

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

Strike all after the enacting clause and insert the
following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

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

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

Sec. 1. Short title; table of contents.

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

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

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

Sec. 103. Definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act.

Sec. 105. Rulemakings.

Sec. 106. Registration for digital commodity exchanges, brokers, and dealers;
provisional 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
originally involved investment contracts.

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

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

- Sec. 301. Treatment of digital commodities and permitted payment stablecoins.
- Sec. 302. Anti-fraud authority over permitted payment stablecoins and certain digital commodity transactions.
- Sec. 303. Eligibility of alternative trading systems.
- Sec. 304. Operation of alternative trading systems.
- Sec. 305. Modernization of recordkeeping requirements.
- Sec. 306. Exemptive authority.
- Sec. 307. Additional registrations with the Commodity Futures Trading Commission.
- Sec. 308. Exempting digital commodities from State securities laws.
- Sec. 309. Exclusion for decentralized finance activities.
- Sec. 310. Treatment of custody activities by banking institutions.
- Sec. 311. 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.

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

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

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

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

10 “(A) any technology—

11 “(i) where data is—

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

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

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

1 “(ii) composed of source code that is
2 publicly available; and

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

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

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

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

20 “(24) DECENTRALIZED GOVERNANCE SYS-
21 TEM.—

22 “(A) IN GENERAL.—The term ‘decentral-
23 ized governance system’ means, with respect to
24 a blockchain system, any transparent, rules-
25 based system permitting persons to form con-

1 sensus or reach agreement in the development,
2 provision, publication, management, or adminis-
3 tration of such blockchain system, where par-
4 ticipation is not limited to, or under the effec-
5 tive control of, any person or group of persons
6 under common control.

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

15 “(C) LEGAL ENTITIES FOR DECENTRAL-
16 IZED GOVERNANCE SYSTEMS.—The term ‘de-
17 centralized governance system’ shall include a
18 legal entity used to implement the rules-based
19 system described in subparagraph (A), provided
20 that the organizing and governing laws of such
21 legal entity do not create or require centralized
22 and hierarchical management of such legal enti-
23 ty. For the purposes of this subparagraph, the
24 delegation of ministerial or administrative au-
25 thority at the direction of the participants in a

1 decentralized governance system shall not be
2 construed to be centralized and hierarchical
3 management.

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

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

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

17 “(A) acquires 5 percent or more of the
18 total outstanding units of such digital com-
19 modity from a digital commodity issuer;

20 “(B) is a founder of the digital commodity
21 issuer; or

22 “(C) is an executive director, director,
23 trustee, or general partner of the digital com-
24 modity issuer or held such role at any point in
25 the previous 12-month period.

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

4 “(A) proposes, issues, or causes to be
5 issued a unit of such digital commodity to a
6 person; or

7 “(B) offers or sells a right to a future
8 issuance of a unit of such digital commodity to
9 a person.

10 “(29) DIGITAL COMMODITY RELATED PER-
11 SON.—

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

15 “(i) a person that is or was in the
16 previous 6-month period a promoter, senior
17 employee, advisory board member, consult-
18 ant, advisor, or person serving in a similar
19 capacity; and

20 “(ii) a person that acquires 1 percent
21 or more of the total outstanding units of
22 such digital commodity from a digital com-
23 modity issuer.

24 “(B) SENIOR EMPLOYEE DEFINED.—In
25 this paragraph and with respect to a digital

1 commodity issuer, the term ‘senior employee’
2 means any employee materially involved in the
3 management or planning of the digital com-
4 modity issuer or the development of the
5 blockchain system to which the digital com-
6 modity relates.

7 “(30) END USER DISTRIBUTION.—The term
8 ‘end user distribution’ means a distribution of a unit
9 of a digital commodity that—

10 “(A) does not involve an exchange of more
11 than a nominal value of cash, property, or other
12 assets; and

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

18 “(i) to users of the digital commodity
19 or any blockchain system to which the dig-
20 ital commodity relates;

21 “(ii) for activities directly related to
22 the operation of the blockchain system,
23 such as mining, validating, staking, or
24 other activity directly tied to the operation
25 of the blockchain system; or

1 “(iii) to the existing holders of an-
2 other digital commodity, in proportion to
3 the total units of such other digital com-
4 modity as are held by each person.

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

10 “(32) PERMITTED PAYMENT STABLECOIN.—

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

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

15 “(ii) that is denominated in a national
16 currency;

17 “(iii) the issuer of which is subject to
18 the regulatory and supervisory authority of
19 a State or Federal agency;

20 “(iv) the issuer of which—

21 “(I) is obligated to convert, re-
22 deem, or repurchase for a fixed
23 amount of monetary value; or

24 “(II) represents that the digital
25 asset will maintain or creates the rea-

1 sonable expectation that the digital
2 asset will maintain a stable value rel-
3 ative to the value of a fixed amount of
4 monetary value; and

5 “(v) that is not—

6 “(I) a national currency;

7 “(II) a security issued by—

8 “(aa) an investment com-
9 pany registered under section
10 8(a) of the Investment Company
11 Act of 1940 (15 U.S.C. 80a–
12 8(a)); or

13 “(bb) a person that would
14 be an investment company under
15 the Investment Company Act of
16 1940 but for paragraphs (1) and
17 (7) of section 3(c) of that Act
18 (15 U.S.C. 80a–3(c));

19 “(III) a deposit (as defined under
20 section 3 of the Federal Deposit In-
21 surance Act (12 U.S.C. 1813)), re-
22 gardless of the technology used to
23 record such deposit; or

24 “(IV) an account (as defined in
25 section 101 of the Federal Credit

1 Union Act (12 U.S.C. 1752)), regard-
2 less of the technology used to record
3 such account.

4 “(B) MONETARY VALUE DEFINED.—The
5 term ‘monetary value’—

6 “(i) means—

7 “(I) a national currency;

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

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

16 “(ii) does not include any agricultural
17 or other physical commodity (as defined in
18 section 1a of the Commodity Exchange Act
19 (7 U.S.C. 1a)).

20 “(33) SECURITIES LAWS.—The term ‘securities
21 laws’ has the meaning given that term under section
22 3(a) of the Securities Exchange Act of 1934 (15
23 U.S.C. 78c(a)).”.

1 **SEC. 102. DEFINITIONS UNDER THE SECURITIES EX-**
2 **CHANGE ACT OF 1934.**

3 Section 3(a) of the Securities Exchange Act of 1934
4 (15 U.S.C. 78c(a)) is amended—

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

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

8 “(82) **BANK SECRECY ACT.**—The term ‘Bank
9 Secrecy Act’ means—

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

12 “(B) chapter 2 of title I of Public Law 91–
13 508 (12 U.S.C. 1951 et seq.); and

14 “(C) subchapter II of chapter 53 of title
15 31, United States Code.

16 “(83) **ADDITIONAL DIGITAL COMMODITY-RE-**
17 **LATED TERMS.**—

18 “(A) **SECURITIES ACT OF 1933.**—The
19 terms ‘blockchain system’, ‘decentralized gov-
20 ernance system’, ‘digital asset’, ‘digital com-
21 modity affiliated person’, ‘digital commodity
22 issuer’, ‘digital commodity related person’, ‘end
23 user distribution’, ‘mature blockchain system’,
24 and ‘permitted payment stablecoin’, have the
25 meaning given those terms, respectively, under

1 section 2(a) of the Securities Act of 1933 (15
2 U.S.C. 77b(a)).

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

11 **SEC. 103. DEFINITIONS UNDER THE COMMODITY EX-**
12 **CHANGE ACT.**

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

15 (1) in paragraph (10)—

16 (A) in subparagraph (A)—

17 (i) by redesignating clauses (iii) and

18 (iv) as clauses (iv) and (v), respectively;

19 and

20 (ii) by inserting after clause (ii) the

21 following:

22 “(iii) digital commodity;”; and

23 (B) by redesignating subparagraph (B) as

24 subparagraph (C) and inserting after subpara-

25 graph (A) the following:

1 “(B) EXCLUSION.—For purposes of this
2 paragraph, the term ‘trading in commodity in-
3 terests’ shall not include transacting in digital
4 commodities for the purpose of—

5 “(i) acting as a digital commodity
6 custodian;

7 “(ii) establishing, maintaining, or
8 managing inventory or payment instru-
9 ments for commercial purposes; or

10 “(iii) maintaining or supporting the
11 operation of, or validating transactions on,
12 a blockchain system.”;

13 (2) in paragraph (11)—

14 (A) in subparagraph (A)(i)—

15 (i) by redesignating subclauses (III)
16 and (IV) as subclauses (IV) and (V), re-
17 spectively; and

18 (ii) by inserting after subclause (II)
19 the following:

20 “(III) digital commodity;”; and

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

24 “(B) EXCLUSION.—For purposes of this
25 paragraph, the term ‘trading in commodity in-

1 terests’ shall not include transacting in digital
2 commodities for the purpose of—

3 “(i) acting as a digital commodity
4 custodian;

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

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

11 (3) in paragraph (12)(A)(i)—

12 (A) in subclause (II), by adding at the end
13 a semicolon;

14 (B) by redesignating subclauses (III) and
15 (IV) as subclauses (IV) and (V), respectively;
16 and

17 (C) by inserting after subclause (II) the
18 following:

19 “(III) a digital commodity;”;

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

23 “(16) TERMS RELATED TO DIGITAL COMMOD-
24 ITIES.—

1 “(A) ASSOCIATED PERSON OF A DIGITAL
2 COMMODITY BROKER.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in clause (ii), the term ‘associated
5 person of a digital commodity broker’
6 means a person who is associated with a
7 digital commodity broker as a partner, of-
8 ficer, employee, or agent (or any person oc-
9 cupying a similar status or performing
10 similar functions) in any capacity that in-
11 volves—

12 “(I) the solicitation or acceptance
13 of an order for the purchase or sale of
14 a digital commodity; or

15 “(II) the supervision of any per-
16 son engaged in the solicitation or ac-
17 ceptance of an order for the purchase
18 or sale of a digital commodity.

19 “(ii) EXCLUSION.—The term ‘associ-
20 ated person of a digital commodity broker’
21 does not include any person associated
22 with a digital commodity broker the func-
23 tions of which are solely clerical or ministe-
24 rial.

1 “(B) ASSOCIATED PERSON OF A DIGITAL
2 COMMODITY DEALER.—

3 “(i) IN GENERAL.—Except as pro-
4 vided in clause (ii), the term ‘associated
5 person of a digital commodity dealer’
6 means a person who is associated with a
7 digital commodity dealer as a partner, offi-
8 cer, employee, or agent (or any person oc-
9 cupying a similar status or performing
10 similar functions) in any capacity that in-
11 volves—

12 “(I) the solicitation or acceptance
13 of a contract for the purchase or sale
14 of a digital commodity; or

15 “(II) the supervision of any per-
16 son engaged in the solicitation or ac-
17 ceptance of a contract for the pur-
18 chase or sale of a digital commodity.

19 “(ii) EXCLUSION.—The term ‘associ-
20 ated person of a digital commodity dealer’
21 does not include any person associated
22 with a digital commodity dealer the func-
23 tions of which are solely clerical or ministe-
24 rial.

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

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

5 “(ii) chapter 2 of title I of Public Law
6 91–508 (12 U.S.C. 1951 et seq.); and

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

9 “(D) DECENTRALIZED FINANCE MES-
10 SAGING SYSTEM.—

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

19 “(ii) ADDITIONAL REQUIREMENTS.—
20 The term ‘decentralized finance messaging
21 system’ does not include any system that
22 provides any person other than the user
23 with control over—

24 “(I) the funds of the user; or

1 “(II) the execution of the trans-
2 action of the user.

3 “(E) DECENTRALIZED FINANCE TRADING
4 PROTOCOL.—

5 “(i) IN GENERAL.—The term ‘decen-
6 tralized finance trading protocol’ means a
7 blockchain system through which multiple
8 participants can execute a financial trans-
9 action—

10 “(I) in accordance with an auto-
11 mated rule or algorithm that is pre-
12 determined and non-discretionary; and

13 “(II) without reliance on any
14 other person to maintain control of
15 the digital assets of the user during
16 any part of the financial transaction.

17 “(ii) EXCLUSIONS.—

18 “(I) IN GENERAL.—The term
19 ‘decentralized finance trading pro-
20 tocol’ does not include a blockchain
21 system if—

22 “(aa) a person or group of
23 persons under common control or
24 acting pursuant to an agreement
25 to act in concert has the author-

1 ity, directly or indirectly, through
2 any contract, arrangement, un-
3 derstanding, relationship, or oth-
4 erwise, to control or materially
5 alter the functionality, operation,
6 or rules of consensus or agree-
7 ment of the blockchain system; or

8 “(bb) the blockchain system
9 does not operate, execute and en-
10 force its operations and trans-
11 actions based solely on pre-estab-
12 lished, transparent rules encoded
13 directly within the source code of
14 the blockchain system.

15 “(II) SPECIAL RULE.—For pur-
16 poses of subclause (I), a decentralized
17 governance system shall not be consid-
18 ered to be a person or a group of per-
19 sons under common control or acting
20 pursuant to an agreement to act in
21 concert.

22 “(F) DIGITAL COMMODITY.—

23 “(i) IN GENERAL.—The term ‘digital
24 commodity’ means a digital asset that is
25 intrinsically linked to a blockchain system,

1 and the value of which is derived from or
2 is reasonably expected to be derived from
3 the use of the blockchain system.

