chief*

1 *compliance officer shall annually prepare and*
2 *sign a report that contains a description of—*

3 “(i) *the compliance of the registered*
4 *digital commodity broker or registered dig-*
5 *ital commodity dealer with this Act (includ-*
6 *ing regulations); and*

7 “(ii) *each policy and procedure of the*
8 *registered digital commodity broker or reg-*
9 *istered digital commodity dealer followed by*
10 *the chief compliance officer (including the*
11 *code of ethics and conflict of interest poli-*
12 *cies).*

13 “(B) *REQUIREMENTS.—The chief compli-*
14 *ance officer shall ensure that a compliance report*
15 *under subparagraph (A)—*

16 “(i) *accompanies each appropriate fi-*
17 *nancial report of the registered digital com-*
18 *modity broker or registered digital com-*
19 *modity dealer that is required to be fur-*
20 *nished to the Commission pursuant to this*
21 *section; and*

22 “(ii) *includes a certification that,*
23 *under penalty of law, the compliance report*
24 *is accurate and complete.*

25 “(j) *SEGREGATION OF DIGITAL COMMODITIES.—*

1 “(1) *HOLDING OF CUSTOMER ASSETS.*—

2 “(A) *IN GENERAL.*—*Each digital com-*
3 *modity broker and digital commodity dealer*
4 *shall hold customer money, assets, and property*
5 *in a manner to minimize the risk of loss to the*
6 *customer or unreasonable delay in customer ac-*
7 *cess to the money, assets, and property of the*
8 *customer.*

9 “(B) *QUALIFIED DIGITAL ASSET CUSTO-*
10 *DIAN.*—*Each digital commodity broker and dig-*
11 *ital commodity dealer shall hold in a qualified*
12 *digital asset custodian each unit of a digital*
13 *asset that is—*

14 “(i) *the property of a customer or*
15 *counterparty of the digital commodity*
16 *broker or digital commodity dealer, respec-*
17 *tively;*

18 “(ii) *required to be held by the digital*
19 *commodity broker or digital commodity*
20 *dealer under subsection (e); or*

21 “(iii) *otherwise so required by the*
22 *Commission to reasonably protect customers*
23 *or promote the public interest.*

24 “(2) *SEGREGATION OF FUNDS.*—

1 “(A) *IN GENERAL.*—*Each digital com-*
2 *modity broker and digital commodity dealer*
3 *shall treat and deal with all money, assets, and*
4 *property that is received by the digital com-*
5 *modity broker or digital commodity dealer, or*
6 *accrues to a customer as the result of trading in*
7 *digital commodities, as belonging to the cus-*
8 *tommer.*

9 “(B) *COMMINGLING PROHIBITED.*—

10 “(i) *IN GENERAL.*—*Except as provided*
11 *in clause (ii), each digital commodity*
12 *broker and digital commodity dealer shall*
13 *separately account for money, assets, and*
14 *property of a digital commodity customer,*
15 *and shall not commingle any such money,*
16 *assets, or property with the funds of the dig-*
17 *ital commodity broker or digital commodity*
18 *dealer, respectively, or use any such money,*
19 *assets, or property to margin, secure, or*
20 *guarantee any trades or accounts of any*
21 *customer or person other than the person for*
22 *whom the money, assets, or property are*
23 *held.*

24 “(ii) *EXCEPTIONS.*—

25 “(I) *USE OF FUNDS.*—

1 “(aa) *IN GENERAL.*—A dig-
2 ital commodity broker or digital
3 commodity dealer may, for con-
4 venience, commingle and deposit
5 in the same account or accounts
6 with any bank, trust company,
7 derivatives clearing organization,
8 or qualified digital asset custo-
9 dian money, assets, and property
10 of customers.

11 “(bb) *WITHDRAWAL.*—The
12 share of the money, assets, and
13 property described in item (aa) as
14 in the normal course of business
15 shall be necessary to margin,
16 guarantee, secure, transfer, adjust,
17 or settle a contract of sale of a
18 digital commodity with a reg-
19 istered entity may be withdrawn
20 and applied to such purposes, in-
21 cluding the payment of commis-
22 sions, brokerage, interest, taxes,
23 storage, and other charges, law-
24 fully accruing in connection with
25 the contract.

1 “(II) *COMMISSION ACTION.*—In
2 *accordance with such terms and condi-*
3 *tions as the Commission may prescribe*
4 *by rule, regulation, or order, any*
5 *money, assets, or property of the cus-*
6 *tomers of a digital commodity broker*
7 *or digital commodity dealer may be*
8 *commingled and deposited in customer*
9 *accounts with any other money, assets,*
10 *or property received by the digital*
11 *commodity broker or digital com-*
12 *modity dealer, respectively, and re-*
13 *quired by the Commission to be sepa-*
14 *rately accounted for and treated and*
15 *dealt with as belonging to the customer*
16 *of the digital commodity broker or dig-*
17 *ital commodity dealer, respectively.*

18 “(3) *PERMITTED INVESTMENTS.*—Money de-
19 *scribed in paragraph (2) may be invested in obliga-*
20 *tions of the United States, in general obligations of*
21 *any State or of any political subdivision of a State,*
22 *in obligations fully guaranteed as to principal and*
23 *interest by the United States, or in any other invest-*
24 *ment that the Commission may by rule or regulation*
25 *allow.*

1 “(4) *CUSTOMER PROTECTION DURING BANK-*
2 *RUPTCY.*—

3 “(A) *CUSTOMER PROPERTY.*—*All money,*
4 *assets, or property described in paragraph (2)*
5 *shall be considered customer property for pur-*
6 *poses of section 761 of title 11, United States*
7 *Code.*

8 “(B) *TRANSACTIONS.*—*A transaction in-*
9 *volving a unit of a digital commodity occurring*
10 *with a digital commodity broker or digital com-*
11 *modity dealer shall be considered a contract for*
12 *the purchase or sale of a commodity for future*
13 *delivery, on or subject to the rules of, a contract*
14 *market or board of trade for purposes of the defi-*
15 *inition of a ‘commodity contract’ in section 761*
16 *of title 11, United States Code.*

17 “(C) *BROKERS AND DEALERS.*—*A digital*
18 *commodity broker and a digital commodity deal-*
19 *er shall be considered a futures commission mer-*
20 *chant for purposes of section 761 of title 11,*
21 *United States Code.*

22 “(D) *ASSETS REMOVED FROM SEGREGA-*
23 *TION.*—*Assets removed from segregation due to a*
24 *customer election under paragraph (6) shall not*

1 *be considered customer property for purposes of*
2 *section 761 of title 11, United States Code.*

3 “(5) *MISUSE OF CUSTOMER PROPERTY.*—

4 “(A) *IN GENERAL.*—*It shall be unlawful—*

5 “(i) *for any digital commodity broker*
6 *or digital commodity dealer that has re-*
7 *ceived any customer money, assets, or prop-*
8 *erty for custody to dispose of, or use any*
9 *such money, assets, or property as belonging*
10 *to the digital commodity broker or digital*
11 *commodity dealer, respectively, or any per-*
12 *son other than a customer of the digital*
13 *commodity broker or digital commodity*
14 *dealer, respectively; or*

15 “(ii) *for any other person, including*
16 *any depository, digital commodity ex-*
17 *change, other digital commodity broker,*
18 *other digital commodity dealer, or digital*
19 *commodity custodian that has received any*
20 *customer money, assets, or property for de-*
21 *posit, to hold, dispose of, or use any such*
22 *money, assets, or property, as belonging to*
23 *the depositing digital commodity broker or*
24 *digital commodity dealer or any person*
25 *other than the customers of the digital com-*

1 *modity broker or digital commodity dealer,*
 2 *respectively.*

3 “(B) *USE FURTHER DEFINED.*—For pur-
 4 *poses of this section, ‘use’ of a digital commodity*
 5 *includes utilizing any unit of a digital asset to*
 6 *participate in a blockchain service defined in*
 7 *paragraph (6) or a decentralized governance sys-*
 8 *tem associated with the digital commodity or the*
 9 *blockchain system to which the digital com-*
 10 *modity relates in any manner other than that*
 11 *expressly directed by the customer from whom*
 12 *the unit of a digital commodity was received.*

13 “(6) *PARTICIPATION IN BLOCKCHAIN SERV-*
 14 *ICES.*—

15 “(A) *IN GENERAL.*—A customer shall have
 16 *the right to waive the restrictions in paragraph*
 17 *(2) for any unit of a digital commodity to be*
 18 *used under subparagraph (B) of this paragraph,*
 19 *by affirmatively electing, in writing to the dig-*
 20 *ital commodity broker or digital commodity*
 21 *dealer, to waive the restrictions.*

22 “(B) *USE OF FUNDS.*—Customer digital
 23 *commodities removed from segregation under*
 24 *subparagraph (A) may be pooled and used by the*
 25 *digital commodity broker or digital commodity*

1 *dealer, or one of their designees, to provide a*
2 *blockchain service for a blockchain system to*
3 *which the unit of the digital asset removed from*
4 *segregation in subparagraph (A) relates.*

5 *“(C) LIMITATIONS.—*

6 *“(i) IN GENERAL.—The Commission*
7 *shall, by rule, establish notice and disclosure*
8 *requirements, and may, by rule, establish*
9 *any other limitations and rules related to*
10 *the waiving of any restrictions under this*
11 *paragraph that are reasonably necessary to*
12 *protect customers, including eligible con-*
13 *tract participants, non-eligible contract*
14 *participants, or any other class of cus-*
15 *tomers.*

16 *“(ii) CUSTOMER CHOICE.—A digital*
17 *commodity broker or digital commodity*
18 *dealer may not require a waiver from a*
19 *customer described in subparagraph (A) as*
20 *a condition of doing business with the*
21 *broker or dealer.*

22 *“(D) BLOCKCHAIN SERVICE DEFINED.—In*
23 *this paragraph, the term ‘blockchain service’*
24 *means any activity relating to validating trans-*
25 *actions on a blockchain system, providing secu-*

1 *rity for a blockchain system, or other similar ac-*
2 *tivity required for the ongoing operation of a*
3 *blockchain system.*

4 “(k) *FEDERAL PREEMPTION.*—*Notwithstanding any*
5 *other provision of law, the Commission shall have exclusive*
6 *jurisdiction over any digital commodity broker or digital*
7 *commodity dealer registered under this section with respect*
8 *to activities subject to this Act.*

9 “(l) *EXEMPTIONS.*—*In order to promote responsible*
10 *innovation and fair competition, or protect customers, the*
11 *Commission may (on its own initiative or on application*
12 *of the registered digital commodity broker or registered dig-*
13 *ital commodity dealer) exempt, unconditionally or on stat-*
14 *ed terms or conditions, or for stated periods, and retro-*
15 *actively or prospectively, or both, a registered digital com-*
16 *modity broker or registered digital commodity dealer from*
17 *the requirements of this section, if the Commission deter-*
18 *mines that—*

19 “(1)(A) *the exemption would be consistent with*
20 *the public interest and the purposes of this Act; and*

21 “(B) *the exemption will not have a material ad-*
22 *verse effect on the ability of the Commission to dis-*
23 *charge regulatory duties under this Act; or*

24 “(2) *the registered digital commodity broker or*
25 *registered digital commodity dealer is subject to com-*

1 *parable, comprehensive supervision and regulation by*
 2 *the appropriate government authorities in the home*
 3 *country of the registered digital commodity broker or*
 4 *registered digital commodity dealer, respectively.”.*

5 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

6 *(a) IN GENERAL.—Section 4k of the Commodity Ex-*
 7 *change Act (7 U.S.C. 6k) is amended—*

8 *(1) by redesignating subsections (4) through (6)*
 9 *as subsections (5) through (7), respectively;*

10 *(2) by inserting after subsection (3) the fol-*
 11 *lowing:*

12 *“(4) It shall be unlawful for any person to act as an*
 13 *associated person of a digital commodity broker or an asso-*
 14 *ciated person of a digital commodity dealer unless the per-*
 15 *son is registered with the Commission under this Act and*
 16 *such registration shall not have expired, been suspended*
 17 *(and the period of suspension has not expired), or been re-*
 18 *voked. It shall be unlawful for a digital commodity broker*
 19 *or a digital commodity dealer to permit such a person to*
 20 *become or remain associated with the digital commodity*
 21 *broker or digital commodity dealer if the digital commodity*
 22 *broker or digital commodity dealer knew or should have*
 23 *known that the person was not so registered or that the reg-*
 24 *istration had expired, been suspended (and the period of*
 25 *suspension has not expired), or been revoked.”; and*

1 (3) in subsection (5) (as so redesignated), by
 2 striking “or of a commodity trading advisor” and in-
 3 serting “of a commodity trading advisor, of a digital
 4 commodity broker, or of a digital commodity dealer”.

5 (b) **CONFORMING AMENDMENTS.**—*The Commodity Ex-*
 6 *change Act (7 U.S.C. 1a et seq.) is amended by striking*
 7 *“section 4k(6)” each place it appears and inserting “section*
 8 *4k(7)”.*

9 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERATORS**
 10 **AND COMMODITY TRADING ADVISORS.**

11 (a) **IN GENERAL.**—*Section 4m(3) of the Commodity*
 12 *Exchange Act (7 U.S.C. 6m(3)) is amended—*

13 (1) in subparagraph (A)—

14 (A) by striking “any commodity trading
 15 advisor” and inserting “a commodity pool oper-
 16 ator or commodity trading advisor”; and

17 (B) by striking “acting as a commodity
 18 trading advisor” and inserting “acting as a
 19 commodity pool operator or commodity trading
 20 advisor”; and

21 (2) in subparagraph (C), by inserting “digital
 22 commodities,” after “physical commodities,”.

23 (b) **EXEMPTIVE AUTHORITY.**—*Section 4m of such Act*
 24 *(7 U.S.C. 6m) is amended by adding at the end the fol-*
 25 *lowing:*

1 “(4) *EXEMPTIVE AUTHORITY.*—*The Commission shall*
 2 *promulgate rules to provide appropriate exemptions for*
 3 *commodity pool operators and commodity trading advisors,*
 4 *to provide relief from duplicative, conflicting, or unduly*
 5 *burdensome requirements or to promote responsible innova-*
 6 *tion, to the extent the exemptions foster the development of*
 7 *fair and orderly cash or spot digital commodity markets,*
 8 *are necessary or appropriate in the public interest, and are*
 9 *consistent with the protection of customers.”.*

10 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
 11 **TIVITIES.**

12 *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*
 13 *amended by the preceding provisions of this Act, is amended*
 14 *by inserting after section 4u the following:*

15 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
 16 **JECT TO THIS ACT.**

17 “(a) *IN GENERAL.*—*Notwithstanding any other provi-*
 18 *sion of this Act, a person shall not be subject to this Act*
 19 *and the regulations promulgated under this Act based on*
 20 *the person directly or indirectly engaging in any of the fol-*
 21 *lowing activities, whether singly or in combination, in rela-*
 22 *tion to the operation of a blockchain system or in relation*
 23 *to decentralized finance trading protocol:*

1 “(1) *Compiling network transactions or relay-*
2 *ing, searching, sequencing, validating, or acting in a*
3 *similar capacity.*

4 “(2) *Providing computational work, operating a*
5 *node or oracle service, or procuring, offering, or uti-*
6 *lizing network bandwidth, or other similar incidental*
7 *services.*

8 “(3) *Providing a user-interface that enables a*
9 *user to read, and access data about a blockchain sys-*
10 *tem.*

11 “(4) *Developing, publishing, constituting, ad-*
12 *ministering, maintaining, or otherwise distributing a*
13 *blockchain system other than a decentralized finance*
14 *trading protocol.*

15 “(5) *Developing, publishing, constituting, ad-*
16 *ministering, maintaining, or otherwise distributing a*
17 *decentralized finance messaging system or decentral-*
18 *ized finance trading protocol, or operating or partici-*
19 *pating in a liquidity pool with respect thereto, for the*
20 *purpose of executing a spot contract for the purchase*
21 *or sale of a digital commodity.*

22 “(6) *Developing, publishing, constituting, ad-*
23 *ministering, maintaining, or otherwise distributing*
24 *software or systems that create or deploy hardware or*
25 *software, including wallets or other systems, facili-*

1 *tating an individual user’s own personal ability to*
 2 *keep, safeguard, or custody the user’s digital assets or*
 3 *related private keys.*

4 “(b) *EXCEPTIONS.*—Subsection (a) shall not be inter-
 5 *preted to apply to the anti-fraud, anti-manipulation, or*
 6 *false reporting enforcement authorities of the Commission.”.*

7 **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**
 8 **FORCEMENT.**

9 (a) *COLLECTION OF FEES.*—

10 (1) *IN GENERAL.*—The Commodity Futures
 11 *Trading Commission (in this section referred to as*
 12 *the “Commission”) shall charge and collect a fee from*
 13 *each person in provisional status registered with the*
 14 *Commission pursuant to section 106, on—*

15 (A) *the filing of the initial application for*
 16 *registration; and*

17 (B) *an annual basis thereafter for main-*
 18 *taining provisional status.*

19 (2) *AMOUNT.*—The fees authorized under para-
 20 *graph (1) may be collected and available for obliga-*
 21 *tion only in the amounts provided in advance in an*
 22 *appropriation Act.*

23 (3) *AUTHORITY TO ADJUST FEES.*—Notwith-
 24 *standing the preceding provisions of this subsection,*
 25 *to promote fair competition or innovation, the Com-*

mission, in its sole discretion, may reduce or eliminate any fee otherwise required to be paid by a small or medium filer under this subsection.

(b) *FEE SCHEDULE*.—

(1) *IN GENERAL*.—The Commission shall publish in the *Federal Register* a schedule of the fees to be charged and collected under this section.

(2) *CONTENT*.—The fee schedule for a fiscal year shall include a written analysis of the estimate of the Commission of the total costs of carrying out the functions of the Commission under this Act during the fiscal year.

(3) *SUBMISSION TO CONGRESS*.—Before publishing the fee schedule for a fiscal year, the Commission shall submit a copy of the fee schedule to the Committees on Agriculture and on Appropriations of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and on Appropriations of the Senate.

(4) *TIMING*.—

(A) *1ST FISCAL YEAR*.—The Commission shall publish the fee schedule for the fiscal year in which this Act is enacted, within 30 days after the date of the enactment of this Act.

1 (B) *SUBSEQUENT FISCAL YEARS.*—*The*
2 *Commission shall publish the fee schedule for*
3 *each subsequent fiscal year, not less than 90 days*
4 *before the due date prescribed by the Commission*
5 *for payment of the annual fee for the fiscal year.*

6 (c) *LATE PAYMENT PENALTY.*—

7 (1) *IN GENERAL.*—*The Commission may impose*
8 *a penalty against a person that fails to pay an an-*
9 *nual fee charged under this section, within 30 days*
10 *after the due date prescribed by the Commission for*
11 *payment of the fee.*

12 (2) *AMOUNT.*—*The amount of the penalty shall*
13 *be—*

14 (A) *5 percent of the amount of the fee due,*
15 *multiplied by*

16 (B) *the whole number of consecutive 30-day*
17 *periods that have elapsed since the due date.*

18 (d) *REIMBURSEMENT OF EXCESS FEES.*—*To the ex-*
19 *tent that the total amount of fees collected under this section*
20 *during a fiscal year that begins after the date of the enact-*
21 *ment of this Act exceeds the amount provided under sub-*
22 *section (a)(2) with respect to the fiscal year, the Commis-*
23 *sion shall reimburse the excess amount to the persons who*
24 *have timely paid their annual fees, on a pro-rata basis that*

1 *excludes penalties, and shall do so within 60 days after the*
2 *end of the fiscal year.*

3 *(e) DEPOSIT OF FEES INTO THE TREASURY.—All*
4 *amounts collected under this section shall be credited to the*
5 *currently applicable appropriation, account, or fund of the*
6 *Commission as discretionary offsetting collections, and shall*
7 *be available for the purposes authorized in subsection (f)*
8 *only to the extent and in the amounts provided in advance*
9 *in appropriations Acts.*

10 *(f) AUTHORIZATION OF APPROPRIATIONS.—In addi-*
11 *tion to amounts otherwise authorized to be appropriated to*
12 *the Commission, there is authorized to be appropriated to*
13 *the Commission amounts collected under this section to*
14 *cover the costs of carrying out the functions of the Commis-*
15 *sion under this Act.*

16 *(g) EXPEDITED HIRING AUTHORITY.—*

17 *(1) APPOINTMENT AUTHORITY.—The Chairman,*
18 *pursuant to section 6(a), may appoint individuals to*
19 *a position described in paragraph (2) of this sub-*
20 *section—*

21 *(A) in accordance with the statutes, rules,*
22 *and regulations governing appointments to posi-*
23 *tions in the excepted service (as defined in sec-*
24 *tion 2103 of title 5, United States Code); and*

1 (B) without regard to any statute, rule, or
2 regulation governing appointments to positions
3 in the competitive service (as defined in section
4 2102 of such title).

5 (2) *POSITION DESCRIBED.*—A position referred
6 to in subparagraph (1) is a position at the Commis-
7 sion that—

8 (A) is in the competitive service (as defined
9 in section 2102 of such title); and

10 (B) requires specialized knowledge of digital
11 commodities markets, financial and capital mar-
12 ket formation or regulation, financial market
13 structures or surveillance, data collection or
14 analysis, or information technology, cybersecu-
15 rity, or system safeguards.

16 (3) *RULE OF CONSTRUCTION.*—The appointment
17 of a candidate to a position under this subsection
18 shall not be considered to cause the position to be con-
19 verted from the competitive service to the excepted
20 service.

21 (h) *SUNSET.*—The authorities provided by this section
22 shall expire at the end of the 4th fiscal year that begins
23 after the date of the enactment of this Act.

1 **SEC. 411. DIGITAL COMMODITY ACTIVITIES BY SEC-REG-**
 2 **ISTERED ENTITIES.**

3 *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*
 4 *amended by the preceding provisions of this Act, is amended*
 5 *by inserting after section 5j the following:*

6 **“SEC. 5k. EXEMPTION FOR CERTAIN REGISTERED ENTITIES**
 7 **ENGAGED IN DIGITAL COMMODITY ACTIVI-**
 8 **TIES.**

9 *“(a) BY ALTERNATIVE TRADING SYSTEMS.—*

10 *“(1) IN GENERAL.—On receipt by the Commis-*
 11 *sion from an alternative trading system of a written*
 12 *or electronic notice that contains such information as*
 13 *the Commission, by rule, may prescribe as necessary*
 14 *or appropriate in the public interest or for the protec-*
 15 *tion of investors, the alternative trading system shall*
 16 *be exempt from registration as a digital commodity*
 17 *exchange pursuant to section 5i if—*

18 *“(A) the alternative trading system does not*
 19 *list any retail commodity transactions pursuant*
 20 *to section 2(c)(2)(D);*

21 *“(B) the provider, or an affiliated person of*
 22 *the provider, of the alternative trading system is*
 23 *not otherwise registered under this Act;*

24 *“(C) the alternative trading system lists or*
 25 *trades no other contracts of sale of commodities,*

1 *except for digital commodities, currencies, and*
2 *securities; and*

3 *“(D) the registration of the alternative trad-*
4 *ing system is not suspended pursuant to an*
5 *order by the Securities and Exchange Commis-*
6 *sion.*

7 *“(2) FURTHER REQUIREMENTS.—An alternative*
8 *trading system that provides notice to the Commis-*
9 *sion pursuant to paragraph (1) of this subsection*
10 *shall be exempt from the requirements of section 5i to*
11 *the extent that the alternative trading system—*

12 *“(A) is in compliance with requirements*
13 *consistent with the requirements of section 5i*
14 *and imposed on the alternative trading system*
15 *by the Securities and Exchange Commission;*

16 *“(B) annually files with the Commission, in*
17 *a form and manner acceptable to the Commis-*
18 *sion, a notice that demonstrates compliance with*
19 *this paragraph and contains any other informa-*
20 *tion the Commission determines to be necessary*
21 *or appropriate to perform the duties of the Com-*
22 *mission under this Act; and*

23 *“(C) has total trading volume in digital*
24 *commodities during any calendar quarter in ei-*

1 *ther of its 2 most recently completed fiscal years*
2 *that does not exceed the lesser of—*

3 *“(i) 25 percent of the total trading vol-*
4 *ume for all transactions over the same pe-*
5 *riod; or*

6 *“(ii) \$50,000,000,000.*

7 *“(3) ENFORCEMENT.—This subsection shall not*
8 *be construed to limit any jurisdiction that the Com-*
9 *mission may otherwise have under any other provi-*
10 *sion of this Act with respect to a contract of sale of*
11 *a digital commodity or persons effecting contracts of*
12 *sale of digital commodities.*

13 *“(b) BY REGISTERED INTERMEDIARIES.—*

14 *“(1) IN GENERAL.—On receipt by the Commis-*
15 *sion, from a broker or dealer that is registered with*
16 *the Securities and Exchange Commission, of a writ-*
17 *ten or electronic notice that contains such informa-*
18 *tion as the Commission, by rule, may prescribe as*
19 *necessary or appropriate in the public interest or for*
20 *the protection of investors, the broker or dealer shall*
21 *be exempt from registration as a digital commodity*
22 *broker or digital commodity dealer pursuant to sec-*
23 *tion 4u of this Act if—*

1 “(A) the broker or dealer does not offer or
2 engage in any retail commodity transactions
3 pursuant to section 2(c)(2)(D) of this Act;

4 “(B) the broker or dealer, or an affiliated
5 person of the broker or dealer, is not otherwise
6 registered under this Act;

7 “(C) the broker or dealer does not offer or
8 engage in any other contracts of sale of commod-
9 ities, except for digital commodities, currencies,
10 and securities;

11 “(D) the broker or dealer is not subject to
12 a statutory disqualification, as defined under
13 section 3(a) of the Securities Exchange Act of
14 1934 (15 U.S.C. 78c(a)); and

15 “(E) the broker or dealer is a member of a
16 national securities association registered pursu-
17 ant to section 15A of the Securities Exchange
18 Act of 1934.

19 “(2) *FURTHER REQUIREMENTS.*—A broker or
20 dealer that provides notice to the Commission pursu-
21 ant to paragraph (1) shall be exempt from the re-
22 quirements of section 4u to the extent that the broker
23 or dealer—

24 “(A) is in compliance with requirements
25 consistent with the requirements of section 4u

1 *and imposed on the broker or dealer by the Secu-*
2 *rities and Exchange Commission;*

3 “(B) *annually files with the Commission, in*
4 *a form and manner acceptable to the Commis-*
5 *sion, a notice that demonstrates compliance with*
6 *this subsection and contains any other informa-*
7 *tion the Commission determines to be necessary*
8 *or appropriate to perform the duties of the Com-*
9 *mission under this Act; and*

10 “(C) *has consolidated annual gross finan-*
11 *cial revenues in either of its 2 most recently com-*
12 *pleted fiscal years from sales, commissions or*
13 *other activities in digital commodities that do*
14 *not exceed the lesser of—*

15 “(i) *10 percent of the total annual*
16 *gross revenues during the same period; or*

17 “(ii) *\$100,000,000.*

18 “(3) *ENFORCEMENT.—This subsection shall not*
19 *be construed to limit any jurisdiction that the Com-*
20 *mission may otherwise have under any other provi-*
21 *sion of this Act with respect to a contract of sale of*
22 *a digital commodity and persons effecting contracts of*
23 *sale of digital commodities.”.*

1 **SEC. 412. REQUIREMENTS RELATED TO CONTROL PERSONS.**

2 *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*
 3 *amended the preceding provisions of this Act, is amended*
 4 *by inserting after section 4v the following:*

5 **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN**
 6 **CONTROL PERSONS.**

7 “(a) *LIMITATION.—It shall be unlawful for a*
 8 *blockchain control person with respect to a blockchain sys-*
 9 *tem certified as a mature blockchain system in accordance*
 10 *with section 42 of the Securities Exchange Act of 1934 to*
 11 *sell a unit of a digital commodity related to the blockchain*
 12 *system unless the person files notice with the Commission,*
 13 *in a form and manner determined by the Commission, that*
 14 *the person has or intends to obtain an authority described*
 15 *in subsection (b)(1) with respect to the blockchain system,*
 16 *and complies with rules adopted by the Commission that*
 17 *require—*

18 “(1) *disclosure of information to the Commission*
 19 *and the public about the material activities, as deter-*
 20 *mined by the Commission, of the blockchain control*
 21 *person; and*

22 “(2)(A) *the use of a digital commodity broker to*
 23 *effect the sale; or*

24 “(B) *such other sales restrictions applicable to*
 25 *the blockchain control person, or any affiliated*
 26 *blockchain control person, to prevent manipulation*

1 *and distortion of the value of the digital commodity*
2 *and promote further maturity of the blockchain sys-*
3 *tem to which the digital commodity relates.*

4 “(b) *DEFINITIONS.—In this section:*

5 “(1) *BLOCKCHAIN CONTROL PERSON.—The term*
6 *‘blockchain control person’ means, with respect to a*
7 *blockchain system, any person or group of persons*
8 *under common control, other than a decentralized*
9 *governance system, who—*

10 “(A) *has the unilateral authority, directly*
11 *or indirectly, through any contract, arrange-*
12 *ment, understanding, relationship, or otherwise,*
13 *to control or materially alter the functionality,*
14 *operation, or rules of consensus or agreement of*
15 *the blockchain system or its related digital com-*
16 *modity; or*

17 “(B) *has the unilateral authority to direct*
18 *the voting, in the aggregate, of 20 percent or*
19 *more of the outstanding voting power of the*
20 *blockchain system by means of a related digital*
21 *commodity, nodes or validators, a decentralized*
22 *governance system, or otherwise, in a blockchain*
23 *system which can be altered by a voting system.*

24 “(2) *AFFILIATED BLOCKCHAIN CONTROL PER-*
25 *SON.—The term ‘affiliated blockchain control person’*

1 *means any person directly or indirectly controlling,*
 2 *controlled by, or under common control with a*
 3 *blockchain control person, as the Commission by rule*
 4 *or regulation, may determine will effectuate the pur-*
 5 *poses of this section.”.*

6 **SEC. 413. OTHER TRADABLE ASSETS.**

7 *The Commodity Exchange Act (7 U.S.C. 1 et seq.), as*
 8 *amended by the preceding provisions of this Act, is amended*
 9 *by inserting after section 4w the following:*

10 **“SEC. 4x. TRADING REQUIREMENTS FOR OTHER TRADABLE**
 11 **ASSETS.**

12 *“(a) LIMITATION.—A tradable asset shall not be of-*
 13 *fered, solicited, traded, facilitated, executed, cleared, re-*
 14 *ported, or otherwise dealt in, on or subject to the rules of*
 15 *a registered entity, or by any other entity registered with*
 16 *the Commission, except in accordance with subsection (b).*

17 *“(b) REQUIREMENTS.—*

18 *“(1) TREATMENT OF TRADABLE ASSETS.—A*
 19 *tradable asset that is offered, solicited, traded, facili-*
 20 *tated, executed, cleared, reported, or otherwise dealt in*
 21 *on or subject to the rules of a registered entity, or by*
 22 *any other entity registered with the Commission, shall*
 23 *be treated as a digital commodity for purposes of this*
 24 *Act.*

1 “(2) *ADDITIONAL RULEMAKING AUTHORITY.*—*In*
2 *addition to the other requirements of this Act, the*
3 *Commission may, by rule or regulation, impose addi-*
4 *tional obligations on any person registered under this*
5 *Act offering, soliciting, trading, facilitating, exe-*
6 *cuting, clearing, reporting, or otherwise dealing in a*
7 *tradable asset, or class thereof, pursuant to paragraph*
8 *(1) as are necessary for the protection of customers,*
9 *the promotion of innovation, and the maintenance of*
10 *fair, orderly, and efficient markets, including addi-*
11 *tional obligations related to—*

12 “(A) *disclosure;*

13 “(B) *recordkeeping;*

14 “(C) *capital;*

15 “(D) *reporting;*

16 “(E) *business conduct;*

17 “(F) *documentation;*

18 “(G) *supervision of employees; and*

19 “(H) *segregation.*

20 “(3) *PROHIBITION ON TRADING.*—*A tradable*
21 *asset, the primary purpose of which is to be used to*
22 *commit fraud or market manipulation, or engage in*
23 *any other conduct that would result in abusive prac-*
24 *tices or be disruptive to market integrity, shall not be*
25 *offered, solicited, traded, facilitated, executed, cleared,*

1 *reported, or otherwise dealt in on or subject to the*
 2 *rules of a registered entity, or by any other entity reg-*
 3 *istered with the Commission.*

4 “(c) *TRADABLE ASSET DEFINED.*—*In this section, the*
 5 *term ‘tradable asset’ means a digital asset other than—*

6 “(1) *a digital commodity that is treated as such*
 7 *other than by reason of subsection (b)(1) of this sec-*
 8 *tion; or*

9 “(2) *a digital asset excluded from the definition*
 10 *of digital commodity pursuant to subclause (I)*
 11 *through (VII) of section 1a(16)(F)(iii).*

12 “(d) *GUIDANCE ON FRAUDULENT, MANIPULATIVE, OR*
 13 *DISRUPTIVE TRADABLE ASSETS.*—*The Commission may,*
 14 *after public notice and comment, issue guidance estab-*
 15 *lishing criteria for determining if the primary purpose of*
 16 *a tradable asset is to be used to commit fraud or market*
 17 *manipulation, or engage in any other conduct that would*
 18 *result in abusive practices or be disruptive to market integ-*
 19 *riety.”.*

20 **SEC. 414. EFFECTIVE DATE.**

21 *Unless otherwise provided in this title, this title and*
 22 *the amendments made by this title shall take effect 270 days*
 23 *after the date of the enactment of this Act.*

1 **SEC. 415. SENSE OF CONGRESS.**

2 *It is the sense of Congress that nothing in this Act or*
3 *any amendment made by this Act should be interpreted to*
4 *authorize any entity to regulate any commodity, other than*
5 *a digital commodity, on any spot market.*

6 **TITLE V—INNOVATION AND**
7 **TECHNOLOGY IMPROVEMENTS**

8 **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

9 *(a) FINDINGS.—Congress finds the following:*

10 *(1) Entrepreneurs and innovators are building*
11 *and deploying this next generation of the internet.*

12 *(2) Digital commodity networks represent a new*
13 *way for people to join together and cooperate with one*
14 *another to undertake certain activities.*

15 *(3) Digital commodities have the potential to be*
16 *the foundational building blocks of these systems,*
17 *aligning the economic incentive for individuals to co-*
18 *operate with one another to achieve a common pur-*
19 *pose.*

20 *(4) The digital commodity ecosystem has the po-*
21 *tential to grow our economy and improve everyday*
22 *lives of Americans by facilitating collaboration*
23 *through the use of technology to manage activities, al-*
24 *locate resources, and facilitate decision making.*

25 *(5) Blockchain systems and the digital commod-*
26 *ities they empower provide control, enhance trans-*

1 *parency, reduce transaction costs, and increase effi-*
2 *ciency if proper protections are put in place for in-*
3 *vestors, consumers, our financial system, and our na-*
4 *tional security.*

5 *(6) Blockchain technology facilitates new types of*
6 *network participation which businesses in the United*
7 *States may utilize in innovative ways.*

8 *(7) Other digital commodity companies are set-*
9 *ting up their operations outside of the United States,*
10 *where countries are establishing frameworks to em-*
11 *brace the potential of blockchain technology and dig-*
12 *ital commodities and provide safeguards for con-*
13 *sumers.*

14 *(8) Digital commodities, despite the purported*
15 *anonymity, provide law enforcement with an excep-*
16 *tional tracing tool to identify illicit activity and*
17 *bring criminals to justice.*

18 *(9) The Financial Services Committee of the*
19 *House of Representatives has held multiple hearings*
20 *highlighting various risks that digital commodities*
21 *can pose to the financial markets, consumers, and in-*
22 *vestors that must be addressed as we seek to harness*
23 *the benefits of these innovations.*

24 *(b) SENSE OF CONGRESS.—It is the sense of Congress*
25 *that—*

1 (1) *the United States should seek to prioritize*
2 *understanding the potential opportunities of the next*
3 *generation of the internet;*

4 (2) *the United States should seek to foster ad-*
5 *vances in technology that have robust evidence indi-*
6 *cating they can improve our financial system and*
7 *create more fair and equitable access to financial*
8 *services for everyday Americans while protecting our*
9 *financial system, investors, and consumers;*

10 (3) *the United States must support the respon-*
11 *sible development of digital commodities and the un-*
12 *derlying technology in the United States or risk the*
13 *shifting of the development of such assets and tech-*
14 *nology outside of the United States, to less regulated*
15 *countries;*

16 (4) *Congress should consult with public and pri-*
17 *rate sector stakeholders to understand how to enact a*
18 *functional framework tailored to the specific risks and*
19 *unique benefits of different digital commodity-related*
20 *activities, distributed ledger technology, distributed*
21 *networks, and mature blockchain systems;*

22 (5) *Congress should enact a functional frame-*
23 *work tailored to the specific risks of different digital*
24 *commodity-related activities and unique benefits of*

1 *distributed ledger technology, distributed networks,*
 2 *and mature blockchain systems; and*

3 *(6) consumers and market participants will ben-*
 4 *efit from a framework for digital commodities con-*
 5 *sistent with longstanding investor protections in secu-*
 6 *rities and commodities markets, yet tailored to the*
 7 *unique benefits and risks of the digital commodity*
 8 *ecosystem.*

9 **SEC. 502. MODERNIZATION OF THE SECURITIES AND EX-**
 10 **CHANGE COMMISSION MISSION.**

11 *(a) SECURITIES ACT OF 1933.—Section 2(b) of the Se-*
 12 *curities Act of 1933 (15 U.S.C. 77(b)) is amended—*

13 *(1) in the heading, by inserting “INNOVATION,”*
 14 *after “EFFICIENCY,”; and*

15 *(2) by inserting “innovation,” after “efficiency,”.*

16 *(b) SECURITIES EXCHANGE ACT OF 1934.—Section*
 17 *3(f) of the Securities Exchange Act of 1934 (15 U.S.C.*
 18 *78(c)) is amended—*

19 *(1) in the heading, by inserting “INNOVATION,”*
 20 *after “EFFICIENCY,”; and*

21 *(2) by inserting “innovation,” after “efficiency,”.*

22 *(c) INVESTMENT ADVISERS ACT OF 1940.—Section*
 23 *202(c) of the Investment Advisers Act of 1940 (15 U.S.C.*
 24 *80b-2) is amended—*

1 (1) *in the heading, by inserting “INNOVATION,”*
 2 *after “EFFICIENCY,”; and*

3 (2) *by inserting “innovation,” after “efficiency,”.*

4 (d) *INVESTMENT COMPANY ACT OF 1940.—Section*
 5 *2(c) of the Investment Company Act of 1940 (15 U.S.C.*
 6 *80a–2) is amended—*

7 (1) *in the heading, by inserting “INNOVATION,”*
 8 *after “EFFICIENCY,”; and*

9 (2) *by inserting “innovation,” after “efficiency,”.*

10 **SEC. 503. STRATEGIC HUB FOR INNOVATION AND FINAN-**
 11 **CIAL TECHNOLOGY.**

12 *Section 4 of the Securities Exchange Act of 1934 (15*
 13 *U.S.C. 78d) is amended by adding at the end the following:*

14 “(k) *STRATEGIC HUB FOR INNOVATION AND FINAN-*
 15 *CIAL TECHNOLOGY.—*

16 “(1) *ESTABLISHMENT.—Not later than 180 days*
 17 *after the date of the enactment of this subsection, the*
 18 *Securities and Exchange Commission shall establish a*
 19 *committee to be known as the Strategic Hub for Inno-*
 20 *vation and Financial Technology (referred to in this*
 21 *subsection as the ‘FinHub’) to support engagement on*
 22 *emerging technologies in the financial sector.*

23 “(2) *MEMBERS.—The composition of FinHub*
 24 *shall be determined by the Commission, drawing from*
 25 *relevant divisions as appropriate, including the Divi-*

1 *sion of Trading and Markets, Division of Corporate*
 2 *Finance, and Division of Investment Management.*

3 “(3) *RESPONSIBILITIES.*—*FinHub shall—*

4 “(A) *serve as a resource for the Commission*
 5 *on emerging financial technology advancements;*

6 “(B) *engage with market participants work-*
 7 *ing on emerging financial technologies; and*

8 “(C) *facilitate communication between the*
 9 *Commission and businesses working in emerging*
 10 *financial technology fields with information on*
 11 *the Commission, its rules, and regulations.*

12 “(4) *REPORT TO THE COMMISSION.*—

13 “(A) *IN GENERAL.*—*Not later than October*
 14 *31 of each year after 2025, FinHub shall provide*
 15 *an annual summary of its engagement activities*
 16 *to the Commission, which shall be included in*
 17 *the Commission’s annual report to Congress.*

18 “(B) *CONFIDENTIALITY.*—*Each report sub-*
 19 *mitted under this paragraph shall not contain*
 20 *confidential information.”.*

21 **SEC. 504. CODIFICATION OF LABCFTC.**

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

25 “(c) *LABCFTC.*—

1 “(1) *ESTABLISHMENT.*—*There is established in*
2 *the Commission LabCFTC.*

3 “(2) *PURPOSE.*—*The purposes of LabCFTC are*
4 *to—*

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

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

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

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

21 “(4) *DUTIES.*—*LabCFTC shall—*

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

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

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

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

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

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

19 “(5) REPORT TO CONGRESS.—

20 “(A) IN GENERAL.—Not later than October
21 31 of each year after 2025, LabCFTC shall sub-
22 mit to the Committee on Agriculture of the
23 House of Representatives and the Committee on
24 Agriculture, Nutrition, and Forestry of the Sen-
25 ate a report on its activities.