4 “(ii) RELATIONSHIP TO A
5 BLOCKCHAIN SYSTEM.—For purposes of
6 this subparagraph, a digital asset is intrin-
7 sically linked to a blockchain system if the
8 digital asset is directly related to the
9 functionality or operation of the blockchain
10 system or to the activities or services for
11 which the blockchain system is created or
12 utilized, including where the digital asset
13 is—

14 “(I) issued or generated by the
15 programmatic functioning of the
16 blockchain system;

17 “(II) used to transfer value be-
18 tween participants in the blockchain
19 system;

20 “(III) used to access the activi-
21 ties or services of the blockchain sys-
22 tem;

23 “(IV) used to participate in the
24 decentralized governance system of
25 the blockchain system;

1 “(V) used or removed from cir-
2 culation in whole or in part to pay
3 fees or otherwise verify or validate
4 transactions on the blockchain system;

5 “(VI) used as payment or incen-
6 tive to participants in the blockchain
7 system to engage in the activities of
8 the blockchain system, provide serv-
9 ices to other participants in the
10 blockchain system, or otherwise par-
11 ticipate in the functionality of the
12 blockchain system; or

13 “(VII) used as payment or incen-
14 tive to participants in the blockchain
15 system to validate transactions, secure
16 the blockchain system, provide com-
17 putational services, maintain or dis-
18 tribute information, or otherwise par-
19 ticipate in the operations of the
20 blockchain system.

21 “(iii) EXCLUSION.—The term ‘digital
22 commodity’ does not include any of the fol-
23 lowing:

24 “(I) SECURITY.—

1 “(aa) Any security, other
2 than a note, an investment con-
3 tract, or a certificate of interest
4 or participation in any profit-
5 sharing agreement.

6 “(bb) A note, an investment
7 contract, or a certificate of inter-
8 est or participation in any profit-
9 sharing agreement that—

10 “(AA) represents or
11 gives the holder an owner-
12 ship interest or other inter-
13 est in the revenues, profits,
14 obligations, debts, assets, or
15 assets or debts to be ac-
16 quired of the issuer of the
17 digital asset or another per-
18 son (other than a decentral-
19 ized governance system);

20 “(BB) makes the hold-
21 er a creditor of the issuer of
22 the digital asset or another
23 person; or

24 “(CC) represents or
25 gives the holder the right to

1 receive interest or the return
2 of principal from the issuer
3 of the digital asset or an-
4 other person.

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

11 “(aa) a security future, as
12 defined in section 2a of the Secu-
13 rities Act of 1933;

14 “(bb) a security-based swap,
15 as defined in section 2a of the
16 Securities Act of 1933;

17 “(cc) a put, call, straddle,
18 option, or privilege on any secu-
19 rity, certificate of deposit, or
20 group or index of securities (in-
21 cluding any interest therein or
22 based on the value thereof), as
23 defined in section 2a of the Secu-
24 rities Act of 1933; or

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

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

8 “(IV) BANKING DEPOSIT.—

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

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

21 “(V) COMMODITY.—A digital
22 asset that references, represents an
23 interest in, or is functionally equiva-
24 lent to—

1 “(aa) an agricultural com-
2 modity;

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

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

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

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

18 “(bb) a security futures
19 product;

20 “(cc) a swap;

21 “(dd) an agreement, con-
22 tract, or transaction described in
23 section 2(c)(2)(C)(i) or
24 2(c)(2)(D)(i);

1 “(ee) a commodity option
2 authorized under section 4c; or

3 “(ff) a leverage transaction
4 authorized under section 19.

5 “(VII) POOLED INVESTMENT VE-
6 HICLE.—

7 “(aa) IN GENERAL.—A dig-
8 ital asset that, based on its terms
9 and other characteristics, is, rep-
10 represents, or is functionally equiva-
11 lent to—

12 “(AA) a commodity
13 pool, as defined in this Act;
14 or

15 “(BB) a pooled invest-
16 ment vehicle.

17 “(bb) POOLED INVESTMENT
18 VEHICLE DEFINED.—In this sub-
19 clause, the term ‘pooled invest-
20 ment vehicle’ means—

21 “(AA) any investment
22 company as defined in sec-
23 tion 3(a) of the Investment
24 Company Act of 1940 (15
25 U.S.C. 80a-3(a));

1 “(BB) any company
2 that would be an investment
3 company under section 3(a)
4 of such Act but for the ex-
5 clusion provided from that
6 definition by paragraph (1),
7 (7), or (9) of section 3(c) of
8 such Act (15 U.S.C. 80a–
9 3(c)(1), (7), or (9)); or

10 “(CC) any entity or
11 person that is not an invest-
12 ment company but holds or
13 will hold assets other than
14 securities.

15 “(VIII) GOOD, COLLECTIBLE,
16 AND OTHER NON-COMMODITY
17 ASSET.—A digital asset that has
18 value, utility, or significance beyond
19 its mere existence as a digital asset,
20 including the digital equivalent of a
21 tangible or intangible good, such as—

22 “(aa) a work of art, a musi-
23 cal composition, a literary work,
24 or other intellectual property;

1 “(bb) collectibles, merchan-
2 dise, virtual land, and video game
3 assets;

4 “(cc) affinity, rewards, or
5 loyalty points, including airline
6 miles or credit card points, that
7 are not primarily speculative in
8 nature; or

9 “(dd) rights, licenses, and
10 tickets.

11 “(iv) RULE OF CONSTRUCTION.—No
12 presumption shall exist that a digital asset
13 is a security, nor shall a digital asset be
14 excluded from being a digital commodity
15 pursuant to clause (iii)(I), solely due to—

16 “(I) the digital asset providing
17 voting or economic rights with respect
18 to the blockchain system to which the
19 digital asset relates or the decentral-
20 ized governance system of the
21 blockchain system to which the digital
22 asset relates;

23 “(II) the value of the digital
24 asset having the potential to appre-
25 ciate or depreciate in response to the

1 efforts, operations, or financial per-
2 formance of the blockchain system to
3 which the digital asset relates or the
4 decentralized governance system of
5 the blockchain system to which the
6 digital asset relates; or

7 “(III) the value of the digital
8 asset appreciating or depreciating due
9 to the use of the blockchain system to
10 which the digital asset relates or the
11 decentralized governance system of
12 the blockchain system to which the
13 digital asset relates.

14 “(G) DIGITAL COMMODITY BROKER.—

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

18 “(I) is engaged in—

19 “(aa) soliciting or accepting
20 an order from a customer for—

21 “(AA) the purchase or
22 sale of a digital commodity;
23 or

24 “(BB) an agreement,
25 contract, or transaction de-

1 scribed in section
2 2(c)(2)(D)(iv); and

3 “(bb) in conjunction with
4 the activities in item (aa), ac-
5 cepts or maintains control over—

6 “(AA) the funds of any
7 customer; or

8 “(BB) the execution of
9 any transaction of a cus-
10 tomer;

11 “(II) is engaged in soliciting or
12 accepting orders from a customer for
13 the purchase or sale of a unit of a
14 digital commodity on or subject to the
15 rules of a registered entity; or

16 “(III) is registered with the Com-
17 mission as a digital commodity
18 broker.

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

22 “(I) solicits or accepts an order
23 described in clause (i)(I)(aa)(AA)
24 from a customer who is an eligible
25 contract participant;

1 “(II) enters into 1 or more dig-
2 ital commodity transactions that are
3 attributable or solely incidental to
4 making, sending, receiving, or facili-
5 tating payments, whether involving a
6 payment service provider or on a peer-
7 to-peer basis; or

8 “(III) is a bank (as defined
9 under section 3(a) of the Securities
10 Exchange Act of 1934) engaging in
11 certain banking activities with respect
12 to a digital commodity in the same or
13 a similar manner as a bank is ex-
14 cluded from the definition of a broker
15 under such section, as determined by
16 the Commission.

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

24 “(H) DIGITAL COMMODITY DEALER.—

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

4 “(I) is, or offers to be a
5 counterparty to a person for the pur-
6 chase or sale of a digital commodity
7 as a regular business, and in conjunc-
8 tion with the activities, accepts or
9 maintains control over the funds of
10 any counterparty; or

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

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

16 “(I) is or offers to be a
17 counterparty to a person who is an el-
18 igible contract participant;

19 “(II) enters into a digital com-
20 modity transaction with an eligible
21 contract participant;

22 “(III) enters into a digital com-
23 modity transaction on or through a
24 registered digital commodity ex-
25 change, with a registered digital com-

1 commodity broker, or through a decentral-
2 ized finance trading protocol;

3 “(IV) enters into a digital com-
4 modity transaction for the person’s
5 own account, either individually or in
6 a fiduciary capacity, but not as a part
7 of a regular business;

8 “(V) 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 “(VI) is a bank (as defined under
16 section 3(a) of the Securities Ex-
17 change Act of 1934) engaging in cer-
18 tain banking activities with respect to
19 a digital commodity in the same or a
20 similar manner as a bank is excluded
21 from the definition of a dealer under
22 section 3(a)(5) of such Act, as deter-
23 mined by the Commission.

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

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

6 “(I) DIGITAL COMMODITY EXCHANGE.—
7 The term ‘digital commodity exchange’ means a
8 trading facility that offers or seeks to offer a
9 cash or spot market in at least 1 digital com-
10 modity.

11 “(J) MIXED DIGITAL ASSET TRANS-
12 ACTION.—The term ‘mixed digital asset trans-
13 action’ means a transaction in which a digital
14 commodity is traded for a security.

15 “(K) TERMS DEFINED UNDER THE SECU-
16 RITIES ACT OF 1933.—The terms ‘blockchain
17 system’, ‘decentralized governance system’, ‘dig-
18 ital asset’, ‘digital commodity issuer’, ‘digital
19 commodity affiliated person’, ‘digital commodity
20 related person’, ‘end user distribution’, ‘mature
21 blockchain system’, and ‘permitted payment
22 stablecoin’ have the meaning given those terms,
23 respectively, under section 2(a) of the Securities
24 Act of 1933 (15 U.S.C. 77b(a)).”; and

1 (5) in paragraph (41) (as so redesignated by
2 paragraph (4) of this subsection)—

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

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

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

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

10 (b) CONFORMING AMENDMENTS.—

11 (1) Each of the following provisions of law is
12 amended by striking “1a(18)” and inserting
13 “1a(19)”:

14 (A) Section 4s(h)(5)(A)(i) of the Com-
15modity Exchange Act (7 U.S.C. 6s(h)(5)(A)(i)).

16 (B) Section 5(e) of the Securities Act of
17 1933 (15 U.S.C. 77e(e)).

18 (C) Section 6(g)(5)(B) of the Securities
19 Exchange Act of 1934 (15 U.S.C.
20 78f(g)(5)(B)).

21 (D) Section 15F(h)(5)(A)(i) of the Securi-
22ties Exchange Act of 1934 (15 U.S.C. 78o–
23 10(h)(5)(A)(i)).

24 (2) Section 752 of the Wall Street Trans-
25parency and Accountability Act of 2010 (15 U.S.C.

1 8325) is amended by striking “1a(39)” and insert-
2 ing “1a(40)”.

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

6 (4) Each of the following provisions of the
7 Commodity Exchange Act is amended by striking
8 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”:

9 (A) Section 4t(b)(1)(C) (7 U.S.C.
10 6t(b)(1)(C)).

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

12 (C) Section 5b(k)(3) (7 U.S.C. 7a-
13 1(k)(3)).

14 (D) Section 5h(f)(10)(A)(iii) (7 U.S.C. 7b-
15 3(f)(10)(A)(iii)).

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

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

22 (A) in subsection (a)(2), by striking
23 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”;
24 and

1 (B) in each of subsections (b)(1) and
2 (c)(2), by striking “1a(47)” and inserting
3 “1a(48)”.

4 (7) Section 712 of the Wall Street Trans-
5 parency and Accountability Act of 2010 (15 U.S.C.
6 8302) is amended—

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

9 (B) in subsection (d)(1), by striking
10 “1a(47)(A)(v)” each place it appears and in-
11 serting “1a(48)(A)(v)”.

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

13 In this Act:

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

23 (2) DEFINITIONS UNDER THE SECURITIES ACT
24 OF 1933.—The terms “blockchain”, “blockchain sys-
25 tem”, “blockchain protocol”, “decentralized govern-

1 ance system”, “digital asset”, “digital commodity
2 issuer”, “end user distribution”, “mature blockchain
3 system”, “permitted payment stablecoin”, and “se-
4 curities laws” have the meaning given those terms,
5 respectively, under section 2(a) of the Securities Act
6 of 1933 (15 U.S.C. 77b(a)).

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

13 **SEC. 105. RULEMAKINGS.**

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

18 (1) The terms—

19 (A) “blockchain”, “blockchain applica-
20 tion”, “blockchain system”, “blockchain pro-
21 tocol”, “decentralized governance system”,
22 “digital commodity affiliated person”, “digital
23 commodity issuer”, “digital commodity related
24 person”, “end user distribution”, and “mature

1 blockchain system”, as defined under section
2 2(a) of the Securities Act of 1933;

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

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

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

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

22 (c) PROTECTION OF SELF-CUSTODY.—

23 (1) IN GENERAL.—A United States individual
24 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 wal-
8 let, 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
14 any property or interests in property that
15 are blocked pursuant to, or are otherwise
16 prohibited 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
24 of the Secretary of the Treasury, the Securities and
25 Exchange Commission, the Commodity Futures

1 Trading Commission, the Board of Governors of the
2 Federal Reserve System, the Comptroller of the Cur-
3 rency, the Federal Deposit Insurance Corporation,
4 or the National Credit Union Administration to
5 carry out any enforcement action or special measure
6 authorized 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 GUID-
16 ANCE FOR DELISTING.—Not later than 180 days after the
17 date of the enactment of this Act, the Commodity Futures
18 Trading Commission and the Securities and Exchange
19 Commission shall jointly issue rules, procedures, or guid-
20 ance (as determined appropriate by the Commissions) re-
21 garding the process to delist an asset for trading under
22 section 106 of this Act if the Commissions determine that
23 the listing is inconsistent with the Commodity Exchange
24 Act, the securities laws (including regulations under those
25 laws), or this Act.