1 “(B) *CONTENTS.*—*Each report required*
2 *under paragraph (1) shall include—*

3 “(i) *the total number of persons that*
4 *met with LabCFTC;*

5 “(ii) *a summary of general issues dis-*
6 *cussed during meetings with the person;*

7 “(iii) *information on steps LabCFTC*
8 *has taken to improve Commission services,*
9 *including responsiveness to the concerns of*
10 *persons;*

11 “(iv) *recommendations made to the*
12 *Commission with respect to the regulations,*
13 *guidance, and orders of the Commission*
14 *and such legislative actions as may be ap-*
15 *propriate; and*

16 “(v) *any other information determined*
17 *appropriate by the Director of LabCFTC.*

18 “(C) *CONFIDENTIALITY.*—*A report under*
19 *paragraph (A) shall abide by the confidentiality*
20 *requirements in section 8.*

21 “(6) *RECORDS AND ENGAGEMENT.*—*The Com-*
22 *mission shall—*

23 “(A) *maintain systems of records to track*
24 *engagements with the public through LabCFTC;*

1 “(B) store communications and materials
 2 received in connection with any such engagement
 3 in accordance with Commission policies and
 4 procedures on data retention and confidentiality;
 5 and

6 “(C) take reasonable steps to protect any
 7 confidential or proprietary information received
 8 through LabCFTC engagement.”.

9 (b) **CONFORMING AMENDMENTS.**—Section 2(a)(6)(A)
 10 of such Act (7 U.S.C. 2(a)(6)(A)) is amended—

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

13 (2) by inserting “and section 18(c)(3),” before
 14 “the executive”.

15 (c) **EFFECTIVE DATE.**—The Commodity Futures Trad-
 16 ing Commission shall implement the amendments made by
 17 this section (including complying with section 18(c)(7) of
 18 the Commodity Exchange Act) within 180 days after the
 19 date of the enactment of this Act.

20 **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

21 (a) **IN GENERAL.**—The Commodity Futures Trading
 22 Commission, the Securities and Exchange Commission, and
 23 the Secretary of the Treasury shall jointly carry out a study
 24 on decentralized finance that analyzes—

1 (1) *the nature, size, role, and use of decentralized*
2 *finance blockchain applications;*

3 (2) *the operation of blockchain applications that*
4 *comprise decentralized finance;*

5 (3) *the interoperability of blockchain applica-*
6 *tions and other blockchain systems;*

7 (4) *the interoperability of blockchain applica-*
8 *tions and software-based systems, including websites*
9 *and wallets;*

10 (5) *the decentralized governance systems through*
11 *which blockchain applications may be developed, pub-*
12 *lished, constituted, administered, maintained, or oth-*
13 *erwise distributed, including—*

14 (A) *whether the systems enhance or detract*
15 *from—*

16 (i) *the decentralization of the decen-*
17 *tralized finance; and*

18 (ii) *the inherent benefits and risks of*
19 *the decentralized governance system; and*

20 (B) *any procedures, requirements, or best*
21 *practices that would mitigate the risks identified*
22 *in subparagraph (A)(ii);*

23 (6) *the benefits of decentralized finance, includ-*
24 *ing—*

1 (A) operational resilience and availability
2 of blockchain systems;

3 (B) interoperability of blockchain systems;

4 (C) market competition and innovation;

5 (D) transaction efficiency;

6 (E) transparency and traceability of trans-
7 actions; and

8 (F) disintermediation;

9 (7) the risks of decentralized finance, includ-
10 ing—

11 (A) pseudonymity of users and transactions;

12 (B) disintermediation; and

13 (C) cybersecurity vulnerabilities;

14 (8) the extent to which decentralized finance has
15 integrated with the traditional financial markets and
16 any potential risks or improvements to the stability
17 of the markets;

18 (9) how the levels of illicit activity in decentral-
19 ized finance compare with the levels of illicit activity
20 in traditional financial markets;

21 (10) methods for addressing illicit activity in de-
22 centralized finance and traditional markets that are
23 tailored to the unique attributes of each;

24 (11) how decentralized finance may increase the
25 accessibility of cross-border transactions; and

1 (12) *the feasibility of embedding self-executing*
2 *compliance and risk controls into decentralized fi-*
3 *nance.*

4 (b) *CONSULTATION.*—*In carrying out the study re-*
5 *quired under subsection (a), the Commodity Futures Trad-*
6 *ing Commission and the Securities and Exchange Commis-*
7 *sion shall consult with the Secretary of the Treasury on*
8 *the factors described under paragraphs (7) through (10) of*
9 *subsection (a).*

10 (c) *REPORT.*—*Not later than 1 year after the date of*
11 *enactment of this Act, the Commodity Futures Trading*
12 *Commission and the Securities and Exchange Commission*
13 *shall jointly submit to the relevant congressional committees*
14 *a report that includes the results of the study required by*
15 *subsection (a).*

16 (d) *GAO STUDY.*—*The Comptroller General of the*
17 *United States shall—*

18 (1) *carry out a study on decentralized finance*
19 *that analyzes the information described under para-*
20 *graphs (1) through (12) of subsection (a); and*

21 (2) *not later than 1 year after the date of enact-*
22 *ment of this Act, submit to the relevant congressional*
23 *committees a report that includes the results of the*
24 *study required by paragraph (1).*

25 (e) *DEFINITIONS.*—*In this section:*

1 (1) *DECENTRALIZED FINANCE.*—

2 (A) *IN GENERAL.*—*The term “decentralized*
 3 *finance” means blockchain applications (includ-*
 4 *ing decentralized finance trading protocols and*
 5 *related decentralized finance messaging systems)*
 6 *that allow users to engage in financial trans-*
 7 *actions in a self-directed manner so that a third-*
 8 *party intermediary does not effectuate the trans-*
 9 *actions or take custody of digital commodities of*
 10 *a user during any part of the transactions.*

11 (B) *RELATIONSHIP TO EXCLUDED ACTIVITIES.*—*The term “decentralized finance” shall*
 12 *not be interpreted to limit or exclude any activ-*
 13 *ity from the activities described in section 15I(a)*
 14 *of the Securities Exchange Act of 1934 or section*
 15 *4v(a) of the Commodity Exchange Act.*

17 (2) *RELEVANT CONGRESSIONAL COMMITTEES.*—

18 *The term “relevant congressional committees”*
 19 *means—*

20 (A) *the Committees on Financial Services*
 21 *and Agriculture of the House of Representatives;*
 22 *and*

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

1 **SEC. 506. STUDY ON NON-FUNGIBLE TOKENS.**

2 (a) *IN GENERAL.*—*The Comptroller General of the*
3 *United States shall carry out a study of non-fungible tokens*
4 *that analyzes—*

5 (1) *the nature, size, role, purpose, and use of*
6 *non-fungible tokens;*

7 (2) *the similarities and differences between non-*
8 *fungible tokens and other digital commodities, includ-*
9 *ing digital commodities and permitted payment*
10 *stablecoins, and how the markets for those digital*
11 *commodities intersect with each other;*

12 (3) *how non-fungible tokens are minted by*
13 *issuers and subsequently administered to purchasers;*

14 (4) *how non-fungible tokens are stored after*
15 *being purchased by a consumer;*

16 (5) *the interoperability of non-fungible tokens be-*
17 *tween different blockchain systems;*

18 (6) *the scalability of different non-fungible tokens*
19 *marketplaces;*

20 (7) *the benefits of non-fungible tokens, including*
21 *verifiable digital ownership;*

22 (8) *the risks of non-fungible tokens, including—*

23 (A) *intellectual property rights;*

24 (B) *cybersecurity risks; and*

25 (C) *market risks;*

1 (9) *whether and how non-fungible tokens have*
 2 *integrated with traditional marketplaces, including*
 3 *those for music, real estate, gaming, events, and trav-*
 4 *el;*

5 (10) *whether and how non-fungible tokens can be*
 6 *used to facilitate commerce or other activities through*
 7 *the representation of documents, identification, con-*
 8 *tracts, licenses, and other commercial, government, or*
 9 *personal records;*

10 (11) *any potential risks to traditional markets*
 11 *from such integration; and*

12 (12) *the levels and types of illicit activity in*
 13 *non-fungible tokens markets.*

14 (b) *REPORT.*—*Not later than 1 year after the date of*
 15 *the enactment of this Act, the Comptroller General, shall*
 16 *make publicly available a report that includes the results*
 17 *of the study required by subsection (a).*

18 **SEC. 507. STUDY ON EXPANDING FINANCIAL LITERACY**

19 **AMONGST DIGITAL COMMODITY HOLDERS.**

20 (a) *IN GENERAL.*—*The Commodity Futures Trading*
 21 *Commission with the Securities and Exchange Commission*
 22 *shall jointly conduct a study to identify—*

23 (1) *the existing level of financial literacy among*
 24 *retail digital commodity holders, including subgroups*
 25 *of investors identified by the Commodity Futures*

1 *Trading Commission with the Securities and Ex-*
2 *change Commission;*

3 *(2) methods to improve the timing, content, and*
4 *format of financial literacy materials regarding dig-*
5 *ital commodities provided by the Commodity Futures*
6 *Trading Commission and the Securities and Ex-*
7 *change Commission;*

8 *(3) methods to improve coordination between the*
9 *Securities and Exchange Commission and the Com-*
10 *modity Futures Trading Commission with other*
11 *agencies, including the Financial Literacy and Edu-*
12 *cation Commission as well as nonprofit organizations*
13 *and State and local jurisdictions, to better dissemi-*
14 *nate financial literacy materials;*

15 *(4) the efficacy of current financial literacy ef-*
16 *forts with a focus on rural communities and commu-*
17 *nities with majority minority populations;*

18 *(5) the most useful and understandable relevant*
19 *information, including clear disclosures, that retail*
20 *digital commodity holders need to make informed fi-*
21 *nancial decisions before engaging with or purchasing*
22 *a digital commodity or service that is typically sold*
23 *to retail investors of digital commodities;*

(8) in consultation with the Financial Literacy and Education Commission, a strategy (including to the extent practicable, measurable goals and objectives) to increase financial literacy of investors regarding digital commodities.

21 SEC. 508. STUDY ON FINANCIAL MARKET INFRASTRUCTURE

23 (a) *IN GENERAL.*—*The Commodity Futures Trading*
24 *Commission and the Securities and Exchange Commission*
25 *shall jointly conduct a study to assess whether additional*

1 *guidance or rules are necessary to facilitate the development*
 2 *of tokenized securities and derivatives products, and to the*
 3 *extent such guidance or rules would foster the development*
 4 *of fair and orderly financial markets, be necessary or ap-*
 5 *propriate in the public interest, and be consistent with the*
 6 *protection of investors and customers.*

7 *(b) REPORT.—*

8 *(1) TIME LIMIT.—Not later than 1 year after the*
 9 *date of enactment of this Act, the Commodity Futures*
 10 *Trading Commission and the Securities and Ex-*
 11 *change Commission shall jointly submit to the rel-*
 12 *evant congressional committees a report that includes*
 13 *the results of the study required by subsection (a).*

14 *(2) RELEVANT CONGRESSIONAL COMMITTEES DE-*
 15 *FINED.—In this section, the term “relevant congres-*
 16 *sional committees” means—*

17 *(A) the Committees on Financial Services*
 18 *and on Agriculture of the House of Representa-*
 19 *tives; and*

20 *(B) the Committees on Banking, Housing,*
 21 *and Urban Affairs and on Agriculture, Nutri-*
 22 *tion, and Forestry of the Senate.*

23 **SEC. 509. STUDY ON ILLICIT USE OF DIGITAL ASSETS.**

24 *(a) IN GENERAL.—One year after the date of the enact-*
 25 *ment of this Act, the Securities and Exchange Commission*

1 *and the Commodity Futures Trading Commission, in con-*
2 *junction with the Secretary of the Treasury, shall conduct*
3 *a comprehensive review of how Foreign Terrorist Organiza-*
4 *tions and Transnational Criminal Syndicates utilize dig-*
5 *ital assets in connection with illicit activities.*

6 (b) *SCOPE.*—*This review shall include an analysis of*
7 *whether the Securities and Exchange Commission and the*
8 *Commodity Futures Trading Commission have the nec-*
9 *essary tools and resources to effectively detect, disrupt, and*
10 *deter illicit financial activity.*

11 (c) *REPORT.*—*The two Commissions shall jointly issue*
12 *a report to the Committees on Agriculture and on Financial*
13 *Services of the House of Representatives and the Committees*
14 *on Agriculture, Nutrition, and Forestry and on Banking,*
15 *Housing, and Urban Affairs of the Senate on the findings*
16 *of the Commissions.*

17 **SEC. 510. CONFLICT OF INTEREST RULEMAKING.**

18 *No later than 360 days after the date of the enactment*
19 *of this Act, the Commodity Futures Trading Commission*
20 *shall issue rules establishing requirements for the identifica-*
21 *tion, mitigation, and resolution of conflicts of interest*
22 *among and across registered entities (within the meaning*
23 *of the Commodity Exchange Act) and persons required to*
24 *be registered with the Commission, including conflicts of in-*

1 *terest related to vertically integrated market structures and*
 2 *their varying responsibilities.*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

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

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

Sec. 1. Short title; table of contents.

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

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

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

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

Sec. 106. Provisional registration for digital commodity ex-
changes, brokers, and dealers.

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

Sec. 108. Administrative requirements.

Sec. 109. International cooperation.

Sec. 110. Treatment of certain non-controlling blockchain de-
velopers.

Sec. 111. Application of the Bank Secrecy Act.

Sec. 112. Implementation.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. Exempted primary transactions in digital commod-
ities.

Sec. 203. Treatment of secondary transactions in digital com-
modities that originally involved investment con-
tracts.

Sec. 204. Requirements for offers and sales of digital commod-
ities by digital commodity related persons and
digital commodity affiliated persons.

Sec. 205. Mature blockchain system requirements.

Sec. 206. Effective date.

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

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

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

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

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Findings; sense of Congress.
- Sec. 502. Modernization of the Securities and Exchange Commission mission.
- Sec. 503. Strategic Hub for Innovation and Financial Technology.

Sec. 504. Codification of LabCFTC.

Sec. 505. Study on decentralized finance.

Sec. 506. Study on non-fungible tokens.

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

Sec. 508. Study on financial market infrastructure improvements.

Sec. 509. Study on blockchain in payments.

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

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

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

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

11 “(A) any technology—

12 “(i) where data is—

13 “(I) shared across a net-
14 work to create a distributed
15 ledger of independently
16 verifiable transactions or in-
17 formation among network
18 participants;

19 “(II) linked using cryptog-
20 raphy to maintain the integ-
21 rity of the distributed ledger

1 and to execute other func-
2 tions; and

3 “(III) propagated among
4 network participants to reach
5 consensus on the state of the
6 distributed ledger and any
7 other functions; and

8 “(ii) composed of source code
9 that is publicly available; and

10 “(B) any similar technology to the
11 technology described in subpara-
12 graph (A).

13 “(21) BLOCKCHAIN APPLICATION.—The
14 term ‘blockchain application’ means any
15 executable software that is deployed to a
16 blockchain and composed of source code
17 that is publicly available, including a
18 smart contract or any network of smart
19 contracts, or other similar technology.

20 “(22) BLOCKCHAIN PROTOCOL.—The
21 term ‘blockchain protocol’ means publicly
22 available source code of a blockchain
23 that is executed by the network partici-
24 pants of a blockchain to facilitate its
25 functioning, or other similar technology.

1 **“(23) BLOCKCHAIN SYSTEM.—The term**
2 **‘blockchain system’ means any**
3 **blockchain, together with its blockchain**
4 **protocol or any blockchain application or**
5 **network of blockchain applications.**

6 **“(24) DECENTRALIZED GOVERNANCE SYS-**
7 **TEM.—**

8 **“(A) IN GENERAL.—The term ‘de-**
9 **centralized governance system’**
10 **means, with respect to a blockchain**
11 **system, any transparent, rules-based**
12 **system permitting persons to form**
13 **consensus or reach agreement in the**
14 **development, provision, publication,**
15 **maintenance, or administration of**
16 **such blockchain system, where par-**
17 **ticipation is not limited to, or under**
18 **the effective control of, any person or**
19 **group of persons under common con-**
20 **trol.**

21 **“(B) RELATIONSHIP OF PERSONS TO**
22 **DECENTRALIZED GOVERNANCE SYS-**
23 **TEMS.—With respect to a decentral-**
24 **ized governance system, the decen-**
25 **tralized governance system and any**

1 persons participating in the decen-
2 tralized governance system shall be
3 treated as separate persons unless
4 such persons are under common con-
5 trol or acting pursuant to an agree-
6 ment to act in concert.

7 “(C) LEGAL ENTITIES FOR DECEN-
8 TRALIZED GOVERNANCE SYSTEMS.—The
9 term ‘decentralized governance sys-
10 tem’ shall include a legal entity used
11 to implement the rules-based system
12 described in subparagraph (A), pro-
13 vided that the legal entity does not
14 operate pursuant to centralized man-
15 agement. For the purposes of this
16 subparagraph, the delegation of min-
17 isterial or administrative authority at
18 the direction of the participants in a
19 decentralized governance system
20 shall not be construed to be central-
21 ized management.

22 “(25) DIGITAL ASSET.—The term ‘digital
23 asset’ means any digital representation of
24 value which is recorded on a cryp-

1 **topographically-secured distributed ledger**
2 **or other similar technology.**

3 **“(26) DIGITAL COMMODITY.—The term**
4 **‘digital commodity’ has the meaning**
5 **given that term under section 1a of the**
6 **Commodity Exchange Act (7 U.S.C. 1a).**

7 **“(27) DIGITAL COMMODITY AFFILIATED**
8 **PERSON.—The term ‘digital commodity af-**
9 **filiated person’ means a person (includ-**
10 **ing a digital commodity related person)**
11 **that, with respect to any digital com-**
12 **modity—**

13 **“(A) acquires or has any right to**
14 **acquire 5 percent or more of the total**
15 **outstanding units of such digital com-**
16 **modity from a digital commodity**
17 **issuer or an agent or underwriter**
18 **thereof (other than a decentralized**
19 **governance system);**

20 **“(B) is a founder of the digital**
21 **commodity issuer; or**

22 **“(C) is an executive officer, direc-**
23 **tor, trustee, general partner, or per-**
24 **son serving in a similar capacity of**
25 **the digital commodity issuer or held**

1 such role at any point in the previous
2 12-month period.

3 **“(28) DIGITAL COMMODITY ISSUER.—**

4 **“(A) IN GENERAL.—**With respect to
5 a digital commodity, the term ‘digital
6 commodity issuer’ means any person
7 that—

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

12 **“(ii) offers or sells a right to a**
13 future issuance of a unit of such
14 digital commodity to a person.

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

1 the blockchain system to which the
2 digital commodity relates.

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

5 **“(A) IN GENERAL.—**With respect to
6 a digital commodity issuer, the term
7 ‘digital commodity related person’
8 means a person—

9 **“(i) that is or was in the pre-**
10 **vious 6-month period a promoter,**
11 **senior employee, advisory board**
12 **member, consultant, advisor, or**
13 **person serving in a similar capac-**
14 **ity; or**

15 **“(ii) that acquires or has any**
16 **right to acquire 1 percent or more**
17 **of the total outstanding units of**
18 **such digital commodity from a**
19 **digital commodity issuer or an**
20 **agent or underwriter thereof**
21 **(other than a decentralized gov-**
22 **ernance system).**

23 **“(B) SENIOR EMPLOYEE DEFINED.—**
24 In this paragraph and with respect to
25 a digital commodity issuer, the term

1 ‘senior employee’ means any em-
2 ployee materially involved in the
3 management of the digital commodity
4 issuer, including management of the
5 development of the blockchain sys-
6 tem to which the digital commodity
7 relates.

8 “(30) END USER DISTRIBUTION.—The
9 term ‘end user distribution’ means a dis-
10 tribution of a unit of a digital commodity
11 that—

12 “(A) does not involve an exchange
13 of more than a nominal value of cash,
14 property, or other assets; and

15 “(B) is distributed in a broad and
16 equitable manner based on condi-
17 tions capable of being satisfied by
18 any participant in the blockchain sys-
19 tem, including, as incentive-based re-
20 wards—

21 “(i) to users of the digital com-
22 modity or any blockchain system
23 to which the digital commodity
24 relates;

1 “(ii) for activities directly re-
2 lated to the operation of the
3 blockchain system, such as min-
4 ing, validating, staking, or other
5 activity directly tied to the oper-
6 ation of the blockchain system; or

7 “(iii) to the existing holders of
8 another digital commodity, in
9 proportion to the total units of
10 such other digital commodity as
11 are held by each person.

12 “(31) MATURE BLOCKCHAIN SYSTEM.—

13 The term ‘mature blockchain system’
14 means a blockchain system, together with
15 its related digital commodity, that is not
16 controlled by any person or group of per-
17 sons under common control.

18 “(32) PERMITTED PAYMENT

19 STABLECOIN.—

20 “(A) IN GENERAL.—The term ‘per-
21 mitted payment stablecoin’ means a
22 digital asset—

23 “(i) that is or is designed to be
24 used as a means of payment or
25 settlement;

1 “(ii) that is denominated in a
2 national currency;

3 “(iii) the issuer of which is
4 subject to the regulatory and su-
5 pervisory authority of a State or
6 Federal agency;

7 “(iv) the issuer of which—

8 “(I) is obligated to con-
9 vert, redeem, or repurchase
10 for a fixed amount of mone-
11 tary value; or

12 “(II) represents that the
13 digital asset will maintain or
14 creates the reasonable expect-
15 tation that the digital asset
16 will maintain a stable value
17 relative to the value of a fixed
18 amount of monetary value;
19 and

20 “(v) that is not—

21 “(I) a national currency;

22 “(II) a security issued by—

23 “(aa) an investment
24 company registered under
25 section 8(a) of the Invest-

1 **ment Company Act of 1940**
2 **(15 U.S.C. 80a-8(a)); or**

3 **“(bb) a person that**
4 **would be an investment**
5 **company under the In-**
6 **vestment Company Act of**
7 **1940 but for paragraphs**
8 **(1) and (7) of section 3(c)**
9 **of that Act (15 U.S.C. 80a-**
10 **3(c));**

11 **“(III) a deposit (as defined**
12 **under section 3 of the Federal**
13 **Deposit Insurance Act (12**
14 **U.S.C. 1813)), regardless of the**
15 **technology used to record**
16 **such deposit; or**

17 **“(IV) an account (as de-**
18 **fin ed in section 101 of the**
19 **Federal Credit Union Act (12**
20 **U.S.C. 1752)), regardless of the**
21 **technology used to record**
22 **such account.**

23 **“(B) MONETARY VALUE DEFINED.—**

24 **The term ‘monetary value’—**

25 **“(i) means—**

1 **“(I) a national currency;**

2 **“(II) a deposit (as defined**
3 **in section 3 of the Federal De-**
4 **posit Insurance Act (12 U.S.C.**
5 **1813)) that is denominated in**
6 **a national currency; or**

7 **“(III) an account (as de-**
8 **fin ed in section 101 of the**
9 **Federal Credit Union Act (12**
10 **U.S.C. 1752)); and**

11 **“(ii) does not include any agri-**
12 **cultural or other physical com-**
13 **modity (as defined in section 1a**
14 **of the Commodity Exchange Act**
15 **(7 U.S.C. 1a)).**

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

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

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

1 (1) by redesignating the second para-
2 graph (80) (relating to funding portals) as
3 paragraph (81); and

4 (2) by adding at the end the fol-
5 lowing:

6 “(82) **BANK SECRECY ACT.**—The term
7 ‘Bank Secrecy Act’ means—

8 “(A) section 21 of the Federal De-
9 posit Insurance Act (12 U.S.C. 1829b);

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

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

15 “(83) **ADDITIONAL DIGITAL COMMODITY-**
16 **RELATED TERMS.**—

17 “(A) **SECURITIES ACT OF 1933.**—The
18 terms ‘blockchain system’, ‘decentral-
19 ized governance system’, ‘digital
20 asset’, ‘digital commodity affiliated
21 person’, ‘digital commodity issuer’,
22 ‘digital commodity related person’,
23 ‘end user distribution’, ‘mature
24 blockchain system’, and ‘permitted
25 payment stablecoin’ have the mean-

ing given those terms, respectively,
under section 2(a) of the Securities
Act of 1933 (15 U.S.C. 77b(a)).

“(B) COMMODITY EXCHANGE ACT.—
The terms ‘digital commodity’, ‘digital
commodity broker’, ‘digital com-
modity dealer’, ‘digital commodity ex-
change’, ‘decentralized finance mes-
saging system’, and ‘decentralized fi-
nance trading protocol’ have the
meaning given those terms, respec-
tively, under section 1a of the Com-
modity Exchange Act (7 U.S.C. 1a).”.

SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-
CHANGE ACT.

(a) IN GENERAL.—Section 1a of the Com-
modity Exchange Act (7 U.S.C. 1a) is amend-
ed—

(1) in paragraph (10)—

(A) in subparagraph (A)—

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

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

1 “(iii) digital commodity;”; and

2 (B) by redesignating subpara-
3 graph (B) as subparagraph (C) and in-
4 serting after subparagraph (A) the
5 following:

6 “(B) EXCLUSION.—For purposes of
7 this paragraph, the term ‘trading in
8 commodity interests’ shall not in-
9 clude transacting in digital commod-
10 ities for the purpose of—

11 “(i) acting as a digital com-
12 modity custodian;

13 “(ii) establishing, maintaining,
14 or managing inventory or pay-
15 ment instruments for commercial
16 purposes; or

17 “(iii) maintaining or sup-
18 porting the operation of, or vali-
19 dating transactions on, a
20 blockchain system.”;

21 (2) in paragraph (11)—

22 (A) in subparagraph (A)(i)—

23 (i) by redesignating sub-
24 clauses (III) and (IV) as sub-

1 **clauses (IV) and (V), respectively;**
2 **and**

3 **(ii) by inserting after sub-**
4 **clause (II) the following:**

5 **“(III) digital commodity;”;**

6 **and**

7 **(B) by redesignating subpara-**
8 **graph (B) as subparagraph (C) and in-**
9 **serting after subparagraph (A) the**
10 **following:**

11 **“(B) EXCLUSION.—For purposes of**
12 **this paragraph, the term ‘trading in**
13 **commodity interests’ shall not in-**
14 **clude transacting in digital commod-**
15 **ities for the purpose of—**

16 **“(i) acting as a digital com-**
17 **modity custodian;**

18 **“(ii) establishing, maintaining,**
19 **or managing inventory or pay-**
20 **ment instruments for commercial**
21 **purposes; or**

22 **“(iii) maintaining or sup-**
23 **porting the operation of, or vali-**
24 **dating transactions on, a**
25 **blockchain system.”;**

1 **(3) in paragraph (12)(A)(i)—**

2 **(A) in subclause (II), by adding at**
3 **the end a semicolon;**

4 **(B) by redesignating subclauses**
5 **(III) and (IV) as subclauses (IV) and**
6 **(V), respectively; and**

7 **(C) by inserting after subclause**
8 **(II) the following:**

9 **“(III) a digital com-**
10 **modity;”;**

11 **(4) by redesignating paragraphs (16)**
12 **through (51) as paragraphs (17) through**
13 **(52), respectively, and inserting after**
14 **paragraph (15) the following:**

15 **“(16) TERMS RELATED TO DIGITAL COM-**
16 **MODITIES.—**

17 **“(A) ASSOCIATED PERSON OF A DIG-**
18 **ITAL COMMODITY BROKER.—**

19 **“(i) IN GENERAL.—Except as**
20 **provided in clause (ii), the term**
21 **‘associated person of a digital**
22 **commodity broker’ means a per-**
23 **son who is associated with a dig-**
24 **ital commodity broker as a part-**
25 **ner, officer, employee, or agent**

1 (or any person occupying a simi-
2 lar status or performing similar
3 functions) in any capacity that in-
4 volves—

5 “(I) the solicitation or ac-
6 ceptance of an order for the
7 purchase or sale of a digital
8 commodity; or

9 “(II) the supervision of
10 any person engaged in the so-
11 licitation or acceptance of an
12 order for the purchase or sale
13 of a digital commodity.

14 “(ii) EXCLUSION.—The term ‘as-
15 sociated person of a digital com-
16 modity broker’ does not include
17 any person associated with a dig-
18 ital commodity broker the func-
19 tions of which are solely clerical
20 or ministerial.

21 “(B) ASSOCIATED PERSON OF A DIG-
22 ITAL COMMODITY DEALER.—

23 “(i) IN GENERAL.—Except as
24 provided in clause (ii), the term
25 ‘associated person of a digital

1 **commodity dealer’ means a per-**
2 **son who is associated with a dig-**
3 **ital commodity dealer as a part-**
4 **ner, officer, employee, or agent**
5 **(or any person occupying a simi-**
6 **lar status or performing similar**
7 **functions) in any capacity that in-**
8 **volves—**

9 **“(I) the solicitation or ac-**
10 **ceptance of a contract for the**
11 **purchase or sale of a digital**
12 **commodity; or**

13 **“(II) the supervision of**
14 **any person engaged in the so-**
15 **licitation or acceptance of a**
16 **contract for the purchase or**
17 **sale of a digital commodity.**

18 **“(ii) EXCLUSION.—The term ‘as-**
19 **sociated person of a digital com-**
20 **modity dealer’ does not include**
21 **any person associated with a dig-**
22 **ital commodity dealer the func-**
23 **tions of which are solely clerical**
24 **or ministerial.**

1 **“(C) BANK SECRECY ACT.—The term**
2 **‘Bank Secrecy Act’ means—**

3 **“(i) section 21 of the Federal**
4 **Deposit Insurance Act (12 U.S.C.**
5 **1829b);**

6 **“(ii) chapter 2 of title I of Pub-**
7 **lic Law 91–508 (12 U.S.C. 1951 et**
8 **seq.); and**

9 **“(iii) subchapter II of chapter**
10 **53 of title 31, United States Code.**

11 **“(D) DECENTRALIZED FINANCE MES-**
12 **SAGING SYSTEM.—**

13 **“(i) IN GENERAL.—The term ‘de-**
14 **centralized finance messaging**
15 **system’ means a software applica-**
16 **tion that provides a user with the**
17 **ability to create or submit an in-**
18 **struction, communication, or mes-**
19 **sage to a decentralized finance**
20 **trading protocol for the purpose**
21 **of executing a transaction by the**
22 **user.**

23 **“(ii) ADDITIONAL REQUIRE-**
24 **MENTS.—The term ‘decentralized**
25 **finance messaging system’ does**

1 not include any system that pro-
2 vides any person other than the
3 user with control over—

4 “(I) the funds of the user;

5 or

6 “(II) the execution of the
7 transaction of the user.

8 “(E) DECENTRALIZED FINANCE TRAD-
9 ING PROTOCOL.—

10 “(i) IN GENERAL.—The term ‘de-
11 centralized finance trading pro-
12 tocol’ means a blockchain system
13 through which multiple partici-
14 pants can execute a financial
15 transaction—

16 “(I) in accordance with an
17 automated rule or algorithm
18 that is predetermined and
19 non-discretionary; and

20 “(II) without reliance on
21 any other person to maintain
22 control of the digital assets of
23 the user during any part of
24 the financial transaction.

25 “(ii) EXCLUSIONS.—

1 **“(I) IN GENERAL.—The term**
2 **‘decentralized finance trading**
3 **protocol’ does not include a**
4 **blockchain system if—**

5 **“(aa) a person or**
6 **group of persons under**
7 **common control has the**
8 **unilateral authority, di-**
9 **rectly or indirectly,**
10 **through any contract, ar-**
11 **rangement, under-**
12 **standing, relationship, or**
13 **otherwise, to control or**
14 **materially alter the**
15 **functionality, operation,**
16 **or rules of consensus or**
17 **agreement of the**
18 **blockchain system; or**

19 **“(bb) the blockchain**
20 **system does not operate,**
21 **execute and enforce its**
22 **operations and trans-**
23 **actions based solely on**
24 **pre-established, trans-**
25 **parent rules encoded di-**

1 rectly within the source
2 code of the blockchain
3 system.

4 “(II) SPECIAL RULE.—For
5 purposes of subclause (I), a
6 decentralized governance sys-
7 tem shall not be considered to
8 be a person or a group of per-
9 sons under common control.

10 “(F) DIGITAL COMMODITY.—

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

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

1 **blockchain system or to the ac-**
2 **tivities or services for which the**
3 **blockchain system is created or**
4 **utilized, including where the dig-**
5 **ital asset is—**

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

9 **“(II) used to transfer value**
10 **between participants in the**
11 **blockchain system;**

12 **“(III) used to access the**
13 **activities or services of the**
14 **blockchain system;**

15 **“(IV) used to participate**
16 **in the decentralized govern-**
17 **ance system of the blockchain**
18 **system;**

19 **“(V) used or removed from**
20 **circulation in whole or in part**
21 **to pay fees or otherwise verify**
22 **or validate transactions on**
23 **the blockchain system;**

24 **“(VI) used as payment or**
25 **incentive to participants in**

1 the blockchain system to en-
2 gage in the activities of the
3 blockchain system, provide
4 services to other participants
5 in the blockchain system, or
6 otherwise participate in the
7 functionality of the
8 blockchain system; or

9 “(VII) used as payment or
10 incentive to participants in
11 the blockchain system to vali-
12 date transactions, secure the
13 blockchain system, provide
14 computational services, main-
15 tain or distribute information,
16 or otherwise participate in
17 the operations of the
18 blockchain system.

19 “(iii) EXCLUSION.—The term
20 ‘digital commodity’ does not in-
21 clude any of the following:

22 “(I) SECURITY.—

23 “(aa) Any security,
24 other than a note, an in-
25 vestment contract, or a

1 **certificate of interest or**
2 **participation in any prof-**
3 **it-sharing agreement.**

4 **“(bb) A note, an in-**
5 **vestment contract, or a**
6 **certificate of interest or**
7 **participation in any prof-**
8 **it-sharing agreement that**
9 **represents or gives the**
10 **holder an ownership in-**
11 **terest or other interest in**
12 **the revenues, profits, obli-**
13 **gations, debts, assets, or**
14 **assets or debts to be ac-**
15 **quired of the issuer of the**
16 **digital asset or another**
17 **person (other than a de-**
18 **centralized governance**
19 **system).**

20 **“(II) SECURITY DERIVA-**
21 **TIVE.—A digital asset that,**
22 **based on its terms and other**
23 **characteristics, is, represents,**
24 **or is functionally equivalent**

1 **to an agreement, contract, or**
2 **transaction that is—**

3 **“(aa) a security future,**
4 **as defined in section 2a of**
5 **the Securities Act of 1933;**

6 **“(bb) a security-based**
7 **swap, as defined in sec-**
8 **tion 2a of the Securities**
9 **Act of 1933;**

10 **“(cc) a put, call, strad-**
11 **dle, option, or privilege on**
12 **any security, certificate of**
13 **deposit, or group or index**
14 **of securities (including**
15 **any interest therein or**
16 **based on the value there-**
17 **of), as defined in section**
18 **2a of the Securities Act of**
19 **1933; or**

20 **“(dd) a put, call, strad-**
21 **dle, option, or privilege on**
22 **any security, as defined in**
23 **section 2a of the Securi-**
24 **ties Act of 1933.**

1 **“(III) PERMITTED PAYMENT**
2 **STABLECOIN.—A digital asset**
3 **that is a permitted payment**
4 **stablecoin.**

5 **“(IV) BANKING DEPOSIT.—**

6 **“(aa) A deposit (as de-**
7 **defined under section 3 of**
8 **the Federal Deposit Insur-**
9 **ance Act (12 U.S.C. 1813)),**
10 **regardless of the tech-**
11 **nology used to record the**
12 **deposit.**

13 **“(bb) An account (as**
14 **defined in section 101 of**
15 **the Federal Credit Union**
16 **Act (12 U.S.C. 1752)), re-**
17 **gardless of the technology**
18 **used to record the ac-**
19 **count.**

20 **“(V) COMMODITY.—A digital**
21 **asset that references, rep-**
22 **resents an interest in, or is**
23 **functionally equivalent to—**

24 **“(aa) an agricultural**
25 **commodity;**

1 “(bb) an excluded com-
2 modity, other than a secu-
3 rity; or

4 “(cc) an exempt com-
5 modity, other than the
6 digital commodity itself,
7 as shall be further defined
8 by the Commission.

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

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

20 “(bb) a security fu-
21 tures product;

22 “(cc) a swap;

23 “(dd) an agreement,
24 contract, or transaction
25 described in section

2(c)(2)(C)(i) or

2(c)(2)(D)(i);

“(ee) a commodity option authorized under section 4c; or

“(ff) a leverage transaction authorized under section 19.

“(VII) POOLED INVESTMENT VEHICLE.—

“(aa) IN GENERAL.—A digital asset that, based on its terms and other characteristics, is, represents, or is functionally equivalent to—

“(AA) a commodity pool, as defined in this Act; or

“(BB) a pooled investment vehicle.

“(bb) POOLED INVESTMENT VEHICLE DEFINED.—In this subclause, the term ‘pooled investment vehi-

1 **cle’ means any investment**
2 **company as defined in**
3 **section 3(a) of the Invest-**
4 **ment Company Act of 1940**
5 **(15 U.S.C. 80a–3(a)) or any**
6 **company that would be an**
7 **investment company**
8 **under section 3(a) of such**
9 **Act but for the exclusion**
10 **provided from that defini-**
11 **tion by paragraph (1), (7),**
12 **or (9) of section 3(c) of**
13 **such Act (15 U.S.C. 80a–**
14 **3(c)(1), (7), or (9)).**

15 **“(VIII) GOOD, COLLECTIBLE,**
16 **AND OTHER NON-COMMODITY**
17 **ASSET.—A digital asset that**
18 **has inherent value, utility, or**
19 **significance beyond its mere**
20 **existence as a digital asset, in-**
21 **cluding the digital equivalent**
22 **of a tangible or intangible**
23 **good, such as—**

24 **“(aa) a work of art, a**
25 **musical composition, a lit-**

erary work, or other intellectual property;

“(bb) collectibles, merchandise, virtual land, and video game assets;

“(cc) affinity, rewards, or loyalty points, including airline miles or credit card points, that are not primarily speculative in nature; or

“(dd) rights, licenses, and tickets.

“(iv) **RULE OF CONSTRUCTION.—**

No presumption shall exist that a digital asset is a security, nor shall a digital asset be excluded from being a digital commodity pursuant to clause (iii)(I), solely due to—

“(I) the digital asset providing voting or economic rights with respect to the blockchain system to which the digital asset relates or the

1 **decentralized governance sys-**
2 **tem of the blockchain system;**

3 **“(II) the value of the dig-**
4 **ital asset having the potential**
5 **to appreciate or depreciate in**
6 **response to the efforts, oper-**
7 **ations, or financial perform-**
8 **ance of the decentralized gov-**
9 **ernance system of the**
10 **blockchain system to which**
11 **the digital asset relates; or**

12 **“(III) the value of the dig-**
13 **ital asset appreciating or de-**
14 **preciating due to the adop-**
15 **tion and use of the blockchain**
16 **system to which the digital**
17 **asset relates or the decentral-**
18 **ized governance system of the**
19 **blockchain system.**

20 **“(G) DIGITAL COMMODITY BROKER.—**

21 **“(i) IN GENERAL.—The term**
22 **‘digital commodity broker’ means**
23 **any person who, as a regular**
24 **business—**

25 **“(I) is engaged in—**

1 “(aa) soliciting or ac-
2 cepting an order from a
3 customer for—

4 “(AA) the purchase
5 or sale of a digital
6 commodity; or

7 “(BB) an agree-
8 ment, contract, or
9 transaction described
10 in section
11 2(c)(2)(D)(iv); and

12 “(bb) in conjunction
13 with the activities in item
14 (aa), accepts or maintains
15 control over—

16 “(AA) the funds of
17 any customer; or

18 “(BB) the execu-
19 tion of any transaction
20 of a customer;

21 “(II) is engaged in solici-
22 ting or accepting orders from
23 a customer for the purchase
24 or sale of a unit of a digital
25 commodity on or subject to

1 the rules of a registered enti-
2 ty; or

3 “(III) is registered with
4 the Commission as a digital
5 commodity broker.

6 “(ii) EXCEPTIONS.—The term
7 ‘digital commodity broker’ does
8 not include a person solely be-
9 cause the person—

10 “(I) solicits or accepts an
11 order described in clause
12 (i)(I)(aa)(AA) from a customer
13 who is an eligible contract
14 participant;

15 “(II) enters into a digital
16 commodity transaction the
17 primary purpose of which is
18 to make, send, receive, or fa-
19 cilitate payments, whether in-
20 volving a payment service
21 provider or on a peer-to-peer
22 basis; or

23 “(III) is a bank (as defined
24 under section 3(a) of the Secu-
25 rities Exchange Act of 1934)

1 **engaging in certain banking**
2 **activities with respect to a**
3 **digital commodity in the same**
4 **or a similar manner as a bank**
5 **is excluded from the defini-**
6 **tion of a broker under such**
7 **section, as determined by the**
8 **Commission.**

9 **“(iii) FURTHER DEFINITION.—**

10 **The Commission, by rule or regu-**
11 **lation, may exclude from the term**
12 **‘digital commodity broker’ any**
13 **person or class of persons if the**
14 **Commission determines that the**
15 **rule or regulation will effectuate**
16 **the purposes of this Act.**

17 **“(H) DIGITAL COMMODITY DEALER.—**

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

22 **“(I) is, or offers to be a**
23 **counterparty to a person for**
24 **the purchase or sale of a dig-**
25 **ital commodity as a regular**

1 business, and in conjunction
2 with the activities, accepts or
3 maintains control over the
4 funds of any counterparty; or

5 “(II) is registered with the
6 Commission as a digital com-
7 modity dealer.

8 “(ii) EXCEPTION.—The term
9 ‘digital commodity dealer’ does
10 not include a person solely be-
11 cause the person—

12 “(I) is or offers to be a
13 counterparty to a person who
14 is an eligible contract partici-
15 pant;

16 “(II) enters into a digital
17 commodity transaction with
18 an eligible contract partici-
19 pant;

20 “(III) enters into a digital
21 commodity transaction on or
22 through a registered digital
23 commodity exchange, with a
24 registered digital commodity
25 broker, or through a decen-

1 **tralized finance trading pro-**
2 **TOCOL;**

3 **“(IV) enters into a digital**
4 **commodity transaction for the**
5 **person’s own account, either**
6 **individually or in a fiduciary**
7 **capacity, but not as a part of**
8 **a regular business;**

9 **“(V) enters into a digital**
10 **commodity transaction the**
11 **primary purpose of which is**
12 **to make, send, receive, or fa-**
13 **cilitate payments, whether in-**
14 **volving a payment service**
15 **provider or on a peer-to-peer**
16 **basis; or**

17 **“(VI) is a bank (as defined**
18 **under section 3(a) of the Secu-**
19 **rities Exchange Act of 1934)**
20 **engaging in certain banking**
21 **activities with respect to a**
22 **digital commodity in the same**
23 **or a similar manner as a bank**
24 **is excluded from the defini-**
25 **tion of a dealer under section**

1 **3(a)(5) of such Act, as deter-**
2 **mined by the Commission.**

3 **“(iii) FURTHER DEFINITION.—**

4 **The Commission, by rule or regu-**
5 **lation, may exclude from the term**
6 **‘digital commodity dealer’ any**
7 **person or class of persons if the**
8 **Commission determines that the**
9 **rule or regulation will effectuate**
10 **the purposes of this Act.**

11 **“(I) DIGITAL COMMODITY EX-**
12 **CHANGE.—The term ‘digital com-**
13 **modity exchange’ means a trading fa-**
14 **cility that offers or seeks to offer a**
15 **cash or spot market in at least 1 dig-**
16 **ital commodity.**

17 **“(J) MIXED DIGITAL ASSET TRANS-**
18 **ACTION.—The term ‘mixed digital asset**
19 **transaction’ means a transaction in**
20 **which a digital commodity is traded**
21 **for a security.**

22 **“(K) TERMS DEFINED UNDER THE SE-**
23 **CURITIES ACT OF 1933.—The terms**
24 **‘blockchain system’, ‘decentralized**
25 **governance system’, ‘digital asset’,**

1 ‘digital commodity issuer’, ‘digital
 2 commodity affiliated person’, ‘digital
 3 commodity related person’, ‘end user
 4 distribution’, ‘mature blockchain sys-
 5 tem’, and ‘permitted payment
 6 stablecoin’ have the meaning given
 7 those terms, respectively, under sec-
 8 tion 2(a) of the Securities Act of 1933
 9 (15 U.S.C. 77b(a)).”; and

10 (5) in paragraph (41) (as so redesign-
 11 ated by paragraph (4) of this sub-
 12 section)—

13 (A) by striking “and” at the end of
 14 subparagraph (E);

15 (B) by striking the period at the
 16 end of subparagraph (F) and insert-
 17 ing “; and”; and

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

20 “(G) a digital commodity ex-
 21 change registered under section 5i.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Each of the following provisions of
 24 law is amended by striking “1a(18)” and
 25 inserting “1a(19)”:

1 **(A) Section 4s(h)(5)(A)(i) of the**
2 **Commodity Exchange Act (7 U.S.C.**
3 **6s(h)(5)(A)(i)).**

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

6 **(C) Section 6(g)(5)(B) of the Secu-**
7 **rities Exchange Act of 1934 (15 U.S.C.**
8 **78f(g)(5)(B)).**

9 **(D) Section 15F(h)(5)(A)(i) of the**
10 **Securities Exchange Act of 1934 (15**
11 **U.S.C. 78o-10(h)(5)(A)(i)).**

12 **(2) Section 752 of the Wall Street**
13 **Transparency and Accountability Act of**
14 **2010 (15 U.S.C. 8325) is amended by strik-**
15 **ing “1a(39)” and inserting “1a(40)”.**

16 **(3) Section 4s(f)(1)(D) of the Com-**
17 **modity Exchange Act (7 U.S.C. 6s(f)(1)(D))**
18 **is amended by striking “1a(47)(A)” and in-**
19 **serting “1a(48)(A)”.**

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

24 **(A) Section 4t(b)(1)(C) (7 U.S.C.**
25 **6t(b)(1)(C)).**

1 **(B) Section 5(d)(23) (7 U.S.C.**
2 **7(d)(23)).**

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

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

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

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

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

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

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

23 **(A) in subsection (a)(8), by strik-**
24 **ing “1a(47)(D)” each place it appears**
25 **and inserting “1a(48)(D)”;** and

1 **(B) in subsection (d)(1), by strik-**
2 **ing “1a(47)(A)(v)” each place it ap-**
3 **pears and inserting “1a(48)(A)(v)”.**

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

5 **In this Act:**

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

17 **(2) DEFINITIONS UNDER THE SECURITIES**
18 **ACT OF 1933.—The terms “blockchain”,**
19 **“blockchain system”, “blockchain pro-**
20 **TOCOL”, “decentralized governance sys-**
21 **tem”, “digital asset”, “digital commodity**
22 **issuer”, “end user distribution”, “mature**
23 **blockchain system”, “permitted payment**
24 **stablecoin”, and “securities laws” have**
25 **the meaning given those terms, respec-**

1 tively, under section 2(a) of the Securities
2 Act of 1933 (15 U.S.C. 77b(a)).

3 (3) DEFINITIONS UNDER THE SECURITIES
4 EXCHANGE ACT OF 1934.—The terms “Bank
5 Secrecy Act”, “securities laws”, and “self-
6 regulatory organization” have the mean-
7 ing given those terms, respectively, under
8 section 3(a) of the Securities Exchange
9 Act of 1934 (15 U.S.C. 78c(a)).

10 SEC. 105. RULEMAKINGS.

11 (a) DEFINITIONS.—The Commodity Futures
12 Trading Commission and the Securities and
13 Exchange Commission shall jointly issue rules
14 to further define the following terms:

15 (1) The terms—

16 (A) “blockchain”, “blockchain ap-
17 plication”, “blockchain system”,
18 “blockchain protocol”, “decentralized
19 governance system”, “digital com-
20 modity affiliated person”, “digital
21 commodity issuer”, “digital com-
22 modity related person”, “end user dis-
23 tribution”, and “mature blockchain
24 system”, as defined under section 2(a)
25 of the Securities Act of 1933;

1 **(B) “unilateral authority”, as such**
2 **term is used in section 42 of the Secu-**
3 **rities Exchange Act of 1934 and sec-**
4 **tion 1a of the Commodity Exchange**
5 **Act; and**

6 **(C) “programmatic functioning”,**
7 **as such term is used in sections 4C of**
8 **the Securities Act of 1933, section 42**
9 **of the Securities Exchange Act of**
10 **1934, and section 1a of the Com-**
11 **modity Exchange Act.**

12 **(2) The terms “digital commodity”,**
13 **“decentralized finance messaging sys-**
14 **tem”, and “decentralized finance trading**
15 **protocol”, as defined under section 1a of**
16 **the Commodity Exchange Act.**

17 **(b) JOINT RULEMAKING FOR MIXED DIGITAL**
18 **ASSET TRANSACTIONS.—The Securities and Ex-**
19 **change Commission and the Commodity Fu-**
20 **tures Trading Commission shall jointly issue**
21 **rules applicable to mixed digital asset trans-**
22 **actions under this Act and the amendments**
23 **made by this Act, including by further defin-**
24 **ing such term.**

25 **(c) PROTECTION OF SELF-CUSTODY.—**

1 **(1) IN GENERAL.—A United States indi-**
2 **vidual shall retain the right to—**

3 **(A) maintain a hardware wallet or**
4 **software wallet for the purpose of fa-**
5 **cilitating the individual’s own lawful**
6 **custody of digital assets; and**

7 **(B) engage in direct, peer-to-peer**
8 **transactions in digital assets with an-**
9 **other individual or entity for the in-**
10 **dividual’s own lawful purposes using**
11 **a hardware wallet or software wallet,**
12 **if—**

13 **(i) such other individual or**
14 **entity is not a financial institu-**
15 **tion (as defined in section 5312 of**
16 **title 31, United States Code); and**

17 **(ii) the transactions do not in-**
18 **volve any property or interests in**
19 **property that are blocked pursu-**
20 **ant to, or are otherwise prohib-**
21 **ited by, United States sanctions.**

22 **(2) APPLICATION.—This subsection—**

23 **(A) applies solely to personal use**
24 **by individuals; and**

1 **(B) does not apply to individuals**
2 **acting in a custodial or fiduciary ca-**
3 **capacity for others.**

4 **(3) RULE OF CONSTRUCTION.—Nothing**
5 **in this subsection shall be construed to**
6 **limit the authority of the Secretary of the**
7 **Treasury, the Securities and Exchange**
8 **Commission, the Commodity Futures**
9 **Trading Commission, the Board of Gov-**
10 **ernors of the Federal Reserve System, the**
11 **Comptroller of the Currency, the Federal**
12 **Deposit Insurance Corporation, or the**
13 **National Credit Union Administration to**
14 **carry out any enforcement action or spe-**
15 **cial measure authorized under applicable**
16 **law, including—**

17 **(A) the Bank Secrecy Act, section**
18 **9714 of the Combating Russian Money**
19 **Laundering Act (31 U.S.C. 5318A**
20 **note), and section 7213A of the**
21 **Fentanyl Sanctions Act (21 U.S.C.**
22 **2313a); or**

23 **(B) any other law relating to il-**
24 **licit finance, money laundering, ter-**

1 rorism financing, or United States
2 sanctions.

3 **(d) JOINT RULEMAKING, PROCEDURES, OR**
4 **GUIDANCE FOR DELISTING.—**Not later than 180
5 days after the date of the enactment of this
6 Act, the Commodity Futures Trading Commis-
7 sion and the Securities and Exchange Com-
8 mission shall jointly issue rules, procedures,
9 or guidance (as determined appropriate by
10 the Commissions) regarding the process to
11 delist an asset for trading under section 106
12 of this Act if the Commissions determine that
13 the listing is inconsistent with the Commodity
14 Exchange Act, the securities laws (including
15 regulations under those laws), or this Act.

16 **(e) JOINT RULES FOR PORTFOLIO MARGINING**
17 **DETERMINATIONS.—**

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

1 with respect to margin, customer protec-
2 tion, segregation, or other requirements
3 as necessary to facilitate portfolio mar-
4 gining of securities (including related ex-
5 tensions of credit), security-based swaps,
6 contracts for future delivery, options on a
7 contract for future delivery, swaps, and
8 digital commodities, or any subset there-
9 of, in—

10 (A) a securities account carried
11 by a registered broker or dealer or a
12 security-based swap account carried
13 by a registered security-based swap
14 dealer;

15 (B) a futures or cleared swap ac-
16 count carried by a registered futures
17 commission merchant;

18 (C) a swap account carried by a
19 swap dealer; or

20 (D) a digital commodity account
21 carried by a registered digital com-
22 modity broker or digital commodity
23 dealer that is also registered in such
24 other capacity as is necessary to also
25 carry the other customer or

1 counterparty positions being held in
2 the account.

3 **(2) PROCESS.**—With respect to a joint
4 order or determination described in
5 paragraph (1), the rules required to be
6 issued pursuant to paragraph (1) shall re-
7 quire—

8 (A) the joint order or determina-
9 tion to be issued only if the order or
10 determination is in the public inter-
11 est and provides for the appropriate
12 protection of customers;

13 (B) applicants to file a standard
14 application, in a form and manner de-
15 termined by the Securities and Ex-
16 change Commission and the Com-
17 modity Futures Trading Commission,
18 which shall include the information
19 necessary to make the joint order or
20 determination;

21 (C) the Securities and Exchange
22 Commission and the Commodity Fu-
23 tures Trading Commission to make a
24 final determination not later than 270

1 days after the filing of a completed
2 application;

3 (D) the Securities and Exchange
4 Commission and the Commodity Fu-
5 tures Trading Commission to con-
6 sider the public interest of the joint
7 order or determination through the
8 solicitation of public comments; and

9 (E) the Securities and Exchange
10 Commission and the Commodity Fu-
11 tures Trading Commission to consult
12 with other relevant foreign or domes-
13 tic regulators, including the Board of
14 Governors of the Federal Reserve
15 System, the Federal Deposit Insur-
16 ance Corporation, and the Office of
17 the Comptroller of the Currency, as
18 appropriate.

19 (f) **CAPITAL REQUIREMENTS TO ADDRESS**
20 **NETTING AGREEMENTS.**—No later than 360 days
21 following the date of enactment of this Act,
22 the Board of Governors of the Federal Re-
23 serve System, the Comptroller of the Cur-
24 rency, and the Federal Deposit Insurance
25 Corporation shall develop risk-based and le-

1 average capital requirements for insured de-
2 pository institutions, depository institution
3 holding companies, and nonbank financial
4 companies supervised by the Board of Gov-
5 ernors that address netting agreements that
6 provide for termination and close-out netting
7 across multiple types of financial trans-
8 actions, consistent with subsection (e), in the
9 event of a counterparty's default.

10 SEC. 106. PROVISIONAL REGISTRATION FOR DIGITAL COM-
11 MODITY EXCHANGES, BROKERS, AND DEAL-
12 ERS.

13 (a) IN GENERAL.—

14 (1) PROVISIONAL REGISTRATION.—With-
15 in 180 days after the date of the enact-
16 ment of this Act, a person acting as a dig-
17 ital commodity exchange, digital com-
18 modity broker, or digital commodity deal-
19 er shall file a statement of provisional
20 registration with the Commodity Futures
21 Trading Commission (in this subsection
22 referred to as the “Commission”), unless
23 exempted from registration under section
24 5k of the Commodity Exchange Act, as
25 a—

1 **(A) digital commodity exchange,**
2 **for a person acting as a digital com-**
3 **modity exchange;**

4 **(B) digital commodity broker, for**
5 **a person acting as a digital com-**
6 **modity broker; or**

7 **(C) digital commodity dealer, for**
8 **a person acting as a digital com-**
9 **modity dealer.**

10 **(2) CONDITIONS.—**

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

18 **(i) is a member of a futures**
19 **association registered under sec-**
20 **tion 17 of the Commodity Ex-**
21 **change Act, and complies with the**
22 **rules of the association, including**
23 **the rules of the association per-**
24 **taining to customer disclosures**
25 **and protection of customer assets;**

1 (ii) submits to the Commis-
2 sion, in the form and manner de-
3 termined by the Commission, and
4 continues to materially update, as
5 necessary or required by the
6 Commission, a statement of the
7 nature of the digital commodity-
8 related activities the person is
9 pursuing or intends to pursue;

10 (iii) submits to the Commis-
11 sion and continues to materially
12 update the information required
13 by this subsection;

14 (iv) complies with subsection
15 (c) of this section; and

16 (v) pays all fees and penalties
17 imposed on the person under sec-
18 tion 410 of this Act.

19 **(B) REGISTERED ENTITY.—**

20 (i) **IN GENERAL.**—A registered
21 entity who files a statement of
22 provisional registration under
23 paragraph (1) shall be considered
24 to be in compliance with this sec-
25 tion if the person—

1 **(I) submits to the Commis-**
2 **sion and continues to materi-**
3 **ally update, a statement of the**
4 **nature of the digital com-**
5 **modity-related activities the**
6 **person is pursuing or intends**
7 **to pursue;**

8 **(II) submits, and con-**
9 **tinues to materially update,**
10 **the information required by**
11 **this subsection and sub-**
12 **section (b);**

13 **(III) complies with sub-**
14 **section (c); and**

15 **(IV) pays all fees and pen-**
16 **alties imposed on the person**
17 **under section 410.**

18 **(ii) DEFINITION.—In this para-**
19 **graph, the term “registered enti-**
20 **ty” means a person who is des-**
21 **ignated by the Commodity Fu-**
22 **tures Trading Commission as a**
23 **contract market or registered**
24 **with the Commodity Futures**

1 **Trading Commission as a swap**
2 **execution facility.**

3 **(b) DISCLOSURE OF GENERAL INFORMA-**
4 **TION.—A person who files a statement of pro-**
5 **visional registration under subsection (a)**
6 **shall disclose to the Commission, unless al-**
7 **ready known to the Commission, the fol-**
8 **lowing:**

9 **(1) MANAGEMENT.—Information con-**
10 **cerning the management of the person,**
11 **including information describing—**

12 **(A) the ownership and manage-**
13 **ment of the person;**

14 **(B) the financial condition of the**
15 **person;**

16 **(C) affiliated entities;**

17 **(D) potential conflicts of interest;**

18 **(E) the address of the person, in-**
19 **cluding—**

20 **(i) the place of incorporation;**

21 **(ii) principal place of busi-**
22 **ness; and**

23 **(iii) an address for service of**
24 **process; and**

1 **(F) a list of the States in which**
2 **the person has operations.**

3 **(2) DIGITAL COMMODITY OPERATIONS.—**
4 **Information concerning the digital com-**
5 **modity operations of the person, includ-**
6 **ing—**

7 **(A) a general description of the**
8 **person’s business and the terms of**
9 **service for United States customers;**

10 **(B) a description of the person’s**
11 **account approval process;**

12 **(C) any rulebook or other cus-**
13 **tomers order fulfillment rules or pro-**
14 **cedures;**

15 **(D) risk management procedures;**

16 **(E) a description of the product**
17 **listing process; and**

18 **(F) policies and procedures for**
19 **compliance with the Bank Secrecy**
20 **Act.**

21 **(c) REQUIREMENTS.—A person who files a**
22 **statement of provisional registration under**
23 **subsection (a) shall comply with the following**
24 **requirements:**

1 **(1) STATUTORY DISQUALIFICATIONS.—Ex-**
2 **cept to the extent otherwise specifically**
3 **provided by the Commission or any reg-**
4 **istered futures association rule, regula-**
5 **tion, or order, the person shall not permit**
6 **an individual who is subject to a statu-**
7 **tory disqualification under paragraph (2)**
8 **or (3) of section 8a of the Commodity Ex-**
9 **change Act or subject to a statutory dis-**
10 **qualification as defined in section 3(a) of**
11 **the Securities Exchange Act of 1934 (15**
12 **U.S.C. 78c(a)) to effect or be involved in**
13 **effecting transactions on behalf of the**
14 **person, if the person knew, or in the ex-**
15 **ercise of reasonable care should have**
16 **known, of the statutory disqualification.**

17 **(2) BOOKS AND RECORDS.—The person**
18 **shall keep their books and records open**
19 **to inspection and examination by the**
20 **Commission and by any registered fu-**
21 **tures association or national securities**
22 **association of which the person is a mem-**
23 **ber.**

24 **(3) CUSTOMER DISCLOSURES.—The per-**
25 **son shall disclose to customers—**

1 (A) information about the mate-
2 rial risks and characteristics of the
3 assets listed for trading on the per-
4 son;

5 (B) information about the legal
6 entity that custodies customer assets
7 and the general manner in which the
8 digital assets of the customer will be
9 and are custodied;

10 (C) information concerning the
11 policies and procedures of the person
12 that are related to the protection of
13 customers of the person, including in-
14 formation regarding any conflicts of
15 interest or material affiliates; and

16 (D) in their disclosure documents,
17 offering documents, and promotional
18 material—

19 (i) in a prominent manner,
20 that they are not registered with
21 or regulated by the Commission;
22 and

23 (ii) the contact information
24 for the whistleblower, complaint,

1 and reparation programs of the
2 Commission.

3 **(d) AUTHORITY.—**

4 **(1) IN GENERAL.—**

5 **(A) DEEMED REGISTRATION.—**A per-
6 son who remains in compliance with
7 the requirements of this section is
8 deemed to be—

9 **(i)** a registered digital com-
10 modity exchange, pursuant to sec-
11 tion 5i, if the person filed a state-
12 ment of provisional registration
13 as a digital commodity exchange;
14 or

15 **(ii)** a registered digital com-
16 modity broker or dealer, pursuant
17 to section 4u, if the person filed a
18 statement of provisional registra-
19 tion as a digital commodity
20 broker or dealer, as the case may
21 be.

22 **(B) SUNSET.—**The applicability of
23 subparagraph (A) shall expire—

24 **(i)** in the case of a digital com-
25 modity exchange deemed reg-

1 istered pursuant to subparagraph
2 (A)(i), 180 days after the final ef-
3 fective date of the rulemakings
4 required under 5i; or

5 (ii) in the case of a digital
6 commodity broker or dealer
7 deemed registered pursuant to
8 subparagraph (A)(ii), 180 days
9 after the final effective date of
10 the rulemakings required under
11 4u.

12 (2) SUPERIORITY OF COMMISSION-ADOPT-
13 ED REQUIREMENTS.—The requirements of
14 the preceding provisions of this section
15 shall not supersede any requirements ap-
16 plicable to registered persons adopted by
17 the Commission under the Commodity
18 Exchange Act.

19 (e) DELISTING.—This section shall not be
20 construed to limit the authority of the Com-
21 mission and the Securities and Exchange
22 Commission to jointly require a person to
23 delist an asset for trading if the Commission
24 and the Securities and Exchange Commission
25 determine, in accordance with rules, proce-

1 dures or guidance jointly issued by the Com-
2 mission and the Securities and Exchange
3 Commission to delist an asset for trading, that
4 the listing is inconsistent with the Commodity
5 Exchange Act, the securities laws (including
6 regulations under those laws), or this Act.

7 (f) **REGISTRATION.**—A person may not file a
8 statement of provisional registration with the
9 Commission after the Commission has final-
10 ized its rules for the registration of digital
11 commodity exchanges, digital commodity bro-
12 kers, or digital commodity dealers, as appro-
13 priate.

14 (g) **RULEMAKING.**—

15 (1) **IN GENERAL.**—Within 180 days after
16 the date of the enactment of this Act, a
17 registered futures association shall adopt
18 and enforce rules applicable to persons
19 required by subsection (a)(2) to be mem-
20 bers of the association.

21 (2) **FEES.**—The rules adopted under
22 subparagraph (A) of this paragraph may
23 provide for dues in accordance with sec-
24 tion 17(b)(6) of the Commodity Exchange
25 Act.

1 **(3) EFFECT.—**A registered futures as-
2 sociation shall submit to the Commission
3 any rule adopted under subparagraph (A)
4 of this paragraph, which shall take effect
5 pursuant to the requirements of section
6 17(j) of the Commodity Exchange Act.

7 **(h) LIABILITY OF THE FILER.—**It shall be un-
8 lawful for any person to provide false infor-
9 mation in support of a filing under this sec-
10 tion if the person knew or reasonably should
11 have known that the information was false.

12 **(i) WHISTLEBLOWER ENFORCEMENT.—**For
13 purposes of section 23 of the Commodity Ex-
14 change Act, the term “this Act” includes this
15 section.

16 **(j) FEDERAL PREEMPTION.—**

17 **(1)** This section shall supersede any
18 State or local law (other than antifraud
19 provisions of general applicability) that
20 regulates the offer or sale of digital as-
21 sets in the case of a transaction con-
22 ducted in compliance with this section
23 and conducted on or through a person
24 who files a statement of provisional reg-
25 istration under subsection (a) and com-

1 plies with the requirements of this sec-
2 tion.

3 (2) Notwithstanding any other provi-
4 sion of law, the Commission shall have
5 exclusive jurisdiction over the digital
6 asset activities of a person who—

7 (A) files a statement of provi-
8 sional registration under subsection
9 (a); and

10 (B) complies with the require-
11 ments of this section.

12 SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES
13 LAWS SAVINGS PROVISIONS.

14 (a) IN GENERAL.—Nothing in this Act shall
15 affect or apply to, or be interpreted to affect
16 or apply to—

17 (1) any agreement, contract, or trans-
18 action that is subject to the Commodity
19 Exchange Act as—

20 (A) a contract of sale of a com-
21 modity for future delivery or an op-
22 tion on such a contract;

23 (B) a swap;

24 (C) a security futures product;

1 **(D) an option authorized under**
2 **section 4c of such Act;**

3 **(E) an agreement, contract, or**
4 **transaction described in section**
5 **2(c)(2)(C)(i) of such Act; or**

6 **(F) a leverage transaction author-**
7 **ized under section 19 of such Act;**

8 **(2) any agreement, contract, or trans-**
9 **action that is subject to the securities**
10 **laws as—**

11 **(A) a security-based swap;**

12 **(B) a security futures product; or**

13 **(C) an option on or based on the**
14 **value of a security; or**

15 **(3) the activities of any person with**
16 **respect to any such agreement, contract,**
17 **or transaction.**

18 **(b) PROHIBITIONS ON SPOT DIGITAL COM-**
19 **MODIFY ENTITIES.—Nothing in this Act author-**
20 **izes, or shall be interpreted to authorize, a**
21 **digital commodity exchange, digital com-**
22 **modity broker, or digital commodity dealer to**
23 **engage in any activities involving any trans-**
24 **action, contract, or agreement described in**
25 **subsection (a)(1), solely by virtue of being reg-**

1 istered or filing a statement of provisional
2 registration as a digital commodity exchange,
3 digital commodity broker, or digital com-
4 modity dealer.

5 (c) DEFINITIONS.—In this section, each
6 term shall have the meaning provided in the
7 Commodity Exchange Act or the regulations
8 prescribed under such Act.

9 SEC. 108. ADMINISTRATIVE REQUIREMENTS.

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

12 (1) in paragraph (3)—

13 (A) in subparagraph (B), by strik-
14 ing “or” at the end;

15 (B) in subparagraph (C), by strik-
16 ing the period and inserting “; or”;
17 and

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

20 “(D) a contract of sale of a digital
21 commodity.”;

22 (2) in paragraph (4)—

23 (A) in subparagraph (A)—

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

1 (ii) in clause (iii), by striking
2 the period and inserting “; or”;
3 and

4 (iii) by adding at the end the
5 following:

6 “(iv) a contract of sale of a
7 digital commodity.”;

8 (B) in subparagraph (B)—

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

11 (ii) in clause (iii), by striking
12 the period and inserting “; or”;
13 and

14 (iii) by adding at the end the
15 following:

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

18 (C) in subparagraph (C)—

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

21 (ii) by striking “(iii) a swap,
22 provided however,” and inserting
23 the following:

24 “(iii) a swap; or

1 “(iv) a contract of sale of a
2 digital commodity,
3 provided, however,”; and
4 (iii) by striking “clauses (i),
5 (ii), or (iii)” and insert “any of
6 clauses (i) through (iv)”.

7 SEC. 109. INTERNATIONAL COOPERATION.

8 In order to promote greater consistency
9 in effective and consistent global regulation
10 of digital assets, the Commodity Futures
11 Trading Commission and the Securities and
12 Exchange Commission, as appropriate—

13 (1) shall consult and coordinate with
14 foreign regulatory authorities on the ap-
15 plication of consistent international
16 standards with respect to the regulation
17 of digital assets; and

18 (2) may enter into such information-
19 sharing arrangements as may be deemed
20 to be necessary or appropriate in the
21 public interest or for the protection of in-
22 vestors, customers, and users of digital
23 assets.

1 SEC. 110. TREATMENT OF CERTAIN NON-CONTROLLING
2 BLOCKCHAIN DEVELOPERS.

3 (a) IN GENERAL.—Notwithstanding appli-
4 cable law, a non-controlling blockchain devel-
5 oper or provider of a blockchain service shall
6 not be treated as a money transmitter or as
7 engaged in “money transmitting” or, fol-
8 lowing the date of enactment of this Act, be
9 otherwise subject to any new registration re-
10 quirement that is substantially similar to the
11 requirement that currently applies to money
12 transmitters, solely on the basis of—

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

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

21 (3) providing infrastructure support
22 to maintain a blockchain service.

23 (b) RULE OF CONSTRUCTION.—Nothing in
24 this section shall be construed to affect
25 whether a blockchain developer or provider
26 of a blockchain service is otherwise subject to

1 classification or treatment as a money trans-
2 mitter, or as engaged in “money transmit-
3 ting”, under applicable State or Federal law,
4 including laws relating to anti-money laun-
5 dering or countering the financing of ter-
6 rorism, based on conduct outside the scope of
7 subsection (a). Nothing in this section shall be
8 construed to affect whether a blockchain de-
9 veloper or provider of a blockchain service is
10 otherwise subject to classification or treat-
11 ment as a financial institution under the
12 Bank Secrecy Act, this Act, or any Act enacted
13 after the date of enactment of this Act.

14 (c) EFFECT ON OTHER LAWS.—

15 (1) INTELLECTUAL PROPERTY LAW.—

16 Nothing in this section shall be construed
17 to limit or expand any law pertaining to
18 intellectual property.

19 (2) STATE LAW.—Nothing in this sec-
20 tion shall be construed to prevent any
21 State from enforcing any State law that is
22 consistent with this section. No cause of
23 action may be brought and no liability
24 may be imposed under any State or local
25 law that is inconsistent with this section.

1 **(d) DEFINITIONS.—In this section:**

2 **(1) BLOCKCHAIN DEVELOPER.—The term**
3 **“blockchain developer” means any person**
4 **or business that creates or publishes soft-**
5 **ware to facilitate the creation of, or pro-**
6 **vide maintenance to, a blockchain or a**
7 **blockchain service.**

8 **(2) BLOCKCHAIN SERVICE.—The term**
9 **“blockchain service” means any informa-**
10 **tion, transaction, or computing service or**
11 **system that provides or enables access to**
12 **a blockchain network by multiple users,**
13 **including specifically a service or system**
14 **that enables users to send, receive, ex-**
15 **change, or store digital assets described**
16 **by blockchain networks.**

17 **(3) NON-CONTROLLING BLOCKCHAIN DE-**
18 **VELOPER OR PROVIDER OF A BLOCKCHAIN**
19 **SERVICE.—The term “non-controlling**
20 **blockchain developer or provider of a**
21 **blockchain service” means a blockchain**
22 **developer or provider of a blockchain**
23 **service that in the regular course of oper-**
24 **ations, does not have the legal right or**
25 **the unilateral and independent ability to**

1 **control, initiate upon demand, or effec-**
2 **tuate transactions involving digital assets**
3 **that users are entitled to, without the ap-**
4 **proval, consent, or direction of any other**
5 **third party.**

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

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

9 **(1) by inserting “digital commodity**
10 **broker, digital commodity dealer,” after**
11 **“futures commission merchant,”; and**

12 **(2) by inserting before the period the**
13 **following: “and any digital commodity ex-**
14 **change registered, or required to reg-**
15 **ister, under the Commodity Exchange Act**
16 **which permits direct customer access”.**

17 **(b) GAO STUDY.—**

18 **(1) IN GENERAL.—The Comptroller**
19 **General of the United States, in consulta-**
20 **tion with the Secretary of the Treasury,**
21 **shall conduct a study to—**

22 **(A) assess the risks posed by cen-**
23 **tralized intermediaries that are pri-**
24 **marily located in foreign jurisdictions**
25 **that provide services to U.S. persons**

1 **without regulatory requirements that**
2 **are substantially similar to the re-**
3 **quirements of the Bank Secrecy Act;**
4 **and**

5 **(B) provide any regulatory or leg-**
6 **islative recommendations to address**
7 **these risks under subparagraph (A).**

8 **(2) REPORT.—Not later than 1 year**
9 **after the date of enactment of this Act,**
10 **the Comptroller General shall issue a re-**
11 **port to Congress containing all findings**
12 **and determinations made in carrying out**
13 **the study required under paragraph (1).**

14 **SEC. 112. IMPLEMENTATION.**

15 **(a) GLOBAL RULEMAKING TIMEFRAME.—Un-**
16 **less otherwise provided in this Act or an**
17 **amendment made by this Act, the Commodity**
18 **Futures Trading Commission and the Securi-**
19 **ties and Exchange Commission, or both, shall**
20 **individually, and jointly where required, pro-**
21 **mulgate rules and regulations required of**
22 **each Commission under this Act or an amend-**
23 **ment made by this Act not later than 360 days**
24 **after the date of enactment of this Act.**

1 **(b) RULES AND REGISTRATION BEFORE FINAL**
2 **EFFECTIVE DATES.—**

3 **(1) IN GENERAL.—**In order to prepare
4 for the implementation of this Act, the
5 Commodity Futures Trading Commission
6 and the Securities and Exchange Com-
7 mission may, before any effective date
8 provided in this Act—

9 **(A)** promulgate rules, regulations,
10 or orders permitted or required by
11 this Act;

12 **(B)** conduct studies and prepare
13 reports and recommendations re-
14 quired by this Act;

15 **(C)** register persons under this
16 Act; and

17 **(D)** exempt persons, agreements,
18 contracts, or transactions from provi-
19 sions of this Act, under the terms con-
20 tained in this Act.

21 **(2) LIMITATION ON EFFECTIVENESS.—**An
22 action by the Commodity Futures Trad-
23 ing Commission or the Securities and Ex-
24 change Commission under paragraph (1)
25 shall not become effective before the ef-

1 fective date otherwise applicable to the
2 action under this Act.

3 **TITLE II—OFFERS AND SALES OF**
4 **DIGITAL COMMODITIES**

5 SEC. 201. TREATMENT OF INVESTMENT CONTRACT ASSETS.

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

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

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

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

18 “(A) that can be exclusively pos-
19 sessed and transferred, person to per-
20 son, without necessary reliance on an
21 intermediary, and is recorded on a
22 blockchain; and

23 “(B) sold or otherwise trans-
24 ferred, or intended to be sold or oth-

1 erwise transferred, pursuant to an in-
2 vestment contract.”.