1 (e) JOINT RULES FOR PORTFOLIO MARGINING DE-
2 TERMINATIONS.—

3 (1) IN GENERAL.—Not later than 360 days
4 after the date of the enactment of this Act, the
5 Commodity Futures Trading Commission and the
6 Securities and Exchange Commission shall jointly
7 issue rules describing the process for persons reg-
8 istered with either such Commission to seek a joint
9 order or determination with respect to margin, cus-
10 tomer protection, segregation, or other requirements
11 as necessary to facilitate portfolio margining of secu-
12 rities (including related extensions of credit), secu-
13 rity-based swaps, contracts for future delivery, op-
14 tions on a contract for future delivery, swaps, and
15 digital commodities, or any subset thereof, in—

16 (A) a securities account carried by a reg-
17 istered broker or dealer or a security-based
18 swap account carried by a registered security-
19 based 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)
10 shall 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,
19 which shall include the information necessary to
20 make 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
25 application;

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 solici-
5 tation 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
10 Governors of the Federal Reserve System, the
11 Federal Deposit Insurance Corporation, and the
12 Office of the Comptroller of the Currency, as
13 appropriate.

14 (f) CAPITAL REQUIREMENTS TO ADDRESS NETTING
15 AGREEMENTS.—No later than 360 days following the date
16 of enactment of this Act, the Board of Governors of the
17 Federal Reserve System, the Comptroller of the Currency,
18 and the Federal Deposit Insurance Corporation shall de-
19 velop risk-based and leverage capital requirements for in-
20 sured depository institutions, depository institution hold-
21 ing companies, and nonbank financial companies super-
22 vised by the Board of Governors that address netting
23 agreements that provide for termination and close-out net-
24 ting across multiple types of financial transactions, con-

1 sistent with subsection (e), in the event of a counterparty's
2 default.

3 **SEC. 106. REGISTRATION FOR DIGITAL COMMODITY EX-**
4 **CHANGES, BROKERS, AND DEALERS; PROVI-**
5 **SIONAL STATUS.**

6 (a) IN GENERAL.—Unless exempted from registra-
7 tion under section 5k of the Commodity Exchange Act,
8 a person shall not act as a digital commodity broker, dig-
9 ital commodity dealer, or digital commodity exchange
10 within 270 days after the date of the enactment of this
11 Act, unless, as the case may be, the person is registered
12 as a—

13 (1) digital commodity broker pursuant to sec-
14 tion 4u of the Commodity Exchange Act;

15 (2) digital commodity dealer pursuant to sec-
16 tion 4u of the Commodity Exchange Act; or

17 (3) digital commodity exchange pursuant to sec-
18 tion 5i of the Commodity Exchange Act.

19 (b) PROVISIONAL STATUS.—

20 (1) IN GENERAL.—A person who is registered
21 in accordance with subsection (a) of this section
22 shall be in provisional status until—

23 (A) in the case of a digital commodity
24 broker or dealer, 270 days after the final effec-

1 tive date of the rulemakings required under sec-
2 tion 4u of the Commodity Exchange Act; or

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

7 (2) PAYMENT OF FEES.—A person in provi-
8 sional status shall pay all fees required under section
9 410.

10 (c) OPERATIONS PRIOR TO REGULATIONS.—

11 (1) REQUIREMENTS.—A person in provisional
12 status shall apply and be subject to the statutory re-
13 quirements of this Act and any rules or regulations
14 promulgated under this Act, as applicable.

15 (2) LISTINGS.—

16 (A) IN GENERAL.—Except as provided in
17 subparagraph (B), a person in provisional sta-
18 tus may continue to offer, solicit, trade, facili-
19 tate, execute, clear, report, or otherwise deal in
20 any digital asset offered on or through the fa-
21 cilities of the person before the date of registra-
22 tion under this section, until such time as the
23 joint rulemaking on definitions required under
24 section 105(a) is effective.

1 (B) DELISTING.—Before the effective date
2 of the joint rulemaking on definitions under
3 section 105(a), person in provisional status
4 shall cease offering, soliciting, trading, facili-
5 tating, executing, clearing, reporting, or other-
6 wise dealing in any digital asset required to be
7 delisted pursuant to a joint delisting process es-
8 tablished under section 105(d).

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

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

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

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

17 (B) a swap;

18 (C) a security futures product;

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

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

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

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

3 (A) a security-based swap;

4 (B) a security futures product; or

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

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

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

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

20 **SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

23 (1) in paragraph (3)—

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

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

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

4 “(D) a contract of sale of a digital com-
5 modity.”;

6 (2) in paragraph (4)—

7 (A) in subparagraph (A)—

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.”;

16 (B) in subparagraph (B)—

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

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

21 (iii) by adding at the end the fol-
22 lowing:

23 “(iv) a contract of sale of a digital
24 commodity.”; and

25 (C) in subparagraph (C)—

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

12 **SEC. 109. INTERNATIONAL COOPERATION.**

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

17 (1) shall consult and coordinate with foreign
18 regulatory authorities on the application of con-
19 sistent international standards with respect to the
20 regulation of digital assets; and

21 (2) may enter into such information-sharing ar-
22 rangements as may be deemed to be necessary or
23 appropriate in the public interest or for the protec-
24 tion of investors, customers, and users of digital as-
25 sets.

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

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

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

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

11 (b) GAO STUDY.—

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

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

21 (B) provide any regulatory or legislative
22 recommendations to address these risks under
23 subparagraph (A).

24 (2) REPORT.—Not later than 1 year after the
25 date of enactment of this Act, the Comptroller Gen-
26 eral shall issue a report to Congress containing all

1 findings and determinations made in carrying out
2 the study required under paragraph (1).

3 **SEC. 111. IMPLEMENTATION.**

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

12 (b) RULES AND REGISTRATION BEFORE FINAL EF-
13 FECTIVE DATES.—

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

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

21 (B) conduct studies and prepare reports
22 and recommendations required by this Act;

23 (C) register persons under this Act; and

1 (D) exempt persons, agreements, contracts,
2 or transactions from provisions of this Act,
3 under the terms contained in this Act.

4 (2) LIMITATION ON EFFECTIVENESS.—An ac-
5 tion by the Commodity Futures Trading Commission
6 or the Securities and Exchange Commission under
7 paragraph (1) shall not become effective before the
8 effective date otherwise applicable to the action
9 under this Act.

10 **TITLE II—OFFERS AND SALES OF** 11 **DIGITAL COMMODITIES**

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

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

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

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

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

22 “(A) that can be exclusively possessed and
23 transferred, person to person, without necessary
24 reliance on an intermediary, and is recorded on
25 a blockchain; and

1 “(B) sold or otherwise transferred, or in-
2 tended to be sold or otherwise transferred, pur-
3 suant to an investment contract.”.

4 (b) INVESTMENT ADVISERS ACT OF 1940.—Section
5 202(a)(18) of the Investment Advisers Act of 1940 (15
6 U.S.C. 80b–2(a)(18)) is amended by adding at the end
7 the following: “The term ‘investment contract’ does not
8 include an investment contract asset (as such term is de-
9 fined under section 2(a) of the Securities Act of 1933).”.

10 (c) INVESTMENT COMPANY ACT OF 1940.—Section
11 2(a)(36) of the Investment Company Act of 1940 (15
12 U.S.C. 80a–2(a)(36)) is amended by adding at the end
13 the following: “The term ‘investment contract’ does not
14 include an investment contract asset (as such term is de-
15 fined under section 2(a) of the Securities Act of 1933).”.

16 (d) SECURITIES EXCHANGE ACT OF 1934.—Section
17 3(a)(10) of the Securities Exchange Act of 1934 (15
18 U.S.C. 78c(a)(10)) is amended by adding at the end the
19 following: “The term ‘investment contract’ does not in-
20 clude an investment contract asset (as such term is de-
21 fined under section 2(a) of the Securities Act of 1933).”.

22 (e) SECURITIES INVESTOR PROTECTION ACT OF
23 1970.—Section 16(14) of the Securities Investor Protec-
24 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
25 ing at the end the following: “The term ‘investment con-

1 tract’ does not include an investment contract asset (as
2 such term is defined under section 2(a) of the Securities
3 Act of 1933).’.

4 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**
5 **COMMODITIES.**

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

8 (1) in section 4(a), by adding at the end the
9 following:

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

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

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

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

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

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

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

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

1 “(ii) is a development stage company
2 that either—

3 “(I) has no specific business plan
4 or purpose; or

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

9 “(iii) is an investment company, as
10 defined in section 3 of the Investment
11 Company Act of 1940 (15 U.S.C. 80a-3),
12 or is excluded from the definition of invest-
13 ment company by section 3(b) or section
14 3(c) of that Act (15 U.S.C. 80a-3(b) or
15 80a-3(c));

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

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

1 “(vi) is disqualified pursuant to sec-
2 tion 230.262 of title 17, Code of Federal
3 Regulations; and

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

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

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

9 “(a) COMMISSION JURISDICTION.—For the purposes
10 of this section:

11 “(1) The Commission shall have jurisdiction
12 and enforcement authority with respect to disclo-
13 sures described in this section.

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

20 “(b) REQUIREMENTS FOR DIGITAL COMMODITY
21 ISSUERS.—

22 “(1) TERMS AND CONDITIONS.—A digital com-
23 modity issuer offering or selling an investment con-
24 tract involving units of a digital commodity in reli-
25 ance on section 4(a)(8) shall file with the Commis-

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

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

22 “(A) MATURITY STATUS.—Whether the
23 blockchain system to which the digital com-
24 modity relates has been certified as a mature
25 blockchain system pursuant to section 42 of the

1 Securities Exchange Act of 1934 (15 U.S.C.
2 78a et seq.) and, where such blockchain system
3 is not so certified, a statement of the digital
4 commodity issuer's intent for the blockchain
5 system to which the digital commodity relates
6 to be a mature blockchain system within the
7 time period described in section 4(a)(8)(A).

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

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

24 “(D) DIGITAL COMMODITY ECONOMICS.—
25 A description of the purpose of any blockchain

1 system to which the digital commodity relates
2 and the operation of any such blockchain sys-
3 tem, including—

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

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

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

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

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

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

23 “(F) OWNERSHIP DISCLOSURES.—

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

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

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

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

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

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

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

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

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

19 “(B) CURRENT REPORTS.—A current re-
20 port reflecting any material changes relevant to
21 the information previously reported to the Com-
22 mission by the digital commodity issuer, which
23 shall be filed as soon as practicable after the
24 material change occurred, in accordance with
25 such rules as the Commission may prescribe as

1 necessary or appropriate in the public interest
2 or for the protection of investors.

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

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

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

21 “(B) COVERED FISCAL YEAR DEFINED.—
22 In this paragraph, the term ‘covered fiscal year’
23 means, with respect to a digital commodity, the
24 first fiscal year of a digital commodity issuer in
25 which the blockchain system to which such dig-

1 ital commodity relates is certified as a mature
2 blockchain system under section 42 of the Secu-
3 rities Exchange Act of 1934.

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

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

22 “(ii) any participation in alterations
23 or proposed alterations to the functionality
24 or operation of such blockchain system;

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

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

11 “(v) any affiliations of such issuer
12 material to the efforts of such issuer.

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

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

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

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

1 “(d) DISQUALIFICATION PROVISIONS.—The Commis-
2 sion shall issue rules to apply the disqualification provi-
3 sions under section 230.262 of title 17, Code of Federal
4 Regulations, to the exemption provided under section
5 4(a)(8).

6 “(e) FAILURE TO MATURE.—

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

20 “(A) DISCLOSURES.—Disclosures regard-
21 ing the following:

22 “(i) FAILURE TO MATURE.—The ma-
23 terial reasons that the blockchain system
24 has not become a mature blockchain sys-

1 tem within the time period described in
2 section 4(a)(8)(A).

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

7 “(iii) RISK FACTOR DISCLOSURES.—
8 The material risks surrounding ownership
9 of a unit of a digital commodity that re-
10 lates to a blockchain system described
11 under subsection (b)(1) that has not be-
12 come a mature blockchain system within
13 the time period described in section
14 4(a)(8)(A).

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

20 “(2) QUALIFICATION REQUIRED.—The Com-
21 mission may not permit any additional raising of
22 capital by the issuer of a digital commodity related
23 to a blockchain system described under subsection
24 (a)(1) that has not become a mature blockchain sys-
25 tem within the time period described in section

1 4(a)(8)(A) unless the Commission has qualified any
2 offering statement related to such additional raising
3 of capital.”.

4 (b) ADDITIONAL EXEMPTIONS.—

5 (1) CERTAIN REGISTRATION REQUIREMENTS.—

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

10 (2) EXEMPTION FROM STATE REGULATION.—

11 Section 18(b)(4) of the Securities Act of 1933 (15
12 U.S.C. 77r(b)(4)) is amended—

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

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

17 (C) in subparagraph (F)—

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

21 (ii) by striking “or” at the end;

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

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

25 “(H) section 4(a)(8).”.