3 **(b) INVESTMENT ADVISERS ACT OF 1940.—**
4 **Section 202(a)(18) of the Investment Advisers**
5 **Act of 1940 (15 U.S.C. 80b–2(a)(18)) is amended**
6 **by adding at the end the following: “The term**
7 **‘investment contract’ does not include an in-**
8 **vestment contract asset (as such term is de-**
9 **fin ed under section 2(a) of the Securities Act**
10 **of 1933).”.**

11 **(c) INVESTMENT COMPANY ACT OF 1940.—**
12 **Section 2(a)(36) of the Investment Company**
13 **Act of 1940 (15 U.S.C. 80a–2(a)(36)) is amended**
14 **by adding at the end the following: “The term**
15 **‘investment contract’ does not include an in-**
16 **vestment contract asset (as such term is de-**
17 **fin ed under section 2(a) of the Securities Act**
18 **of 1933).”.**

19 **(d) SECURITIES EXCHANGE ACT OF 1934.—**
20 **Section 3(a)(10) of the Securities Exchange**
21 **Act of 1934 (15 U.S.C. 78c(a)(10)) is amended**
22 **by adding at the end the following: “The term**
23 **‘investment contract’ does not include an in-**
24 **vestment contract asset (as such term is de-**

1 **fined under section 2(a) of the Securities Act**
2 **of 1933).”.**

3 **(e) SECURITIES INVESTOR PROTECTION ACT**
4 **OF 1970.—Section 16(14) of the Securities In-**
5 **vestor Protection Act of 1970 (15 U.S.C.**
6 **78lll(14)) is amended by adding at the end the**
7 **following: “The term ‘investment contract’**
8 **does not include an investment contract asset**
9 **(as such term is defined under section 2(a) of**
10 **the Securities Act of 1933).”.**

11 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**
12 **COMMODITIES.**

13 **(a) IN GENERAL.—The Securities Act of**
14 **1933 (15 U.S.C. 77a et seq.) is amended—**

15 **(1) in section 4(a), by adding at the**
16 **end the following:**

17 **“(8) the offer or sale of an investment**
18 **contract involving units of a digital com-**
19 **modity by its digital commodity issuer**
20 **(including all entities controlled by or**
21 **under common control with the issuer),**
22 **if—**

23 **“(A) the blockchain system to**
24 **which the digital commodity relates,**
25 **together with the digital commodity,**

1 is certified as a mature blockchain
2 system under section 42 of the Securi-
3 ties Exchange Act of 1934 or the
4 issuer intends for the blockchain sys-
5 tem to which the digital commodity
6 relates to be a mature blockchain sys-
7 tem by the later of—

8 “(i) the date that is four years
9 after the first sale of the invest-
10 ment contract involving a unit of
11 such digital commodity in reli-
12 ance on the exemption provided
13 under this paragraph, subject to
14 any extensions as may be granted
15 by the Commission; or

16 “(ii) the date that is four years
17 after the effective date of this
18 paragraph;

19 “(B) the sum of all cash and other
20 consideration to be received by the
21 digital commodity issuer in reliance
22 on the exemption provided under this
23 paragraph, during the 12-month pe-
24 riod preceding the date of such offer-
25 ing, including the amount received in

1 such offering, is not more than
2 \$75,000,000 (as such amount is annu-
3 ally adjusted by the Commission to
4 reflect the change in the Consumer
5 Price Index for All Urban Consumers
6 published by the Bureau of Labor
7 Statistics of the Department of
8 Labor);

9 “(C) after the completion of the
10 transaction, a purchaser does not
11 own more than 10 percent of the total
12 amount of the outstanding units of
13 the digital commodity;

14 “(D) the transaction does not in-
15 volve the offer or sale of an invest-
16 ment contract involving units of a
17 digital commodity by its digital com-
18 modity issuer that—

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

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

1 “(I) has no specific busi-
2 ness plan or purpose; or

3 “(II) has indicated that
4 the business plan of the com-
5 pany is to merge with or ac-
6 quire an unidentified com-
7 pany;

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

16 “(iv) is issuing fractional un-
17 divided interests in oil or gas
18 rights, or a similar interest in
19 other mineral rights;

20 “(v) is, or has been, subject to
21 any order of the Commission en-
22 tered pursuant to section 12(j) of
23 the Securities Exchange Act of
24 1934 during the 5-year period be-

1 fore the filing of the offering
2 statement; or

3 “(vi) is disqualified pursuant
4 to section 230.262 of title 17, Code
5 of Federal Regulations; and

6 “(E) the issuer meets the require-
7 ments of section 4B(b).”; and

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

10 “SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIG-
11 ITAL COMMODITY TRANSACTIONS.

12 “(a) COMMISSION JURISDICTION.—For the
13 purposes of this section:

14 “(1) The Commission shall have juris-
15 diction and enforcement authority with
16 respect to disclosures described in this
17 section.

18 “(2) Section 17 shall apply to a state-
19 ment made in an offering statement, dis-
20 closure, or report filed under this section
21 to the same extent as such section 17 ap-
22 plies to a statement made in any other of-
23 fering statement, disclosure, or report
24 filed under this Act.

1 **“(b) REQUIREMENTS FOR DIGITAL COM-**
2 **MODITY ISSUERS.—**

3 **“(1) TERMS AND CONDITIONS.—A digital**
4 **commodity issuer offering or selling an**
5 **investment contract involving units of a**
6 **digital commodity in reliance on section**
7 **4(a)(8) shall file with the Commission an**
8 **offering statement and any related docu-**
9 **ments, in such form and with such con-**
10 **tent as prescribed by the Commission, in-**
11 **cluding financial information, a descrip-**
12 **tion of the issuer and the operations of**
13 **the issuer, the financial condition of the**
14 **issuer, a description of the plan of dis-**
15 **tribution of any unit of a digital com-**
16 **modity that is to be offered as well as the**
17 **intended use of the offering proceeds,**
18 **and a description of the development**
19 **plan for the blockchain system, and the**
20 **related digital commodity, to become a**
21 **mature blockchain system, if such**
22 **blockchain system is not already certified**
23 **as a mature blockchain system pursuant**
24 **to section 42 of the Securities Exchange**
25 **Act of 1934 (15 U.S.C. 78a et seq.).**

1 **“(2) INFORMATION REQUIRED FOR PUR-**
2 **CHASERS.—A digital commodity issuer**
3 **that has filed a statement under para-**
4 **graph (1) to offer and sell an investment**
5 **contract involving a unit of a digital com-**
6 **modity in reliance on section 4(a)(8) shall**
7 **include in such statement the following**
8 **information:**

9 **“(A) MATURITY STATUS.—Whether**
10 **the blockchain system to which the**
11 **digital commodity relates has been**
12 **certified as a mature blockchain sys-**
13 **tem pursuant to section 42 of the Se-**
14 **curities Exchange Act of 1934 (15**
15 **U.S.C. 78a et seq.) and, where such**
16 **blockchain system is not so certified,**
17 **a statement of the digital commodity**
18 **issuer’s intent for the blockchain sys-**
19 **tem to which the digital commodity**
20 **relates to be a mature blockchain sys-**
21 **tem within the time period described**
22 **in section 4(a)(8)(A).**

23 **“(B) SOURCE CODE.—The source**
24 **code, or a publicly accessible**
25 **webpage displaying such source code,**

1 for any blockchain system to which
2 the digital commodity relates, and
3 whether the source code was sourced
4 from an external third party, whether
5 there are any existing external de-
6 pendencies, and whether the code un-
7 derwent a third-party security audit,
8 along with material results of any
9 such audit.

10 “(C) TRANSACTION HISTORY.—A de-
11 scription of the steps necessary to
12 independently access, search, and
13 verify the transaction history of any
14 blockchain system to which the dig-
15 ital commodity relates, to the extent
16 any such independent access, search,
17 and verification activities are tech-
18 nically feasible with respect to such
19 blockchain system.

20 “(D) DIGITAL COMMODITY ECONOM-
21 ICS.—A description of the purpose of
22 any blockchain system to which the
23 digital commodity relates and the op-
24 eration of any such blockchain sys-
25 tem, including—

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

12 “(ii) information explaining
13 the technical requirements for
14 holding, accessing, and transfer-
15 ring the digital commodity;

16 “(iii) information on any ap-
17 plicable consensus mechanism or
18 process for validating trans-
19 actions, method of generating or
20 mining digital commodities, and
21 any process for burning or de-
22 stroying units of the digital com-
23 modity on the blockchain system;

24 “(iv) an explanation of any
25 mechanism for driving value to

1 the digital commodity of such
2 blockchain system; and

3 “(v) an explanation of govern-
4 ance mechanisms for imple-
5 menting changes to the
6 blockchain system or forming
7 consensus among holders of units
8 of such digital commodity.

9 “(E) PLAN OF DEVELOPMENT.—The
10 current state and timeline for the de-
11 velopment of any blockchain system
12 to which the digital commodity re-
13 lates, detailing how and when the
14 blockchain system is intended to be a
15 mature blockchain system, if the
16 blockchain system is not yet certified
17 as a mature blockchain system, and
18 the various roles that exist or are in-
19 tended to exist in connection with the
20 blockchain system, such as users,
21 service providers, developers, trans-
22 action validators, and governance
23 participants, including a discussion
24 of any mechanisms by which control
25 or authority are exerted with respect

1 to the blockchain system or its re-
2 lated digital commodity, and any crit-
3 ical operational dependencies of the
4 blockchain system or its related dig-
5 ital commodity.

6 **“(F) OWNERSHIP DISCLOSURES.—**

7 **“(i) IN GENERAL.—**A list of all
8 persons who are digital com-
9 modity related persons or digital
10 commodity affiliated persons who
11 have been issued a unit of the
12 digital commodity by the digital
13 commodity issuer or have a right
14 to a unit of the digital commodity
15 from the digital commodity
16 issuer.

17 **“(ii) CONFIDENTIALITY.—**The
18 Commission shall keep each list
19 described under clause (i) con-
20 fidential, consistent with what is
21 necessary or appropriate in the
22 public interest or for the protec-
23 tion of investors.

24 **“(G) RISK FACTOR DISCLOSURES.—**A
25 description of the material risks sur-

1 rounding ownership of a unit of a
2 digital commodity.

3 “(3) ONGOING DISCLOSURE REQUIRE-
4 MENTS FOR MATURING BLOCKCHAIN SYS-
5 TEMS.—Subject to paragraph (5), the
6 issuer of a digital commodity related to a
7 blockchain system that is not yet cer-
8 tified as a mature blockchain system
9 under section 42 of the Securities Ex-
10 change Act of 1934 that has filed a state-
11 ment under paragraph (1) to offer and
12 sell an investment contract involving a
13 unit of a digital commodity in reliance on
14 section 4(a)(8) shall file the following
15 with the Commission:

16 “(A) SEMIANNUAL REPORTS.—Every
17 6 months, a report containing—

18 “(i) an updated description of
19 the current state and timeline for
20 the development of the
21 blockchain system to which the
22 digital commodity relates, show-
23 ing how and when the blockchain
24 is intended to be a mature
25 blockchain system;

1 “(ii) a description of the ef-
2 forts of the issuer and digital
3 commodity related persons in de-
4 veloping the blockchain system to
5 which the digital commodity re-
6 lates;

7 “(iii) the amount of money
8 raised by the digital commodity
9 issuer in reliance on section
10 4(a)(8), how much of that money
11 has been spent, and the general
12 categories of activities for which
13 that money has been spent and
14 amounts spent per category; and

15 “(iv) financial statements,
16 where applicable.

17 “(B) CURRENT REPORTS.—A current
18 report reflecting any material
19 changes relevant to the information
20 previously reported to the Commis-
21 sion by the digital commodity issuer,
22 which shall be filed as soon as prac-
23 ticable after the material change oc-
24 curred, in accordance with such rules
25 as the Commission may prescribe as

1 **necessary or appropriate in the pub-**
2 **lic interest or for the protection of in-**
3 **vestors.**

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

10 **“(5) TERMINATION OF CERTAIN REPORT-**
11 **ING REQUIREMENTS; POST-MATURITY REPORT-**
12 **ING REQUIREMENTS.—**

13 **“(A) IN GENERAL.—The ongoing re-**
14 **porting requirements under para-**
15 **graph (3) shall not apply to a digital**
16 **commodity issuer 180 days after the**
17 **end of the covered fiscal year, if the**
18 **information with respect to the dig-**
19 **ital commodity and the blockchain**
20 **system to which it relates described**
21 **in subparagraphs (A) through (C) of**
22 **paragraph (2) is made publicly avail-**
23 **able and the disclosure requirements**
24 **under subparagraph (C) of this para-**
25 **graph are satisfied.**

1 **“(B) COVERED FISCAL YEAR DE-**
2 **FINED.—In this paragraph, the term**
3 **‘covered fiscal year’ means, with re-**
4 **spect to a digital commodity, the first**
5 **fiscal year of a digital commodity**
6 **issuer in which the blockchain sys-**
7 **tem to which such digital commodity**
8 **relates is certified as a mature**
9 **blockchain system under section 42 of**
10 **the Securities Exchange Act of 1934.**

11 **“(C) POST-MATURITY REPORTING RE-**
12 **QUIREMENTS.—After the blockchain**
13 **system to which a digital commodity**
14 **relates is certified as a mature**
15 **blockchain system under section 42 of**
16 **the Securities Exchange Act of 1934,**
17 **any digital commodity issuer that has**
18 **filed a statement under paragraph (1)**
19 **to offer and sell an investment con-**
20 **tract involving a unit of a digital**
21 **commodity in reliance on section**
22 **4(a)(8) and is engaged in material on-**
23 **going efforts related to the mature**
24 **blockchain system shall disclose, in a**
25 **manner reasonably calculated to in-**

1 form the public, and at such fre-
2 quency as the Commission may pre-
3 scribe, by rule, a description of such
4 efforts, including—

5 “(i) any participation in a de-
6 centralized governance system of
7 such blockchain system;

8 “(ii) any participation in alter-
9 ations or proposed alterations to
10 the functionality or operation of
11 such blockchain system;

12 “(iii) the use or planned use of
13 any funds raised in reliance on
14 section 4(a)(8) or any rulemaking
15 pursuant to section 202(c) of the
16 CLARITY Act of 2025 in such ef-
17 forts;

18 “(iv) the amount of units of
19 the digital commodity, or rights
20 thereto, owned and controlled by
21 such issuer and any use, sale,
22 trading, or other disposition
23 thereof; and

1 “(v) any affiliations of such
2 issuer material to the efforts of
3 such issuer.

4 “(D) TERMINATION OF AND EXEMP-
5 TION FROM POST-MATURITY REPORTING
6 REQUIREMENTS.—Not later than 270
7 days after the date of the enactment
8 of this section, the Commission shall
9 issue rules—

10 “(i) for terminating the disclo-
11 sure requirements described in
12 subparagraph (C) during the first
13 fiscal year in which the digital
14 commodity issuer does not engage
15 in material ongoing efforts re-
16 lated to the mature blockchain
17 system; and

18 “(ii) to, as is necessary or ap-
19 propriate in the public interest or
20 for the protection of investors, ex-
21 empt a digital commodity issuer
22 from the requirements described
23 in subparagraph (C) where only a
24 de minimis amount of market ac-
25 tivity involving the digital com-

1 **modity of such digital commodity**
2 **issuer is taking place.**

3 **“(E) RULE OF CONSTRUCTION.—**
4 **Nothing in subparagraph (C) may be**
5 **construed to make any digital com-**
6 **modity described in such subpara-**
7 **graph a security.**

8 **“(c) REQUIREMENTS FOR INTERMEDIARIES.—**
9 **A person acting as an intermediary in connec-**
10 **tion with the offer or sale of an investment**
11 **contract involving units of a digital com-**
12 **modity in reliance on section 4(a)(8) shall—**

13 **“(1) register with the Commission as**
14 **a broker or dealer; and**

15 **“(2) be a member of a national securi-**
16 **ties association registered under section**
17 **15A of the Securities Exchange Act of**
18 **1934 (15 U.S.C. 78o–3).**

19 **“(d) DISQUALIFICATION PROVISIONS.—The**
20 **Commission shall issue rules to apply the dis-**
21 **qualification provisions under section 230.262**
22 **of title 17, Code of Federal Regulations, to the**
23 **exemption provided under section 4(a)(8).**

24 **“(e) FAILURE TO MATURE.—**

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

16 **“(A) DISCLOSURES.—Disclosures re-**
17 **garding the following:**

18 **“(i) FAILURE TO MATURE.—A de-**
19 **tailed explanation of the reason**
20 **that the blockchain system has**
21 **not become a mature blockchain**
22 **system within the time period de-**
23 **scribed in section 4(a)(8)(A).**

24 **“(ii) DEVELOPMENT PLANS.—**
25 **The future plans of development**

1 of the blockchain system, includ-
2 ing information required under
3 subsection (b)(3).

4 “(iii) RISK FACTOR DISCLO-
5 SURES.—The material risks sur-
6 rounding ownership of a unit of a
7 digital commodity that relates to
8 a blockchain system described
9 under subsection (b)(1) that has
10 not become a mature blockchain
11 system within the time period de-
12 scribed in section 4(a)(8)(A).

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

19 “(2) QUALIFICATION REQUIRED.—The
20 Commission may not permit any addi-
21 tional reliance on an exempt offering for
22 the offer or sale of an investment con-
23 tract involving a unit of a digital com-
24 modity by the issuer of the digital com-
25 modity related to a blockchain system de-

1 scribed under subsection (a)(1) that has
2 not become a mature blockchain system
3 within the time period described in sec-
4 tion 4(a)(8)(A) unless the Commission has
5 qualified any offering statement related
6 to such exempt offering.”.

7 **(b) ADDITIONAL EXEMPTIONS.—**

8 (1) **CERTAIN REGISTRATION REQUIRE-**
9 **MENTS.—**Section 12(g)(6) of the Securities
10 **Exchange Act of 1934 (15 U.S.C. 78l(g)(6))**
11 **is amended by striking “under section**
12 **4(6)” and inserting “under section 4(a)(6)**
13 **or 4(a)(8)”.**

14 (2) **EXEMPTION FROM STATE REGULA-**
15 **TION.—**Section 18(b)(4) of the Securities
16 **Act of 1933 (15 U.S.C. 77r(b)(4)) is amend-**
17 **ed—**

18 (A) in subparagraph (B), by strik-
19 ing “section 4(4)” and inserting “sec-
20 tion 4(a)(4)”;

21 (B) in subparagraph (C), by strik-
22 ing “section 4(6)” and inserting “sec-
23 tion 4(a)(6)”;

24 (C) in subparagraph (F)—

1 (i) by striking “section 4(2)”
2 each place such term appears and
3 inserting “section 4(a)(2)”; and

4 (ii) by striking “or” at the end;

5 (D) in subparagraph (G), by strik-
6 ing the period and inserting “; or”;
7 and

8 (E) by adding at the end the fol-
9 lowing:

10 “(H) section 4(a)(8).”.

11 (c) USE OF OTHER EXEMPTIONS.—

12 (1) RULE OF CONSTRUCTION.—Except as
13 provided in this subsection, nothing in
14 this section or the amendments made by
15 this section may be construed as prohib-
16 iting the offer or sale of an investment
17 contract involving units of a digital com-
18 modity in reliance on an exemption pro-
19 vided under section 3, 4(a), or 19 of the
20 Securities Act of 1933 other than that
21 provided under section 4(a)(8) of the Se-
22 curities Act of 1933.

23 (2) RULEMAKINGS.—

24 (A) The Securities and Exchange
25 Commission may issue rules—

1 (i) to permit the issuer of a
2 digital commodity related to a
3 blockchain system described
4 under section 4B(b)(1) of the Se-
5 curities Act of 1933 that has not
6 become a mature blockchain sys-
7 tem within the time period de-
8 scribed in section 4(a)(8)(A) of
9 such Act, or the issuer of a digital
10 commodity described in subpara-
11 graph (B)(iii), to utilize an exempt
12 offering to offer or sell an invest-
13 ment contract involving the dig-
14 ital commodity, if the Commission
15 qualifies any offering statement
16 related to such exempt offering;
17 and

18 (ii) for the offer and sale of in-
19 vestment contracts involving
20 units of a digital commodity by
21 issuers that are not organized
22 under the laws of a State, a terri-
23 tory of the United States, or the
24 District of Columbia.

1 **(B) Not later than 270 days after**
2 **the date of the enactment of this sec-**
3 **tion, the Securities and Exchange**
4 **Commission shall issue the following**
5 **rules:**

6 **(i) A rule requiring a digital**
7 **commodity issuer that last of-**
8 **fered or sold an investment con-**
9 **tract involving units of a digital**
10 **commodity in reliance on an ex-**
11 **emption provided under section**
12 **3, 4(a), or 19 of the Securities Act**
13 **of 1933 prior to the date of enact-**
14 **ment of this Act, to file a com-**
15 **parable set of disclosures to those**
16 **described under section 4B of the**
17 **Securities Act of 1933 as the Com-**
18 **mission determines appropriate**
19 **based on the exemption, the ma-**
20 **turity of the blockchain system to**
21 **which such digital commodity re-**
22 **lates, and any material ongoing**
23 **efforts of such digital commodity**
24 **issuer (provided that for**
25 **blockchains certified as a mature**

1 **blockchain system under section**
2 **42 of the Securities Exchange Act**
3 **of 1934, such disclosures shall be**
4 **comparable to those under sec-**
5 **tion 4B(b)(5)(C)), not later than**
6 **the later of—**

7 **(I) one year after the ef-**
8 **fective date of this section; or**

9 **(II) the date of any sec-**
10 **ondary market sale of such**
11 **digital commodity made in re-**
12 **liance on section 203.**

13 **(ii) A rule requiring a digital**
14 **commodity issuer that offers or**
15 **sells an investment contract in-**
16 **volving units of a digital com-**
17 **modity in reliance on an exemp-**
18 **tion provided under section 3,**
19 **4(a), or 19 of the Securities Act of**
20 **1933, other than that provided**
21 **under section 4(a)(8) of the Secu-**
22 **rities Act of 1933, on or after the**
23 **date of enactment of this Act, to**
24 **file a comparable set of disclo-**
25 **tures to those described under**

1 **section 4B of the Securities Act of**
2 **1933 as the Commission deter-**
3 **mines appropriate based on the**
4 **exemption, the maturity of the**
5 **blockchain system to which such**
6 **digital commodity relates, and**
7 **any material ongoing efforts of**
8 **such digital commodity issuer,**
9 **prior to the date of any secondary**
10 **market sale of such digital com-**
11 **modity made in reliance on sec-**
12 **tion 203.**

13 **(iii) With respect to a digital**
14 **commodity where the digital com-**
15 **modity issuer is required to file**
16 **disclosures under clause (i) or (ii)**
17 **and where the blockchain system**
18 **to which the digital commodity**
19 **relates is not certified as a ma-**
20 **ture blockchain system pursuant**
21 **to section 42 of the Securities Ex-**
22 **change Act of 1934 after the 4-**
23 **year period beginning on the date**
24 **that the first such disclosure is**
25 **filed—**

1 **(I) a rule prohibiting the**
2 **offer or sale of an investment**
3 **contract involving units of the**
4 **digital commodity unless the**
5 **Commission has qualified any**
6 **offering statement related to**
7 **such offer or sale, where such**
8 **offer or sale is permitted pur-**
9 **suant to subparagraph (A)(i);**
10 **and**

11 **(II) a rule requiring the**
12 **digital commodity issuer to**
13 **make disclosures comparable**
14 **to those described in**
15 **4B(e)(1)(A) of the Securities**
16 **Act of 1933.**

17 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**
18 **DIGITAL COMMODITIES THAT ORIGINALLY**
19 **INVOLVED INVESTMENT CONTRACTS.**

20 **(a) SECONDARY MARKET TREATMENT.—Not-**
21 **withstanding any other provision of law, the**
22 **offer or sale of a digital commodity that origi-**
23 **nally involved an investment contract by a**
24 **person other than the issuer of such digital**
25 **commodity, or an agent or underwriter there-**

1 of, shall be deemed not to be an offer or sale
2 of such investment contract between the
3 issuer of the investment contract involving
4 the digital commodity, or an agent or under-
5 writer thereof, and the purchaser of such dig-
6 ital commodity under—

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

9 (2) the Investment Advisers Act of
10 1940 (15 U.S.C. 80b–1 et seq.);

11 (3) the Investment Company Act of
12 1940 (15 U.S.C. 80a–1 et seq.);

13 (4) the Securities Exchange Act of
14 1934 (15 U.S.C. 78a et seq.);

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

17 (6) any applicable provisions of State
18 law.

19 (b) **END USER DISTRIBUTIONS NOT AN OFFER**
20 **OR SALE OF A SECURITY.**—An end user distribu-
21 tion does not involve the offer or sale of a se-
22 curity.

23 (c) **AGENT DEFINED.**—In this section and
24 with respect to a digital commodity issuer,
25 the term “agent” means any person directly or

1 indirectly controlled by the issuer or under
2 direct or indirect common control with the
3 issuer.

4 SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-
5 ITAL COMMODITIES BY DIGITAL COMMODITY
6 RELATED PERSONS AND DIGITAL COM-
7 MODITY AFFILIATED PERSONS.

8 The Securities Act of 1933 (15 U.S.C. 77a
9 et seq.), as amended by section 202, is further
10 amended by inserting after section 4B the fol-
11 lowing:

12 “SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-
13 ITAL COMMODITIES BY DIGITAL COMMODITY
14 RELATED PERSONS AND DIGITAL COM-
15 MODITY AFFILIATED PERSONS.

16 “(a) IN GENERAL.—It shall be a violation of
17 this Act for a digital commodity affiliated per-
18 son or a digital commodity related person to
19 offer or sell a digital commodity acquired di-
20 rectly from its issuer, or an agent or under-
21 writer thereof, pursuant to an investment
22 contract in reliance on section 4(a)(8) or an-
23 other exemption under this Act, other than as
24 provided in this section.

25 “(b) COMMISSION JURISDICTION.—

1 “(1) Where a digital commodity affili-
2 ated person or a digital commodity re-
3 lated person offers or sells a digital com-
4 modity acquired directly from its issuer,
5 or an agent or underwriter thereof, pur-
6 suant to an investment contract in reli-
7 ance on section 4(a)(8), or another exemp-
8 tion under this Act, other than as pro-
9 vided in this section, such digital com-
10 modity affiliated person or digital com-
11 modity related person shall be consid-
12 ered an issuer of such investment con-
13 tract.

14 “(2) For the purposes of this section,
15 the Commission shall have jurisdiction
16 and enforcement authority with respect
17 to an offer or sale of a digital commodity
18 described in subsection (a).

19 “(c) RESTRICTIONS ON DIGITAL COMMODITY
20 RELATED PERSONS AND DIGITAL COMMODITY AF-
21 FILATED PERSONS.—

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

1 **ture blockchain system under section 42**
2 **of the Securities Exchange Act of 1934,**
3 **units of the digital commodity acquired**
4 **by a digital commodity related person or**
5 **digital commodity affiliated person di-**
6 **rectly from its issuer (or an agent or un-**
7 **derwriter thereof) pursuant to an invest-**
8 **ment contract in reliance on section**
9 **4(a)(8), or another exemption under this**
10 **Act, may be offered or sold by such dig-**
11 **ital commodity related person or digital**
12 **commodity affiliated person if—**

13 **“(A) reports with respect to such**
14 **digital commodity, where required**
15 **under section 4B(b)(3) (or, with re-**
16 **spect to a digital commodity not**
17 **issued in reliance on section 4(a)(8), a**
18 **comparable set of reports where re-**
19 **quired by the Commission) have been**
20 **filed with the Commission;**

21 **“(B) the digital commodity related**
22 **person or digital commodity affiliated**
23 **person has held the units for not less**
24 **than 12 months; and**

1 “(C) the aggregate amount of the
2 units of the digital commodity offered
3 or sold by the digital commodity re-
4 lated person or digital commodity af-
5 filiated person is—

6 “(i) in any 12-month period, or
7 shorter period as the Commission
8 may prescribe, not less than 5
9 percent or greater than 20 per-
10 cent of the total units of the dig-
11 ital commodity acquired directly
12 from its issuer (or an agent or un-
13 derwriter thereof) by the digital
14 commodity related person or dig-
15 ital commodity affiliated person,
16 as determined by the Commission
17 pursuant to paragraph (3); and

18 “(ii) an amount, as deter-
19 mined by the Commission pursu-
20 ant to paragraph (3), not less than
21 30 percent or greater than 50 per-
22 cent of the total units of the dig-
23 ital commodity acquired directly
24 from its issuer (or an agent or un-
25 derwriter thereof) by the digital

1 commodity related person or dig-
2 ital commodity affiliated person.

3 “(2) AFTER BECOMING A MATURE
4 BLOCKCHAIN SYSTEM.—After the
5 blockchain system to which a digital com-
6 modity relates is certified as a mature
7 blockchain system under section 42 of the
8 Securities Exchange Act of 1934, units of
9 the digital commodity acquired by a dig-
10 ital commodity related person or digital
11 commodity affiliated person directly from
12 its issuer (or an agent or underwriter
13 thereof) pursuant to an investment con-
14 tract in reliance on section 4(a)(8) or an-
15 other exemption under this Act, may be—

16 “(A) offered or sold by a digital
17 commodity related person; or

18 “(B) offered or sold by a digital
19 commodity affiliated person if—

20 “(i) information described in
21 section 4B(b)(5)(C), where re-
22 quired (or, with respect to a dig-
23 ital commodity not issued in reli-
24 ance on section 4(a)(8), a com-

1 parable set of information, where
2 required) is publicly available;

3 “(ii) the digital commodity af-
4 filiated person has held the units
5 for not less than the earlier of—

6 “(I) 12 months; or

7 “(II) 3 months following
8 the date on which the
9 blockchain system is certified
10 as a mature blockchain sys-
11 tem under section 42 of the
12 Securities Exchange Act of
13 1934; and

14 “(iii) the aggregate amount of
15 the units of the digital commodity
16 offered or sold by the digital com-
17 modity affiliated person in any
18 12-month period is an amount, as
19 determined by the Commission
20 pursuant to paragraph (3), not
21 less than 5 percent or greater
22 than 10 percent of the total out-
23 standing amount of the digital
24 commodity.

1 **“(3) RULEMAKINGS REQUIRED.—Not**
2 **later than 270 days after the date of the**
3 **enactment of this section, consistent with**
4 **protecting investors, fostering the devel-**
5 **opment of mature blockchain systems, fa-**
6 **cilitating capital formation, and main-**
7 **taining fair and orderly markets the**
8 **Commission, by rule, after notice and**
9 **comment—**

10 **“(A) shall set the percentage**
11 **amounts described in paragraphs**
12 **(1)(C)(i), (1)(C)(ii), and (2)(B)(iii); and**

13 **“(B) may provide an exemption**
14 **from the limitation described in para-**
15 **graph (1)(C)(ii), if the Commission re-**
16 **quires any offer or sale pursuant to**
17 **such exemption of a digital com-**
18 **modity related to a blockchain system**
19 **that has failed to become a mature**
20 **blockchain system under this Act or**
21 **any rule promulgated hereunder to**
22 **be accompanied by the disclosures re-**
23 **quired under, as applicable, section**
24 **4B(e)(1)(A) or section**

1 **202(c)(2)(B)(iii)(II) of the CLARITY**
2 **Act of 2025.**

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

10 **“(e) MANIPULATIVE AND DECEPTIVE DEVICES;**
11 **REPORTING.—**

12 **“(1) IN GENERAL.—It shall be unlawful**
13 **for any digital commodity issuer, digital**
14 **commodity related person, or digital com-**
15 **modity affiliated person, directly or indi-**
16 **rectly, by the use of any means or instru-**
17 **mentality of interstate commerce or of**
18 **the mails, to use or employ, in connection**
19 **with the purchase or sale of any digital**
20 **commodity, any manipulative or decep-**
21 **tive device or contrivance in contraven-**
22 **tion of such rules and regulations as the**
23 **Commission may prescribe as necessary**
24 **or appropriate in the public interest or**
25 **for the protection of investors.**

1 **“(2) AFFIRMATIVE DEFENSE.—**Not later
2 **than 270 days after the date of the enact-**
3 **ment of this section, the Commission**
4 **shall issue rules to implement paragraph**
5 **(1), including by providing any affirma-**
6 **tive defenses to an enforcement action**
7 **thereunder as the Commission may pre-**
8 **scribe as necessary or appropriate in the**
9 **public interest or for the protection of in-**
10 **vestors.**

11 **“(3) REPORTING.—**Not later than 270
12 **days after the date of the enactment of**
13 **this section, the Commission shall issue**
14 **rules to prescribe such transaction re-**
15 **porting and beneficial ownership disclo-**
16 **sure obligations applicable to digital**
17 **commodity related persons and digital**
18 **commodity affiliated persons, as nec-**
19 **essary or appropriate in the public inter-**
20 **est or for the protection of investors.**

21 **“(4) DIFFERENTIATION BETWEEN PER-**
22 **SONS.—**In issuing rules required under
23 **paragraphs (2) and (3), the Commission**
24 **shall differentiate between digital com-**
25 **modity related persons and digital com-**

1 **modity affiliated persons, as necessary or**
2 **appropriate in the public interest or for**
3 **the protection of investors.**

4 **“(f) CERTAIN UNITS RECEIVED PRIOR TO EN-**
5 **ACTMENT.—A unit of a digital commodity re-**
6 **ceived from the digital commodity issuer**
7 **prior to the date of the enactment of this sec-**
8 **tion through an offer or sale of an investment**
9 **contract involving units of a digital com-**
10 **modity in reliance on an exemption provided**
11 **under section 3, 4(a), or 19, may be offered or**
12 **sold by a digital commodity related person or**
13 **digital commodity affiliated person, if—**

14 **“(1) the digital commodity issuer is no**
15 **longer engaged in material ongoing ef-**
16 **forts related to the blockchain system to**
17 **which the digital commodity relates and**
18 **the blockchain system to which the dig-**
19 **ital commodity relates is certified as a**
20 **mature blockchain system under section**
21 **42 of the Securities Exchange Act of 1934;**

22 **“(2) the digital commodity issuer is**
23 **engaged in material ongoing efforts re-**
24 **lated to the blockchain system to which**
25 **the digital commodity relates and the**

1 blockchain system to which the digital
2 commodity relates is certified as a ma-
3 ture blockchain system under section 42
4 of the Securities Exchange Act of 1934,
5 and the appropriate disclosures required
6 under section 202(c)(2)(B) of the CLAR-
7 ITY Act of 2025 have been made with the
8 Commission; or

9 “(3) the digital commodity issuer is
10 engaged in material ongoing efforts re-
11 lated to the blockchain system to which
12 the digital commodity relates and the
13 blockchain system to which the digital
14 commodity relates is not certified as a
15 mature blockchain system under section
16 42 of the Securities Exchange Act of 1934,
17 and the appropriate disclosures required
18 under section 202(c)(2)(B) of the CLAR-
19 ITY Act of 2025 have been made with the
20 Commission.

21 “(g) RULEMAKING ON FURTHER USAGE OF
22 DIGITAL COMMODITIES.—The Commission, con-
23 sistent with protecting investors, fostering
24 the development of mature blockchain sys-
25 tems, facilitating capital formation, and main-

1 taining fair and orderly markets, may, by
2 rule, exempt unconditionally or on stated
3 terms or conditions, a digital commodity re-
4 lated person or a digital commodity affiliated
5 person, or any class thereof, from the require-
6 ments of this section for the offer or sale of
7 a digital commodity.”.

8 SEC. 205. MATURE BLOCKCHAIN SYSTEM REQUIREMENTS.

9 Title I of the Securities Exchange Act of
10 1934 (15 U.S.C. 78a et seq.) is amended by add-
11 ing at the end the following:

12 “SEC. 42. MATURE BLOCKCHAIN SYSTEMS.

13 “(a) CERTIFICATION OF BLOCKCHAIN SYS-
14 TEMS.—

15 “(1) CERTIFICATION.—For purposes of
16 sections 4(a)(8), 4B, and 4C of the Securi-
17 ties Act of 1933, any digital commodity
18 issuer, digital commodity related person,
19 digital commodity affiliated person, or
20 decentralized governance system of the
21 blockchain system may certify to the Se-
22 curities and Exchange Commission that
23 the blockchain system to which a digital
24 commodity relates is a mature blockchain
25 system.

1 **“(2) FILING REQUIREMENTS.—A certifi-**
2 **cation described under paragraph (1)**
3 **shall be filed with the Commission, and**
4 **include such information that is reason-**
5 **ably necessary to establish that the**
6 **blockchain system is not controlled by**
7 **any person or group of persons under**
8 **common control, which may include in-**
9 **formation regarding—**

10 **“(A) the operation of the**
11 **blockchain system;**

12 **“(B) the functionality of the re-**
13 **lated digital commodity;**

14 **“(C) how the market value of the**
15 **digital commodity is substantially de-**
16 **rived from the programmatic func-**
17 **tioning of such blockchain system;**

18 **“(D) any decentralized govern-**
19 **ance system which relates to the**
20 **blockchain system; and**

21 **“(E) the current roles, if any, of**
22 **the digital commodity issuer, digital**
23 **commodity affiliated persons, and**
24 **digital commodity related persons**
25 **where such roles are material to the**

1 development or operation of such
2 blockchain system or the decentral-
3 ized governance system of such
4 blockchain system.

5 “(3) **REBUTTABLE PRESUMPTION.**—The
6 Commission may rebut a certification de-
7 scribed under paragraph (1) with respect
8 to a blockchain system if the Commis-
9 sion, within 60 days of receiving such cer-
10 tification, determines that the blockchain
11 system is not a mature blockchain sys-
12 tem.

13 “(4) **CERTIFICATION REVIEW.**—

14 “(A) **IN GENERAL.**—Any blockchain
15 system that relates to a digital com-
16 modity for which a certification has
17 been made under paragraph (1) shall
18 be considered a mature blockchain
19 system 60 days after the date on
20 which the Commission receives a cer-
21 tification under paragraph (1), unless
22 the Commission notifies the person
23 who made the certification within
24 such time that the Commission is
25 staying the certification due to—

1 “(i) an inadequate explanation
2 by the person making the certifi-
3 cation; or

4 “(ii) any novel or complex
5 issues which require additional
6 time to consider.

7 “(B) PUBLIC NOTICE.—The Commis-
8 sion shall make the following avail-
9 able to the public and provide a copy
10 to the Commodity Futures Trading
11 Commission:

12 “(i) Each certification re-
13 ceived under paragraph (1).

14 “(ii) Each stay of the Commis-
15 sion under this subsection, and
16 the reasons therefor.

17 “(iii) Any response from a per-
18 son making a certification under
19 paragraph (1) to a stay of the cer-
20 tification by the Commission.

21 “(C) CONSOLIDATION.—The Com-
22 mission may consolidate and treat as
23 one submission multiple certifi-
24 cations made under paragraph (1) for
25 the same blockchain system which re-

1 lates to a digital commodity which
2 are received during the review period
3 provided under this paragraph.

4 **“(5) STAY OF CERTIFICATION.—**

5 **“(A) IN GENERAL.—**A notification
6 by the Commission pursuant to para-
7 graph (4)(A) shall stay the certifi-
8 cation once for up to an additional
9 120 days from the date of the notifica-
10 tion.

11 **“(B) PUBLIC COMMENT PERIOD.—**Be-
12 fore the end of the 60-day period de-
13 scribed under paragraph (4)(A), the
14 Commission may begin a public com-
15 ment period of at least 30 days in con-
16 junction with a stay under this sub-
17 section.

18 **“(6) DISPOSITION OF CERTIFICATION.—**A
19 certification made under paragraph (1)
20 shall—

21 **“(A) become effective—**

22 **“(i) upon the publication of a**
23 notification from the Commission
24 to the person who made the cer-
25 tification that the Commission

1 does not object to the certifi-
2 cation; or

3 “(ii) at the expiration of the
4 certification review period; and

5 “(B) not become effective upon
6 the publication of a notification from
7 the Commission to the person who
8 made the certification that the Com-
9 mission has rebutted the certifi-
10 cation.

11 “(7) RECERTIFICATION.—With respect
12 to a blockchain system for which a cer-
13 tification has been rebutted under this
14 subsection, no person may make a certifi-
15 cation under paragraph (1) with respect
16 to such blockchain system during the 90-
17 day period beginning on the date of such
18 rebuttal.

19 “(8) APPEAL OF REBUTTAL.—

20 “(A) IN GENERAL.—If a certifi-
21 cation is rebutted under this section,
22 the person making such certification
23 may appeal the decision to the United
24 States Court of Appeals for the Dis-
25 trict of Columbia, not later than 60

1 days after the notice of rebuttal is
2 made.

3 “(B) REVIEW.—In an appeal under
4 subparagraph (A), the court shall
5 have de novo review of the deter-
6 mination to rebut the certification.

7 “(b) MATURITY CRITERIA.—

8 “(1) SENSE OF CONGRESS.—It is the
9 sense of the Congress that protecting in-
10 vestors, maintaining fair, orderly, and ef-
11 ficient markets, and facilitating capital
12 formation necessitates establishing clear
13 criteria for blockchain systems to be
14 deemed mature, as well as enabling the
15 Commission to develop, without preju-
16 dice to any such criteria codified in stat-
17 ute, alternative criteria by which
18 blockchain systems may be considered
19 not to be controlled by any person or
20 group of persons under common control
21 in order to accommodate changes in mar-
22 kets and technology.

23 “(2) IN GENERAL.—The Commission
24 may issue rules identifying conditions by
25 which a blockchain system, together with

1 its related digital commodity, shall be
2 considered a mature blockchain system,
3 consistent with the protection of inves-
4 tors, maintenance of fair, orderly, and ef-
5 ficient markets, and the facilitation of
6 capital formation.

7 “(3) RULES OF CONSTRUCTION.—

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

15 “(B) Nothing in this subsection or
16 subsection (c) may be construed to
17 limit the Commission’s ability to iden-
18 tify alternative conditions and cri-
19 teria by which a blockchain system
20 may be considered a mature
21 blockchain system.

22 “(c) DEEMED MATURE.—

23 “(1) IN GENERAL.—Notwithstanding
24 subsection (b), for the purposes of sub-
25 section (a), a digital commodity issuer,

1 **digital commodity related person, digital**
2 **commodity affiliated person, or decen-**
3 **tralized governance system of the**
4 **blockchain system may establish that a**
5 **blockchain system, together with its re-**
6 **lated digital commodity, is not controlled**
7 **by any person or group of persons under**
8 **common control, if the blockchain sys-**
9 **tem, together with its related digital**
10 **asset, meets the requirements described**
11 **in paragraph (2) or (3).**

12 **“(2) CRITERIA FOR ANY BLOCKCHAIN SYS-**
13 **TEM.—The requirements described in this**
14 **paragraph are the following:**

15 **“(A) SYSTEM VALUE.—**

16 **“(i) MARKET VALUE.—The dig-**
17 **ital commodity has a value that is**
18 **substantially derived from the**
19 **use and functioning of the**
20 **blockchain system.**

21 **“(ii) DEVELOPMENT OF VALUE**
22 **MECHANISM SUBSTANTIALLY COM-**
23 **PLETED.—Where the digital com-**
24 **modity issuer has made public a**
25 **development plan describing how**

1 the digital commodity’s value is
2 reasonably expected to be derived
3 from the programmatic func-
4 tioning of the blockchain system,
5 the development of such mecha-
6 nisms has been substantially com-
7 pleted.

8 “(B) FUNCTIONAL SYSTEM.—The
9 blockchain system allows network
10 participants to engage in the activi-
11 ties the blockchain system is in-
12 tended to provide, including—

13 “(i) using, transmitting, or
14 storing value, or otherwise exe-
15 cuting transactions, on the
16 blockchain system;

17 “(ii) deploying, executing, or
18 accessing software or services, or
19 otherwise offering or partici-
20 pating in services, deployed on or
21 integrated with the blockchain
22 system;

23 “(iii) participating in the con-
24 sensus mechanism, transaction
25 validation process, or decentral-

1 **ized governance system of the**
2 **blockchain system; or**

3 **“(iv) operating any client,**
4 **node, validator, or other form of**
5 **computational infrastructure**
6 **with respect to the blockchain**
7 **system.**

8 **“(C) OPEN AND INTEROPERABLE SYS-**
9 **TEM.—The blockchain system—**

10 **“(i) is composed of source**
11 **code that is open source; and**

12 **“(ii) does not restrict or pro-**
13 **hibit based on the exercise of uni-**
14 **lateral authority any person,**
15 **other than a digital commodity**
16 **issuer, digital commodity related**
17 **person, or digital commodity af-**
18 **iliated person from engaging in**
19 **the activities the blockchain sys-**
20 **tem is intended to provide, in-**
21 **cluding the activities described in**
22 **subparagraph (B).**

23 **“(D) PROGRAMMATIC SYSTEM.—The**
24 **blockchain system operates, executes,**
25 **and enforces its operations and trans-**

1 actions based solely on pre-estab-
2 lished, transparent rules encoded di-
3 rectly within the source code of the
4 blockchain system.

5 “(E) SYSTEM GOVERNANCE.—No per-
6 son or group of persons under com-
7 mon control—

8 “(i) has the unilateral author-
9 ity, directly or indirectly, through
10 any contract, arrangement, un-
11 derstanding, relationship, or oth-
12 erwise, to control or materially
13 alter the functionality, operation,
14 or rules of consensus or agree-
15 ment of the blockchain system or
16 its related digital commodity; or

17 “(ii) has the unilateral author-
18 ity to direct the voting, in the ag-
19 gregate, of 20 percent or more of
20 the outstanding voting power of
21 such blockchain system by means
22 of a related digital commodity,
23 nodes or validators, a decentral-
24 ized governance system, or other-
25 wise, in a blockchain system

1 which can be altered by a voting
2 system.

3 “(F) IMPARTIAL SYSTEM.—No per-
4 son or group of persons under com-
5 mon control possesses a unique per-
6 mission or privilege to alter the
7 functionality, operation, or rules of
8 consensus or agreement of the
9 blockchain system or its related dig-
10 ital commodity, unless such alter-
11 ation—

12 “(i) addresses errors, regular
13 maintenance, or cybersecurity
14 risks of the blockchain system
15 that affect the programmatic
16 functioning of the blockchain sys-
17 tem; and

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

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

1 more of the total amount of units of
2 the digital commodity.

3 “(3) OPTIONAL CRITERIA FOR PRE-
4 EXISTING BLOCKCHAIN SYSTEMS.—The re-
5 quirements described in this paragraph
6 are that the blockchain system—

7 “(A) was created prior to the date
8 of enactment of this section;

9 “(B) met the requirements of sub-
10 paragraphs (A) through (F) of para-
11 graph (2) prior to January 1, 2020;
12 and

13 “(C) at least 50 percent of the
14 units of the digital commodity related
15 to the blockchain system are held by
16 persons other than the digital com-
17 modity issuer, a digital commodity re-
18 lated person, or a digital commodity
19 affiliated person.

20 “(d) DECENTRALIZED GOVERNANCE SYS-
21 TEM.—

22 “(1) For the purposes of this section,
23 a decentralized governance system is not
24 a ‘person’ or a ‘group of persons under
25 common control’.

1 “(2) A blockchain system, together
2 with its digital commodity, shall not be
3 precluded from being considered a ma-
4 ture blockchain system solely based on a
5 functional, administrative, clerical, or
6 ministerial action of a decentralized gov-
7 ernance system, including any such ac-
8 tion taken by a person acting on behalf of
9 and at the direction of the decentralized
10 governance system, as determined by the
11 Commission and consistent with the pro-
12 tection of investors, maintenance of fair,
13 orderly, and efficient markets, and the fa-
14 cilitation of capital formation.

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

19 SEC. 206. EFFECTIVE DATE.

20 Unless otherwise provided in this title,
21 this title and the amendments made by this
22 title shall take effect 360 days after the date
23 of enactment of this Act, except that, to the
24 extent a provision of this title requires a rule-

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

3 (1) 360 days after the date of enact-
4 ment of this Act; or

5 (2) 60 days after the publication in
6 the Federal Register of the final rule im-
7 plementing the provision.

8 **TITLE III—REGISTRATION FOR**
9 **INTERMEDIARIES AT THE SE-**
10 **CURITIES AND EXCHANGE**
11 **COMMISSION**

12 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PER-**
13 **MITTED PAYMENT STABLECOINS.**

14 (a) **SECURITIES ACT OF 1933.**—Section
15 2(a)(1) of the Securities Act of 1933 (15 U.S.C.
16 77b(a)(1)), as amended by section 201(a)(1), is
17 further amended by adding at the end the fol-
18 lowing: “The term does not include a digital
19 commodity or permitted payment
20 stablecoin.”.

21 (b) **SECURITIES EXCHANGE ACT OF 1934.**—
22 Section 3(a)(10) of the Securities Exchange
23 Act of 1934 (15 U.S.C. 78c(a)), as amended by
24 section 201(d) is further is amended by adding
25 at the end the following: “The term does not

1 include a digital commodity or permitted pay-
2 ment stablecoin.”.

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

6 (1) in paragraph (18)), as amended by
7 section 201(b), by adding at the end the
8 following: “The term does not include a
9 digital commodity or permitted payment
10 stablecoin.”;

11 (2) by redesignating the second para-
12 graph (29) (relating to commodity pools)
13 as paragraph (31); and

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

16 “(32) DIGITAL COMMODITY-RELATED
17 TERMS.—The terms ‘digital commodity’
18 and ‘permitted payment stablecoin’ have
19 the meaning given those terms, respec-
20 tively, under section 2(a) of the Securities
21 Act of 1933 (15 U.S.C. 77b(a)).”.

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

1 (1) in paragraph (36), as amended by
2 section 201(c), by adding at the end the
3 following: “The term does not include a
4 digital commodity or permitted payment
5 stablecoin.”; and

6 (2) by adding at the end, the fol-
7 lowing:

8 “(55) DIGITAL COMMODITY-RELATED
9 TERMS.—The terms ‘digital commodity’
10 and ‘permitted payment stablecoin’ have
11 the meaning given those terms, respec-
12 tively, under section 2(a) of the Securities
13 Act of 1933 (15 U.S.C. 77b(a)).”.

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

18 (1) in paragraph (14), as amended by
19 section 201(e), by adding at the end the
20 following: “The term does not include a
21 digital commodity or permitted payment
22 stablecoin, as such terms are defined, re-
23 spectively, under section 2(a) of the Secu-
24 rities Act of 1933 (15 U.S.C. 77b(a))”; and

1 (2) by adding at the end the fol-
2 lowing:

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

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

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

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

18 (2) by inserting after subsection (c)
19 the following:

20 “(d) To use or employ, in connection
21 with the purchase or sale of any per-
22 mitted payment stablecoin or digital com-
23 modity, including, as applicable, by or
24 through a broker or dealer or an alter-
25 native trading system, any manipulative

1 or deceptive device or contrivance in
2 contravention of such rules and regula-
3 tions as the Commission may prescribe as
4 necessary or appropriate in the public in-
5 terest or for the protection of investors.”;
6 and

7 (3) by adding at the end the fol-
8 lowing: “Rules promulgated under sub-
9 section (b) that prohibit fraud, manipula-
10 tion, or insider trading (but not rules im-
11 posing or specifying reporting or record-
12 keeping requirements, procedures, or
13 standards as prophylactic measures
14 against fraud, manipulation, or insider
15 trading), and judicial precedents decided
16 under subsection (b) and rules promul-
17 gated thereunder that prohibit fraud, ma-
18 nipulation, or insider trading, shall apply
19 with respect to permitted payment
20 stablecoin and digital commodity trans-
21 actions engaged in by a broker or dealer
22 or through an alternative trading system
23 or, as applicable, a national securities ex-
24 change to the same extent as they apply
25 to securities transactions. Judicial prece-

1 dents decided under section 17(a) of the
2 Securities Act of 1933 and sections 9, 15,
3 16, 20, and 21A of this title, and judicial
4 precedents decided under applicable
5 rules promulgated under such sections,
6 shall apply to permitted payment
7 stablecoins and digital commodities with
8 respect to those circumstances in which
9 the permitted payment stablecoins and
10 digital commodities are brokered, traded,
11 or custodied by a broker or dealer or
12 through an alternative trading system or,
13 as applicable, a national securities ex-
14 change to the same extent as they apply
15 to securities.”.”.

16 (b) TREATMENT OF PERMITTED PAYMENT
17 STABLECOINS.—Title I of the Securities Ex-
18 change Act of 1934 (15 U.S.C. 78a et seq.) is
19 amended by inserting after section 6 the fol-
20 lowing:

21 “SEC. 6A. TREATMENT OF TRANSACTIONS IN PERMITTED
22 PAYMENT STABLECOINS.

23 “(a) AUTHORITY TO BROKER, TRADE, AND
24 CUSTODY PERMITTED PAYMENT STABLECOINS.—
25 Permitted payment stablecoins may be bro-

1 kered, traded, or custodied by a broker or
2 dealer or through an alternative trading sys-
3 tem or national securities exchange.

4 “(b) COMMISSION JURISDICTION.—The Com-
5 mission shall only have jurisdiction over a
6 transaction in a permitted payment
7 stablecoin with respect to those cir-
8 cumstances in which a permitted payment
9 stablecoin is brokered, traded, or custodied—

10 “(1) by a broker or dealer;

11 “(2) through a national securities ex-
12 change; or

13 “(3) through an alternative trading
14 system.

15 “(c) LIMITATION.—Subsection (b) shall only
16 apply to a transaction described in subsection
17 (b) for the purposes of regulating the offer,
18 execution, solicitation, or acceptance of a per-
19 mitted payment stablecoin in those cir-
20 cumstances in which the permitted payment
21 stablecoin is brokered, traded, or custodied—

22 “(1) by a broker or dealer;

23 “(2) through a national securities ex-
24 change; or

1 **“(3) through an alternative trading**
2 **system.”.**

3 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**
4 **TEMS.**

5 **(a) IN GENERAL.—Section 5 of the Securi-**
6 **ties Exchange Act of 1934 (15 U.S.C. 78e) is**
7 **amended—**

8 **(1) by striking “It” and inserting the**
9 **following:**

10 **“(a) IN GENERAL.—It”; and**

11 **(2) by adding at the end the fol-**
12 **lowing:**

13 **“(b) DIGITAL COMMODITY PROTECTIONS.—**

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

19 **“(A) digital commodities or per-**
20 **mitted payment stablecoins; and**

21 **“(B) securities.**

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

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

3 “(B) with respect to any other
4 rule of the Commission relating to
5 the definition of ‘exchange’.”.

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

14 **(c) RULE OF CONSTRUCTION.—Nothing in**
15 **this section, the amendments made by this**
16 **section, or section 304 may be construed to—**

17 **(1) prohibit a national securities ex-**
18 **change from owning or operating any**
19 **other type of alternative trading system;**
20 **or**

21 **(2) create a presumption that any**
22 **other type of alternative trading system**
23 **owned or operated by a national securi-**
24 **ties exchange is a facility of that ex-**
25 **change.**

1 SEC. 304. OPERATION OF ALTERNATIVE TRADING SYSTEMS.

2 (a) COMMISSION AUTHORITY.—The Securi-
3 ties and Exchange Commission shall have ju-
4 risdiction over digital commodity activities
5 and transactions engaged in by—

6 (1) a registered broker or registered
7 dealer exempt from registration with the
8 Commodity Futures Trading Commission
9 pursuant to section 5k of the Commodity
10 Exchange Act; and

11 (2) an alternative trading system ex-
12 empt from registration with the Com-
13modity Futures Trading Commission pur-
14suant to section 5k of the Commodity Ex-
15change Act, including where such alter-
16native trading system is operated by a
17national securities exchange or affiliate
18thereof.

19 (b) RULEMAKING AUTHORITY.—The Securi-
20 ties and Exchange Commission shall have au-
21 thority to issue rules governing any digital
22 commodity activities and transactions en-
23 gaged in by a registered broker or registered
24 dealer, or an alternative trading system, in-
25 cluding where such alternative trading sys-
26 tem is operated by a national securities ex-

1 change or affiliate thereof, that is exempt
2 from registration with the Commodity Fu-
3 tures Trading Commission pursuant to sec-
4 tion 5k of the Commodity Exchange Act, con-
5 sistent with this section and what is nec-
6 essary or appropriate in the public interest or
7 for the protection of investors.

8 (c) NATIONAL SECURITIES EXCHANGES.—Not
9 later than 270 days after the date of the enact-
10 ment of this Act, the Securities and Exchange
11 Commission shall revise the covered regula-
12 tions to permit a national securities exchange
13 or affiliate thereof to operate an alternative
14 trading system that permits the trading of
15 digital commodities, permitted payment
16 stablecoins, or both by registered brokers or
17 registered dealers that are exempt from reg-
18 istration with the Commodity Futures Trad-
19 ing Commission pursuant section 5k of the
20 Commodity Exchange Act, consistent with
21 this section and what is necessary or appro-
22 priate in the public interest or for the protec-
23 tion of investors.

24 (d) REGISTERED BROKERS AND REGISTERED
25 DEALERS.—Not later than 270 days after the

1 date of the enactment of this Act, the Securi-
2 ties and Exchange Commission shall revise
3 the covered regulations to permit a registered
4 broker or registered dealer that is exempt
5 from registration with the Commodity Fu-
6 tures Trading Commission pursuant to sec-
7 tion 5k of the Commodity Exchange Act to op-
8 erate an alternative trading system that per-
9 mits the trading of digital commodities, per-
10 mitted payment stablecoins, or both, con-
11 sistent with this section and what is nec-
12 essary or appropriate in the public interest or
13 for the protection of investors.

14 (e) PERMITTED TRADING.—

15 (1) IN GENERAL.—An alternative trad-
16 ing system operated pursuant to this sec-
17 tion and the regulations promulgated
18 hereunder shall be permitted to trade
19 upon notice to the Securities and Ex-
20 change Commission in a manner pre-
21 scribed by the Securities and Exchange
22 Commission any digital commodity that
23 has been listed by a digital commodity
24 exchange in compliance with section
25 5i(c)(3) of the Commodity Exchange Act.

1 **(2) COMMISSION AUTHORITY.—Digital**
2 **commodity transactions offered on an al-**
3 **ternative trading system operating pur-**
4 **suant to this section shall be subject to**
5 **the jurisdiction of the Securities and Ex-**
6 **change Commission. The Securities and**
7 **Exchange Commission shall have author-**
8 **ity to promulgate rules governing such**
9 **digital commodity transactions of alter-**
10 **native trading systems, consistent with**
11 **this section and what is necessary or ap-**
12 **propriate in the public interest or for the**
13 **protection of investors.**

14 **(3) SUSPENSION OF TRADING.—The Se-**
15 **curities and Exchange Commission may**
16 **suspend the trading of a digital com-**
17 **modity by an alternative trading system**
18 **operating pursuant to this section as is**
19 **necessary or appropriate in the public in-**
20 **terest and is consistent with the protec-**
21 **tion of investors.**

22 **(f) ORDER DISPLAY AND EXECUTION.—Not**
23 **later than 270 days after the date of the enact-**
24 **ment of this Act, the Securities and Exchange**
25 **Commission shall issue and revise rules, as**

1 necessary or appropriate in the public inter-
2 est or for the protection of investors, regard-
3 ing whether alternative trading systems oper-
4 ating pursuant to subsections (c) and (d) have
5 an obligation to provide the prices and sizes
6 of orders displayed to more than one person
7 in such alternative trading system of digital
8 commodities to self-regulatory organizations
9 with members who trade in digital commod-
10 ities or permitted payment stablecoins.

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

17 (1) apply the rules and standards pro-
18 mulgated pursuant to paragraph (2) to
19 the appropriate market participants, in-
20 cluding—

21 (A) national securities exchanges
22 operating an alternative trading sys-
23 tem described in subsection (c); and

24 (B) registered brokers and reg-
25 istered dealers operating or sub-

1 scribing to an alternative trading sys-
2 tem described in subsection (d); and
3 (2) apply, as appropriate to the mar-
4 ket participants described in paragraph
5 (1) and customers thereof, rules and
6 standards to—

7 (A) prevent fraudulent and ma-
8 nipulative acts and practices;

9 (B) foster cooperation and coordi-
10 nation with persons engaged in regu-
11 lating, settling, processing informa-
12 tion with respect to, and facilitating
13 transactions in digital commodities
14 or permitted payment stablecoins
15 traded, as applicable, on or by any al-
16 ternative trading system operating
17 pursuant to subsection (c) or (d), or
18 any registered broker or registered
19 dealer;

20 (C) remove impediments to and
21 perfect the mechanism of a free and
22 open market in digital commodities
23 or permitted payment stablecoins
24 traded, as applicable, on or by any al-
25 ternative trading system operating

1 pursuant to subsection (c) or (d), or
2 any registered broker or registered
3 dealer;

4 (D) in general, protect investors
5 and the public interest; and

6 (E) prohibit any unfair discrimi-
7 nation between—

8 (i) customers;

9 (ii) any market participants
10 described in subparagraphs (A)
11 and (B) of paragraph (1); or

12 (iii) issuers of digital commod-
13 ities.

14 (h) IMPLEMENTING ORGANIZATIONS.—The
15 Securities and Exchange Commission shall re-
16 quire any registered national securities asso-
17 ciation that has as a member a registered
18 broker or registered dealer that operates an
19 alternative trading system pursuant to sub-
20 section (d) or otherwise transacts in digital
21 commodities or permitted payment
22 stablecoins to adopt such rules as may be nec-
23 essary to further compliance with this sec-
24 tion, including subsection (g)(2), protect in-

1 vestors, maintain fair, orderly, and efficient
2 markets, and facilitate capital formation.

3 (i) **RULE OF CONSTRUCTION.**—The enumera-
4 tion of any category of rules or regulations in
5 this section shall not be construed to limit the
6 authority of the Securities and Exchange
7 Commission to promulgate such rules as may
8 be necessary or appropriate to implement this
9 section and the purposes of this Act, including
10 over—

11 (1) system capacity, integrity, and se-
12 curity;

13 (2) examinations, inspections, and in-
14 vestigations;

15 (3) trade reporting; or

16 (4) written procedures for the con-
17 fidential treatment of trading informa-
18 tion.

19 (j) **MEMORANDUM OF UNDERSTANDING.**—
20 Consistent with section 5k of the Commodity
21 Exchange Act and to carry out this Act, the
22 Securities and Exchange Commission shall
23 enter into a memorandum of understanding
24 with the Commodity Futures Trading Com-
25 mission to ensure—

1 (1) requirements imposed on reg-
2 istered brokers or registered dealers op-
3 erating an alternative trading system
4 pursuant to subsection (c) or otherwise
5 transacting in digital commodities or per-
6 mitted payment stablecoins are con-
7 sistent with the substantive requirements
8 under section 4u of the Commodity Ex-
9 change Act;

10 (2) requirements imposed on alter-
11 native trading systems operating pursu-
12 ant to subsection (c) or (d) are not incon-
13 sistent with core principles of and are
14 consistent with the other substantive re-
15 quirements under section 5i of the Com-
16 modity Exchange Act; and

17 (3) non-duplicative supervision and
18 enforcement with respect to registrants
19 of the Securities and Exchange Commis-
20 sion notice registered with the Com-
21 modity Futures Trading Commission.

22 (k) COVERED REGULATIONS DEFINED.—In
23 this section, the term “covered regulations”
24 means sections 242.300, 242.301, 242.302,
25 242.303, 242.304, and 242.1000 through

1 **242.1007 of title 17, Code of Federal Regula-**
2 **tions.**

3 **(l) RULE OF CONSTRUCTION.—Nothing in**
4 **this section shall be construed to limit the**
5 **anti-fraud, anti-manipulation, or false report-**
6 **ing enforcement authorities of the Com-**
7 **modity Futures Trading Commission with re-**
8 **spect to a contract of sale of a commodity and**
9 **persons effecting such contracts.**

10 **SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIRE-**
11 **MENTS.**

12 **(a) IN GENERAL.—For purposes of books**
13 **and records requirements for brokers, deal-**
14 **ers, transfer agents, national securities ex-**
15 **changes under the Securities and Exchange**
16 **Act of 1934 (15 U.S.C. 78a et seq.), investment**
17 **advisers under the Investment Advisers Act of**
18 **1940 (15 U.S.C. 80b–1 et seq.), and investment**
19 **companies under the Investment Company**
20 **Act of 1940 (15 U.S.C. 80a–1 et seq.), a person**
21 **may consider records from a blockchain sys-**
22 **tem.**

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

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

3 SEC. 306. EXEMPTIVE AUTHORITY.

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

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

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

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

21 SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE
22 SECURITIES LAWS.

23 Section 18(b) of the Securities Act of 1933
24 (15 U.S.C. 77r(b)) is amended by adding at the
25 end the following:

1 **“(5) EXEMPTION IN CONNECTION WITH**
2 **DIGITAL COMMODITIES.—A digital com-**
3 **modity shall be treated as a covered secu-**
4 **urity.”.**

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

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

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

12 **“(a) IN GENERAL.—Notwithstanding any**
13 **other provision of this Act, a person shall not**
14 **be subject to this Act and the regulations pro-**
15 **mulgated under this Act based on the person**
16 **directly or indirectly engaging in any of the**
17 **following activities, whether singly or in com-**
18 **bination, in relation to the operation of a**
19 **blockchain system or in relation to a decen-**
20 **tralized finance trading protocol:**

21 **“(1) Compiling network transactions**
22 **or relaying, searching, sequencing, vali-**
23 **dating, or acting in a similar capacity.**

24 **“(2) Providing computational work,**
25 **operating a node or oracle service, or**

1 procuring, offering, or utilizing network
2 bandwidth, or providing other similar in-
3 cidental services.

4 “(3) Providing a user-interface that
5 enables a user to read and access data
6 about a blockchain system.

7 “(4) Developing, publishing, consti-
8 tuting, administering, maintaining, or
9 otherwise distributing a blockchain sys-
10 tem or a decentralized finance trading
11 protocol.

12 “(5) Developing, publishing, consti-
13 tuting, administering, maintaining, or
14 otherwise distributing a decentralized fi-
15 nance messaging system, or operating or
16 participating in a liquidity pool, for the
17 purpose of executing a spot contract for
18 the purchase or sale of a digital com-
19 modity in relation to a decentralized fi-
20 nance trading protocol.

21 “(6) Developing, publishing, consti-
22 tuting, administering, maintaining, or
23 otherwise distributing software or sys-
24 tems that create or deploy hardware or
25 software, including wallets or other sys-

1 tems, facilitating an individual user’s
2 own personal ability to keep, safeguard,
3 or custody the user’s digital assets or re-
4 lated private keys.

5 “(b) EXCEPTIONS.—Subsection (a) shall not
6 apply to the anti-fraud and anti-manipulation
7 authorities of the Commission.”.

8 SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-
9 ING INSTITUTIONS.

10 (a) TREATMENT OF CUSTODY ACTIVITIES.—
11 The appropriate Federal banking agency, the
12 National Credit Union Administration (in the
13 case of a credit union), and the Securities and
14 Exchange Commission may not require a de-
15 pository institution, national bank, Federal
16 credit union, State credit union, trust com-
17 pany, broker, or dealer, or any affiliate there-
18 of (the “entity”)—

19 (1) to include assets held in custody
20 that are not owned by the entity as a li-
21 ability on the financial statement or bal-
22 ance sheet of the entity, including digital
23 commodity or permitted payment
24 stablecoin custody or safekeeping serv-
25 ices;

1 (2) to hold regulatory capital against
2 assets, including reserves backing such
3 assets, in custody or safekeeping, except
4 as necessary to mitigate against oper-
5 ational risks inherent with the custody or
6 safekeeping services, as determined by—

7 (A) the appropriate Federal bank-
8 ing agency;

9 (B) the National Credit Union Ad-
10 ministration (in the case of a credit
11 union);

12 (C) a State bank supervisor;

13 (D) a State credit union super-
14 visor (as defined in section 6003 of
15 the Anti-Money Laundering Act of
16 2020 (31 U.S.C. 5311 note)); or

17 (E) the Securities and Exchange
18 Commission (in the case of a broker
19 or dealer); and

20 (3) to recognize a liability for any ob-
21 ligations related to activities or services
22 performed with respect to digital com-
23 modities that the entity does not own if
24 that liability would exceed the expense

1 **recognized in the income statement as a**
2 **result of the corresponding obligation.**

3 **(b) DEFINITIONS.—In this section:**

4 **(1) BANKING TERMS.—The terms “ap-**
5 **propriate Federal banking agency”, “de-**
6 **pository institution”, “national bank”,**
7 **and “State bank supervisor” have the**
8 **meaning given those terms, respectively,**
9 **under section 3 of the Federal Deposit In-**
10 **surance Act (12 U.S.C. 1813).**

11 **(2) CREDIT UNION TERMS.—The terms**
12 **“Federal credit union” and “State credit**
13 **union” have the meaning given those**
14 **terms, respectively, under section 101 of**
15 **the Federal Credit Union Act (12 U.S.C.**
16 **1752).**

17 **SEC. 311. BROKER AND DEALER DISCLOSURES REGARDING**
18 **THE TREATMENT OF ASSETS.**

19 **(a) IN GENERAL.—Not later than 270 days**
20 **after the date of the enactment of this Act, the**
21 **Securities and Exchange Commission shall**
22 **issue rules requiring written disclosures re-**
23 **garding the treatment of customer assets in**
24 **the event of an insolvency, resolution, or liq-**
25 **uidation proceeding to be provided by a reg-**

1 **istered broker or dealer to an investor before**
2 **a digital commodity, a permitted payment**
3 **stablecoin, or an investment contract involv-**
4 **ing a unit of a digital commodity is received,**
5 **acquired, or held by the broker or dealer for**
6 **the account of the investor, which shall in-**
7 **clude, as necessary or appropriate for the pro-**
8 **tection of investors—**

9 **(1) a description of the manner in**
10 **which any digital commodity, permitted**
11 **payment stablecoin, or investment con-**
12 **tact involving a unit of a digital com-**
13 **modity received, acquired, or held by the**
14 **broker or dealer for the account of such**
15 **investor would be treated in an insol-**
16 **vency, resolution, or liquidation pro-**
17 **ceeding with respect to the broker or**
18 **dealer under—**

19 **(A) title II of the Dodd-Frank Wall**
20 **Street Reform and Consumer Protec-**
21 **tion Act (12 U.S.C. 5381 et seq.);**

22 **(B) the Securities Investor Protec-**
23 **tion Act of 1970 (15 U.S.C. 78aaa et**
24 **seq.); or**

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

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

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

16 (a) DIGITAL COMMODITY ACTIVITIES THAT
17 ARE FINANCIAL IN NATURE.—Section 4(k)(4) of
18 the Bank Holding Company Act of 1956 (12
19 U.S.C. 1843(k)(4)) is amended—

20 (1) in subparagraph (A), by striking
21 “or securities” and inserting “, securities,
22 or digital commodities”; and

23 (2) in subparagraph (E), by inserting
24 “or digital commodities” before the pe-
25 riod at the end.

1 **(b) NATIONAL BANK ACTIVITY.—**

2 **(1) IN GENERAL.—A national bank may**
3 **use a digital asset or blockchain system**
4 **to perform, provide, or deliver any activ-**
5 **ity, function, product, or service that the**
6 **national bank is otherwise authorized by**
7 **law to perform, provide, or deliver.**

8 **(2) RULE OF CONSTRUCTION.—Nothing**
9 **in this subsection may be construed to**
10 **exempt a national bank’s performance,**
11 **provision, or delivery of an activity, func-**
12 **tion, product, or service from a require-**
13 **ment that would apply if the activity**
14 **were not performed, provided, or deliv-**
15 **ered using a digital asset or blockchain**
16 **system.**

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

1 SEC. 313. EFFECTIVE DATE; ADMINISTRATION.

2 **Except as otherwise provided under this**
3 **title, this title and the amendments made by**
4 **this title shall take effect 360 days after the**
5 **date of enactment of this Act, except that, to**
6 **the extent a provision of this title requires a**
7 **rulemaking, the provision shall take effect on**
8 **the later of—**

9 **(1) 360 days after the date of enact-**
10 **ment of this Act; or**

11 **(2) 60 days after the publication in**
12 **the Federal Register of the final rule im-**
13 **plementing the provision.**

14 SEC. 314. STUDIES ON FOREIGN ADVERSARY PARTICIPA-
15 TION.

16 **(a) IN GENERAL.—The Secretary of the**
17 **Treasury, in consultation with the Com-**
18 **modity Futures Trading Commission and the**
19 **Securities and Exchange Commission, shall,**
20 **not later than 1 year after date of the enact-**
21 **ment of this section, conduct a study and sub-**
22 **mit a report to the relevant congressional**
23 **committees that—**

24 **(1) identifies any digital commodity**
25 **registrants which are owned by govern-**
26 **ments of foreign adversaries;**

1 (2) determines whether any govern-
2 ments of foreign adversaries are col-
3 lecting personal data or trading data
4 about United States persons in the digital
5 commodity markets; and

6 (3) evaluates whether any proprietary
7 intellectual property of digital com-
8 modity registrants is being misused or
9 stolen by any governments of foreign ad-
10 versaries.

11 **(b) GAO STUDY AND REPORT.—**

12 (1) **IN GENERAL.—**The Comptroller
13 General shall, not later than 1 year after
14 date of the enactment of this section, con-
15 duct a study and submit a report to the
16 relevant congressional committees that—

17 (A) identifies any digital com-
18 modity registrants which are owned
19 by governments of foreign adver-
20 saries;

21 (B) determines whether any gov-
22 ernments of foreign adversaries are
23 collecting personal data or trading
24 data about United States persons in
25 the digital commodity markets; and

1 (C) evaluates whether any propri-
2 etary intellectual property of digital
3 commodity registrants is being mis-
4 used or stolen by any governments of
5 foreign adversaries.

6 (c) DEFINITIONS.—In this section:

7 (1) DIGITAL COMMODITY REGISTRANT.—
8 The term “digital commodity registrant”
9 means any person required to register as
10 a digital commodity exchange, digital
11 commodity broker, or digital commodity
12 dealer under the Commodity Exchange
13 Act.

14 (2) FOREIGN ADVERSARIES.—The term
15 “foreign adversaries” means the foreign
16 governments and foreign non-govern-
17 ment persons determined by the Sec-
18 retary of Commerce to be foreign adver-
19 saries under section 7.4(a) of title 15,
20 Code of Federal Regulations.

21 (3) RELEVANT CONGRESSIONAL COMMIT-
22 TEES.—The term “relevant congressional
23 committees” means—

1 (A) the Committees on Financial
2 Services and Agriculture of the House
3 of Representatives; and

4 (B) the Committees on Banking,
5 Housing, and Urban Affairs and Agri-
6 culture, Nutrition, and Forestry of
7 the Senate.

8 **TITLE IV—REGISTRATION FOR**
9 **DIGITAL COMMODITY INTER-**
10 **MEDIARIES AT THE COM-**
11 **MODITY FUTURES TRADING**
12 **COMMISSION**

13 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**
14 **MODITY TRANSACTIONS.**

15 (a) **SAVINGS CLAUSE.**—Section 2(a)(1) of the
16 **Commodity Exchange Act (7 U.S.C. 2(a)(1)) is**
17 **amended by adding at the end the following:**

18 “(J) Except as expressly provided
19 in this Act, nothing in the CLARITY
20 Act of 2025 shall affect or apply to, or
21 be interpreted to affect or apply to—

22 “(i) any agreement, contract,
23 or transaction that is subject to
24 this Act as—

1 **“(I) a contract of sale of a**
2 **commodity for future delivery**
3 **or an option on such a con-**
4 **tract;**

5 **“(II) a swap;**

6 **“(III) a security futures**
7 **product;**

8 **“(IV) an option authorized**
9 **under section 4c of this Act;**

10 **“(V) an agreement, con-**
11 **tract, or transaction de-**
12 **scribed in subparagraph (C)(i)**
13 **or (D)(i) of subsection (c)(2) of**
14 **this section; or**

15 **“(VI) a leverage trans-**
16 **action authorized under sec-**
17 **tion 19; or**

18 **“(ii) the activities of any per-**
19 **son with respect to any such an**
20 **agreement, contract, or trans-**
21 **action.”.**

22 **(b) LIMITATION ON AUTHORITY OVER PER-**
23 **MITTED PAYMENT STABLECOINS.—Section 2(c)(1)**
24 **of the Commodity Exchange Act (7 U.S.C.**
25 **2(c)(1)) is amended—**

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

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

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

7 “(H) permitted payment
8 stablecoins.”.

9 (c) COMMISSION JURISDICTION OVER FINANC-
10 ING AGREEMENTS.—Section 2(c)(2) of the Com-
11 modity Exchange Act (7 U.S.C. 2(c)(2)) is
12 amended—

13 (1) in subparagraph (D), by redesignig-
14 nating clause (iv) as clause (v) and insert-
15 ing after clause (iii) the following:

16 “(iv) Notwithstanding clause
17 (iii), a digital commodity broker
18 may, subject to the requirements
19 of section 4u(c)(3), offer to or
20 enter into an agreement for mar-
21 gin financing with a customer for
22 the purchase or sale of a digital
23 commodity.”; and

24 (2) by adding at the end the fol-
25 lowing:

1 **“(F) COMMISSION JURISDICTION WITH RE-**
2 **SPECT TO DIGITAL COMMODITY TRANSACTIONS.—**

3 **“(i) IN GENERAL.—**Subject to sections
4 **6d and 12(e), the Commission shall have**
5 **exclusive jurisdiction with respect to any**
6 **account, agreement, contract, or trans-**
7 **action involving a contract of sale of a**
8 **digital commodity in interstate com-**
9 **merce, including in a digital commodity**
10 **cash or spot market, that is offered, solici-**
11 **ted, traded, facilitated, executed,**
12 **cleared, reported, or otherwise dealt in—**

13 **“(I) on or subject to the rules of a**
14 **registered entity or an entity that is**
15 **required to be registered as a reg-**
16 **istered entity; or**

17 **“(II) by any other entity reg-**
18 **istered, or required to be registered,**
19 **with the Commission.**

20 **“(ii) LIMITATIONS.—**Clause (i) shall not
21 **apply with respect to—**

22 **“(I) custodial or depository activi-**
23 **ties for a digital commodity of an en-**
24 **tity regulated by an appropriate Fed-**
25 **eral banking agency or a State bank**

1 supervisor (within the meaning of
2 section 3 of the Federal Deposit In-
3 surance Act); or

4 “(II) an offer or sale of an invest-
5 ment contract involving a digital
6 commodity or of a securities offer or
7 sale involving a digital commodity.

8 “(iii) MIXED DIGITAL ASSET TRANS-
9 ACTIONS.—

10 “(I) IN GENERAL.—Clause (i) shall
11 not apply to a mixed digital asset
12 transaction.

13 “(II) REPORTS ON MIXED DIGITAL
14 ASSET TRANSACTIONS.—A digital com-
15 modity issuer, digital commodity re-
16 lated person, digital commodity affili-
17 ated person, or other person reg-
18 istered with the Securities and Ex-
19 change Commission that engages in a
20 mixed digital asset transaction, shall,
21 on request of the Commission, open
22 to inspection and examination by the
23 Commission all books and records re-
24 lating to the mixed digital asset
25 transaction, subject to the confiden-

1 **tiality and disclosure requirements of**
2 **section 8.**

3 **“(G) AGREEMENTS, CONTRACTS, AND TRANS-**
4 **ACTIONS IN STABLECOINS.—**

5 **“(i) TREATMENT OF PERMITTED PAYMENT**
6 **STABLECOINS ON COMMISSION-REGISTERED**
7 **ENTITIES.—Subject to clauses (ii) and (iii),**
8 **the Commission shall have jurisdiction**
9 **over a cash or spot agreement, contract,**
10 **or transaction in a permitted payment**
11 **stablecoin that is offered, offered to enter**
12 **into, entered into, executed, confirmed**
13 **the execution of, solicited, or accepted—**

14 **“(I) on or subject to the rules of a**
15 **registered entity; or**

16 **“(II) by any other entity reg-**
17 **istered with the Commission.**

18 **“(ii) PERMITTED PAYMENT STABLECOIN**
19 **TRANSACTION RULES.—This Act shall apply**
20 **to a transaction described in clause (i)**
21 **only for the purpose of regulating the**
22 **offer, execution, solicitation, or accept-**
23 **ance of a cash or spot permitted payment**
24 **stablecoin transaction on a registered en-**
25 **tity or by any other entity registered**

1 with the Commission, as if the permitted
2 payment stablecoin were a digital com-
3 modity.