1 (c) PRIOR ISSUERS.—

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

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

14 (B) both—

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

19 (ii) is no longer engaged in material
20 ongoing efforts related to the blockchain
21 system to which the digital commodity re-
22 lates.

23 (2) REPORTING APPLICATION DATE FOR CER-
24 TAIN PRIOR ISSUERS.—With respect to a digital
25 commodity, if the digital commodity issuer is en-

1 gaged in material ongoing efforts related to the
2 blockchain system to which the digital commodity re-
3 lates and last offered and sold an investment con-
4 tract involving a unit of the digital commodity be-
5 tween January 1, 2020, and June 1, 2025, the dig-
6 ital commodity issuer shall file with the Commission
7 a comparable set of reports to the reports described
8 under, as applicable, section 4B(b)(3) or
9 4B(b)(5)(C) of the Securities Act of 1933, where re-
10 quired by the Commission, not later than one year
11 after the effective date of this section.

12 (d) USE OF OTHER EXEMPTIONS.—

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

21 (2) RULEMAKING.—The Securities and Ex-
22 change Commission may issue rules—

23 (A) to permit the issuer of a digital com-
24 modity related to a blockchain system described
25 under section 4B(b)(1) of the Securities Act of

1 1933 that has not become a mature blockchain
2 system within the time period described in sec-
3 tion 4(a)(8)(A) of such Act to raise capital pur-
4 suant to an exempt offering, if the Commission
5 qualifies any offering statement related to such
6 raising of capital; and

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

12 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**
13 **DIGITAL COMMODITIES THAT ORIGINALLY**
14 **INVOLVED INVESTMENT CONTRACTS.**

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

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

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

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

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

9 (5) the Securities Investor Protection Act of
10 1970 (15 U.S.C. 78aaa et seq.); and

11 (6) any applicable provisions of State law.

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

15 (c) AGENT DEFINED.—In this section and with re-
16 spect to a digital commodity issuer, the term “agent”
17 means any person directly or indirectly controlled by the
18 issuer or under direct or indirect common control with the
19 issuer.

1 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
2 **ITAL COMMODITIES BY DIGITAL COMMODITY**
3 **RELATED PERSONS AND DIGITAL COM-**
4 **MODITY AFFILIATED PERSONS.**

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

8 **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
9 **ITAL COMMODITIES BY DIGITAL COMMODITY**
10 **RELATED PERSONS AND DIGITAL COM-**
11 **MODITY AFFILIATED PERSONS.**

12 “(a) IN GENERAL.—It shall be a violation of this Act
13 for a digital commodity affiliated person or a digital com-
14 modity related person to offer or sell a digital commodity
15 acquired directly from its issuer, or an agent or under-
16 writer thereof, pursuant to an investment contract in reli-
17 ance on section 4(a)(8) or another exemption under this
18 Act, other than as provided in this section.

19 “(b) COMMISSION JURISDICTION.—

20 “(1) Where a digital commodity affiliated per-
21 son or a digital commodity related person offers or
22 sells a digital commodity acquired directly from its
23 issuer, or an agent or underwriter thereof, pursuant
24 to an investment contract in reliance on section
25 4(a)(8), or another exemption under this Act, other
26 than as provided in this section, such digital com-

1 modity affiliated person or digital commodity related
2 person shall be considered an issuer of such invest-
3 ment contract.

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

8 “(c) RESTRICTIONS ON DIGITAL COMMODITY RE-
9 LATED PERSONS AND DIGITAL COMMODITY AFFILIATED
10 PERSONS.—

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

24 “(A) reports with respect to such digital
25 commodity, where required under section

1 4B(b)(3) (or, with respect to a digital com-
2 modity not issued in reliance on section 4(a)(8),
3 a comparable set of reports where required by
4 the Commission) have been filed with the Com-
5 mission;

6 “(B) the digital commodity related person
7 or digital commodity affiliated person has held
8 the units for not less than 12 months from the
9 date the units were delivered; and

10 “(C) the aggregate amount of the units of
11 the digital commodity offered or sold by the
12 digital commodity related person or digital com-
13 modity affiliated person is—

14 “(i) in any 12-month period, not
15 greater than 15 percent of the total units
16 of the digital commodity acquired directly
17 from its issuer by the digital commodity
18 related person or digital commodity affli-
19 ated person; and

20 “(ii) not greater than 50 percent of
21 the total units of the digital commodity ac-
22 quired directly from its issuer by the digi-
23 tal commodity related person or digital
24 commodity affiliated person.

1 “(2) AFTER BECOMING A MATURE BLOCKCHAIN
2 SYSTEM.—After the blockchain system to which a
3 digital commodity relates is certified as a mature
4 blockchain system under section 42 of the Securities
5 Exchange Act of 1934, units of the digital com-
6 modity acquired by a digital commodity related per-
7 son or digital commodity affiliated person directly
8 from its issuer, or the issuer’s agent or underwriter,
9 pursuant to an investment contract in reliance on
10 section 4(a)(8) or another exemption under this Act,
11 may be—

12 “(A) offered or sold by a digital commodity
13 related person; or

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

16 “(i) information described in section
17 4B(b)(5)(C), where required (or, with re-
18 spect to a digital commodity not issued in
19 reliance on section 4(a)(8), a comparable
20 set of information, where required) is pub-
21 licly available;

22 “(ii) the digital commodity affiliated
23 person has held the units for not less than
24 the earlier of—

1 “(I) 12 months from the date the
2 units were delivered; or

3 “(II) 3 months following the date
4 on which the blockchain system is cer-
5 tified as a mature blockchain system
6 under section 42 of the Securities Ex-
7 change Act of 1934; and

8 “(iii) the aggregate amount of the
9 units of the digital commodity offered or
10 sold by the digital commodity affiliated
11 person in any 12-month period does not
12 exceed the greater of—

13 “(I) 8 percent of the total out-
14 standing amount of the digital com-
15 modity; or

16 “(II) 25 percent of the total
17 units of the digital commodity ac-
18 quired directly from its issuer by the
19 digital commodity affiliated person.

20 “(d) USE OF A DIGITAL COMMODITY IN THE PRO-
21 GRAMMATIC FUNCTIONING OF THE BLOCKCHAIN SYS-
22 TEM.—For purposes of this section, the use of a digital
23 commodity in the programmatic functioning of the
24 blockchain system to which it relates is not an offer or
25 sale of a digital commodity.

1 “(e) MANIPULATIVE AND DECEPTIVE DEVICES; RE-
2 PORTING.—

3 “(1) IN GENERAL.—It shall be unlawful for any
4 digital commodity issuer, digital commodity related
5 person, or digital commodity affiliated person, di-
6 rectly or indirectly, by the use of any means or in-
7 strumentality of interstate commerce or of the mails,
8 to use or employ, in connection with the purchase or
9 sale of any digital commodity, any manipulative or
10 deceptive device or contrivance in contravention of
11 such rules and regulations as the Commission may
12 prescribe as necessary or appropriate in the public
13 interest or for the protection of investors.

14 “(2) AFFIRMATIVE DEFENSE.—Not later than
15 270 days after the date of the enactment of this sec-
16 tion, the Commission shall issue rules to implement
17 paragraph (1), including by providing any affirma-
18 tive defenses to an enforcement action thereunder as
19 the Commission may prescribe as necessary or ap-
20 propriate in the public interest or for the protection
21 of investors.

22 “(3) REPORTING.—Not later than 270 days
23 after the date of the enactment of this section, the
24 Commission shall issue rules to prescribe such trans-
25 action reporting and beneficial ownership disclosure

1 obligations applicable to digital commodity related
2 persons and digital commodity affiliated persons, as
3 necessary or appropriate in the public interest or for
4 the protection of investors.

5 “(4) DIFFERENTIATION BETWEEN PERSONS.—

6 In issuing rules required under paragraphs (2) and
7 (3), the Commission shall differentiate between dig-
8 ital commodity related persons and digital com-
9 modity affiliated persons as necessary or appropriate
10 in the public interest or for the protection of inves-
11 tors.

12 “(f) RULES FOR PREVIOUSLY-ISSUED DIGITAL COM-
13 MODITIES.—

14 “(1) UNITS RECEIVED PRIOR TO JANUARY 1,
15 2020.—If a unit of a digital commodity was received
16 by a digital commodity related person or digital com-
17 modity affiliated person prior to January 1, 2020,
18 the unit of the digital commodity may be offered or
19 sold by the digital commodity related person or dig-
20 ital commodity affiliated person without condition.

21 “(2) CERTAIN UNITS RELATED TO A NON-MA-
22 TURE BLOCKCHAIN SYSTEM.—If a unit of a digital
23 commodity was received by a digital commodity re-
24 lated person or digital commodity affiliated person
25 between January 1, 2020, and June 1, 2025, and

1 the blockchain system to which the digital com-
2 modity relates is not certified as a mature
3 blockchain system under section 42 of the Securities
4 Exchange Act of 1934, the unit of the digital asset
5 may be offered or sold by a digital commodity re-
6 lated person or digital commodity affiliated person
7 if—

8 “(A) reports with respect to such digital
9 commodity comparable to the reports described
10 under section 4B(b)(3), where required by the
11 Commission, have been filed with the Commis-
12 sion;

13 “(B) the digital commodity related person
14 or digital commodity affiliated person meets
15 any requirements pursuant to subsection (e)(3);
16 and

17 “(C) the digital commodity related person
18 or digital commodity affiliated person has held
19 the units for not less than 12 months from the
20 date the units were delivered.

21 “(3) CERTAIN UNITS RELATED TO A MATURE
22 BLOCKCHAIN SYSTEM.—If a unit of a digital com-
23 modity was received by a digital commodity related
24 person or digital commodity affiliated person be-
25 tween January 1, 2020, and June 1, 2025, and the

1 blockchain system to which the digital commodity re-
2 lates is certified as a mature blockchain system
3 under section 42 of the Securities Exchange Act of
4 1934, it may be offered or sold by a digital com-
5 modity related person or digital commodity affiliated
6 person if—

7 “(A) information described in section
8 4B(b)(5)(C) or comparable thereto, where re-
9 quired by the Commission, is publicly available;
10 and

11 “(B) the digital commodity related person
12 or digital commodity affiliated person has held
13 the units for not less than 12 months from the
14 date the units were delivered.

15 “(g) RULEMAKING ON FURTHER USAGE OF DIGITAL
16 COMMODITIES.—Not later than 270 days after the date
17 of enactment of this section, the Commission may issue
18 rules to exempt, unconditionally or on stated terms or con-
19 ditions, a digital commodity related person or a digital
20 commodity affiliated person from the requirements of this
21 section for the offer or sale of a digital commodity in order
22 to foster the development of mature blockchain systems
23 and fair and orderly markets.”.

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

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

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

6 “(a) CERTIFICATION OF BLOCKCHAIN SYSTEMS.—

7 “(1) CERTIFICATION.—For purposes of sections
8 4(a)(8), 4B, and 4C of the Securities Act of 1933
9 any digital commodity issuer, digital commodity re-
10 lated person, digital commodity affiliated person, or
11 decentralized governance system of the blockchain
12 system may certify to the Securities and Exchange
13 Commission that the blockchain system to which a
14 digital commodity relates is a mature blockchain sys-
15 tem.

16 “(2) FILING REQUIREMENTS.—A certification
17 described under paragraph (1) shall be filed with the
18 Commission, and include such information that is
19 reasonably necessary to establish that the blockchain
20 system is not controlled by any person or group of
21 persons under common control, which may include
22 information regarding—

23 “(A) the operation of the blockchain sys-
24 tem;

25 “(B) the functionality of the related digital
26 commodity;

1 “(C) how the market value of the digital
2 commodity is substantially derived from the
3 programmatic functioning of such blockchain
4 system;

5 “(D) any decentralized governance system
6 which relates to the blockchain system; and

7 “(E) the current roles, if any, of the digital
8 commodity issuer, digital commodity affiliated
9 persons, and digital commodity related persons
10 where such roles are material to the develop-
11 ment or operation of such blockchain system or
12 the decentralized governance system of such
13 blockchain system.

14 “(3) REBUTTABLE PRESUMPTION.—The Com-
15 mission may rebut a certification described under
16 paragraph (1) with respect to a blockchain system if
17 the Commission, within 60 days of receiving such
18 certification, determines that the blockchain system
19 is not a mature blockchain system.

20 “(4) CERTIFICATION REVIEW.—

21 “(A) IN GENERAL.—Any blockchain sys-
22 tem that relates to a digital commodity for
23 which a certification has been made under para-
24 graph (1) shall be considered a mature
25 blockchain system 60 days after the date on

1 which the Commission receives a certification
2 under paragraph (1), unless the Commission
3 notifies the person who made the certification
4 within such time that the Commission is stay-
5 ing the certification due to—

6 “(i) an inadequate explanation by the
7 person making the certification; or

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

10 “(B) PUBLIC NOTICE.—The Commission
11 shall make the following available to the public
12 and provide a copy to the Commodity Futures
13 Trading Commission:

14 “(i) Each certification received under
15 paragraph (1).

16 “(ii) Each stay of the Commission
17 under this subsection, and the reasons
18 therefor.

19 “(iii) Any response from a person
20 making a certification under paragraph (1)
21 to a stay of the certification by the Com-
22 mission.

23 “(C) CONSOLIDATION.—The Commission
24 may consolidate and treat as one submission
25 multiple certifications made under paragraph

1 (1) for the same blockchain system which re-
2 lates to a digital commodity which are received
3 during the review period provided under this
4 paragraph.