4 “(iii) NO AUTHORITY OVER PERMITTED
5 PAYMENT STABLECOINS.—Notwithstanding
6 clauses (i) and (ii), the Commission shall
7 not make a rule or regulation, impose a
8 requirement or obligation on a registered
9 entity or other entity registered with the
10 Commission, or impose a requirement or
11 obligation on a permitted payment
12 stablecoin issuer, regarding the oper-
13 ation of a permitted payment stablecoin
14 issuer or a permitted payment
15 stablecoin.”.

16 (d) CONFORMING AMENDMENT.—Section
17 2(a)(1)(A) of such Act (7 U.S.C. 2(a)(1)(A)) is
18 amended in the 1st sentence by inserting
19 “subparagraphs (F) and (G) of subsection
20 (c)(2) of this section or” before “section 19”.

21 SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS
22 TO USE QUALIFIED DIGITAL ASSET
23 CUSTODIANS.

24 Section 4d of the Commodity Exchange
25 Act (7 U.S.C. 6d) is amended—

1 (1) in subsection (a)(2)—

2 (A) in the 1st proviso, by striking
3 “any bank or trust company” and in-
4 serting “any bank, trust company, or
5 qualified digital asset custodian, as
6 applicable,”; and

7 (B) by inserting “: *Provided fur-*
8 *ther,* That any such property that is a
9 digital asset shall be held in a quali-
10 fied digital asset custodian” before
11 the period at the end; and

12 (2) in subsection (f)(3)(A)(i), by strik-
13 ing “any bank or trust company” and in-
14 serting “any bank, trust company, or
15 qualified digital asset custodian”.

16 SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR
17 DIGITAL COMMODITIES.

18 Section 5c of the Commodity Exchange
19 Act (7 U.S.C. 7a-2) is amended—

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

23 (2) in subsection (b)—

1 (A) in each of paragraphs (1) and
2 (2), by inserting “digital commodity
3 exchange,” before “derivatives”; and

4 (B) in paragraph (3), by inserting
5 “digital commodity exchange,” before
6 “derivatives” each place it appears;
7 (3) in subsection (c)—

8 (A) in paragraph (2), by inserting
9 “or participants” before “(in”;

10 (B) in paragraph (4)(B), by strik-
11 ing “1a(10)” and inserting “1a(9)”; and

12 (C) in paragraph (5), by adding at
13 the end the following:

14 “(D) SPECIAL RULES FOR DIGITAL
15 COMMODITY CONTRACTS.—In certifying
16 any new rule or rule amendment, or
17 listing any new contract or instru-
18 ment, in connection with a contract
19 of sale of a commodity for future de-
20 livery, option, swap, or other agree-
21 ment, contract, or transaction, that is
22 based on or references a digital com-
23 modity, a registered entity shall make
24 or rely on a certification under sub-

1 section (d) for the digital com-
2 modity.”; and

3 (4) by inserting after subsection (c)
4 the following:

5 “(d) CERTIFICATIONS FOR DIGITAL COM-
6 MODITY TRADING.—

7 “(1) IN GENERAL.—Notwithstanding
8 subsection (c), for the purposes of listing
9 or offering a digital commodity for trad-
10 ing in a digital commodity cash or spot
11 market, an eligible entity shall submit a
12 written certification to the Commission
13 that the digital commodity meets the re-
14 quirements of this Act (including the reg-
15 ulations prescribed under this Act).

16 “(2) CONTENTS OF THE CERTIFICATION.—

17 “(A) IN GENERAL.—In making a
18 written certification under this para-
19 graph, the eligible entity shall furnish
20 to the Commission an analysis of how
21 the digital commodity meets the re-
22 quirements of section 5i(c)(3).

23 “(B) RELIANCE ON PRIOR DISCLO-
24 SURES.—In making a certification
25 under this subsection, an eligible en-

1 tity may rely on the records and dis-
2 closures of any relevant person reg-
3 istered with the Securities and Ex-
4 change Commission or other State or
5 Federal agency.

6 **“(3) MODIFICATIONS.—**

7 **“(A) IN GENERAL.—**An eligible enti-
8 ty shall modify a certification made
9 under paragraph (1) to—

10 **“(i) account for significant**
11 changes in any information pro-
12 vided to the Commission under
13 paragraph (2)(A)(ii); or

14 **“(ii) permit or restrict trading**
15 in units of a digital commodity
16 held by a digital commodity re-
17 lated person or a digital com-
18 modity affiliated person.

19 **“(B) RECERTIFICATION.—**Modifica-
20 tions required by this subsection
21 shall be subject to the same dis-
22 approval and review process as a new
23 certification under paragraphs (4)
24 and (5).

25 **“(4) DISAPPROVAL.—**

1 **“(A) IN GENERAL.—The written cer-**
2 **tification described in paragraph (1)**
3 **shall become effective unless the**
4 **Commission finds that the listing of**
5 **the digital commodity is inconsistent**
6 **with the requirements of this Act or**
7 **the rules and regulations prescribed**
8 **under this Act.**

9 **“(B) ANALYSIS REQUIRED.—The**
10 **Commission shall include, with any**
11 **findings referred to in subparagraph**
12 **(A), a detailed analysis of the factors**
13 **on which the decision was based.**

14 **“(C) PUBLIC FINDINGS.—The Com-**
15 **mission shall make public any dis-**
16 **approval decision, and any related**
17 **findings and analysis, made under**
18 **this paragraph.**

19 **“(5) REVIEW.—**

20 **“(A) IN GENERAL.—Unless the Com-**
21 **mission makes a disapproval decision**
22 **under paragraph (4), the written cer-**
23 **tification described in paragraph (1)**
24 **shall become effective, pursuant to**
25 **the certification by the eligible entity**

1 and notice of the certification to the
2 public (in a manner determined by
3 the Commission) on the date that is—

4 “(i) 20 business days after the
5 date the Commission receives the
6 certification (or such shorter pe-
7 riod as determined by the Com-
8 mission by rule or regulation), in
9 the case of a digital commodity
10 that has not been certified under
11 this section or for which a certifi-
12 cation is being modified under
13 paragraph (3); or

14 “(ii) 1 business day after the
15 date the Commission receives the
16 certification (or such shorter pe-
17 riod as determined by the Com-
18 mission by rule or regulation) for
19 any digital commodity that has
20 been certified under this section.

21 “(B) EXTENSIONS.—The time for
22 consideration under subparagraph
23 (A) may be extended through notice
24 to the eligible entity that there are
25 novel or complex issues that require

1 **additional time to analyze, that the**
2 **explanation by the submitting eligible**
3 **entity is inadequate, or of a potential**
4 **inconsistency with this Act—**

5 **“(i) once, for 30 business days,**
6 **through written notice to the eli-**
7 **gible entity by the Commission;**
8 **and**

9 **“(ii) once, for an additional 30**
10 **business days, through written**
11 **notice to the eligible entity from**
12 **the Commission that includes a**
13 **description of any deficiencies**
14 **with the certification, including**
15 **any—**

16 **“(I) novel or complex**
17 **issues which require addi-**
18 **tional time to analyze;**

19 **“(II) missing information**
20 **or inadequate explanations;**
21 **or**

22 **“(III) potential inconsis-**
23 **encies with this Act.**

24 **“(6) PRIOR APPROVAL BEFORE REGISTRA-**
25 **TION.—**

1 **“(A) IN GENERAL.—A person apply-**
2 **ing for registration with the Commis-**
3 **sion for the purposes of listing or of-**
4 **fering a digital commodity for trading**
5 **in a digital commodity cash or spot**
6 **market may request that the Commis-**
7 **sion grant prior approval for the per-**
8 **son to list or offer the digital com-**
9 **modity on being registered with the**
10 **Commission.**

11 **“(B) REQUEST FOR PRIOR AP-**
12 **PROVAL.—A person seeking prior ap-**
13 **proval under subparagraph (A) shall**
14 **furnish the Commission with a writ-**
15 **ten certification that the digital com-**
16 **modity meets the requirements of**
17 **this Act (including the regulations**
18 **prescribed under this Act) and the in-**
19 **formation described in paragraph (2).**

20 **“(C) DEADLINE.—The Commission**
21 **shall take final action on a request**
22 **for prior approval not later than 90**
23 **business days after submission of the**
24 **request, unless the person submitting**
25 **the request agrees to an extension of**

1 the time limitation established under
2 this subparagraph.

3 **“(D) DISAPPROVAL.—**

4 **“(i) IN GENERAL.—**The Commis-
5 sion shall approve the listing of
6 the digital commodity unless the
7 Commission finds that the listing
8 is inconsistent with this Act (in-
9 cluding any regulation prescribed
10 under this Act).

11 **“(ii) ANALYSIS REQUIRED.—**The
12 Commission shall include, with
13 any findings made under clause
14 (i), a detailed analysis of the fac-
15 tors on which the decision is
16 based.

17 **“(iii) PUBLIC FINDINGS.—**The
18 Commission shall make public
19 any disapproval decision, and any
20 related findings and analysis,
21 made under this paragraph.

22 **“(7) ELIGIBLE ENTITY DEFINED.—**In this
23 subsection, the term ‘eligible entity’
24 means a registered entity or group of reg-
25 istered entities acting jointly.”.

1 SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-
2 CHANGES.

3 The Commodity Exchange Act (7 U.S.C. 1
4 et seq.) is amended by inserting after section
5 5h the following:

6 “SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-
7 CHANGES.

8 “(a) IN GENERAL.—

9 “(1) REGISTRATION.—

10 “(A) IN GENERAL.—A trading facil-
11 ity that offers or seeks to offer a cash
12 or spot market in at least 1 digital
13 commodity shall register with the
14 Commission as a digital commodity
15 exchange.

16 “(B) APPLICATION.—A person desir-
17 ing to register as a digital commodity
18 exchange shall submit to the Commis-
19 sion an application in such form and
20 containing such information as the
21 Commission may require for the pur-
22 pose of making the determinations re-
23 quired for approval.

24 “(C) EXEMPTIONS.—A trading facil-
25 ity that offers or seeks to offer a cash
26 or spot market in at least 1 digital

1 commodity shall not be required to
2 register under this section if the trad-
3 ing facility—

4 “(i) permits no more than a de
5 minimis amount of trading activ-
6 ity, as the Commission may deter-
7 mine by rule or regulation, in a
8 digital commodity; or

9 “(ii) serves only customers in
10 a single State, territory, or posses-
11 sion of the United States.

12 “(2) ADDITIONAL REGISTRATIONS.—

13 “(A) WITH THE COMMISSION.—In
14 order to foster the development of
15 fair and orderly markets, protect cus-
16 tomers, and promote responsible in-
17 novation, the Commission—

18 “(i) shall prescribe rules to ex-
19 empt an entity registered with
20 the Commission under more than
21 1 section of this Act from duplica-
22 tive, conflicting, or unduly bur-
23 densome provisions of this Act
24 and the rules under this Act;

1 “(ii) shall prescribe rules to
2 address conflicts of interests and
3 activities of the entity; and

4 “(iii) may, after an analysis of
5 the risks and benefits, prescribe
6 rules to provide for portfolio mar-
7 gining.

8 “(B) WITH A REGISTERED FUTURES
9 ASSOCIATION.—

10 “(i) IN GENERAL.—A registered
11 digital commodity exchange shall
12 also be a member of a registered
13 futures association and comply
14 with rules related to such activ-
15 ity, if the registered digital com-
16 modity exchange accepts cus-
17 tomer funds required to be seg-
18 regated under subsection (d).

19 “(ii) RULEMAKING REQUIRED.—
20 The Commission shall require any
21 registered futures association
22 with a digital commodity ex-
23 change as a member to provide
24 such rules as may be necessary to
25 further compliance with sub-

1 section (d), protect customers,
2 and promote the public interest.

3 “(C) REGISTRATION REQUIRED.—A
4 person required to be registered as a
5 digital commodity exchange under
6 this section shall register with the
7 Commission as such regardless of
8 whether the person is registered with
9 another State or Federal regulator.

10 “(b) TRADING.—

11 “(1) PROHIBITION ON CERTAIN TRADING
12 PRACTICES.—

13 “(A) Section 4b shall apply to any
14 agreement, contract, or transaction in
15 a digital commodity as if the agree-
16 ment, contract, or transaction were a
17 contract of sale of a commodity for
18 future delivery.

19 “(B) Section 4c shall apply to any
20 agreement, contract, or transaction in
21 a digital commodity as if the agree-
22 ment, contract, or transaction were a
23 transaction involving the purchase or
24 sale of a commodity for future deliv-
25 ery.

1 “(C) Section 4b-1 shall apply to
2 any agreement, contract, or trans-
3 action in a digital commodity as if the
4 agreement, contract, or transaction
5 were a contract of sale of a com-
6 modity for future delivery.

7 “(2) PROHIBITION ON ACTING AS A
8 COUNTERPARTY.—

9 “(A) IN GENERAL.—A digital com-
10 modity exchange or any affiliate of
11 such an exchange shall not trade on
12 or subject to the rules of the digital
13 commodity exchange for its own ac-
14 count.

15 “(B) EXCEPTIONS.—The Commis-
16 sion shall, by rule, permit a digital
17 commodity exchange or any affiliate
18 of a digital commodity exchange to
19 engage in trading on the exchange so
20 long as the trading is not solely for
21 the purpose of the profit of the ex-
22 change, including the following:

23 “(i) CUSTOMER DIRECTION.—A
24 transaction for, or entered into at

1 the direction of, or for the benefit
2 of, an unaffiliated customer.

3 “(ii) RISK MANAGEMENT.—A
4 transaction to manage the credit,
5 market, and liquidity risks associ-
6 ated with the digital commodity
7 business of the exchange.

8 “(iii) OPERATIONAL NEEDS.—A
9 transaction related to the oper-
10 ational needs of the business of
11 the digital commodity exchange
12 or its affiliate.

13 “(iv) FUNCTIONAL USE.—A
14 transaction related to the func-
15 tional operation of a blockchain
16 system.

17 “(C) NOTICE REQUIREMENT.—In
18 order for a digital commodity ex-
19 change or any affiliate of a digital
20 commodity exchange to engage in
21 trading on the affiliated exchange
22 pursuant to subsection (B), notice
23 must be given to the Commission that
24 shall enumerate how any proposed
25 activity is consistent with the excep-

1 tions in subsection (B) and the pur-
2 poses of this Act.

3 “(c) **CORE PRINCIPLES FOR DIGITAL COM-**
4 **MODITY EXCHANGES.—**

5 “(1) **COMPLIANCE WITH CORE PRIN-**
6 **CIPLES.—**

7 “(A) **IN GENERAL.—**To be reg-
8 istered, and maintain registration, as
9 a digital commodity exchange, a dig-
10 ital commodity exchange shall com-
11 ply with—

12 “(i) the core principles de-
13 scribed in this subsection; and

14 “(ii) any requirement that the
15 Commission may impose by rule
16 or regulation pursuant to section
17 8a(5).

18 “(B) **REASONABLE DISCRETION OF A**
19 **DIGITAL COMMODITY EXCHANGE.—**Unless
20 **otherwise determined by the Commis-**
21 **sion by rule or regulation, a digital**
22 **commodity exchange described in**
23 **subparagraph (A) shall have reason-**
24 **able discretion in establishing the**
25 **manner in which the digital com-**

1 commodity exchange complies with the
2 core principles described in this sub-
3 section.

4 “(2) COMPLIANCE WITH RULES.—A dig-
5 ital commodity exchange shall—

6 “(A) establish and enforce compli-
7 ance with any rule of the digital com-
8 modity exchange, including—

9 “(i) the terms and conditions
10 of the trades traded or processed
11 on or through the digital com-
12 modity exchange; and

13 “(ii) any limitation on access
14 to the digital commodity ex-
15 change;

16 “(B) establish and enforce trad-
17 ing, trade processing, and participa-
18 tion rules that will deter abuses and
19 have the capacity to detect, inves-
20 tigate, and enforce those rules, in-
21 cluding means—

22 “(i) to provide market partici-
23 pants with impartial access to the
24 market; and

1 “(ii) to capture information
2 that may be used in establishing
3 whether rule violations have oc-
4 curred; and

5 “(C) establish rules governing the
6 operation of the exchange, including
7 rules specifying trading procedures
8 to be used in entering and executing
9 orders traded or posted on the facil-
10 ity.

11 “(3) LISTING STANDARDS FOR DIGITAL
12 COMMODITIES.—

13 “(A) IN GENERAL.—A digital com-
14 modity exchange shall not permit
15 trading in a digital commodity un-
16 less—

17 “(i) reports with respect to
18 the digital commodity required
19 under section 4B(b)(3) of the Se-
20 curities Act of 1933 (or, with re-
21 spect to a digital commodity not
22 issued in reliance on section
23 4(a)(8) of the Securities Act of
24 1933, a comparable set of reports,
25 where required by the Securities

1 and Exchange Commission) have
2 been filed with the Securities and
3 Exchange Commission; or

4 “(ii) the blockchain system to
5 which the digital commodity re-
6 lates, together with the digital
7 commodity, is certified as a ma-
8 ture blockchain system under sec-
9 tion 42 of the Securities Exchange
10 Act of 1934.

11 “(B) PUBLIC INFORMATION REQUIRE-
12 MENTS.—

13 “(i) IN GENERAL.—A digital
14 commodity exchange shall permit
15 trading only in a digital com-
16 modity if the information re-
17 quired in clause (ii) is correct,
18 current, and available to the pub-
19 lic.

20 “(ii) REQUIRED INFORMATION.—
21 With respect to a digital com-
22 modity and each blockchain sys-
23 tem to which the digital com-
24 modity relates for which the dig-
25 ital commodity exchange will

1 **make the digital commodity avail-**
2 **able to the customers of the dig-**
3 **ital commodity exchange, the in-**
4 **formation required in this clause**
5 **is as follows:**

6 **“(I) SOURCE CODE.—The**
7 **source code for any**
8 **blockchain system to which**
9 **the digital commodity relates.**

10 **“(II) TRANSACTION HIS-**
11 **TORY.—A description of the**
12 **steps necessary to independ-**
13 **ently access, search, and**
14 **verify the transaction history**
15 **of any blockchain system to**
16 **which the digital commodity**
17 **relates, to the extent any such**
18 **independent access, search,**
19 **and verification activities are**
20 **technically feasible with re-**
21 **spect to the blockchain sys-**
22 **tem.**

23 **“(III) DIGITAL COMMODITY**
24 **ECONOMICS.—A narrative de-**
25 **scription of the purpose of**

1 any blockchain system to
2 which the digital commodity
3 relates and the operation of
4 any such blockchain system,
5 including—

6 “(aa) information ex-
7 plaining the launch and
8 supply process, including
9 the number of digital as-
10 sets to be issued in an ini-
11 tial allocation, the total
12 number of digital com-
13 modities to be created, the
14 release schedule for the
15 digital commodities, and
16 the total number of digital
17 commodities then out-
18 standing;

19 “(bb) information de-
20 tailing any applicable con-
21 sensus mechanism or
22 process for validating
23 transactions, method of
24 generating or mining dig-
25 ital commodities, and any

1 process for burning or de-
2 stroying digital commod-
3 ities on the blockchain
4 system;

5 “(cc) an explanation of
6 governance mechanisms
7 for implementing changes
8 to the blockchain system
9 or forming consensus
10 among holders of the dig-
11 ital commodities; and

12 “(dd) sufficient infor-
13 mation for a third party to
14 create a tool for verifying
15 the transaction history of
16 the digital asset.

17 “(IV) TRADING VOLUME AND
18 VOLATILITY.—The trading vol-
19 ume and volatility of the dig-
20 ital commodity on the ex-
21 change.

22 “(V) ADDITIONAL INFORMA-
23 TION.—Such additional infor-
24 mation as the Commission
25 may determine by rule to be

1 **necessary for a customer to**
2 **understand the financial and**
3 **operational risks of a digital**
4 **commodity, and to be prac-**
5 **tically feasible to provide.**

6 **“(iii) FORMAT.—The Commis-**
7 **sion shall prescribe rules and reg-**
8 **ulations for the standardization**
9 **and simplification of disclosures**
10 **under clause (ii), including re-**
11 **quiring that disclosures—**

12 **“(I) be conspicuous;**

13 **“(II) use plain language**
14 **comprehensible to customers;**
15 **and**

16 **“(III) succinctly explain**
17 **the information that is re-**
18 **quired to be communicated to**
19 **the customer.**

20 **“(iv) RELIANCE ON PREVIOUS**
21 **DISCLOSURES.—In complying with**
22 **this subparagraph, a digital com-**
23 **modity exchange may rely on and**
24 **make available to the public rel-**
25 **evant information publicly dis-**

1 closed to the Commission, the Se-
2 curities and Exchange Commis-
3 sion, or an appropriate Federal
4 banking agency.

5 “(C) DIGITAL COMMODITIES HELD BY
6 RELATED AND DIGITAL COMMODITY AF-
7 FILIATED PERSONS.—A digital com-
8 modity exchange shall permit the
9 trading of a unit of a digital com-
10 modity held by a digital commodity
11 affiliated person or a digital com-
12 modity related person, only pursuant
13 to section 4C of the Securities Act of
14 1933.

15 “(4) TREATMENT OF CUSTOMER ASSETS.—
16 A digital commodity exchange shall es-
17 tablish policies and procedures that are
18 designed to protect and ensure the safety
19 of customer money, assets, and property.

20 “(5) MONITORING OF TRADING AND
21 TRADE PROCESSING.—

22 “(A) IN GENERAL.—A digital com-
23 modity exchange shall provide a com-
24 petitive, open, and efficient market
25 and mechanism for executing trans-

1 actions that protects the price dis-
2 covery process of trading on the ex-
3 change.

4 “(B) PROTECTION OF MARKETS AND
5 MARKET PARTICIPANTS.—A digital com-
6 modity exchange shall establish and
7 enforce rules—

8 “(i) to protect markets and
9 market participants from abusive
10 practices committed by any party,
11 including abusive practices com-
12 mitted by a party acting as an
13 agent for a participant; and

14 “(ii) to promote fair and equi-
15 table trading on the exchange.

16 “(C) TRADING PROCEDURES.—A dig-
17 ital commodity exchange shall—

18 “(i) establish and enforce
19 rules or terms and conditions de-
20 fining, or specifications detail-
21 ing—

22 “(I) trading procedures to
23 be used in entering and exe-
24 cuting orders traded on or
25 through the facilities of the

1 **digital commodity exchange;**
2 **and**

3 **“(II) procedures for trade**
4 **processing of digital commod-**
5 **ities on or through the facili-**
6 **ties of the digital commodity**
7 **exchange; and**

8 **“(ii) monitor trading in digital**
9 **commodities to prevent manipula-**
10 **tion, price distortion, and disrup-**
11 **tions, through surveillance, com-**
12 **pliance, and disciplinary prac-**
13 **tices and procedures, including**
14 **methods for conducting real-time**
15 **monitoring of trading and com-**
16 **prehensive and accurate trade re-**
17 **constructions.**

18 **“(6) ABILITY TO OBTAIN INFORMATION.—**

19 **A digital commodity exchange shall—**

20 **“(A) establish and enforce rules**
21 **that will allow the facility to obtain**
22 **any necessary information to perform**
23 **any of the functions described in this**
24 **section;**

1 “(B) provide the information to
2 the Commission on request; and

3 “(C) have the capacity to carry
4 out such international information-
5 sharing agreements as the Commis-
6 sion may require.

7 “(7) EMERGENCY AUTHORITY.—A digital
8 commodity exchange shall adopt rules to
9 provide for the exercise of emergency au-
10 thority, in consultation or cooperation
11 with the Commission or a registered enti-
12 ty, as is necessary and appropriate, in-
13 cluding the authority to facilitate the liq-
14 uidation or transfer of open positions in
15 any digital commodity or to suspend or
16 curtail trading in a digital commodity.

17 “(8) TIMELY PUBLICATION OF TRADING
18 INFORMATION.—

19 “(A) IN GENERAL.—A digital com-
20 modity exchange shall make public
21 timely information on price, trading
22 volume, and other trading data on
23 digital commodities to the extent pre-
24 scribed by the Commission.

1 **“(B) CAPACITY OF DIGITAL COM-**
2 **MODITY EXCHANGE.—A digital com-**
3 **modity exchange shall have the ca-**
4 **capacity to electronically capture and**
5 **transmit trade information with re-**
6 **spect to transactions executed on the**
7 **exchange.**

8 **“(9) RECORDKEEPING AND REPORTING.—**

9 **“(A) IN GENERAL.—A digital com-**
10 **modity exchange shall—**

11 **“(i) maintain records relating**
12 **to the operation of the exchange,**
13 **including a complete audit trail,**
14 **in a form and manner acceptable**
15 **to the Commission for a period of**
16 **5 years;**

17 **“(ii) report to the Commission,**
18 **in a form and manner acceptable**
19 **to the Commission, such informa-**
20 **tion as the Commission deter-**
21 **mines to be necessary or appro-**
22 **priate for the Commission to per-**
23 **form the duties of the Commis-**
24 **sion under this Act; and**

1 “(iii) keep any such records of
2 digital commodities which relate
3 to a security open to inspection
4 and examination by the Securities
5 and Exchange Commission.

6 “(B) INFORMATION-SHARING.—Sub-
7 ject to section 8, and on request, the
8 Commission shall share information
9 collected under subparagraph (A)
10 with—

11 “(i) the Board;

12 “(ii) the Securities and Ex-
13 change Commission;

14 “(iii) each appropriate Fed-
15 eral banking agency;

16 “(iv) each appropriate State
17 bank supervisor (within the
18 meaning of section 3 of the Fed-
19 eral Deposit Insurance Act);

20 “(v) the Financial Stability
21 Oversight Council;

22 “(vi) the Department of Jus-
23 tice; and

1 “(vii) any other person that
2 the Commission determines to be
3 appropriate, including—

4 “(I) foreign financial su-
5 pervisors (including foreign
6 futures authorities);

7 “(II) foreign central
8 banks; and

9 “(III) foreign ministries.

10 “(C) CONFIDENTIALITY AGREE-
11 MENT.—Before the Commission may
12 share information with any entity de-
13 scribed in subparagraph (B), the
14 Commission shall receive a written
15 agreement from the entity stating
16 that the entity shall abide by the con-
17 fidentiality requirements described
18 in section 8 relating to the informa-
19 tion on digital commodities that is
20 provided.

21 “(D) PROVIDING INFORMATION.—A
22 digital commodity exchange shall
23 provide to the Commission (including
24 any designee of the Commission) in-
25 formation under subparagraph (A) in

1 such form and at such frequency as is
2 required by the Commission.

3 “(10) ANTITRUST CONSIDERATIONS.—Un-
4 less necessary or appropriate to achieve
5 the purposes of this Act, a digital com-
6 modity exchange shall not—

7 “(A) adopt any rules or take any
8 actions that result in any unreason-
9 able restraint of trade; or

10 “(B) impose any material anti-
11 competitive burden on trading.

12 “(11) CONFLICTS OF INTEREST.—The
13 digital commodity exchange shall estab-
14 lish and enforce rules—

15 “(A) to minimize conflicts of inter-
16 est in the decision making processes
17 of the contract market; and

18 “(B) to establish a process for re-
19 solving conflicts of interest referred
20 to in subparagraph (A).

21 “(12) FINANCIAL RESOURCES.—

22 “(A) IN GENERAL.—A digital com-
23 modity exchange shall have adequate
24 financial, operational, and manage-
25 rial resources, as determined by the

1 **Commission, to discharge each re-**
2 **sponsibility of the digital commodity**
3 **exchange.**

4 **“(B) MINIMUM AMOUNT OF FINAN-**
5 **CIAL RESOURCES.—A digital commodity**
6 **exchange shall possess financial re-**
7 **sources that, at a minimum, exceed—**

8 **“(i) the total amount that**
9 **would enable the digital com-**
10 **modity exchange to cover the op-**
11 **erating costs of the digital com-**
12 **modity exchange for a 1-year pe-**
13 **riod, as calculated on a rolling**
14 **basis; and**

15 **“(ii) the total amount nec-**
16 **essary to meet the financial obli-**
17 **gations of the digital commodity**
18 **exchange to all customers of the**
19 **digital commodity exchange.**

20 **“(13) DISCIPLINARY PROCEDURES.—A**
21 **digital commodity exchange shall estab-**
22 **lish and enforce disciplinary procedures**
23 **that authorize the digital commodity ex-**
24 **change to discipline, suspend, or expel**
25 **members or market participants that vio-**

1 late the rules of the digital commodity ex-
2 change, or similar methods for per-
3 forming the same functions, including
4 delegation of the functions to third par-
5 ties.

6 “(14) GOVERNANCE FITNESS STAND-
7 ARDS.—

8 “(A) GOVERNANCE ARRANGE-
9 MENTS.—A digital commodity ex-
10 change shall establish governance ar-
11 rangements that are transparent and
12 designed to permit consideration of
13 the views of market participants.

14 “(B) FITNESS STANDARDS.—A digital
15 commodity exchange shall establish
16 and enforce appropriate fitness
17 standards for—

18 “(i) officers and directors; and

19 “(ii) any individual or entity
20 with direct access to, or control
21 of, customer assets.

22 “(15) SYSTEM SAFEGUARDS.—A digital
23 commodity exchange shall—

24 “(A) establish and maintain a pro-
25 gram of risk analysis and oversight to

1 identify and minimize sources of
2 operational and security risks,
3 through the development of appro-
4 priate controls and procedures, and
5 automated systems in accordance
6 with industry standards, that—

7 “(i) are reliable and secure;
8 and

9 “(ii) have adequate scalable
10 capacity;

11 “(B) establish and maintain emer-
12 gency procedures, backup resources,
13 and a plan for disaster recovery that
14 allow for—

15 “(i) the timely recovery and
16 resumption of operations; and

17 “(ii) the fulfillment of the re-
18 sponsibilities and obligations of
19 the digital commodity exchange;
20 and

21 “(C) periodically conduct tests to
22 verify that the backup resources of
23 the digital commodity exchange are
24 sufficient to ensure continued—

1 “(i) order processing and
2 trade matching;

3 “(ii) price reporting;

4 “(iii) market surveillance; and

5 “(iv) maintenance of a com-
6 prehensive and accurate audit
7 trail.

8 “(d) HOLDING OF CUSTOMER ASSETS.—

9 “(1) IN GENERAL.—A digital commodity
10 exchange shall hold customer money, as-
11 sets, and property in a manner to mini-
12 mize the risk of loss to the customer or
13 unreasonable delay in customer access to
14 the money, assets, and property of the
15 customer.

16 “(A) SEGREGATION OF FUNDS.—

17 “(i) IN GENERAL.—A digital
18 commodity exchange shall treat
19 and deal with all money, assets,
20 and property that is received by
21 the digital commodity exchange,
22 or accrues to a customer as the
23 result of trading in digital com-
24 modities, as belonging to the cus-
25 tomer.

1 **“(ii) COMMINGLING PROHIB-**
2 **ITED.—Money, assets, and prop-**
3 **erty of a customer described in**
4 **clause (i) shall be separately ac-**
5 **counted for and shall not be com-**
6 **mingled with the funds of the dig-**
7 **ital commodity exchange or be**
8 **used to margin, secure, or guar-**
9 **antee any trades or accounts of**
10 **any customer or person other**
11 **than the person for whom the**
12 **same are held.**

13 **“(B) EXCEPTIONS.—**

14 **“(i) USE OF FUNDS.—**

15 **“(I) IN GENERAL.—Notwith-**
16 **standing subparagraph (A),**
17 **money, assets, and property of**
18 **customers of a digital com-**
19 **modity exchange described in**
20 **subparagraph (A) may, for**
21 **convenience, be commingled**
22 **and deposited in the same ac-**
23 **count or accounts with any**
24 **bank, trust company, deriva-**
25 **tives clearing organization, or**

1 **qualified digital asset custo-**
2 **dian.**

3 **“(II) WITHDRAWAL.—Not-**
4 **withstanding subparagraph**
5 **(A), such share of the money,**
6 **assets, and property de-**
7 **scribed in subclause (I) of this**
8 **clause as in the normal course**
9 **of business shall be necessary**
10 **to margin, guarantee, secure,**
11 **transfer, adjust, or settle a**
12 **contract of sale of a digital**
13 **commodity with a registered**
14 **entity may be withdrawn and**
15 **applied to such purposes, in-**
16 **cluding the payment of com-**
17 **missions, brokerage, interest,**
18 **taxes, storage, and other**
19 **charges, lawfully accruing in**
20 **connection with the contract**
21 **of sale of a digital commodity.**

22 **“(ii) COMMISSION ACTION.—Not-**
23 **withstanding subparagraph (A),**
24 **in accordance with such terms**
25 **and conditions as the Commission**

1 may prescribe by rule, regulation,
2 or order, any money, assets, or
3 property of the customers of a
4 digital commodity exchange de-
5 scribed in subparagraph (A) may
6 be commingled and deposited in
7 customer accounts with any other
8 money, assets, or property re-
9 ceived by the digital commodity
10 exchange and required by the
11 Commission to be separately ac-
12 counted for and treated and dealt
13 with as belonging to the customer
14 of the digital commodity ex-
15 change.

16 “(2) PERMITTED INVESTMENTS.—Money
17 described in subparagraph (A) may be in-
18 vested in obligations of the United States,
19 in general obligations of any State or of
20 any political subdivision of a State, and
21 in obligations fully guaranteed as to prin-
22 cipal and interest by the United States,
23 or in any other investment that the Com-
24 mission may by rule or regulation pre-
25 scribe, and such investments shall be

1 **made in accordance with such rules and**
2 **regulations and subject to such condi-**
3 **tions as the Commission may prescribe.**

4 **“(3) CUSTOMER PROTECTION DURING**
5 **BANKRUPTCY.—**

6 **“(A) CUSTOMER PROPERTY.—All as-**
7 **sets held on behalf of a customer by a**
8 **digital commodity exchange, and all**
9 **money, assets, and property of any**
10 **customer received by a digital com-**
11 **modity exchange for trading or cus-**
12 **tody, or to facilitate, margin, guar-**
13 **antee, or secure contracts of sale of a**
14 **digital commodity (including money,**
15 **assets, or property accruing to the**
16 **customer as the result of the trans-**
17 **actions), shall be considered cus-**
18 **tomers property for purposes of sec-**
19 **tion 761 of title 11, United States**
20 **Code.**

21 **“(B) TRANSACTIONS.—A transaction**
22 **involving the sale of a unit of a dig-**
23 **ital commodity occurring on or sub-**
24 **ject to the rules of a digital com-**
25 **modity exchange shall be considered**

1 a contract for the purchase or sale of
2 a commodity for future delivery, on
3 or subject to the rules of, a contract
4 market or board of trade for purposes
5 of the definition of ‘commodity con-
6 tract’ in section 761 of title 11, United
7 States Code.

8 “(C) EXCHANGES.—A digital com-
9 modity exchange shall be considered
10 a futures commission merchant for
11 purposes of section 761 of title 11,
12 United States Code.

13 “(D) ASSETS REMOVED FROM SEG-
14 REGATION.—Assets removed from seg-
15 regation due to a customer election
16 under paragraph (5) shall not be con-
17 sidered customer property for pur-
18 poses of section 761 of title 11, United
19 States Code.

20 “(4) MISUSE OF CUSTOMER PROPERTY.—

21 “(A) IN GENERAL.—It shall be un-
22 lawful—

23 “(i) for any digital commodity
24 exchange that has received any
25 customer money, assets, or prop-

erty for custody to dispose of, or
use any such money, assets, or
property as belonging to the dig-
ital commodity exchange or any
person other than a customer of
the digital commodity exchange;
or

“(ii) for any other person, in-
cluding any depository, other dig-
ital commodity exchange, or dig-
ital asset custodian that has re-
ceived any customer money, as-
sets, or property for deposit, to
hold, dispose of, or use any such
money, assets, or property, or
property, as belonging to the de-
positing digital commodity ex-
change or any person other than
the customers of the digital com-
modity exchange.

“(B) USE FURTHER DEFINED.—For
purposes of this section, ‘use’ of a dig-
ital commodity includes utilizing any
unit of a digital asset to participate in
a blockchain service defined in para-

1 graph (5) or a decentralized govern-
2 ance system associated with the dig-
3 ital commodity or the blockchain sys-
4 tem to which the digital commodity
5 relates in any manner other than that
6 expressly directed by the customer
7 from whom the unit of a digital com-
8 modity was received.

9 “(5) PARTICIPATION IN BLOCKCHAIN
10 SERVICES.—

11 “(A) IN GENERAL.—A customer
12 shall have the right to waive the re-
13 strictions in paragraph (1) for any
14 unit of a digital commodity to be used
15 under subparagraph (B), by affirma-
16 tively electing, in writing to the dig-
17 ital commodity exchange, to waive
18 the restrictions.

19 “(B) USE OF FUNDS.—Customer dig-
20 ital commodities removed from seg-
21 regation under subparagraph (A) may
22 be pooled and used by the digital
23 commodity exchange or its designee
24 to provide a blockchain service for a
25 blockchain system to which the unit

1 of the digital asset removed from seg-
2 regation in subparagraph (A) relates.

3 “(C) LIMITATIONS.—

4 “(i) IN GENERAL.—The Commis-
5 sion shall, by rule, establish no-
6 tice and disclosure requirements,
7 and may, by rule, establish any
8 other limitations and rules re-
9 lated to the waiving of any re-
10 strictions under this paragraph
11 that are reasonably necessary to
12 protect customers, including eligi-
13 ble contract participants, non-eli-
14 gible contract participants, or any
15 other class of customers.

16 “(ii) CUSTOMER CHOICE.—A dig-
17 ital commodity exchange may not
18 require a waiver from a customer
19 described in subparagraph (A) as
20 a condition of doing business on
21 the exchange.

22 “(D) BLOCKCHAIN SERVICE DE-
23 FINED.—In this subparagraph, the
24 term ‘blockchain service’ means any
25 activity relating to validating trans-

1 actions on a blockchain system, pro-
2 viding security for a blockchain sys-
3 tem, or other similar activity re-
4 quired for the ongoing operation of a
5 blockchain system.

6 “(e) **MARKET ACCESS REQUIREMENTS.**—The
7 Commission may, by rule, impose any addi-
8 tional requirements related to the operations
9 and activities of the digital commodity ex-
10 change and an affiliated digital commodity
11 broker necessary to protect market partici-
12 pants, promote fair and equitable trading on
13 the digital commodity exchange, and promote
14 responsible innovation.

15 “(f) **DESIGNATION OF CHIEF COMPLIANCE OF-**
16 **FICER.**—

17 “(1) **IN GENERAL.**—A digital commodity
18 exchange shall designate an individual to
19 serve as a chief compliance officer.