5 “(5) STAY OF CERTIFICATION.—

6 “(A) IN GENERAL.—A notification by the
7 Commission pursuant to paragraph (4)(A) shall
8 stay the certification once for up to an addi-
9 tional 120 days from the date of the notifica-
10 tion.

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

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

18 “(A) become effective—

19 “(i) upon the publication of a notifica-
20 tion from the Commission to the person
21 who made the certification that the Com-
22 mission does not object to the certification;
23 or

24 “(ii) at the expiration of the certifi-
25 cation review period; and

1 “(B) not become effective upon the publi-
2 cation of a notification from the Commission to
3 the person who made the certification that the
4 Commission has rebutted the certification.

5 “(7) RECERTIFICATION.—With respect to a
6 blockchain system for which a certification has been
7 rebutted under this subsection, no person may make
8 a certification under paragraph (1) with respect to
9 such blockchain system during the 90-day period be-
10 ginning on the date of such rebuttal.

11 “(8) APPEAL OF REBUTTAL.—

12 “(A) IN GENERAL.—If a certification is re-
13 butted under this section, the person making
14 such certification may appeal the decision to
15 the United States Court of Appeals for the Dis-
16 trict of Columbia, not later than 60 days after
17 the notice of rebuttal is made.

18 “(B) REVIEW.—In an appeal under sub-
19 paragraph (A), the court shall have de novo re-
20 view of the determination to rebut the certifi-
21 cation.

22 “(b) MATURITY CRITERIA.—

23 “(1) SENSE OF CONGRESS.—It is the sense of
24 the Congress that protecting investors, maintaining
25 fair, orderly, and efficient markets, and facilitating

1 capital formation necessitates establishing clear cri-
2 teria for blockchain systems to be deemed mature,
3 as well as enabling the Commission to develop, with-
4 out prejudice to any such criteria codified in statute,
5 alternative criteria by which blockchain systems may
6 be considered not to be controlled by any person or
7 group of persons under common control in order to
8 accommodate changes in markets and technology.

9 “(2) IN GENERAL.—The Commission may issue
10 rules identifying conditions by which a blockchain
11 system, together with its related digital commodity,
12 shall be considered a mature blockchain system, 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 “(3) RULES OF CONSTRUCTION.—

17 “(A) Nothing in this subsection may be
18 construed to permit the Commission to impose
19 additional criteria to the criteria in subsection
20 (c) for certifying that a blockchain system is a
21 mature blockchain system pursuant to sub-
22 section (c).

23 “(B) Nothing in this subsection or sub-
24 section (c) may be construed to limit the Com-
25 mission’s ability to identify alternative condi-

1 tions and criteria by which a blockchain system
2 may be considered a mature blockchain system.

3 “(c) DEEMED MATURE.—

4 “(1) IN GENERAL.—Notwithstanding subsection
5 (b), for the purposes of subsection (a), a digital com-
6 modity issuer, digital commodity related person, dig-
7 ital commodity affiliated person, or decentralized
8 governance system of the blockchain system may es-
9 tablish that a blockchain system, together with its
10 related digital commodity, is not controlled by any
11 person or group of persons under common control,
12 if the blockchain system, together with its related
13 digital asset, meets the requirements described in
14 paragraph (2) or (3).

15 “(2) CRITERIA FOR ANY BLOCKCHAIN SYS-
16 TEM.—The requirements described in this paragraph
17 are the following:

18 “(A) SYSTEM VALUE.—

19 “(i) MARKET VALUE.—The digital
20 commodity has a value that is substantially
21 derived from the adoption, use, and func-
22 tioning of the blockchain system.

23 “(ii) DEVELOPMENT OF VALUE MECH-
24 ANISM SUBSTANTIALLY COMPLETED.—

25 Where the digital commodity issuer has

1 made public a development plan describing
2 how the digital commodity's value is rea-
3 sonably expected to be derived from the
4 programmatic functioning of the
5 blockchain system, the development of such
6 mechanisms has been substantially com-
7 pleted.

8 “(B) FUNCTIONAL SYSTEM.—The
9 blockchain system allows network participants
10 to engage in the activities the blockchain system
11 is intended to provide, including—

12 “(i) using, transmitting, or storing
13 value, or otherwise executing transactions,
14 on the blockchain system;

15 “(ii) deploying, executing, or accessing
16 software or services, or otherwise offering
17 or participating in services, deployed on or
18 integrated with the blockchain system;

19 “(iii) participating in the consensus
20 mechanism, transaction validation process,
21 or decentralized governance system of the
22 blockchain system; or

23 “(iv) operating any client, node,
24 validator, sequencer, or other form of com-

1 putational infrastructure with respect to
2 the blockchain system.

3 “(C) OPEN AND INTEROPERABLE SYS-
4 TEM.—The blockchain system—

5 “(i) is composed of source code that is
6 open source; and

7 “(ii) does not restrict or prohibit
8 based on the exercise of unilateral author-
9 ity any person, other than a digital com-
10 modity issuer, digital commodity related
11 person, or a digital commodity affiliated
12 person from engaging in the activities the
13 blockchain system is intended to provide,
14 including the activities described in sub-
15 paragraph (B).

16 “(D) PROGRAMMATIC SYSTEM.—The
17 blockchain system operates, executes, and en-
18 forces its operations and transactions based
19 solely on pre-established, transparent rules en-
20 coded directly within the source code of the
21 blockchain system.

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

24 “(i) has the unilateral authority, di-
25 rectly or indirectly, through any contract,

1 arrangement, understanding, relationship,
2 or otherwise, to control or materially alter
3 the functionality, operation, or rules of
4 consensus or agreement of the blockchain
5 system or its related digital commodity; or

6 “(ii) has the unilateral authority to di-
7 rect the voting, in the aggregate, of 20
8 percent or more of the outstanding voting
9 power of such blockchain system by means
10 of a related digital commodity, nodes or
11 validators, a decentralized governance sys-
12 tem, or otherwise, in a blockchain system
13 which can be altered by a voting system.

14 “(F) IMPARTIAL SYSTEM.—No person or
15 group of persons under common control pos-
16 sesses a unique permission or privilege to alter
17 the functionality, operation, or rules of con-
18 sensus or agreement of the blockchain system
19 or its related digital commodity, unless such al-
20 teration—

21 “(i) addresses errors, regular mainte-
22 nance, or cybersecurity risks of the
23 blockchain system that affect the pro-
24 grammatic functioning of the blockchain
25 system; and

1 “(ii) is adopted through the consensus
2 or agreement of a decentralized governance
3 system.

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

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

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

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

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

23 “(d) DECENTRALIZED GOVERNANCE SYSTEM.—

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

4 “(2) A blockchain system, together with its dig-
5 ital commodity, shall not be precluded from being
6 considered a mature blockchain system solely based
7 on a functional, administrative, clerical, or ministe-
8 rial action of a decentralized governance system, in-
9 cluding any such action taken by a person acting on
10 behalf of and at the direction of the decentralized
11 governance system, as determined by the Commis-
12 sion and consistent with the protection of investors,
13 maintenance of fair, orderly, and efficient markets,
14 and the facilitation of capital formation.

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

18 **SEC. 206. EFFECTIVE DATE.**

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

24 (1) 360 days after the date of enactment of this
25 Act; or

1 (2) 60 days after the publication in the Federal
2 Register of the final rule implementing the provision.

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

7 **SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PER-**
8 **MITTED PAYMENT STABLECOINS.**

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

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

19 (c) INVESTMENT ADVISERS ACT OF 1940.—Section
20 202(a) of the Investment Advisers Act of 1940 (15 U.S.C.
21 80b–2(a)) is amended—

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

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

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

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

10 (d) INVESTMENT COMPANY ACT OF 1940.—Section
11 2(a) of the Investment Company Act of 1940 (15 U.S.C.
12 80a–2) is amended—

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

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

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

22 (e) SECURITIES INVESTOR PROTECTION ACT OF
23 1970.—Section 16(14) of the Securities Investor Protec-
24 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
25 ing at the end the following: “The term does not include

1 a digital commodity or permitted payment stablecoin, as
2 such terms are defined, respectively, under section 2(a)
3 of the Securities Act of 1933 (15 U.S.C. 77b(a))”.

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

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

9 (1) by moving subsection (c) so as to appear
10 after subsection (b);

11 (2) by designating the undesignated matter at
12 the end of that section as subsection (d); and

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

14 “(e)(1) Rules promulgated under subsection (b) that
15 prohibit fraud, manipulation, or insider trading (but not
16 rules imposing or specifying reporting or recordkeeping re-
17 quirements, procedures, or standards as prophylactic
18 measures against fraud, manipulation, or insider trading),
19 and judicial precedents decided under subsection (b) and
20 rules promulgated thereunder that prohibit fraud, manip-
21 ulation, or insider trading, shall apply with respect to per-
22 mitted payment stablecoin and digital commodity trans-
23 actions engaged in by a broker or dealer or through an
24 alternative trading system or, as applicable, a national se-

1 securities exchange to the same extent as they apply to secu-
2 rities transactions.

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

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

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

20 “(a) AUTHORITY TO BROKER, TRADE, AND CUSTODY
21 PERMITTED PAYMENT STABLECOINS.—Permitted pay-
22 ment stablecoins may be brokered, traded, or custodied by
23 a broker, dealer or through an alternative trading system
24 or 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
5 brokered, 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 accept-
12 ance of a permitted payment stablecoin in those cir-
13 cumstances in which the permitted payment stablecoin is
14 brokered, 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,
22 or national securities exchange.”.

1 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**
2 **TEMS.**

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

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

6 “(a) IN GENERAL.—It”;

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

8 “(b) DIGITAL COMMODITY PROTECTIONS.—

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

13 “(A) digital commodities or permitted pay-
14 ment stablecoins; and

15 “(B) securities.

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

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

20 “(B) with respect to any other rule of the
21 Commission relating to the definition of ‘ex-
22 change’.”.

23 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
24 3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C.
25 78c(a)(2)) is amended by adding at the end the following:
26 “An alternative trading system primarily facilitating the

1 trading of digital commodities, permitted payment
2 stablecoins, or both, is not a ‘facility’ of an exchange.”.

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

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

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

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

14 (a) COMMISSION AUTHORITY.—The Securities and
15 Exchange Commission shall have jurisdiction over digital
16 commodity activities and transactions engaged in by—

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

21 (2) a national securities exchange.

22 (b) RULEMAKING AUTHORITY.—The Securities and
23 Exchange Commission shall have authority to issue rules
24 governing any digital commodity activities and trans-
25 actions engaged in by a broker, dealer, or national securi-

1 ties exchange registered with the Securities and Exchange
2 Commission and exempt from registration with the Com-
3 modity Futures Trading Commission pursuant to section
4 5k of the Commodity Exchange Act, consistent with this
5 section and what is necessary or appropriate in the public
6 interest or for the protection of investors.

7 (c) NATIONAL SECURITIES EXCHANGES.—Not later
8 than 270 days after the date of the enactment of this Act,
9 the Securities and Exchange Commission shall revise the
10 covered regulations to permit a national securities ex-
11 change or affiliate thereof to operate an alternative trad-
12 ing system that permits the trading of digital commod-
13 ities, permitted payment stablecoins, or both by registered
14 brokers or registered dealers that are exempt from reg-
15 istration with the Commodity Futures Trading Commis-
16 sion pursuant section 5k of the Commodity Exchange Act,
17 consistent with this section and what is necessary or ap-
18 propriate in the public interest or for the protection of
19 investors.

20 (d) REGISTERED BROKERS AND REGISTERED DEAL-
21 ERS.—Not later than 270 days after the date of the enact-
22 ment of this Act, the Securities and Exchange Commission
23 shall revise the covered regulations to permit a registered
24 broker or registered dealer that is exempt from registra-
25 tion with the Commodity Futures Trading Commission

1 pursuant to section 5k of the Commodity Exchange Act
2 to operate an alternative trading system that permits the
3 trading of digital commodities, permitted payment
4 stablecoins, or both, consistent with this section and what
5 is necessary or appropriate in the public interest or for
6 the protection of investors.

7 (e) PERMITTED TRADING.—

8 (1) IN GENERAL.—An alternative trading sys-
9 tem operated pursuant to this section and the regu-
10 lations promulgated hereunder shall be permitted to
11 trade upon notice to the Securities and Exchange
12 Commission in a manner prescribed by the Securi-
13 ties and Exchange Commission any digital com-
14 modity that has been listed by a digital commodity
15 exchange in compliance with section 5i(c)(3) of the
16 Commodity Exchange Act.

17 (2) COMMISSION AUTHORITY.—Digital com-
18 modity transactions offered on an alternative trading
19 system operating pursuant to this section shall be
20 subject to the jurisdiction of the Securities and Ex-
21 change Commission. The Securities and Exchange
22 Commission shall have authority to promulgate rules
23 governing such digital commodity transactions of al-
24 ternative trading systems, consistent with this sec-

1 tion and what is necessary or appropriate in the
2 public interest or for the protection of investors.