20 “(2) **DUTIES.**—The chief compliance of-
21 ficer shall—

22 “(A) report directly to the board
23 or to the senior officer of the ex-
24 change;

1 **“(B) review compliance with the**
2 **core principles in this subsection;**

3 **“(C) in consultation with the**
4 **board of the exchange, a body per-**
5 **forming a function similar to that of a**
6 **board, or the senior officer of the ex-**
7 **change, resolve any conflicts of inter-**
8 **est that may arise;**

9 **“(D) establish and administer the**
10 **policies and procedures required to**
11 **be established pursuant to this sec-**
12 **tion;**

13 **“(E) ensure compliance with this**
14 **Act and the rules and regulations**
15 **issued under this Act, including rules**
16 **prescribed by the Commission pursu-**
17 **ant to this section; and**

18 **“(F) establish procedures for the**
19 **remediation of noncompliance issues**
20 **found during compliance office re-**
21 **views, look backs, internal or exter-**
22 **nal audit findings, self-reported er-**
23 **rors, or through validated com-**
24 **plaints.**

1 **“(3) REQUIREMENTS FOR PROCEDURES.—**

2 **In establishing procedures under para-**
3 **graph (2)(F), the chief compliance officer**
4 **shall design the procedures to establish**
5 **the handling, management response, re-**
6 **mediation, retesting, and closing of non-**
7 **compliance issues.**

8 **“(4) ANNUAL REPORTS.—**

9 **“(A) IN GENERAL.—In accordance**
10 **with rules prescribed by the Commis-**
11 **sion, the chief compliance officer**
12 **shall annually prepare and sign a re-**
13 **port that contains a description of—**

14 **“(i) the compliance of the dig-**
15 **ital commodity exchange with**
16 **this Act; and**

17 **“(ii) the policies and proce-**
18 **dures, including the code of eth-**
19 **ics and conflicts of interest poli-**
20 **cies, of the digital commodity ex-**
21 **change.**

22 **“(B) REQUIREMENTS.—The chief**
23 **compliance officer shall—**

24 **“(i) submit each report de-**
25 **scribed in subparagraph (A) with**

1 the appropriate financial report
2 of the digital commodity ex-
3 change that is required to be sub-
4 mitted to the Commission pursu-
5 ant to this section; and

6 “(ii) include in the report a
7 certification that, under penalty
8 of law, the report is accurate and
9 complete.

10 “(g) APPOINTMENT OF TRUSTEE.—

11 “(1) IN GENERAL.—If a proceeding
12 under section 5e results in the suspen-
13 sion or revocation of the registration of a
14 digital commodity exchange, or if a dig-
15 ital commodity exchange withdraws from
16 registration, the Commission, on notice
17 to the digital commodity exchange, may
18 apply to the appropriate United States
19 district court where the digital com-
20 modity exchange is located for the ap-
21 pointment of a trustee.

22 “(2) ASSUMPTION OF JURISDICTION.—If
23 the Commission applies for appointment
24 of a trustee under paragraph (1)—

1 “(A) the court may take exclusive
2 jurisdiction over the digital com-
3 modity exchange and the records and
4 assets of the digital commodity ex-
5 change, wherever located; and

6 “(B) if the court takes jurisdiction
7 under subparagraph (A), the court
8 shall appoint the Commission, or a
9 person designated by the Commis-
10 sion, as trustee with power to take
11 possession and continue to operate or
12 terminate the operations of the dig-
13 ital commodity exchange in an or-
14 derly manner for the protection of
15 customers subject to such terms and
16 conditions as the court may pre-
17 scribe.

18 “(h) **QUALIFIED DIGITAL ASSET CUSTO-**
19 **DIAN.**—A digital commodity exchange shall
20 hold in a qualified digital asset custodian
21 each unit of a digital asset that is—

22 “(1) the property of a customer of the
23 digital commodity exchange;

1 “(2) required to be held by the digital
2 commodity exchange under subsection
3 (c)(12) of this section; or

4 “(3) otherwise so required by the
5 Commission to reasonably protect cus-
6 tomers.

7 “(i) EXEMPTIONS.—

8 “(1) In order to promote responsible
9 innovation and fair competition, or pro-
10 tect customers, the Commission may (on
11 its own initiative or on application of the
12 registered digital commodity exchange)
13 exempt, either unconditionally or on stat-
14 ed terms or conditions or for stated peri-
15 ods and either retroactively or prospec-
16 tively, or both, a registered digital com-
17 modity exchange from the requirements
18 of this section, if the Commission deter-
19 mines that—

20 “(A) the exemption would be con-
21 sistent with the public interest and
22 the purposes of this Act; and

23 “(B) the exemption will not have a
24 material adverse effect on the ability
25 of the Commission or the digital com-

1 **modity exchange to discharge regu-**
2 **latory or self-regulatory duties under**
3 **this Act.**

4 **“(2) The Commission may exempt,**
5 **conditionally or unconditionally, a digital**
6 **commodity exchange from registration**
7 **under this section if the Commission**
8 **finds that the digital commodity ex-**
9 **change is subject to comparable, com-**
10 **prehensive supervision and regulation on**
11 **a consolidated basis by the appropriate**
12 **governmental authorities in the home**
13 **country of the facility.**

14 **“(j) CUSTOMER DEFINED.—In this section,**
15 **the term ‘customer’ means any person that**
16 **maintains an account for the trading of dig-**
17 **ital commodities directly with a digital com-**
18 **modity exchange (other than a person that is**
19 **owned or controlled, directly or indirectly, by**
20 **the digital commodity exchange) for its own**
21 **behalf or on behalf of any other person.**

22 **“(k) FEDERAL PREEMPTION.—Notwith-**
23 **standing any other provision of law, the Com-**
24 **mission shall have exclusive jurisdiction over**
25 **any digital commodity exchange registered**

1 under this section with respect to activities
2 and transactions subject to this Act.”.

3 SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.

4 The Commodity Exchange Act (7 U.S.C. 1
5 et seq.), as amended by the preceding provi-
6 sions of this Act, is amended by inserting after
7 section 5i the following:

8 “SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.

9 “(a) IN GENERAL.—A person is a qualified
10 digital asset custodian for purposes of this
11 Act if the person—

12 “(1) holds digital assets on behalf of a
13 person registered under this Act or a cus-
14 tomer of a person registered under this
15 Act; and

16 “(2) is in compliance with subsections
17 (b) and (c).

18 “(b) SUPERVISION REQUIREMENT.—A person
19 is in compliance with this subsection if the
20 person is subject to—

21 “(1) supervision and examination for
22 custody and safekeeping of digital assets
23 by an appropriate Federal banking agen-
24 cy, the National Credit Union Administra-

tion, the Commission, or the Securities and Exchange Commission; or

“(2) adequate supervision and appropriate regulation for custody and safekeeping of digital assets by—

“(A) a State bank supervisor (within the meaning of section 3 of the Federal Deposit Insurance Act);

“(B) a State credit union supervisor, as defined under section 6003 of the Anti-Money Laundering Act of 2020; or

“(C) an appropriate foreign governmental authority in the home country of the digital commodity custodian.

“(c) OTHER REQUIREMENTS.—A person shall be in compliance with this subsection if:

“(1) NOT OTHERWISE PROHIBITED.—The person has not been prohibited by its supervisor from engaging in an activity with respect to the custody and safekeeping of digital assets.

“(2) INFORMATION SHARING.—

1 **“(A) IN GENERAL.—**The person
2 **shares information with the Commis-**
3 **sion on request and complies with**
4 **such requirements for periodic shar-**
5 **ing of information regarding cus-**
6 **tomers accounts that the person holds**
7 **on behalf of an entity registered with**
8 **the Commission as the Commission**
9 **determines by rule are reasonably**
10 **necessary to effectuate any of the**
11 **provisions, or to accomplish any of**
12 **the purposes, of this Act.**

13 **“(B) PROVISION OF INFORMATION.—**
14 **If the person is subject to regulation**
15 **and examination by an appropriate**
16 **Federal banking agency, the person**
17 **may satisfy any information request**
18 **described in subparagraph (A) by**
19 **providing the Commission with a de-**
20 **tailed listing, in writing, of the digital**
21 **assets of a customer in the custody of,**
22 **or use by, the person.**

23 **“(C) RULEMAKING FOR CFTC ENTI-**
24 **TIES.—**

1 “(i) IN GENERAL.—The Commis-
2 sion shall prescribe rules to per-
3 mit a person registered with the
4 Commission to be a qualified dig-
5 ital asset custodian in compliance
6 with this section.

7 “(ii) CONTENT.—In prescribing
8 the rules under subparagraph (A),
9 the Commission shall require a
10 person registered with the Com-
11 mission to—

12 “(I) implement require-
13 ment consistent with the re-
14 quirements in subsection
15 (d)(1);

16 “(II) establish sufficient
17 system safeguards;

18 “(III) prevent or mitigate
19 conflicts of interest, as appro-
20 priate; and

21 “(IV) establish separate
22 governance arrangements for
23 the custodial function of the
24 entity.

1 **“(d) ADEQUATE SUPERVISION AND APPRO-**
2 **PRIATE REGULATION.—**

3 **“(1) IN GENERAL.—For purposes of sub-**
4 **section (b), the terms ‘adequate super-**
5 **vision’ and ‘appropriate regulation’ mean**
6 **such minimum standards for supervision**
7 **and regulation as are reasonably nec-**
8 **essary to protect the digital assets held**
9 **by a person registered under this Act, in-**
10 **cluding standards relating to the licens-**
11 **ing, examination, and supervisory proc-**
12 **esses that require the person to, at a min-**
13 **imum—**

14 **“(A) receive a review and evalua-**
15 **tion of ownership, character and fit-**
16 **ness, conflicts of interest, business**
17 **model, financial statements, funding**
18 **resources, and policies and proce-**
19 **dures of the person;**

20 **“(B) hold capital sufficient for the**
21 **financial integrity of the person;**

22 **“(C) protect customer assets;**

23 **“(D) establish and maintain books**
24 **and records regarding the business of**
25 **the person;**

1 **“(E) submit financial statements**
2 **and audited financial statements to**
3 **the applicable supervisor described**
4 **in subsection (b);**

5 **“(F) provide disclosures to the ap-**
6 **plicable supervisor described in sub-**
7 **section (b) regarding actions, pro-**
8 **ceedings, and other items as deter-**
9 **mined by the supervisor;**

10 **“(G) maintain and enforce poli-**
11 **cies and procedures for compliance**
12 **with applicable State and Federal**
13 **laws, including those related to anti-**
14 **money laundering and cybersecurity;**

15 **“(H) establish a business con-**
16 **tinuity plan to ensure functionality in**
17 **cases of disruption; and**

18 **“(I) establish policies and proce-**
19 **dures to resolve complaints.**

20 **“(2) RULEMAKING WITH RESPECT TO**
21 **DEFINITIONS.—**

22 **“(A) IN GENERAL.—For purposes of**
23 **this section, the Commission may, by**
24 **rule, further define the terms ‘ade-**
25 **quate supervision’ and ‘appropriate**

1 regulation' as necessary and appro-
2 priate for the protection of cus-
3 tomers, and consistent with the pur-
4 poses of this Act.

5 “(B) **CONDITIONAL TREATMENT OF**
6 **CERTAIN CUSTODIANS BEFORE RULE-**
7 **MAKING.—**Before the effective date of
8 a rulemaking under subparagraph
9 (A), a trust company is deemed sub-
10 ject to adequate supervision and ap-
11 propriate regulation if—

12 “(i) the trust company is ex-
13 pressly permitted by a State bank
14 supervisor to engage in the cus-
15 tody and safekeeping of digital as-
16 sets;

17 “(ii) the State bank supervisor
18 has established licensing, exam-
19 ination, and supervisory proc-
20 esses that require the trust com-
21 pany to, at a minimum, meet the
22 conditions described in subpara-
23 graphs (A) through (I) of para-
24 graph (1); and

1 “(iii) the trust company is in
2 good standing with its State bank
3 supervisor.

4 “(C) TRANSITION PERIOD FOR CER-
5 TAIN CUSTODIANS.—In implementing
6 the rulemaking under subparagraph
7 (A), the Commission shall provide a
8 transition period of not less than 2
9 years for any trust company that is
10 deemed subject to adequate super-
11 vision and appropriate regulation
12 under subparagraph (B) on the effec-
13 tive date of the rulemaking.

14 “(e) AUTHORITY TO TEMPORARILY SUSPEND
15 STANDARDS.—The Commission may, by rule or
16 order, temporarily suspend, in whole or in
17 part, any requirement imposed under, or any
18 standard referred to in, this section if the
19 Commission determines that the suspension
20 would be consistent with the public interest
21 and the purposes of this Act.”.

1 SEC. 406. REGISTRATION AND REGULATION OF DIGITAL
2 COMMODITY BROKERS AND DEALERS.

3 The Commodity Exchange Act (7 U.S.C. 1
4 et seq.) is amended by inserting after section
5 4t the following:

6 “SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL
7 COMMODITY BROKERS AND DEALERS.

8 “(a) REGISTRATION.—

9 “(1) REQUIREMENT.—It shall be unlaw-
10 ful for any person to act as a digital com-
11 modity broker or digital commodity deal-
12 er unless the person is registered as such
13 with the Commission.

14 “(2) ADDITIONAL REGISTRATION.—

15 “(A) RULES.—In order to foster the
16 development of fair and orderly mar-
17 kets, protect customers, and promote
18 responsible innovation, the Commis-
19 sion—

20 “(i) shall prescribe rules to ex-
21 empt an entity registered with
22 the Commission under more than
23 1 section of this Act from duplica-
24 tive, conflicting, or unduly bur-
25 densome provisions of this Act
26 and the rules under this Act;

1 “(ii) shall prescribe rules to
2 address conflicts of interests and
3 the activities of the entity; and

4 “(iii) may after an analysis of
5 the risks and benefits, prescribe
6 rules to provide for portfolio mar-
7 gining.

8 “(B) WITH MEMBERSHIP IN A REG-
9 ISTERED FUTURES ASSOCIATION.—Any
10 person required to be registered as a
11 digital commodity broker or digital
12 commodity dealer under this section
13 shall be a member of a registered fu-
14 tures association.

15 “(b) REQUIREMENTS.—

16 “(1) IN GENERAL.—A person shall reg-
17 ister as a digital commodity broker or
18 digital commodity dealer by filing a reg-
19 istration application with the Commis-
20 sion.

21 “(2) CONTENTS.—

22 “(A) IN GENERAL.—The application
23 shall be made in such form and man-
24 ner as is prescribed by the Commis-
25 sion, and shall contain such informa-

1 tion as the Commission considers
2 necessary concerning the business in
3 which the applicant is or will be en-
4 gaged.

5 “(B) CONTINUAL REPORTING.—A
6 person that is registered as a digital
7 commodity broker or digital com-
8 modity dealer shall continue to sub-
9 mit to the Commission reports that
10 contain such information pertaining
11 to the business of the person as the
12 Commission may require.

13 “(3) STATUTORY DISQUALIFICATION.—Ex-
14 cept to the extent otherwise specifically
15 provided by rule, regulation, or order, it
16 shall be unlawful for a digital commodity
17 broker or digital commodity dealer to
18 permit any person who is associated with
19 a digital commodity broker or a digital
20 commodity dealer and who is subject to a
21 statutory disqualification to effect or be
22 involved in effecting a contract of sale of
23 a digital commodity on behalf of the dig-
24 ital commodity broker or the digital com-
25 modity dealer, respectively, if the digital

1 commodity broker or digital commodity
2 dealer, respectively, knew, or in the exer-
3 cise of reasonable care should have
4 known, of the statutory disqualification.

5 “(c) RULEMAKING.—

6 “(1) IN GENERAL.—The Commission
7 shall prescribe such rules applicable to
8 registered digital commodity brokers and
9 registered digital commodity dealers as
10 are appropriate to carry out this section,
11 including rules in the public interest that
12 limit the activities of digital commodity
13 brokers and digital commodity dealers.

14 “(2) FINANCING AGREEMENTS.—

15 “(A) IN GENERAL.—The Commis-
16 sion shall prescribe rules and regula-
17 tions applicable to digital commodity
18 brokers or digital commodity dealers
19 which shall set forth minimum re-
20 quirements related to disclosure, rec-
21 ordkeeping, margin and financing ar-
22 rangements, rehypothecation, capital,
23 reporting, business conduct, docu-
24 mentation, and supervision of em-

1 **ployees and agents, in connection**
2 **with—**

3 **“(i) an agreement described in**
4 **section 2(c)(2)(D)(iv); or**

5 **“(ii) any other margined, le-**
6 **veraged, or financing arrange-**
7 **ment for the purchase or sale of a**
8 **digital commodity with an eligi-**
9 **ble contract participant.**

10 **“(B) SPECIFIC AUTHORITY.—Except**
11 **as prohibited in section 2(c)(2)(G)(iii),**
12 **the Commission may also make, pro-**
13 **mulgate, and enforce such rules and**
14 **regulations as, in the judgment of the**
15 **Commission, are reasonably nec-**
16 **essary to effectuate any of the provi-**
17 **sions of, or to accomplish any of the**
18 **purposes of, this Act in connection**
19 **with an agreement referred to in sub-**
20 **paragraph (A) of this paragraph,**
21 **which may include, without limita-**
22 **tion, requirements regarding reg-**
23 **istration with the Commission and**
24 **membership in a registered futures**
25 **association.**

1 **“(d) CAPITAL REQUIREMENTS.—**

2 **“(1) IN GENERAL.—Each digital com-**
3 **modity broker and digital commodity**
4 **dealer shall meet such minimum capital**
5 **requirements as the Commission may**
6 **prescribe to address the risks associated**
7 **with digital commodity trading and to**
8 **ensure that the digital commodity broker**
9 **or digital commodity dealer, respectively,**
10 **is able, at all times, to—**

11 **“(A) meet, and continue to meet**
12 **the obligations of such a registrant;**
13 **and**

14 **“(B) fulfill obligations to cus-**
15 **tomers or counterparties for any mar-**
16 **gined, leveraged, or financed trans-**
17 **actions.**

18 **“(2) FUTURES COMMISSION MERCHANTS**
19 **AND OTHER DEALERS.—Each futures com-**
20 **mission merchant, introducing broker,**
21 **digital commodity broker, digital com-**
22 **modity dealer, broker, and dealer shall**
23 **maintain sufficient capital to comply**
24 **with the stricter of any applicable capital**
25 **requirements to which the futures com-**

1 mission merchant, introducing broker,
2 digital commodity broker, digital com-
3modity dealer, broker, or dealer, respec-
4tively, is subject under this Act or the Se-
5curities Exchange Act of 1934 (15 U.S.C.
678a et seq.).

7 “(e) REPORTING AND RECORDKEEPING.—
8 Each digital commodity broker and digital
9 commodity dealer—

10 “(1) shall make such reports as are re-
11quired by the Commission by rule or reg-
12ulation regarding the transactions, posi-
13tions, and financial condition of the dig-
14ital commodity broker or digital com-
15modity dealer, respectively;

16 “(2) shall keep books and records in
17such form and manner and for such pe-
18riod as may be prescribed by the Com-
19mission by rule or regulation; and

20 “(3) shall keep the books and records
21open to inspection and examination by
22any representative of the Commission.

23 “(f) DAILY TRADING RECORDS.—

24 “(1) IN GENERAL.—Each digital com-
25modity broker and digital commodity

1 **dealer shall maintain daily trading**
2 **records of the transactions of the digital**
3 **commodity broker or digital commodity**
4 **dealer, respectively, and all related**
5 **records (including related forward or de-**
6 **rivatives transactions) and recorded com-**
7 **munications, including electronic mail,**
8 **instant messages, and recordings of tele-**
9 **phone calls, for such period as the Com-**
10 **mission may require by rule or regula-**
11 **tion.**

12 **“(2) INFORMATION REQUIREMENTS.—The**
13 **daily trading records shall include such**
14 **information as the Commission shall re-**
15 **quire by rule or regulation.**

16 **“(3) COUNTERPARTY RECORDS.—Each**
17 **digital commodity broker and digital**
18 **commodity dealer shall maintain daily**
19 **trading records for each customer or**
20 **counterparty in a manner and form that**
21 **is identifiable with each digital com-**
22 **modity transaction.**

23 **“(4) AUDIT TRAIL.—Each digital com-**
24 **modity broker and digital commodity**
25 **dealer shall maintain a complete audit**

1 trail for conducting comprehensive and
2 accurate trade reconstructions.

3 **“(g) BUSINESS CONDUCT STANDARDS.—**

4 **“(1) IN GENERAL.—Each digital com-**
5 **modity broker and digital commodity**
6 **dealer shall conform with such business**
7 **conduct standards as the Commission, by**
8 **rule or regulation, prescribes related to—**

9 **“(A) fraud, manipulation, and**
10 **other abusive practices involving**
11 **spot or margined, leveraged, or fi-**
12 **nanced digital commodity trans-**
13 **actions (including transactions that**
14 **are offered but not entered into);**

15 **“(B) diligent supervision of the**
16 **business of the registered digital com-**
17 **modity broker or digital commodity**
18 **dealer, respectively; and**

19 **“(C) such other matters as the**
20 **Commission deems appropriate.**

21 **“(2) BUSINESS CONDUCT REQUIRE-**
22 **MENTS.—The Commission shall, by rule,**
23 **prescribe business conduct requirements**
24 **which—**

1 “(A) require disclosure by a reg-
2 istered digital commodity broker and
3 registered digital commodity dealer
4 to any counterparty to the trans-
5 action (other than an eligible con-
6 tract participant) of—

7 “(i) information about the ma-
8 terial risks and characteristics of
9 the digital commodity;

10 “(ii) information about the
11 material risks and characteristics
12 of the transaction;

13 “(B) establish a duty for such a
14 digital commodity broker and such a
15 digital commodity dealer to commu-
16 nicate in a fair and balanced manner
17 based on principles of fair dealing
18 and good faith;

19 “(C) establish standards gov-
20 erning digital commodity broker and
21 digital commodity dealer marketing
22 and advertising, including
23 testimonials and endorsements; and

24 “(D) establish such other stand-
25 ards and requirements as the Com-

1 mission may determine are appro-
2 priate for the protection of cus-
3 tomers.

4 “(3) PROHIBITION ON FRAUDULENT PRAC-
5 TICES.—It shall be unlawful for a digital
6 commodity broker or digital commodity
7 dealer to—

8 “(A) employ any device, scheme,
9 or artifice to defraud any customer or
10 counterparty;

11 “(B) engage in any transaction,
12 practice, or course of business that
13 operates as a fraud or deceit on any
14 customer or counterparty; or

15 “(C) engage in any act, practice,
16 or course of business that is fraudu-
17 lent, deceptive, or manipulative.

18 “(h) DUTIES.—

19 “(1) RISK MANAGEMENT PROCEDURES.—
20 Each digital commodity broker and dig-
21 ital commodity dealer shall establish ro-
22 bust and professional risk management
23 systems adequate for managing the day-
24 to-day business of the digital commodity

1 **broker or digital commodity dealer, re-**
2 **spectively.**

3 **“(2) DISCLOSURE OF GENERAL INFORMA-**
4 **TION.—Each digital commodity broker**
5 **and digital commodity dealer shall dis-**
6 **close to the Commission information con-**
7 **cerning—**

8 **“(A) the terms and conditions of**
9 **the transactions of the digital com-**
10 **modity broker or digital commodity**
11 **dealer, respectively;**

12 **“(B) the trading operations, mech-**
13 **anisms, and practices of the digital**
14 **commodity broker or digital com-**
15 **modity dealer, respectively;**

16 **“(C) financial integrity protec-**
17 **tions relating to the activities of the**
18 **digital commodity broker or digital**
19 **commodity dealer, respectively; and**

20 **“(D) other information relevant to**
21 **trading in digital commodities by the**
22 **digital commodity broker or digital**
23 **commodity dealer, respectively.**

1 **“(3) ABILITY TO OBTAIN INFORMATION.—**
2 **Each digital commodity broker and dig-**
3 **ital commodity dealer shall—**

4 **“(A) establish and enforce inter-**
5 **nal systems and procedures to obtain**
6 **any necessary information to perform**
7 **any of the functions described in this**
8 **section; and**

9 **“(B) provide the information to**
10 **the Commission, on request.**

11 **“(4) CONFLICTS OF INTEREST.—Each**
12 **digital commodity broker and digital**
13 **commodity dealer shall establish, main-**
14 **tain, and enforce written policies and**
15 **procedures reasonably designed, taking**
16 **into consideration the nature of the busi-**
17 **ness of the person, to mitigate any con-**
18 **flicts of interest in transactions or ar-**
19 **rangements with affiliates.**

20 **“(5) ANTITRUST CONSIDERATIONS.—Un-**
21 **less necessary or appropriate to achieve**
22 **the purposes of this Act, a digital com-**
23 **modity broker or digital commodity deal-**
24 **er shall not—**

1 “(A) adopt any process or take
2 any action that results in any unrea-
3 sonable restraint of trade; or

4 “(B) impose any material anti-
5 competitive burden on trading or
6 clearing.

7 “(i) DESIGNATION OF CHIEF COMPLIANCE OF-
8 FICER.—

9 “(1) IN GENERAL.—Each digital com-
10 modity broker and digital commodity
11 dealer shall designate an individual to
12 serve as a chief compliance officer.

13 “(2) DUTIES.—The chief compliance of-
14 ficer shall—

15 “(A) report directly to the board
16 or to the senior officer of the reg-
17 istered digital commodity broker or
18 registered digital commodity dealer;

19 “(B) review the compliance of the
20 registered digital commodity broker
21 or registered digital commodity deal-
22 er with respect to the registered dig-
23 ital commodity broker and registered
24 digital commodity dealer require-
25 ments described in this section;

1 “(C) in consultation with the
2 board of directors, a body performing
3 a function similar to the board, or the
4 senior officer of the organization, re-
5 solve any conflicts of interest that
6 may arise;

7 “(D) be responsible for admin-
8 istering each policy and procedure
9 that is required to be established pur-
10 suant to this section;

11 “(E) ensure compliance with this
12 Act (including regulations), including
13 each rule prescribed by the Commis-
14 sion under this section;

15 “(F) establish procedures for the
16 remediation of noncompliance issues
17 identified by the chief compliance of-
18 ficer through any—

19 “(i) compliance office review;

20 “(ii) look-back;

21 “(iii) internal or external
22 audit finding;

23 “(iv) self-reported error; or

24 “(v) validated complaint; and

1 “(G) establish and follow appro-
2 priate procedures for the handling,
3 management response, remediation,
4 retesting, and closing of noncompli-
5 ance issues.

6 **“(3) ANNUAL REPORTS.—**

7 **“(A) IN GENERAL.—**In accordance
8 with rules prescribed by the Commis-
9 sion, the chief compliance officer
10 shall annually prepare and sign a re-
11 port that contains a description of—

12 **“(i) the compliance of the reg-**
13 **istered digital commodity broker**
14 **or registered digital commodity**
15 **dealer with this Act (including**
16 **regulations); and**

17 **“(ii) each policy and proce-**
18 **dure of the registered digital com-**
19 **modity broker or registered dig-**
20 **ital commodity dealer followed by**
21 **the chief compliance officer (in-**
22 **cluding the code of ethics and**
23 **conflict of interest policies).**

24 **“(B) REQUIREMENTS.—**The chief
25 compliance officer shall ensure that a

1 compliance report under subpara-
2 graph (A)—

3 “(i) accompanies each appro-
4 priate financial report of the reg-
5 istered digital commodity broker
6 or registered digital commodity
7 dealer that is required to be fur-
8 nished to the Commission pursu-
9 ant to this section; and

10 “(ii) includes a certification
11 that, under penalty of law, the
12 compliance report is accurate and
13 complete.

14 “(j) SEGREGATION OF DIGITAL COMMOD-
15 ITIES.—

16 “(1) HOLDING OF CUSTOMER ASSETS.—

17 “(A) IN GENERAL.—Each digital
18 commodity broker and digital com-
19 modity dealer shall hold customer
20 money, assets, and property in a man-
21 ner to minimize the risk of loss to the
22 customer or unreasonable delay in
23 customer access to the money, assets,
24 and property of the customer.

1 **“(B) QUALIFIED DIGITAL ASSET CUS-**
2 **TODIAN.—Each digital commodity**
3 **broker and digital commodity dealer**
4 **shall hold in a qualified digital asset**
5 **custodian each unit of a digital asset**
6 **that is—**

7 **“(i) the property of a customer**
8 **or counterparty of the digital**
9 **commodity broker or digital com-**
10 **modity dealer, respectively;**

11 **“(ii) required to be held by**
12 **the digital commodity broker or**
13 **digital commodity dealer under**
14 **subsection (e); or**

15 **“(iii) otherwise so required by**
16 **the Commission to reasonably**
17 **protect customers or promote the**
18 **public interest.**

19 **“(2) SEGREGATION OF FUNDS.—**

20 **“(A) IN GENERAL.—Each digital**
21 **commodity broker and digital com-**
22 **modity dealer shall treat and deal**
23 **with all money, assets, and property**
24 **that is received by the digital com-**
25 **modity broker or digital commodity**

1 dealer, or accrues to a customer as
2 the result of trading in digital com-
3 modities, as belonging to the cus-
4 tomer.

5 “(B) COMMINGLING PROHIBITED.—

6 “(i) IN GENERAL.—Except as
7 provided in clause (ii), each dig-
8 ital commodity broker and digital
9 commodity dealer shall sepa-
10 rately account for money, assets,
11 and property of a digital com-
12 modity customer, and shall not
13 commingle any such money, as-
14 sets, or property with the funds of
15 the digital commodity broker or
16 digital commodity dealer, respec-
17 tively, or use any such money, as-
18 sets, or property 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 “(ii) EXCEPTIONS.—

25 “(I) USE OF FUNDS.—

1 “(aa) IN GENERAL.—A
2 digital commodity broker
3 or digital commodity deal-
4 er may, for convenience,
5 commingle and deposit in
6 the same account or ac-
7 counts with any bank,
8 trust company, deriva-
9 tives clearing organiza-
10 tion, or qualified digital
11 asset custodian money, as-
12 sets, and property of cus-
13 tomers.

14 “(bb) WITHDRAWAL.—
15 The share of the money,
16 assets, and property de-
17 scribed in item (aa) as in
18 the normal course of busi-
19 ness shall be necessary to
20 margin, guarantee, secure,
21 transfer, adjust, or settle a
22 contract of sale of a dig-
23 ital commodity with a reg-
24 istered entity may be
25 withdrawn and applied to

1 such purposes, including
2 the payment of commis-
3 sions, brokerage, interest,
4 taxes, storage, and other
5 charges, lawfully accruing
6 in connection with the
7 contract.

8 “(II) COMMISSION ACTION.—

9 In accordance with such
10 terms and conditions as the
11 Commission may prescribe by
12 rule, regulation, or order, any
13 money, assets, or property of
14 the customers of a digital
15 commodity broker or digital
16 commodity dealer may be
17 commingled and deposited in
18 customer accounts with any
19 other money, assets, or prop-
20 erty received by the digital
21 commodity broker or digital
22 commodity dealer, respec-
23 tively, and required by the
24 Commission to be separately
25 accounted for and treated and

1 dealt with as belonging to the
2 customer of the digital com-
3 modity broker or digital com-
4 modity dealer, respectively.

5 **“(3) PERMITTED INVESTMENTS.—**Money
6 described in paragraph (2) may be in-
7 vested in obligations of the United States,
8 in general obligations of any State or of
9 any political subdivision of a State, in ob-
10 ligations fully guaranteed as to principal
11 and interest by the United States, or in
12 any other investment that the Commis-
13 sion may by rule or regulation allow.

14 **“(4) CUSTOMER PROTECTION DURING**
15 **BANKRUPTCY.—**

16 **“(A) CUSTOMER PROPERTY.—**All
17 money, assets, or property described
18 in paragraph (2) shall be considered
19 customer property for purposes of
20 section 761 of title 11, United States
21 Code.

22 **“(B) TRANSACTIONS.—**A transaction
23 involving a unit of a digital com-
24 modity occurring with a digital com-
25 modity broker or digital commodity

1 dealer shall be considered a ‘contract
2 for the purchase or sale of a com-
3 modity for future delivery, on or sub-
4 ject to the rules of, a contract market
5 or board of trade’ for purposes of the
6 definition of a ‘commodity contract’
7 in section 761 of title 11, United
8 States Code.

9 “(C) BROKERS AND DEALERS.—A
10 digital commodity broker and a dig-
11 ital commodity dealer shall be consid-
12 ered a futures commission merchant
13 for purposes of section 761 of title 11,
14 United States Code.

15 “(D) ASSETS REMOVED FROM SEG-
16 REGATION.—Assets removed from seg-
17 regation due to a customer election
18 under paragraph (6) shall not be con-
19 sidered customer property for pur-
20 poses of section 761 of title 11, United
21 States Code.

22 “(5) MISUSE OF CUSTOMER PROPERTY.—

23 “(A) IN GENERAL.—It shall be un-
24 lawful—

1 “(i) for any digital commodity
2 broker or digital commodity deal-
3 er that has received any customer
4 money, assets, or property for
5 custody to dispose of, or use any
6 such money, assets, or property
7 as belonging to the digital com-
8 modity broker or digital com-
9 modity dealer, respectively, or
10 any person other than a customer
11 of the digital commodity broker
12 or digital commodity dealer, re-
13 spectively; or

14 “(ii) for any other person, in-
15 cluding any depository, digital
16 commodity exchange, other dig-
17 ital commodity broker, other dig-
18 ital commodity dealer, or digital
19 commodity custodian that has re-
20 ceived any customer money, as-
21 sets, or property for deposit, to
22 hold, dispose of, or use any such
23 money, assets, or property, as be-
24 longing to the depositing digital
25 commodity broker or digital com-

1 commodity dealer or any person other
2 than the customers of the digital
3 commodity broker or digital com-
4 modity dealer, respectively.

5 “(B) USE FURTHER DEFINED.—For
6 purposes of this section, ‘use’ of a dig-
7 ital commodity includes utilizing any
8 unit of a digital asset to participate in
9 a blockchain service defined in para-
10 graph (6) or a decentralized govern-
11 ance system associated with the dig-
12 ital commodity or the blockchain sys-
13 tem to which the digital commodity
14 relates in any manner other than that
15 expressly directed by the customer
16 from whom the unit of a digital com-
17 modity was received.

18 “(6) PARTICIPATION IN BLOCKCHAIN
19 SERVICES.—

20 “(A) IN GENERAL.—A customer
21 shall have the right to waive the re-
22 strictions in paragraph (2) for any
23 unit of a digital commodity to be used
24 under subparagraph (B) of this para-
25 graph, by affirmatively electing, in

1 writing to the digital commodity
2 broker or digital commodity dealer,
3 to waive the restrictions.

4 “(B) USE OF FUNDS.—Customer dig-
5 ital commodities removed from seg-
6regation under subparagraph (A) may
7 be pooled and used by the digital
8 commodity broker or digital com-
9modity dealer, or one of their des-
10ignees, to provide a blockchain serv-
11ice for a blockchain system to which
12the unit of the digital asset removed
13from segregation in subparagraph (A)
14relates.

15 “(C) LIMITATIONS.—

16 “(i) IN GENERAL.—The Commis-
17sion shall, by rule, establish no-
18tice and disclosure requirements,
19and may, by rule, establish any
20other limitations and rules re-
21lated to the waiving of any re-
22strictions under this paragraph
23that are reasonably necessary to
24protect customers, including eligi-
25ble contract participants, non-eli-

1 **gible contract participants, or any**
2 **other class of customers.**

3 **“(ii) CUSTOMER CHOICE.—A dig-**
4 **ital commodity broker or digital**
5 **commodity dealer may not re-**
6 **quire a waiver from a customer**
7 **described in subparagraph (A) as**
8 **a condition of doing business**
9 **with the broker or dealer.**

10 **“(D) BLOCKCHAIN SERVICE DE-**
11 **FINED.—In this subparagraph, the**
12 **term ‘blockchain service’ means any**
13 **activity relating to validating trans-**
14 **actions on a blockchain system, pro-**
15 **viding security for a blockchain sys-**
16 **tem, or other similar activity re-**
17 **quired for the ongoing operation of a**
18 **blockchain system.**

19 **“(k) FEDERAL PREEMPTION.—Notwith-**
20 **standing any other provision of law, the Com-**
21 **mission shall have exclusive jurisdiction over**
22 **any digital commodity broker or digital com-**
23 **modity dealer registered under this section**
24 **with respect to activities subject to this Act,**
25 **except as provided in section 5k.**

1 “(1) EXEMPTIONS.—In order to promote re-
2 sponsible innovation and fair competition, or
3 protect customers, the Commission may (on
4 its own initiative or on application of the reg-
5 istered digital commodity broker or reg-
6 istered digital commodity dealer) exempt, un-
7 conditionally or on stated terms or condi-
8 tions, or for stated periods, and retroactively
9 or prospectively, or both, a registered digital
10 commodity broker or registered digital com-
11 modity dealer from the requirements of this
12 section, if the Commission determines that—

13 “(1)(A) the exemption would be con-
14 sistent with the public interest and the
15 purposes of this Act; and

16 “(B) the exemption will not have a
17 material adverse effect on the ability of
18 the Commission to discharge regulatory
19 duties under this Act; or

20 “(2) the registered digital commodity
21 broker or registered digital commodity
22 dealer is subject to comparable, com-
23 prehensive supervision and regulation by
24 the appropriate government authorities
25 in the home country of the registered dig-

1 **ital commodity broker or registered dig-**
2 **ital commodity dealer, respectively.”.**

3 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

4 **(a) IN GENERAL.—Section 4k of the Com-**
5 **modity Exchange Act (7 U.S.C. 6k) is amend-**
6 **ed—**

7 **(1) by redesignating subsections (4)**
8 **through (6) as subsections (5) through (7),**
9 **respectively;**

10 **(2) by inserting after subsection (3)**
11 **the following:**

12 **“(4) It shall be unlawful for any person to**
13 **act as an associated person of a digital com-**
14 **modity broker or an associated person of a**
15 **digital commodity dealer unless the person is**
16 **registered with the Commission under this**
17 **Act and such registration shall not have ex-**
18 **pired, been suspended (and the period of sus-**
19 **pension has not expired), or been revoked. It**
20 **shall be unlawful for a digital commodity**
21 **broker or a digital commodity dealer to per-**
22 **mit such a person to become or remain associ-**
23 **ated with the digital commodity broker or**
24 **digital commodity dealer if the digital com-**
25 **modity broker or digital commodity dealer**

1 knew or should have known that the person
 2 was not so registered or that the registration
 3 had expired, been suspended (and the period
 4 of suspension has not expired), or been re-
 5 voked.”; and

6 (3) in subsection (5) (as so redesign-
 7 nated), by striking “or of a commodity
 8 trading advisor” and inserting “of a com-
 9 modity trading advisor, of a digital com-
 10 modity broker, or of a digital commodity
 11 dealer”.

12 (b) CONFORMING AMENDMENTS.—The Com-
 13 modity Exchange Act (7 U.S.C. 1a et seq.) is
 14 amended by striking “section 4k(6)” each
 15 place it appears and inserting “section 4k(7)”.

16 SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-
 17 TORS AND COMMODITY TRADING ADVISORS.

18 (a) IN GENERAL.—Section 4m(3) of the
 19 Commodity Exchange Act (7 U.S.C. 6m(3)) is
 20 amended—

21 (1) in subparagraph (A)—

22 (A) by striking “any commodity
 23 trading advisor” and inserting “a
 24 commodity pool operator or com-
 25 modity trading advisor”; and

1 **(B) by striking “acting as a com-**
2 **modity trading advisor” and inserting**
3 **“acting as a commodity pool operator**
4 **or commodity trading advisor”; and**
5 **(2) in subparagraph (C), by inserting**
6 **“digital commodities,” after “physical**
7 **commodities,”.**

8 **(b) EXEMPTIVE AUTHORITY.—Section 4m of**
9 **such Act (7 U.S.C. 6m) is amended by adding**
10 **at the end the following:**

11 **“(4) EXEMPTIVE AUTHORITY.—The Commis-**
12 **sion shall promulgate rules to provide appro-**
13 **priate exemptions for commodity pool opera-**
14 **tors and commodity trading advisors, to pro-**
15 **vide relief from duplicative, conflicting, or**
16 **unduly burdensome requirements or to pro-**
17 **mote responsible innovation, to the extent the**
18 **exemptions foster the development of fair and**
19 **orderly cash or spot digital commodity mar-**
20 **kets, are necessary or appropriate in the pub-**
21 **lic interest, and are consistent with the pro-**
22 **tection of customers.”.**

1 SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-
2 TIVITIES.

3 The Commodity Exchange Act (7 U.S.C. 1
4 et seq.), as amended by the preceding provi-
5 sions of this Act, is amended by inserting after
6 section 4u the following:

7 “SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-
8 JECT TO THIS ACT.

9 “(a) IN GENERAL.—Notwithstanding any
10 other provision of this Act, a person shall not
11 be subject to this Act and the regulations pro-
12 mulgated under this Act based on the person
13 directly or indirectly engaging in any of the
14 following activities, whether singly or in com-
15 bination, in relation to the operation of a
16 blockchain system or in relation to decentral-
17 ized finance trading protocol:

18 “(1) Compiling network transactions
19 or relaying, searching, sequencing, vali-
20 dating, or acting in a similar capacity.

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

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

4 **“(4) Developing, publishing, consti-**
5 **tuting, administering, maintaining, or**
6 **otherwise distributing a blockchain sys-**
7 **tem or a decentralized finance trading**
8 **protocol.**

9 **“(5) Developing, publishing, consti-**
10 **tuting, administering, maintaining, or**
11 **otherwise distributing a decentralized fi-**
12 **nance messaging system or operating or**
13 **participating in a liquidity pool for the**
14 **purpose of executing a contract of sale of**
15 **a digital commodity.**

16 **“(6) Developing, publishing, consti-**
17 **tuting, administering, maintaining, or**
18 **otherwise distributing software or sys-**
19 **tems that create or deploy hardware or**
20 **software, including wallets or other sys-**
21 **tems, facilitating an individual user’s**
22 **own personal ability to keep, safeguard,**
23 **or custody the user’s digital assets or re-**
24 **lated private keys.**

1 **“(b) EXCEPTIONS.—Subsection (a) shall not**
2 **be interpreted to apply to the anti-fraud, anti-**
3 **manipulation, or false reporting enforcement**
4 **authorities of the Commission.”.**

5 **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**
6 **FORCEMENT.**

7 **(a) COLLECTION OF FEES.—**

8 **(1) IN GENERAL.—The Commodity Fu-**
9 **tures Trading Commission (in this sec-**
10 **tion referred to as the “Commission”)**
11 **shall charge and collect a filing fee from**
12 **each person who files with the Commis-**
13 **sion a statement of provisional registra-**
14 **tion as a digital commodity exchange,**
15 **digital commodity broker, or digital com-**
16 **modity dealer pursuant to section 106.**

17 **(2) AMOUNT.—The fees authorized**
18 **under paragraph (1) may be collected and**
19 **available for obligation only in the**
20 **amounts provided in advance in an ap-**
21 **propriation Act.**

22 **(3) AUTHORITY TO ADJUST FEES.—Not-**
23 **withstanding the preceding provisions of**
24 **this subsection, to promote fair competi-**
25 **tion or innovation, the Commission, in its**

1 sole discretion, may reduce or eliminate
2 any fee otherwise required to be paid by
3 a small or medium filer under this sub-
4 section.

5 **(b) FEE SCHEDULE.—**

6 (1) **IN GENERAL.—**The Commission
7 shall publish in the Federal Register a
8 schedule of the fees to be charged and
9 collected under this section.

10 (2) **CONTENT.—**The fee schedule for a
11 fiscal year shall include a written anal-
12 ysis of the estimate of the Commission of
13 the total costs of carrying out the func-
14 tions of the Commission under this Act
15 during the fiscal year.

16 (3) **SUBMISSION TO CONGRESS.—**Before
17 publishing the fee schedule for a fiscal
18 year, the Commission shall submit a copy
19 of the fee schedule to the Committees on
20 Agriculture and on Appropriations of the
21 House of Representatives and the Com-
22 mittees on Agriculture, Nutrition, and
23 Forestry and on Appropriations of the
24 Senate.

25 (4) **TIMING.—**

1 **(A) 1ST FISCAL YEAR.—**The Com-
2 mission shall publish the fee schedule
3 for the fiscal year in which this Act is
4 enacted, within 30 days after the date
5 of the enactment of this Act.

6 **(B) SUBSEQUENT FISCAL YEARS.—**
7 The Commission shall publish the fee
8 schedule for each subsequent fiscal
9 year, not less than 90 days before the
10 due date prescribed by the Commis-
11 sion for payment of the annual fee for
12 the fiscal year.

13 **(c) LATE PAYMENT PENALTY.—**

14 **(1) IN GENERAL.—**The Commission may
15 impose a penalty against a person that
16 fails to pay an annual fee charged under
17 this section, within 30 days after the due
18 date prescribed by the Commission for
19 payment of the fee.

20 **(2) AMOUNT.—**The amount of the pen-
21 alty shall be—

22 **(A) 5 percent of the amount of the**
23 fee due, multiplied by

1 **(B) the whole number of consecu-**
2 **tive 30-day periods that have elapsed**
3 **since the due date.**

4 **(d) REIMBURSEMENT OF EXCESS FEES.—To**
5 **the extent that the total amount of fees col-**
6 **lected under this section during a fiscal year**
7 **that begins after the date of the enactment of**
8 **this Act exceeds the amount provided under**
9 **subsection (a)(2) with respect to the fiscal**
10 **year, the Commission shall reimburse the ex-**
11 **cess amount to the persons who have timely**
12 **paid their annual fees, on a pro-rata basis**
13 **that excludes penalties, and shall do so within**
14 **60 days after the end of the fiscal year.**

15 **(e) DEPOSIT OF FEES INTO THE TREASURY.—**
16 **All amounts collected under this section shall**
17 **be credited to the currently applicable appro-**
18 **priation, account, or fund of the Commission**
19 **as discretionary offsetting collections, and**
20 **shall be available for the purposes authorized**
21 **in subsection (f) only to the extent and in the**
22 **amounts provided in advance in appropria-**
23 **tions Acts.**

24 **(f) AUTHORIZATION OF APPROPRIATIONS.—In**
25 **addition to amounts otherwise authorized to**

1 be appropriated to the Commission, there is
2 authorized to be appropriated to the Commis-
3 sion amounts collected under this section to
4 cover the costs the costs of carrying out the
5 functions of the Commission under this Act.

6 (g) EXPEDITED HIRING AUTHORITY.—

7 (1) APPOINTMENT AUTHORITY.—The
8 Chairman, pursuant to section 6(a), may
9 appoint individuals to a position de-
10 scribed in paragraph (2) of this sub-
11 section—

12 (A) in accordance with the stat-
13 utes, rules, and regulations governing
14 appointments to positions in the ex-
15 cepted service (as defined in section
16 2103 of title 5, United States Code);
17 and

18 (B) without regard to any statute,
19 rule, or regulation governing appoint-
20 ments to positions in the competitive
21 service (as defined in section 2102 of
22 such title).

23 (2) POSITION DESCRIBED.—A position
24 referred to in subparagraph (1) is a posi-
25 tion at the Commission that—

1 (A) is in the competitive service
2 (as defined in section 2102 of such
3 title); and

4 (B) requires specialized knowl-
5 edge of digital commodities markets,
6 financial and capital market forma-
7 tion or regulation, financial market
8 structures or surveillance, data col-
9 lection or analysis, or information
10 technology, cybersecurity, or system
11 safeguards.

12 (3) **RULE OF CONSTRUCTION.**—The ap-
13 pointment of a candidate to a position
14 under this subsection shall not be consid-
15 ered to cause the position to be con-
16 verted from the competitive service to
17 the excepted service.

18 (h) **SUNSET.**—The authorities provided by
19 this section shall expire at the end of the 4th
20 fiscal year that begins after the date of the en-
21 actment of this Act.

22 **SEC. 411. DIGITAL COMMODITY ACTIVITIES BY SEC-REG-**
23 **ISTERED ENTITIES.**

24 **The Commodity Exchange Act (7 U.S.C. 1**
25 **et seq.), as amended by the preceding provi-**

1 sions of this Act, is amended by inserting after
2 section 5j the following:

3 “SEC. 5k. EXEMPTION FOR CERTAIN REGISTERED ENTITIES
4 ENGAGED IN DIGITAL COMMODITY ACTIVITIES.
5 TIES.

6 “(a) BY ALTERNATIVE TRADING SYSTEMS.—

7 “(1) IN GENERAL.—On receipt by the
8 Commission from an alternative trading
9 system of a written or electronic notice
10 that contains such information as the
11 Commission, by rule, may prescribe as
12 necessary or appropriate in the public in-
13 terest or for the protection of investors,
14 the alternative trading system shall be
15 exempt from registration as a digital
16 commodity exchange pursuant to section
17 5i if—

18 “(A) the alternative trading sys-
19 tem does not list any retail com-
20 modity transactions pursuant to sec-
21 tion 2(c)(2)(D);

22 “(B) the provider, or an affiliate
23 person of the provider, of the alter-
24 native trading system is not other-
25 wise registered under this Act;

1 “(C) the alternative trading sys-
2 tem lists or trades no other contracts
3 of sale of commodities, except for dig-
4 ital commodities, currencies, and se-
5 curities; and

6 “(D) the registration of the alter-
7 native trading system is not sus-
8 pended pursuant to an order by the
9 Securities and Exchange Commission.

10 “(2) FURTHER REQUIREMENTS.—An al-
11 ternative trading system that provides
12 notice to the Commission pursuant to
13 paragraph (1) of this subsection shall be
14 exempt from the requirements of section
15 5i to the extent that the alternative trad-
16 ing system—

17 “(A) is in compliance with re-
18 quirements consistent with the re-
19 quirements of section 5i and imposed
20 on the alternative trading system by
21 the Securities and Exchange Commis-
22 sion;

23 “(B) annually files with the Com-
24 mission, in a form and manner ac-
25 ceptable to the Commission, a notice

1 that demonstrates compliance with
2 this paragraph and contains any
3 other information the Commission de-
4 termines to be necessary or appro-
5 priate to perform the duties of the
6 Commission under this Act; and

7 “(C) has total trading volume in
8 digital commodities during any cal-
9 endar quarter in either of its 2 most
10 recently completed fiscal years that
11 does not exceed the lesser of—

12 “(i) 25 percent of the total
13 trading volume for all trans-
14 actions over the same period; or

15 “(ii) \$50,000,000,000.

16 “(3) ENFORCEMENT.—This subsection
17 shall not be construed to limit any juris-
18 diction that the Commission may other-
19 wise have under any other provision of
20 this Act with respect to a contract of sale
21 of a digital commodity or persons effect-
22 ing contracts of sale of digital commod-
23 ities.

24 “(b) BY REGISTERED INTERMEDIARIES.—

1 **“(1) IN GENERAL.—On receipt by the**
2 **Commission, from a broker or dealer that**
3 **is registered with the Securities and Ex-**
4 **change Commission, of a written or elec-**
5 **tronic notice that contains such informa-**
6 **tion as the Commission, by rule, may pre-**
7 **scribe as necessary or appropriate in the**
8 **public interest or for the protection of in-**
9 **vestors, the broker or dealer shall be ex-**
10 **empt from registration as a digital com-**
11 **modity broker or digital commodity deal-**
12 **er pursuant to section 4u of this Act if—**

13 **“(A) the broker or dealer does not**
14 **offer or engage in any retail com-**
15 **modity transactions pursuant to sec-**
16 **tion 2(c)(2)(D) of this Act or other**
17 **contracts of sale of commodities, ex-**
18 **cept for digital commodities, cur-**
19 **rencies, and securities;**

20 **“(B) the broker or dealer is not**
21 **otherwise registered under this Act;**

22 **“(C) the broker or dealer is not**
23 **subject to a statutory disqualifica-**
24 **tion, as defined under section 3(a) of**

1 the Securities Exchange Act of 1934
2 (15 U.S.C. 78c(a)); and

3 “(D) the broker or dealer is a
4 member of a national securities asso-
5 ciation registered pursuant to section
6 15A of the Securities Exchange Act of
7 1934.

8 “(2) FURTHER REQUIREMENTS.—A
9 broker or dealer that provides notice to
10 the Commission pursuant to paragraph
11 (1) shall be exempt from the require-
12 ments of section 4u to the extent that the
13 broker or dealer—

14 “(A) is in compliance with re-
15 quirements consistent with the re-
16 quirements of section 4u and imposed
17 on the broker or dealer by the Securi-
18 ties and Exchange Commission;

19 “(B) annually files with the Com-
20 mission, in a form and manner ac-
21 ceptable to the Commission, a notice
22 that demonstrates compliance with
23 this subsection and contains any
24 other information the Commission de-
25 termines to be necessary or appro-

1 prios to perform the duties of the
2 Commission under this Act; and

3 “(C) has consolidated annual
4 gross financial revenues in either of
5 its 2 most recently completed fiscal
6 years from sales, commissions or
7 other activities in digital commod-
8 ities that do not exceed the lesser of—

9 “(i) 10 percent of the total an-
10 nual gross revenues during the
11 same period; or

12 “(ii) \$100,000,000.

13 “(3) ENFORCEMENT.—This subsection
14 shall not be construed to limit any juris-
15 diction that the Commission may other-
16 wise have under any other provision of
17 this Act with respect to a contract of sale
18 of a digital commodity and persons ef-
19 fecting contracts of sale of digital com-
20 modities.”.

21 SEC. 412. REQUIREMENTS RELATED TO CONTROL PER-
22 SONS.

23 The Commodity Exchange Act (7 U.S.C. 1
24 et seq.), as amended the preceding provisions

1 of this Act, is amended by inserting after sec-
2 tion 4v the following:

3 “SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN
4 CONTROL PERSONS.

5 “(a) LIMITATION.—It shall be unlawful for
6 a blockchain control person with respect to a
7 blockchain system certified as a mature
8 blockchain system in accordance with section
9 42 of the Securities Exchange Act of 1934 to
10 sell a unit of a digital commodity related to
11 the blockchain system unless the person files
12 notice with the Commission, in a form and
13 manner determined by the Commission, that
14 the person has or intends to obtain an author-
15 ity described in subsection (b)(1) with respect
16 to the blockchain system, and complies with
17 rules adopted by the Commission that re-
18 quire—

19 “(1) disclosure of information to the
20 Commission and the public about the ma-
21 terial activities, as determined by the
22 Commission, of the blockchain control
23 person; and

24 “(2)(A) the use of a digital commodity
25 broker to effect the sale; or

1 **“(B) such other sales restrictions ap-**
2 **plicable to blockchain control person, or**
3 **any of its digital commodity affiliated**
4 **persons, to prevent manipulation and dis-**
5 **tortion of the value of the digital com-**
6 **modity and promote further maturity of**
7 **the blockchain system to which the dig-**
8 **ital commodity relates.**

9 **“(b) DEFINITIONS.—In this section:**

10 **“(1) BLOCKCHAIN CONTROL PERSON.—**
11 **The term ‘blockchain control person’**
12 **means, with respect to a blockchain sys-**
13 **tem, any person or group of persons**
14 **under common control who—**

15 **“(A) has the unilateral authority,**
16 **directly or indirectly, through any**
17 **contract, arrangement, under-**
18 **standing, relationship, or otherwise,**
19 **to control or materially alter the**
20 **functionality, operation, or rules of**
21 **consensus or agreement of the**
22 **blockchain system or its related dig-**
23 **ital commodity; or**

24 **“(B) has the unilateral authority**
25 **to direct the voting, in the aggregate,**

1 of 20 percent or more of the out-
2 standing voting power of the
3 blockchain system by means of a re-
4 lated digital commodity, nodes or
5 validators, a decentralized govern-
6 ance system, or otherwise, in a
7 blockchain system which can be al-
8 tered by a voting system.

9 “(2) **DIGITAL COMMODITY AFFILIATED**
10 **PERSON.**—The term ‘digital commodity af-
11 filiated person’ means any person di-
12 rectly or indirectly controlling, con-
13 trolled by, or under common control with
14 a blockchain control person, as the Com-
15 mission by rule or regulation, may deter-
16 mine will effectuate the purposes of this
17 section.”.

18 **SEC. 413. EFFECTIVE DATE.**

19 Unless otherwise provided in this title,
20 this title and the amendments made by this
21 title shall take effect 360 days after the date
22 of the enactment of this Act, except that, to
23 the extent a provision of this title requires a
24 rulemaking, the provision shall take effect on
25 the later of—

1 (1) 360 days after the date of the en-
2 actment of this Act; or

3 (2) 60 days after the publication in
4 the Federal Register of the final rule im-
5 plementing the provision.

6 SEC. 414. SENSE OF CONGRESS.

7 It is the sense of Congress that nothing in
8 this Act or any amendment made by this Act
9 should be interpreted to authorize any entity
10 to regulate any commodity, other than a dig-
11 ital commodity, on any spot market.

12 **TITLE V—INNOVATION AND** 13 **TECHNOLOGY IMPROVEMENTS**

14 SEC. 501. FINDINGS; SENSE OF CONGRESS.

15 (a) FINDINGS.—Congress finds the fol-
16 lowing:

17 (1) Entrepreneurs and innovators are
18 building and deploying this next genera-
19 tion of the internet.

20 (2) Digital commodity networks rep-
21 resent a new way for people to join to-
22 gether and cooperate with one another to
23 undertake certain activities.

24 (3) Digital commodities have the po-
25 tential to be the foundational building

1 **blocks of these systems, aligning the eco-**
2 **nomie incentive for individuals to cooper-**
3 **ate with one another to achieve a com-**
4 **mon purpose.**

5 **(4) The digital commodity ecosystem**
6 **has the potential to grow our economy**
7 **and improve everyday lives of Americans**
8 **by facilitating collaboration through the**
9 **use of technology to manage activities, al-**
10 **locate resources, and facilitate decision**
11 **making.**

12 **(5) Blockchain systems and the digital**
13 **commodities they empower provide con-**
14 **trol, enhance transparency, reduce trans-**
15 **action costs, and increase efficiency if**
16 **proper protections are put in place for**
17 **investors, consumers, our financial sys-**
18 **tem, and our national security.**

19 **(6) Blockchain technology facilitates**
20 **new types of network participation**
21 **which businesses in the United States**
22 **may utilize in innovative ways.**

23 **(7) Other digital commodity compa-**
24 **nies are setting up their operations out-**
25 **side of the United States, where countries**

1 are establishing frameworks to embrace
2 the potential of blockchain technology
3 and digital commodities and provide
4 safeguards for consumers.

5 (8) Digital commodities, despite the
6 purported anonymity, provide law en-
7 forcement with an exceptional tracing
8 tool to identify illicit activity and bring
9 criminals to justice.

10 (9) The Financial Services Committee
11 of the House of Representatives has held
12 multiple hearings highlighting various
13 risks that digital commodities can pose to
14 the financial markets, consumers, and in-
15 vestors that must be addressed as we
16 seek to harness the benefits of these in-
17 novations.

18 (b) SENSE OF CONGRESS.—It is the sense of
19 Congress that—

20 (1) the United States should seek to
21 prioritize understanding the potential op-
22 portunities of the next generation of the
23 internet;

24 (2) the United States should seek to
25 foster advances in technology that have

1 robust evidence indicating they can im-
2 prove our financial system and create
3 more fair and equitable access to finan-
4 cial services for everyday Americans
5 while protecting our financial system, in-
6 vestors, and consumers;

7 (3) the United States must support
8 the responsible development of digital
9 commodities and the underlying tech-
10 nology in the United States or risk the
11 shifting of the development of such assets
12 and technology outside of the United
13 States, to less regulated countries;

14 (4) Congress should consult with pub-
15 lic and private sector stakeholders to un-
16 derstand how to enact a functional
17 framework tailored to the specific risks
18 and unique benefits of different digital
19 commodity-related activities, distributed
20 ledger technology, distributed networks,
21 and mature blockchain systems;

22 (5) Congress should enact a func-
23 tional framework tailored to the specific
24 risks of different digital commodity-re-
25 lated activities and unique benefits of

1 **distributed ledger technology, distributed**
2 **networks, and mature blockchain sys-**
3 **tems; and**

4 **(6) consumers and market partici-**
5 **pants will benefit from a framework for**
6 **digital commodities consistent with long-**
7 **standing investor protections in securi-**
8 **ties and commodities markets, yet tai-**
9 **lored to the unique benefits and risks of**
10 **the digital commodity ecosystem.**

11 **SEC. 502. MODERNIZATION OF THE SECURITIES AND EX-**
12 **CHANGE COMMISSION MISSION.**

13 **(a) SECURITIES ACT OF 1933.—Section 2(b)**
14 **of the Securities Act of 1933 (15 U.S.C. 77(b))**
15 **is amended—**

16 **(1) in the heading, by inserting “INNO-**
17 **VATION,” after “EFFICIENCY,”; and**

18 **(2) by inserting “innovation,” after**
19 **“efficiency.”.**

20 **(b) SECURITIES EXCHANGE ACT OF 1934.—**
21 **Section 3(f) of the Securities Exchange Act of**
22 **1934 (15 U.S.C. 78(c)) is amended—**

23 **(1) in the heading, by inserting “INNO-**
24 **VATION,” after “EFFICIENCY,”; and**

6 (1) in the heading, by inserting “INNO-
7 VATION,” after “EFFICIENCY,”; and

10 (d) INVESTMENT COMPANY ACT OF 1940.—
11 Section 2(c) of the Investment Company Act of
12 1940 (15 U.S.C. 80a-2) is amended—

15 (2) by inserting “innovation,” after
16 “efficiency,”.

17 SEC. 503. STRATEGIC HUB FOR INNOVATION AND FINAN-
18 CIAL TECHNOLOGY.

19 **Section 4 of the Securities Exchange Act**
20 **of 1934 (15 U.S.C. 78d) is amended by adding**
21 **at the end the following:**

22 “(1) STRATEGIC HUB FOR INNOVATION AND FI-
23 NANCIAL TECHNOLOGY.—

24 “(1) ESTABLISHMENT.—Not later than
25 180 days after the date of the enactment

1 of this subsection, the Securities and Ex-
2 change Commission shall establish a com-
3 mittee to be known as the Strategic Hub
4 for Innovation and Financial Technology
5 (referred to in this subsection as the
6 ‘FinHub’) to support engagement on
7 emerging technologies in the financial
8 sector.

9 “(2) MEMBERS.—The composition of
10 FinHub shall be determined by the Com-
11 mission, drawing from relevant divisions
12 as appropriate, including the Division of
13 Trading and Markets, Division of Cor-
14 porate Finance, and Division of Invest-
15 ment Management.

16 “(3) RESPONSIBILITIES.—FinHub
17 shall—

18 “(A) serve as a resource for the
19 Commission on emerging financial
20 technology advancements;

21 “(B) engage with market partici-
22 pants working on emerging financial
23 technologies; and

24 “(C) facilitate communication be-
25 tween the Commission and businesses

1 **working in emerging financial tech-**
2 **nology fields with information on the**
3 **Commission, its rules, and regula-**
4 **tions.**

5 **“(4) REPORT TO THE COMMISSION.—**

6 **“(A) IN GENERAL.—Not later than**
7 **October 31 of each year after 2025,**
8 **FinHub shall provide an annual sum-**
9 **mary of its engagement activities to**
10 **the Commission, which shall be in-**
11 **cluded in the Commission’s annual**
12 **report to Congress.**

13 **“(B) CONFIDENTIALITY.—Each re-**
14 **port submitted under this paragraph**
15 **shall not contain confidential infor-**
16 **mation.”.**

17 **SEC. 504. CODIFICATION OF LABCFITC.**

18 **(a) IN GENERAL.—Section 18 of the Com-**
19 **modity Exchange Act (7 U.S.C. 22) is amended**
20 **by adding at the end the following:**

21 **“(c) LABCFITC.—**

22 **“(1) ESTABLISHMENT.—There is estab-**
23 **lished in the Commission LabCFITC.**

24 **“(2) PURPOSE.—The purposes of**
25 **LabCFITC are to—**

1 “(A) promote responsible finan-
2 cial technology innovation and fair
3 competition for the benefit of the
4 American public;

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

9 “(C) provide outreach to financial
10 technology innovators to discuss
11 their innovations and the regulatory
12 framework established by this Act
13 and the regulations promulgated
14 thereunder.

15 “(3) DIRECTOR.—LabCFTC shall have a
16 Director, who shall be appointed by the
17 Commission and serve at the pleasure of
18 the Commission. Notwithstanding section
19 2(a)(6)(A), the Director shall report di-
20 rectly to the Commission and perform
21 such functions and duties as the Commis-
22 sion may prescribe.

23 “(4) DUTIES.—LabCFTC shall—

24 “(A) advise the Commission with
25 respect to rulemakings or other agen-

1 cy or staff action regarding financial
2 technology;

3 “(B) provide internal education
4 and training to the Commission re-
5 garding financial technology;

6 “(C) advise the Commission re-
7 garding financial technology that
8 would bolster the Commission’s over-
9 sight functions;

10 “(D) engage with academia, stu-
11 dents, and professionals on financial
12 technology issues, ideas, and tech-
13 nology relevant to activities under
14 this Act;

15 “(E) provide persons working in
16 emerging technology fields with in-
17 formation on the Commission, its
18 rules and regulations, and the role of
19 a registered futures association; and

20 “(F) encourage persons working
21 in emerging technology fields to en-
22 gage with the Commission and obtain
23 feedback from the Commission on po-
24 tential regulatory issues.

25 “(5) REPORT TO CONGRESS.—

1 **“(A) IN GENERAL.—Not later than**
2 **October 31 of each year after 2025,**
3 **LabCFTC shall submit to the Com-**
4 **mittee on Agriculture of the House of**
5 **Representatives and the Committee**
6 **on Agriculture, Nutrition, and For-**
7 **estry of the Senate a report on its ac-**
8 **tivities.**

9 **“(B) CONTENTS.—Each report re-**
10 **quired under paragraph (1) shall in-**
11 **clude—**

12 **“(i) the total number of per-**
13 **sons that met with LabCFTC;**

14 **“(ii) a summary of general**
15 **issues discussed during meetings**
16 **with the person;**

17 **“(iii) information on steps**
18 **LabCFTC has taken to improve**
19 **Commission services, including**
20 **responsiveness to the concerns of**
21 **persons;**

22 **“(iv) recommendations made**
23 **to the Commission with respect to**
24 **the regulations, guidance, and or-**
25 **ders of the Commission and such**

1 legislative actions as may be ap-
2 propriate; and

3 “(v) any other information de-
4 termined appropriate by the Di-
5 rector of LabCFTC.

6 “(C) CONFIDENTIALITY.—A report
7 under paragraph (A) shall abide by
8 the confidentiality requirements in
9 section 8.

10 “(6) RECORDS AND ENGAGEMENT.—The
11 Commission shall—

12 “(A) maintain systems of records
13 to track engagements with the public
14 through LabCFTC;

15 “(B) store communications and
16 materials received in connection with
17 any such engagement in accordance
18 with Commission policies and proce-
19 dures on data retention and confiden-
20 tiality; and

21 “(C) take reasonable steps to pro-
22 tect any confidential or proprietary
23 information received through
24 LabCFTC engagement.”.

1 **(b) CONFORMING AMENDMENTS.—Section**
2 **2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is**
3 **amended—**

4 **(1) by striking “paragraph and in”**
5 **and inserting “paragraph,”; and**

6 **(2) by inserting “and section 18(c)(3),”**
7 **before “the executive”.**

8 **(c) EFFECTIVE DATE.—The Commodity Fu-**
9 **tures Trading Commission shall implement**
10 **the amendments made by this section (includ-**
11 **ing complying with section 18(c)(7) of the**
12 **Commodity Exchange Act) within 180 days**
13 **after the date of the enactment of this Act.**

14 **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

15 **(a) IN GENERAL.—The Commodity Futures**
16 **Trading Commission, the Securities and Ex-**
17 **change Commission, and the Secretary of the**
18 **Treasury shall jointly carry out a study on de-**
19 **centralized finance that analyzes—**

20 **(1) the nature, size, role, and use of**
21 **decentralized finance blockchain applica-**
22 **tions;**

23 **(2) the operation of blockchain appli-**
24 **cations that comprise decentralized fi-**
25 **nance;**

1 **(3) the interoperability of blockchain**
2 **applications and other blockchain sys-**
3 **tems;**

4 **(4) the interoperability of blockchain**
5 **applications and software-based systems,**
6 **including websites and wallets;**

7 **(5) the decentralized governance sys-**
8 **tems through which blockchain applica-**
9 **tions may be developed, published, con-**
10 **stituted, administered, maintained, or**
11 **otherwise distributed, including—**

12 **(A) whether the systems enhance**
13 **or detract from—**

14 **(i) the decentralization of the**
15 **decentralized finance; and**

16 **(ii) the inherent benefits and**
17 **risks of the decentralized govern-**
18 **ance system; and**

19 **(B) any procedures, requirements,**
20 **or best practices that would mitigate**
21 **the risks identified in subparagraph**
22 **(A)(ii);**

23 **(6) the benefits of decentralized fi-**
24 **nance, including—**

1 **(A) operational resilience and**
2 **availability of blockchain systems;**

3 **(B) interoperability of blockchain**
4 **systems;**

5 **(C) market competition and inno-**
6 **vation;**

7 **(D) transaction efficiency;**

8 **(E) transparency and traceability**
9 **of transactions; and**

10 **(F) disintermediation;**

11 **(7) the risks of decentralized finance,**
12 **including—**

13 **(A) pseudonymity of users and**
14 **transactions;**

15 **(B) disintermediation; and**

16 **(C) cybersecurity vulnerabilities;**

17 **(8) the extent to which decentralized**
18 **finance has integrated with the tradi-**
19 **tional financial markets and any poten-**
20 **tial risks or improvements to the stability**
21 **of the markets;**

22 **(9) how the levels of illicit activity in**
23 **decentralized finance compare with the**
24 **levels of illicit activity in traditional fi-**
25 **nancial markets;**

1 **(10) methods for addressing illicit ac-**
2 **tivity in decentralized finance and tradi-**
3 **tional markets that are tailored to the**
4 **unique attributes of each;**

5 **(11) how decentralized finance may**
6 **increase the accessibility of cross-border**
7 **transactions; and**

8 **(12) the feasibility of embedding self-**
9 **executing compliance and risk controls**
10 **into decentralized finance.**

11 **(b) CONSULTATION.—In carrying out the**
12 **study required under subsection (a), the Com-**
13 **modity Futures Trading Commission and the**
14 **Securities and Exchange Commission shall**
15 **consult with the Secretary of the Treasury on**
16 **the factors described under paragraphs (7)**
17 **through (10) of subsection (a).**

18 **(c) REPORT.—Not later than 1 year after**
19 **the date of enactment of this Act, the Com-**
20 **modity Futures Trading Commission and the**
21 **Securities and Exchange Commission shall**
22 **jointly submit to the relevant congressional**
23 **committees a report that includes the results**
24 **of the study required by subsection (a).**

1 **(d) GAO STUDY.—The Comptroller General**
2 **of the United States shall—**

3 **(1) carry out a study on decentralized**
4 **finance that analyzes the information de-**
5 **scribed under paragraphs (1) through**
6 **(12) of subsection (a); and**

7 **(2) not later than 1 year after the date**
8 **of enactment of this Act, submit to the**
9 **relevant congressional committees a re-**
10 **port that includes the results of the study**
11 **required by paragraph (1).**

12 **(e) DEFINITIONS.—In this section:**

13 **(1) DECENTRALIZED FINANCE.—**

14 **(A) IN GENERAL.—The term “decen-**
15 **tralized finance” means blockchain**
16 **applications (including decentralized**
17 **finance trading protocols and related**
18 **decentralized finance messaging sys-**
19 **tems) that allow users to engage in fi-**
20 **ancial transactions in a self-directed**
21 **manner so that a third-party inter-**
22 **mediary does not effectuate the trans-**
23 **actions or take custody of digital**
24 **commodities of a user during any**
25 **part of the transactions.**

1 **(B) RELATIONSHIP TO EXCLUDED AC-**
2 **TIVITIES.—The term “decentralized fi-**
3 **nance” shall not be interpreted to**
4 **limit or exclude any activity from the**
5 **activities described in section 15I(a)**
6 **of the Securities Exchange Act of**
7 **1934 or section 4v(a) of the Com-**
8 **modity Exchange Act.**

9 **(2) RELEVANT CONGRESSIONAL COMMIT-**
10 **TEES.—The term “relevant congressional**
11 **committees” means—**

12 **(A) the Committees on Financial**
13 **Services and Agriculture of the House**
14 **of Representatives; and**

15 **(B) the Committees on Banking,**
16 **Housing, and Urban Affairs and Agri-**
17 **culture, Nutrition, and Forestry of**
18 **the Senate.**

19 **SEC. 506. STUDY ON NON-FUNGIBLE TOKENS.**

20 **(a) IN GENERAL.—The Comptroller General**
21 **of the United States shall carry out a study of**
22 **non-fungible tokens that analyzes—**

23 **(1) the nature, size, role, purpose, and**
24 **use of non-fungible tokens;**

1 (2) the similarities and differences be-
2 tween non-fungible tokens and other dig-
3 ital commodities, including digital com-
4 modities and permitted payment
5 stablecoins, and how the markets for
6 those digital commodities intersect with
7 each other;

8 (3) how non-fungible tokens are mint-
9 ed by issuers and subsequently adminis-
10 tered to purchasers;

11 (4) how non-fungible tokens are
12 stored after being purchased by a con-
13 sumer;

14 (5) the interoperability of non-fun-
15 gible tokens between different
16 blockchain systems;

17 (6) the scalability of different non-
18 fungible tokens marketplaces;

19 (7) the benefits of non-fungible to-
20 kens, including verifiable digital owner-
21 ship;

22 (8) the risks of non-fungible tokens,
23 including—

24 (A) intellectual property rights;

25 (B) cybersecurity risks; and

21 SEC. 507. STUDY ON EXPANDING FINANCIAL LITERACY
22 AMONGST DIGITAL COMMODITY HOLDERS.

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1 **Exchange Commission shall jointly conduct a**
2 **study to identify—**

3 **(1) the existing level of financial lit-**
4 **eracy among retail digital commodity**
5 **holders, including subgroups of investors**
6 **identified by the Commodity Futures**
7 **Trading Commission with the Securities**
8 **and Exchange Commission;**

9 **(2) methods to improve the timing,**
10 **content, and format of financial literacy**
11 **materials regarding digital commodities**
12 **provided by the Commodity Futures**
13 **Trading Commission and the Securities**
14 **and Exchange Commission;**

15 **(3) methods to improve coordination**
16 **between the Securities and Exchange**
17 **Commission and the Commodity Futures**
18 **Trading Commission with other agencies,**
19 **including the Financial Literacy and**
20 **Education Commission as well as non-**
21 **profit organizations and State and local**
22 **jurisdictions, to better disseminate finan-**
23 **cial literacy materials;**

24 **(4) the efficacy of current financial**
25 **literacy efforts with a focus on rural com-**

1 **munities and communities with majority**
2 **minority populations;**

3 **(5) the most useful and understand-**
4 **able relevant information, including clear**
5 **disclosures, that retail digital commodity**
6 **holders need to make informed financial**
7 **decisions before engaging with or pur-**
8 **chasing a digital commodity or service**
9 **that is typically sold to retail investors of**
10 **digital commodities;**

11 **(6) the most effective public-private**
12 **partnerships in providing financial lit-**
13 **eracy regarding digital commodities to**
14 **consumers;**

15 **(7) the most relevant metrics to meas-**
16 **ure successful improvement of the finan-**
17 **cial literacy of an individual after engag-**
18 **ing with financial literacy efforts; and**

19 **(8) in consultation with the Financial**
20 **Literacy and Education Commission, a**
21 **strategy (including to the extent prac-**
22 **ticable, measurable goals and objectives)**
23 **to increase financial literacy of investors**
24 **regarding digital commodities.**

1 **(b) REPORT.**—Not later than 1 year after
2 the date of the enactment of this Act, the Com-
3 modity Futures Trading Commission and the
4 Securities and Exchange Commission shall
5 jointly submit a written report on the study
6 required by subsection (a) to the Committees
7 on Financial Services and on Agriculture of
8 the House of Representatives and the Com-
9 mittees on Banking, Housing, and Urban Af-
10 fairs and on Agriculture, Nutrition, and For-
11 estry of the Senate.

12 **SEC. 508. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**
13 **IMPROVEMENTS.**

14 **(a) IN GENERAL.**—The Commodity Futures
15 Trading Commission and the Securities and
16 Exchange Commission shall jointly conduct a
17 study to assess whether additional guidance
18 or rules are necessary to facilitate the devel-
19 opment of tokenized securities and deriva-
20 tives products, and to the extent such guid-
21 ance or rules would foster the development of
22 fair and orderly financial markets, be nec-
23 essary or appropriate in the public interest,
24 and be consistent with the protection of in-
25 vestors and customers.

1 **(b) REPORT.—**

2 **(1) TIME LIMIT.—**Not later than 1 year
3 after the date of enactment of this Act,
4 the Commodity Futures Trading Commis-
5 sion and the Securities and Exchange
6 Commission shall jointly submit to the
7 relevant congressional committees a re-
8 port that includes the results of the study
9 required by subsection (a).

10 **(2) RELEVANT CONGRESSIONAL COMMIT-**
11 **TEES DEFINED.—**In this section, the term
12 “relevant congressional committees”
13 means—

14 **(A) the Committees on Financial**
15 **Services and on Agriculture of the**
16 **House of Representatives; and**

17 **(B) the Committees on Banking,**
18 **Housing, and Urban Affairs and on**
19 **Agriculture, Nutrition, and Forestry**
20 **of the Senate.**

21 **SEC. 509. STUDY ON BLOCKCHAIN IN PAYMENTS.**

22 **(a) STUDY REQUIRED.—**The Secretary of the
23 Treasury shall conduct a study on the poten-
24 tial use of blockchain technology by the do-
25 mestic private sector to address—

- 1 **(1) fraud in payments;**
- 2 **(2) transaction costs and transaction**
3 **times;**
- 4 **(3) automated payments; and**
- 5 **(4) efficiency in commercial trans-**
6 **actions.**

7 **(b) REPORT TO CONGRESS.—Not later than**
8 **one year after the date of enactment of this**
9 **Act, the Secretary shall submit a report to the**
10 **Committee on Financial Services of the House**
11 **of Representatives and the Committee on**
12 **Banking, Housing, and Urban Affairs of the**
13 **Senate that summarizes the findings of the**
14 **study required under subsection (a).**

15 **(c) RULE OF CONSTRUCTION.—Nothing in**
16 **this section shall be construed to mandate the**
17 **use of blockchain technology by any public or**
18 **private entity.**

Union Calendar No. 134

119TH CONGRESS
1ST Session

H. R. 3633

[Report No. 119-168, Parts I and II]

A BILL

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, and for other purposes.

JUNE 23, 2025

Reported from the Committee on Agriculture with an amendment

JUNE 23, 2025

Reported from the Committee on Financial Services with an amendment; committed to the Committee of the Whole House on the State of the Union and ordered to be printed