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

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

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

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

4 (A) national securities exchanges operating
5 an alternative trading system described in sub-
6 section (c); and

7 (B) registered brokers and registered deal-
8 ers operating or subscribing to an alternative
9 trading system described in subsection (d); and
10 (2) apply, as appropriate to the market partici-
11 pants described in subparagraph (1) and customers
12 thereof rules and standards to—

13 (A) prevent fraudulent and manipulative
14 acts and practices;

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

23 (C) remove impediments to and perfect the
24 mechanism of a free and open market in digital
25 commodities or permitted payment stablecoins

1 traded, as applicable, on or by any alternative
2 trading system operating pursuant to sub-
3 section (c) or (d), or any registered broker or
4 registered dealer;

5 (D) in general, protect investors and the
6 public interest; and

7 (E) prohibit any unfair discrimination be-
8 tween—

9 (i) customers;

10 (ii) any market participants described
11 in subparagraphs (A) and (B) of para-
12 graph (1); or

13 (iii) issuers of digital commodities.

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

24 (i) RULE OF CONSTRUCTION.—The enumeration of
25 any category of rules or regulations in this section shall

1 not be construed to limit the authority of the Securities
2 and Exchange Commission to promulgate such rules as
3 may be necessary or appropriate to implement this section
4 and the purposes of this Act, including over—

- 5 (1) system capacity, integrity, and security;
- 6 (2) examinations, inspections, and investiga-
7 tions;
- 8 (3) trade reporting; or
- 9 (4) written procedures for the confidential
10 treatment of trading information.

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

- 16 (1) requirements imposed on registered brokers
17 or registered dealers operating an alternative trading
18 system pursuant to subsection (c) or otherwise
19 transacting in digital commodities or permitted pay-
20 ment stablecoins are consistent with the substantive
21 requirements under section 4u of the Commodity
22 Exchange Act;
- 23 (2) requirements imposed on alternative trading
24 systems operating pursuant to subsection (c) or (d)
25 are not inconsistent with core principles of and are

1 consistent with the other substantive requirements
2 under section 5i of the Commodity Exchange Act;
3 and

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

8 (k) COVERED REGULATIONS DEFINED.—In this sec-
9 tion, the term “covered regulations” means sections
10 242.300, 242.301, 242.302, 242.303, 242.304, and
11 242.1000 through 242.1007 of title 17, Code of Federal
12 Regulations.

13 (l) RULE OF CONSTRUCTION.—Nothing in this sec-
14 tion shall be construed to limit the anti-fraud, anti-manip-
15 ulation, or false reporting enforcement authorities of the
16 Commodity Futures Trading Commission with respect to
17 a contract of sale of a commodity and persons effecting
18 such contracts.

19 **SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIRE-**
20 **MENTS.**

21 (a) IN GENERAL.—For purposes of books and
22 records requirements for brokers, dealers, and exchanges
23 under the Securities and Exchange Act of 1934 (15
24 U.S.C. 78a et seq.), a person may consider records from
25 a blockchain system.

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

5 **SEC. 306. EXEMPTIVE AUTHORITY.**

6 Section 28 of the Securities Act of 1933 (15 U.S.C.
7 77z–3) is amended by striking “by rule or regulation” and
8 inserting “by rule, regulation, or order”.

9 **SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COM-**
10 **MODITY FUTURES TRADING COMMISSION.**

11 Section 15 of the Securities Exchange Act of 1934
12 (15 U.S.C. 78o) is amended by adding at the end the fol-
13 lowing:

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

21 **SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE**
22 **SECURITIES LAWS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 (C) a State bank supervisor;

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

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

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

12 (b) DEFINITIONS.—In this section:

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

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

1 **SEC. 311. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**
2 **NANCIAL IN NATURE.**

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

5 (1) in subparagraph (A), by striking “or securi-
6 ties” and inserting “, securities, or digital commod-
7 ities”; and

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

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

11 Except as otherwise provided under this title, this
12 title and the amendments made by this title shall take ef-
13 fect 360 days after the date of enactment of this Act, ex-
14 cept that, to the extent a provision of this title requires
15 a rulemaking, the provision shall take effect on the later
16 of—

17 (1) 360 days after the date of enactment of this
18 Act; or

19 (2) 60 days after the publication in the Federal
20 Register of the final rule implementing the provision.

21 **SEC. 313. STUDIES ON FOREIGN ADVERSARY PARTICIPA-**
22 **TION.**

23 (a) IN GENERAL.—The Secretary of the Treasury, in
24 consultation with the Commodity Futures Trading Com-
25 mission and the Securities and Exchange Commission,
26 shall, not later than 1 year after date of the enactment

1 of this section, conduct a study and submit a report to
2 the relevant congressional committees that—

3 (1) identifies any digital commodity registrants
4 which are owned by governments of foreign adver-
5 saries;

6 (2) determines whether any governments of for-
7 eign adversaries are collecting personal data or trad-
8 ing data about United States persons in the digital
9 commodity markets; and

10 (3) evaluates whether any proprietary intellec-
11 tual property of digital commodity registrants is
12 being misused or stolen by any governments of for-
13 eign adversaries.

14 (b) GAO STUDY AND REPORT.—

15 (1) IN GENERAL.—The Comptroller General
16 shall, not later than 1 year after date of the enact-
17 ment of this section, conduct a study and submit a
18 report to the relevant congressional committees
19 that—

20 (A) identifies any digital commodity reg-
21 istrants which are owned by governments of
22 foreign adversaries;

23 (B) determines whether any governments
24 of foreign adversaries are collecting personal

1 data or trading data about United States per-
2 sons in the digital commodity markets; and

3 (C) evaluates whether any proprietary in-
4 tellectual property of digital commodity reg-
5 istrants is being misused or stolen by any gov-
6 ernments of foreign adversaries.

7 (c) DEFINITIONS.—In this section:

8 (1) DIGITAL COMMODITY REGISTRANT.—The
9 term “digital commodity registrant” means any per-
10 son required to register as a digital commodity ex-
11 change, digital commodity broker, or digital com-
12 modity dealer under the Commodity Exchange Act.

13 (2) FOREIGN ADVERSARIES.—The term “for-
14 eign adversaries” means the foreign governments
15 and foreign non-government persons determined by
16 the Secretary of Commerce to be foreign adversaries
17 under section 7.4(a) of title 15, Code of Federal
18 Regulations.

19 (3) RELEVANT CONGRESSIONAL COMMIT-
20 TEES.—The term “relevant congressional commit-
21 tees” means—

22 (A) the Committees on Financial Services
23 and Agriculture of the House of Representa-
24 tives; and

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

4 **TITLE IV—REGISTRATION FOR**
5 **DIGITAL COMMODITY INTER-**
6 **MEDIARIES AT THE COM-**
7 **MODITY FUTURES TRADING**
8 **COMMISSION**

9 **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COM-**
10 **MODITY TRANSACTIONS.**

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

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

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

20 “(I) a contract of sale of a com-
21 modity for future delivery or an op-
22 tion on such a contract;

23 “(II) a swap;

24 “(III) a security futures product;

1 “(IV) an option authorized under
2 section 4e of this Act;

3 “(V) an agreement, contract, or
4 transaction described in subparagraph
5 (C)(i) or (D)(i) of subsection (c)(2) of
6 this section; or

7 “(VI) a leverage transaction au-
8 thorized under section 19; or

9 “(ii) the activities of any person with
10 respect to any such an agreement, con-
11 tract, or transaction.”.

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

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

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

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

20 “(H) permitted payment stablecoins.”.

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

24 (1) in subparagraph (D)—

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

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

7 “(iv) Notwithstanding clause (iii), a
8 digital commodity broker may, subject to
9 the requirements of section 4u(c)(2), offer
10 to or enter into an agreement for margin
11 financing with a customer for the purchase
12 or sale of a digital commodity, provided
13 any purchase or sale made pursuant to the
14 agreement shall result in the delivery of
15 the digital commodity into or from an ac-
16 count carried for the customer, as deter-
17 mined by the Commission by rule or regu-
18 lation, based on commercial spot market
19 practices.”; and

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

21 “(F) COMMISSION JURISDICTION WITH RESPECT TO
22 DIGITAL COMMODITY TRANSACTIONS.—

23 “(i) IN GENERAL.—Subject to sections 6d and
24 12(e), the Commission shall have exclusive jurisdic-
25 tion with respect to any account, agreement, con-

1 tract, or transaction involving a contract of sale of
2 a digital commodity in interstate commerce, includ-
3 ing in a digital commodity cash or spot market, that
4 is offered, solicited, traded, facilitated, executed,
5 cleared, reported, or otherwise dealt in—

6 “(I) on or subject to the rules of a reg-
7 istered entity or an entity that is required to be
8 registered as a registered entity; or

9 “(II) by any other entity registered, or re-
10 quired to be registered, with the Commission.

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

13 “(I) custodial or depository activities for a
14 digital commodity of an entity regulated by an
15 appropriate Federal banking agency or a State
16 bank supervisor (within the meaning of section
17 3 of the Federal Deposit Insurance Act); or

18 “(II) an offer or sale of an investment con-
19 tract involving a digital commodity or of a secu-
20 rities offer or sale involving a digital com-
21 modity.

22 “(iii) MIXED DIGITAL ASSET TRANSACTIONS.—

23 “(I) IN GENERAL.—Clause (i) shall not
24 apply to a mixed digital asset transaction.

1 “(II) REPORTS ON MIXED DIGITAL ASSET
2 TRANSACTIONS.—A digital commodity issuer,
3 digital commodity related person, digital com-
4 modity affiliated person, or other person reg-
5 istered with the Securities and Exchange Com-
6 mission that engages in a mixed digital asset
7 transaction, shall, on request of the Commis-
8 sion, open to inspection and examination by the
9 Commission all books and records relating to
10 the mixed digital asset transaction, subject to
11 the confidentiality and disclosure requirements
12 of section 8.

13 “(G) AGREEMENTS, CONTRACTS, AND TRANS-
14 ACTIONS IN STABLECOINS.—

15 “(i) TREATMENT OF PERMITTED PAYMENT
16 STABLECOINS ON COMMISSION-REGISTERED ENTI-
17 TIES.—Subject to clauses (ii) and (iii), the Commis-
18 sion shall have jurisdiction over a cash or spot
19 agreement, contract, or transaction in a permitted
20 payment stablecoin that is offered, offered to enter
21 into, entered into, executed, confirmed the execution
22 of, solicited, or accepted—

23 “(I) on or subject to the rules of a reg-
24 istered entity; or

1 “(II) by any other entity registered with
2 the Commission.

3 “(ii) PERMITTED PAYMENT STABLECOIN
4 TRANSACTION RULES.—This Act shall apply to a
5 transaction described in clause (i) only for the pur-
6 pose of regulating the offer, execution, solicitation,
7 or acceptance of a cash or spot permitted payment
8 stablecoin transaction on a registered entity or by
9 any other entity registered with the Commission, as
10 if the permitted payment stablecoin were a digital
11 commodity.

12 “(iii) NO AUTHORITY OVER PERMITTED PAY-
13 MENT STABLECOINS.—Notwithstanding clauses (i)
14 and (ii), the Commission shall not make a rule or
15 regulation, impose a requirement or obligation on a
16 registered entity or other entity registered with the
17 Commission, or impose a requirement or obligation
18 on a permitted payment stablecoin issuer, regarding
19 the operation of a permitted payment stablecoin
20 issuer or a permitted payment stablecoin.”.

21 (d) CONFORMING AMENDMENT.—Section 2(a)(1)(A)
22 of such Act (7 U.S.C. 2(a)(1)(A)) is amended in the 1st
23 sentence by inserting “subparagraphs (F) and (G) of sub-
24 section (c)(2) of this section or” before “section 19”.

1 **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS**
2 **TO USE QUALIFIED DIGITAL ASSET**
3 **CUSTODIANS.**

4 Section 4d of the Commodity Exchange Act (7 U.S.C.
5 6d) is amended—

6 (1) in subsection (a)(2)—

7 (A) in the 1st proviso, by striking “any
8 bank or trust company” and inserting “any
9 bank, trust company, or qualified digital asset
10 custodian, as applicable,”; and

11 (B) by inserting “: *Provided further*, That
12 any such property that is a digital asset shall
13 be held in a qualified digital asset custodian”
14 before the period at the end; and

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

18 **SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR**
19 **DIGITAL COMMODITIES.**

20 Section 5c of the Commodity Exchange Act (7 U.S.C.
21 7a–2) is amended—

22 (1) in subsection (a), by striking “5(d) and
23 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;

24 (2) in subsection (b)—

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

4 (B) in paragraph (3), by inserting “digital
5 commodity exchange,” before “derivatives” each
6 place it appears;

7 (3) in subsection (c)—

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

10 (B) in paragraph (4)(B), by striking
11 “1a(10)” and inserting “1a(9)”; and

12 (C) in paragraph (5), by adding at the end
13 the following:

14 “(D) SPECIAL RULES FOR DIGITAL COM-
15 MODITY CONTRACTS.—In certifying any new
16 rule or rule amendment, or listing any new con-
17 tract or instrument, in connection with a con-
18 tract of sale of a commodity for future delivery,
19 option, swap, or other agreement, contract, or
20 transaction, that is based on or references a
21 digital commodity, a registered entity shall
22 make or rely on a certification under subsection
23 (d) for the digital commodity.”; and

24 (4) by inserting after subsection (c) the fol-
25 lowing:

1 “(d) CERTIFICATIONS FOR DIGITAL COMMODITY
2 TRADING.—

3 “(1) IN GENERAL.—Notwithstanding subsection
4 (c), for the purposes of listing or offering a digital
5 commodity for trading in a digital commodity cash
6 or spot market, an eligible entity shall submit a
7 written certification to the Commission that the dig-
8 ital commodity meets the requirements of this Act
9 (including the regulations prescribed under this
10 Act).

11 “(2) CONTENTS OF THE CERTIFICATION.—

12 “(A) IN GENERAL.—In making a written
13 certification under this paragraph, the eligible
14 entity shall furnish to the Commission an anal-
15 ysis of how the digital commodity meets the re-
16 quirements of section 5i(c)(3).

17 “(B) RELIANCE ON PRIOR DISCLO-
18 SURES.—In making a certification under this
19 subsection, an eligible entity may rely on the
20 records and disclosures of any relevant person
21 registered with the Securities and Exchange
22 Commission or other State or Federal agency.

23 “(3) MODIFICATIONS.—

1 “(A) IN GENERAL.—An eligible entity shall
2 modify a certification made under paragraph
3 (1) to—

4 “(i) account for significant changes in
5 any information provided to the Commis-
6 sion under paragraph (2)(A)(ii); or

7 “(ii) permit or restrict trading in
8 units of a digital commodity held by a dig-
9 ital commodity related person or a digital
10 commodity affiliated person.

11 “(B) RECERTIFICATION.—Modifications
12 required by this subsection shall be subject to
13 the same disapproval and review process as a
14 new certification under paragraphs (4) and (5).

15 “(4) DISAPPROVAL.—

16 “(A) IN GENERAL.—The written certifi-
17 cation described in paragraph (1) shall become
18 effective unless the Commission finds that the
19 listing of the digital commodity is inconsistent
20 with the requirements of this Act or the rules
21 and regulations prescribed under this Act.

22 “(B) ANALYSIS REQUIRED.—The Commis-
23 sion shall include, with any findings referred to
24 in subparagraph (A), a detailed analysis of the
25 factors on which the decision was based.

1 “(C) PUBLIC FINDINGS.—The Commission
2 shall make public any disapproval decision, and
3 any related findings and analysis, made under
4 this paragraph.

5 “(5) REVIEW.—

6 “(A) IN GENERAL.—Unless the Commis-
7 sion makes a disapproval decision under para-
8 graph (4), the written certification described in
9 paragraph (1) shall become effective, pursuant
10 to the certification by the eligible entity and no-
11 tice of the certification to the public (in a man-
12 ner determined by the Commission) on the date
13 that is—

14 “(i) 20 business days after the date
15 the Commission receives the certification
16 (or such shorter period as determined by
17 the Commission by rule or regulation), in
18 the case of a digital commodity that has
19 not been certified under this section or for
20 which a certification is being modified
21 under paragraph (3); or

22 “(ii) 1 business day after the date the
23 Commission receives the certification (or
24 such shorter period as determined by the
25 Commission by rule or regulation) for any

1 digital commodity that has been certified
2 under this section.

3 “(B) EXTENSIONS.—The time for consid-
4 eration under subparagraph (A) may be ex-
5 tended through notice to the eligible entity that
6 there are novel or complex issues that require
7 additional time to analyze, that the explanation
8 by the submitting eligible entity is inadequate,
9 or of a potential inconsistency with this Act—

10 “(i) once, for 30 business days,
11 through written notice to the eligible entity
12 by the Commission; and

13 “(ii) once, for an additional 30 busi-
14 ness days, through written notice to the el-
15 igible entity from the Commission that in-
16 cludes a description of any deficiencies
17 with the certification, including any—

18 “(I) novel or complex issues
19 which require additional time to ana-
20 lyze;

21 “(II) missing information or in-
22 adequate explanations; or

23 “(III) potential inconsistencies
24 with this Act.

1 “(6) PRIOR APPROVAL BEFORE REGISTRA-
2 TION.—

3 “(A) IN GENERAL.—A person applying for
4 registration with the Commission for the pur-
5 poses of listing or offering a digital commodity
6 for trading in a digital commodity cash or spot
7 market may request that the Commission grant
8 prior approval for the person to list or offer the
9 digital commodity on being registered with the
10 Commission.

11 “(B) REQUEST FOR PRIOR APPROVAL.—A
12 person seeking prior approval under subpara-
13 graph (A) shall furnish the Commission with a
14 written certification that the digital commodity
15 meets the requirements of this Act (including
16 the regulations prescribed under this Act) and
17 the information described in paragraph (2).

18 “(C) DEADLINE.—The Commission shall
19 take final action on a request for prior approval
20 not later than 90 business days after submis-
21 sion of the request, unless the person submit-
22 ting the request agrees to an extension of the
23 time limitation established under this subpara-
24 graph.

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
8 Commission shall include, with any find-
9 ings made under clause (i), a detailed anal-
10 ysis of the factors on which the decision is
11 based.

12 “(iii) PUBLIC FINDINGS.—The Com-
13 mission shall make public any disapproval
14 decision, and any related findings and
15 analysis, made under this paragraph.

16 “(7) ELIGIBLE ENTITY DEFINED.—In this sub-
17 section, the term ‘eligible entity’ means a registered
18 entity or group of registered entities acting jointly.”.

19 **SEC. 404. REGISTRATION OF DIGITAL COMMODITY EX-**
20 **CHANGES.**

21 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
22 is amended by inserting after section 5h the following:

23 **“SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-**
24 **CHANGES.**

25 “(a) IN GENERAL.—

1 “(1) REGISTRATION.—

2 “(A) IN GENERAL.—A trading facility that
3 offers or seeks to offer a cash or spot market
4 in at least 1 digital commodity shall register
5 with the Commission as a digital commodity ex-
6 change.

7 “(B) APPLICATION.—A person desiring to
8 register as a digital commodity exchange shall
9 submit to the Commission an application in
10 such form and containing such information as
11 the Commission may require for the purpose of
12 making the determinations required for ap-
13 proval.

14 “(C) EXEMPTIONS.—A trading facility
15 that offers or seeks to offer a cash or spot mar-
16 ket in at least 1 digital commodity shall not be
17 required to register under this section if the
18 trading facility—

19 “(i) permits no more than a de mini-
20 mis amount of trading activity, as the
21 Commission may determine by rule or reg-
22 ulation, in a digital commodity; or

23 “(ii) serves only customers in a single
24 State, territory, or possession of the
25 United States.

1 “(2) ADDITIONAL REGISTRATIONS.—

2 “(A) WITH THE COMMISSION.—In order to
3 foster the development of fair and orderly mar-
4 kets, protect customers, and promote respon-
5 sible innovation, the Commission—

6 “(i) shall prescribe rules to exempt an
7 entity registered with the Commission
8 under more than 1 section of this Act from
9 duplicative, conflicting, or unduly burden-
10 some provisions of this Act and the rules
11 under this Act;

12 “(ii) shall prescribe rules to address
13 conflicts of interests and activities of the
14 entity; and

15 “(iii) may, after an analysis of the
16 risks and benefits, prescribe rules to pro-
17 vide for portfolio margining.

18 “(B) WITH A REGISTERED FUTURES ASSO-
19 CIATION.—

20 “(i) IN GENERAL.—A registered dig-
21 ital commodity exchange shall become and
22 remain a member of a registered futures
23 association and comply with rules related
24 to such activity, if the registered digital
25 commodity exchange accepts customer

1 funds required to be segregated under sub-
2 section (d).

3 “(ii) RULEMAKING REQUIRED.—The
4 Commission shall require any registered
5 futures association with a digital com-
6 modity exchange as a member to provide
7 such rules as may be necessary to further
8 compliance with subsection (d), protect
9 customers, and promote the public interest.

10 “(C) REGISTRATION REQUIRED.—A person
11 required to be registered as a digital commodity
12 exchange under this section shall register with
13 the Commission as such regardless of whether
14 the person is registered with another State or
15 Federal regulator.

16 “(b) TRADING.—

17 “(1) PROHIBITION ON CERTAIN TRADING PRAC-
18 TICES.—

19 “(A) Section 4b shall apply to any agree-
20 ment, contract, or transaction in a digital com-
21 modity as if the agreement, contract, or trans-
22 action were a contract of sale of a commodity
23 for future delivery.

24 “(B) Section 4c shall apply to any agree-
25 ment, contract, or transaction in a digital com-

1 modity as if the agreement, contract, or trans-
2 action were a transaction involving the purchase
3 or sale of a commodity for future delivery.

4 “(C) Section 4b–1 shall apply to any
5 agreement, contract, or transaction in a digital
6 commodity as if the agreement, contract, or
7 transaction were a contract of sale of a com-
8 modity for future delivery.

9 “(2) PROHIBITION ON ACTING AS A
10 COUNTERPARTY.—

11 “(A) IN GENERAL.—A digital commodity
12 exchange or any affiliate of such an exchange
13 shall not trade on or subject to the rules of the
14 digital commodity exchange for its own account.

15 “(B) EXCEPTIONS.—Subject to any condi-
16 tions, requirements, or limitations imposed by
17 the Commission pursuant to subparagraph (C),
18 a digital commodity exchange may engage in
19 trading on the exchange so long as the trading
20 is not solely for the purpose of the profit of the
21 exchange, including the following:

22 “(i) CUSTOMER DIRECTION.—A trans-
23 action for, or entered into at the direction
24 of, or for the benefit of, an unaffiliated
25 customer.

1 “(ii) RISK MANAGEMENT.—A trans-
2 action to manage the credit, market, and
3 liquidity risks associated with the digital
4 commodity business of the exchange.

5 “(iii) OPERATIONAL NEEDS.—A
6 transaction related to the operational
7 needs of the business of the digital com-
8 modity exchange or its affiliate.

9 “(iv) FUNCTIONAL USE.—A trans-
10 action related to the functional operation
11 of a blockchain system.

12 “(C) RULEMAKING.—The Commission
13 may, by rule, establish conditions, requirements,
14 or other limitations on the activities of a digital
15 commodity exchange and its affiliate permitted
16 pursuant to subparagraph (B) that are nec-
17 essary for the protection of customers, the pro-
18 motion of innovation, or the maintenance of
19 fair, orderly, and efficient markets.

20 “(D) NOTICE REQUIREMENT.—In order
21 for a digital commodity exchange or any affil-
22 iate of a digital commodity exchange to engage
23 in trading on the affiliated exchange pursuant
24 to subsection (B), notice must be given to the
25 Commission that shall enumerate how any pro-

1 posed activity is consistent with the exceptions
2 in subsection (B) and the purposes of this Act.

3 “(c) CORE PRINCIPLES FOR DIGITAL COMMODITY
4 EXCHANGES.—

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 other-
17 wise determined by the Commission by rule or
18 regulation, a digital commodity exchange de-
19 scribed in subparagraph (A) shall have reason-
20 able discretion in establishing the manner in
21 which the digital commodity exchange complies
22 with the core principles described in this sub-
23 section.

24 “(2) COMPLIANCE WITH RULES.—A digital
25 commodity 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
6 the 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,
12 investigate, 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 oper-
20 ation of the exchange, including rules specifying
21 trading procedures to be used in entering and
22 executing orders traded or posted on the facil-
23 ity.

24 “(3) LISTING STANDARDS FOR DIGITAL COM-
25 MODITIES.—

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 Se-
8 curities Act of 1933 (or, with respect to a
9 digital commodity not issued in reliance on
10 section 4(a)(8) of the Securities Act of
11 1933, a comparable set of reports, where
12 required by the Securities and Exchange
13 Commission) have been filed with the Se-
14 curities and 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 de-
18 velopment plan of the blockchain system
19 and is able to be publicly ascertained, has
20 been provided to the public; or

21 “(iii) the blockchain system to which
22 the digital commodity relates, together
23 with the digital commodity, is certified as
24 a mature blockchain system under section
25 42 of 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 deter-
8 mines that the information required
9 by clause (ii) is correct, current, and
10 available to 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
19 commodity relates for which the digital
20 commodity exchange will make the digital
21 commodity available to the customers of
22 the digital commodity exchange, the fol-
23 lowing information:

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,
22 including the number of digital
23 assets to be issued in an initial
24 allocation, the total number of
25 digital commodities to be created,

1 the release schedule for the dig-
2 ital commodities, and the total
3 number of digital commodities
4 then outstanding;

5 “(bb) information detailing
6 any applicable consensus mecha-
7 nism or process for validating
8 transactions, method of gener-
9 ating or mining digital commod-
10 ities, and any process for burning
11 or destroying digital commodities
12 on the blockchain system;

13 “(cc) an explanation of gov-
14 ernance mechanisms for imple-
15 menting changes to the
16 blockchain system or forming
17 consensus among holders of the
18 digital commodities; 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
24 VOLATILITY.—The trading volume

1 and volatility of the digital commodity
2 on the exchange.

3 “(V) ADDITIONAL INFORMA-
4 TION.—Such additional information
5 as the Commission may determine by
6 rule to be necessary for a customer to
7 understand the financial and oper-
8 ational risks of a digital commodity,
9 and to be practically feasible to pro-
10 vide.

11 “(iii) FORMAT.—The Commission
12 shall prescribe rules and regulations for
13 the standardization and simplification of
14 disclosures under clause (ii), including re-
15 quiring that disclosures—

16 “(I) be conspicuous;

17 “(II) use plain language com-
18 prehensible to customers; and

19 “(III) succinctly explain the in-
20 formation that is required to be com-
21 municated to the customer.

22 “(iv) RELIANCE ON PREVIOUS DIS-
23 CLOSURES.—In complying with this sub-
24 paragraph, a digital commodity exchange
25 may rely on and make available to the pub-

1 lic relevant information publicly disclosed
2 to the Commission, the Securities and Ex-
3 change Commission, or an appropriate
4 Federal banking agency.

5 “(C) DIGITAL COMMODITIES HELD BY RE-
6 LATED AND DIGITAL COMMODITY AFFILIATED
7 PERSONS.—A digital commodity exchange shall
8 establish policies and procedures designed to
9 permit the trading of a unit of a digital com-
10 modity acquired from the issuer and held by a
11 digital commodity affiliated person or a digital
12 commodity related person, only in accordance
13 with the requirements of section 4C of the Se-
14 curities Act of 1933.

15 “(4) TREATMENT OF CUSTOMER ASSETS.—A
16 digital commodity exchange shall establish policies
17 and procedures that are designed to protect and en-
18 sure the safety of customer money, assets, and prop-
19 erty.

20 “(5) MONITORING OF TRADING AND TRADE
21 PROCESSING.—

22 “(A) IN GENERAL.—A digital commodity
23 exchange shall provide a competitive, open, and
24 efficient market and mechanism for executing

1 transactions that protects the price discovery
2 process of trading on the exchange.

3 “(B) PROTECTION OF MARKETS AND MAR-
4 KET PARTICIPANTS.—A digital commodity ex-
5 change shall establish and enforce rules—

6 “(i) to protect markets and market
7 participants from abusive practices com-
8 mitted by any party, including abusive
9 practices committed by a party acting as
10 an agent for a participant; and

11 “(ii) to promote fair and equitable
12 trading on the exchange.

13 “(C) TRADING PROCEDURES.—A digital
14 commodity exchange shall—

15 “(i) establish and enforce rules or
16 terms and conditions defining, or specifica-
17 tions detailing—

18 “(I) trading procedures to be
19 used in entering and executing orders
20 traded on or through the facilities of
21 the digital commodity exchange; and

22 “(II) procedures for trade proc-
23 essing of digital commodities on or
24 through the facilities of the digital
25 commodity exchange; and

1 “(ii) monitor trading in digital com-
2 modities to prevent manipulation, price
3 distortion, and disruptions, through sur-
4 veillance, compliance, and disciplinary
5 practices and procedures, including meth-
6 ods for conducting real-time monitoring of
7 trading and comprehensive and accurate
8 trade reconstructions.

9 “(6) ABILITY TO OBTAIN INFORMATION.—A
10 digital commodity exchange shall—

11 “(A) establish and enforce rules that will
12 allow the facility to obtain any necessary infor-
13 mation to perform any of the functions de-
14 scribed in this section;

15 “(B) provide the information to the Com-
16 mission on request; and

17 “(C) have the capacity to carry out such
18 international information-sharing agreements as
19 the Commission may require.

20 “(7) EMERGENCY AUTHORITY.—A digital com-
21 modity exchange shall adopt rules to provide for the
22 exercise of emergency authority, in consultation or
23 cooperation with the Commission or a registered en-
24 tity, as is necessary and appropriate, including the
25 authority to facilitate the liquidation or transfer of

1 open positions in any digital commodity or to sus-
2 pend or curtail trading in a digital commodity.

3 “(8) TIMELY PUBLICATION OF TRADING INFOR-
4 MATION.—

5 “(A) IN GENERAL.—A digital commodity
6 exchange shall make public timely information
7 on price, trading volume, and other trading
8 data on digital commodities to the extent pre-
9 scribed by the Commission.

10 “(B) CAPACITY OF DIGITAL COMMODITY
11 EXCHANGE.—A digital commodity exchange
12 shall have the capacity to electronically capture
13 and transmit trade information with respect to
14 transactions executed on the exchange.

15 “(9) RECORDKEEPING AND REPORTING.—

16 “(A) IN GENERAL.—A digital commodity
17 exchange shall—

18 “(i) maintain records relating to the
19 business of the exchange, including a com-
20 plete audit trail, in a form and manner ac-
21 ceptable to the Commission for a period of
22 5 years;

23 “(ii) report to the Commission, in a
24 form and manner acceptable to the Com-
25 mission, such information as the Commis-

1 sion determines to be necessary or appro-
2 priate for the Commission to perform the
3 duties of the Commission under this Act;
4 and

5 “(iii) keep any such records of digital
6 commodities which relate to a security
7 open to inspection and examination by the
8 Securities and Exchange Commission.

9 “(B) INFORMATION-SHARING.—Subject to
10 section 8, and on request, the Commission shall
11 share information collected under subparagraph
12 (A) with—

13 “(i) the Board;

14 “(ii) the Securities and Exchange
15 Commission;

16 “(iii) each appropriate Federal bank-
17 ing agency;

18 “(iv) each appropriate State bank su-
19 pervisor (within the meaning of section 3
20 of the Federal Deposit Insurance Act);

21 “(v) the Financial Stability Oversight
22 Council;

23 “(vi) the Department of Justice; and

1 “(vii) any other person that the Com-
2 mission determines to be appropriate, in-
3 cluding—

4 “(I) foreign financial supervisors
5 (including foreign futures authorities);

6 “(II) foreign central banks; and

7 “(III) foreign ministries.

8 “(C) CONFIDENTIALITY AGREEMENT.—Be-
9 fore the Commission may share information
10 with any entity described in subparagraph (B),
11 the Commission shall receive a written agree-
12 ment from the entity stating that the entity
13 shall abide by the confidentiality requirements
14 described in section 8 relating to the informa-
15 tion on digital commodities that is provided.

16 “(D) PROVIDING INFORMATION.—A digital
17 commodity exchange shall provide to the Com-
18 mission (including any designee of the Commis-
19 sion) information under subparagraph (A) in
20 such form and at such frequency as is required
21 by the Commission.

22 “(10) ANTITRUST CONSIDERATIONS.—Unless
23 necessary or appropriate to achieve the purposes of
24 this Act, a digital commodity exchange shall not—

1 “(A) adopt any rules or take any actions
2 that result in any unreasonable restraint of
3 trade; or

4 “(B) impose any material anticompetitive
5 burden on trading.

6 “(11) CONFLICTS OF INTEREST.—The digital
7 commodity exchange shall establish and enforce
8 rules—

9 “(A) to minimize conflicts of interest in
10 the decision making processes of the contract
11 market; and

12 “(B) to establish a process for resolving
13 conflicts of interest referred to in subparagraph
14 (A).

15 “(12) FINANCIAL RESOURCES.—

16 “(A) IN GENERAL.—A digital commodity
17 exchange shall have adequate financial, oper-
18 ational, and managerial resources, as deter-
19 mined by the Commission, to discharge each re-
20 sponsibility of the digital commodity exchange.

21 “(B) MINIMUM AMOUNT OF FINANCIAL RE-
22 SOURCES.—A digital commodity exchange shall
23 possess financial resources that, at a minimum,
24 exceed the sum of—

1 “(i) the total amount that would en-
2 able the digital commodity exchange to
3 cover the operating costs of the digital
4 commodity exchange for a 1-year period,
5 as calculated on a rolling basis; and

6 “(ii) the total amount necessary to
7 meet the financial obligations of the digital
8 commodity exchange to all customers of
9 the digital commodity exchange.

10 “(13) DISCIPLINARY PROCEDURES.—A digital
11 commodity exchange shall establish and enforce dis-
12 ciplinary procedures that authorize the digital com-
13 modity exchange to discipline, suspend, or expel
14 members or market participants that violate the
15 rules of the digital commodity exchange, or similar
16 methods for performing the same functions, includ-
17 ing delegation of the functions to third parties.

18 “(14) GOVERNANCE FITNESS STANDARDS.—

19 “(A) GOVERNANCE ARRANGEMENTS.—A
20 digital commodity exchange shall establish gov-
21 ernance arrangements that are transparent and
22 designed to permit consideration of the views of
23 market participants.

1 “(B) FITNESS STANDARDS.—A digital
2 commodity exchange shall establish and enforce
3 appropriate 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 as-
7 sets.

8 “(15) SYSTEM SAFEGUARDS.—A digital com-
9 modity exchange shall—

10 “(A) establish and maintain a program of
11 risk analysis and oversight to identify and mini-
12 mize sources of operational and security risks,
13 through the development of appropriate controls
14 and procedures, and automated systems in ac-
15 cordance with industry standards, that—

16 “(i) are reliable and secure; and

17 “(ii) have adequate scalable capacity;

18 “(B) establish and maintain emergency
19 procedures, backup resources, and a plan for
20 disaster recovery that allow for—

21 “(i) the timely recovery and resump-
22 tion of operations; and

23 “(ii) the fulfillment of the responsibil-
24 ities and obligations of the digital com-
25 modity exchange; and

1 “(C) periodically conduct tests to verify
2 that the backup resources of the digital com-
3 modity exchange are sufficient to ensure contin-
4 ued—

5 “(i) order processing and trade
6 matching;

7 “(ii) price reporting;

8 “(iii) market surveillance; and

9 “(iv) maintenance of a comprehensive
10 and accurate audit trail.

11 “(d) HOLDING OF CUSTOMER ASSETS.—

12 “(1) IN GENERAL.—A digital commodity ex-
13 change shall hold customer money, assets, and prop-
14 erty in a manner to minimize the risk of loss to the
15 customer or unreasonable delay in customer access
16 to the money, assets, and property of the customer.

17 “(2) SEGREGATION OF FUNDS.—

18 “(A) IN GENERAL.—A digital commodity
19 exchange shall treat and deal with all money,
20 assets, and property that is received by the dig-
21 ital commodity exchange, or accrues to a cus-
22 tomer as the result of trading in digital com-
23 modities, as belonging to the customer.

24 “(B) COMMINGLING PROHIBITED.—Money,
25 assets, and property described in subparagraph

1 (A) shall be separately accounted for and shall
2 not be commingled with the funds of the digital
3 commodity exchange or be used to margin, se-
4 cure, or guarantee any trades or accounts of
5 any customer or person other than the person
6 for whom the same are held.

7 “(C) EXCEPTIONS.—

8 “(i) USE OF FUNDS.—

9 “(I) IN GENERAL.—Notwith-
10 standing subparagraph (A), money,
11 assets, and property described in sub-
12 paragraph (A) may, for convenience,
13 be commingled and deposited in the
14 same account or accounts with any
15 bank, trust company, derivatives
16 clearing organization, or qualified dig-
17 ital asset custodian.

18 “(II) WITHDRAWAL.—Notwith-
19 standing subparagraph (A), such
20 share of the money, assets, and prop-
21 erty described in subparagraph (A) as
22 in the normal course of business shall
23 be necessary to margin, guarantee, se-
24 cure, transfer, adjust, or settle a con-
25 tract of sale of a digital commodity

1 with a registered entity may be with-
2 drawn and applied to such purposes,
3 including the payment of commis-
4 sions, brokerage, interest, taxes, stor-
5 age, and other charges, lawfully ac-
6 cruing in connection with the con-
7 tract.

8 “(ii) COMMISSION ACTION.—Notwith-
9 standing subparagraph (A), in accordance
10 with such terms and conditions as the
11 Commission may prescribe by rule, regula-
12 tion, or order, any money, assets, or prop-
13 erty of the customers of a digital com-
14 modity exchange may be commingled and
15 deposited in customer accounts with any
16 other money, assets, or property received
17 by the digital commodity exchange and re-
18 quired by the Commission to be separately
19 accounted for and treated and dealt with
20 as belonging to the customer of the digital
21 commodity exchange.

22 “(3) PERMITTED INVESTMENTS.—Money de-
23 scribed in paragraph (2) may be invested in obliga-
24 tions of the United States, in general obligations of
25 any State or of any political subdivision of a State,

1 and in obligations fully guaranteed as to principal
2 and interest by the United States, or in any other
3 investment that the Commission may by rule or reg-
4 ulation prescribe, and such investments shall be
5 made in accordance with such rules and regulations
6 and subject to such conditions as the Commission
7 may prescribe.

8 “(4) CUSTOMER PROTECTION DURING BANK-
9 RUPTCY.—

10 “(A) CUSTOMER PROPERTY.—All assets
11 held on behalf of a customer by a digital com-
12 modity exchange, and all money, assets, and
13 property of any customer received by a digital
14 commodity exchange for trading or custody, or
15 to facilitate, margin, guarantee, or secure con-
16 tracts of sale of a digital commodity (including
17 money, assets, or property accruing to the cus-
18 tomer as the result of the transactions), shall
19 be considered customer property for purposes of
20 section 761 of title 11, United States Code.

21 “(B) TRANSACTIONS.—A transaction in-
22 volving the sale of a unit of a digital commodity
23 occurring on or subject to the rules of a digital
24 commodity exchange shall be considered a con-
25 tract for the purchase or sale of a commodity

1 for future delivery, on or subject to the rules of,
2 a contract market or board of trade for pur-
3 poses of the definition of ‘commodity contract’
4 in section 761 of title 11, United States Code.

5 “(C) EXCHANGES.—A digital commodity
6 exchange shall be considered a futures commis-
7 sion merchant for purposes of section 761 of
8 title 11, United States Code.

9 “(D) ASSETS REMOVED FROM SEGREGA-
10 TION.—Assets removed from segregation due to
11 a customer election under paragraph (6) shall
12 not be considered customer property for pur-
13 poses of section 761 of title 11, United States
14 Code.

15 “(5) MISUSE OF CUSTOMER PROPERTY.—

16 “(A) IN GENERAL.—It shall be unlawful—

17 “(i) for any digital commodity ex-
18 change that has received any customer
19 money, assets, or property for custody to
20 dispose of, or use any such money, assets,
21 or property as belonging to the digital
22 commodity exchange or any person other
23 than a customer of the digital commodity
24 exchange; or

1 “(ii) for any other person, including
2 any depository, other digital commodity ex-
3 change, or digital asset custodian that has
4 received any customer money, assets, or
5 property for deposit, to hold, dispose of, or
6 use any such money, assets, or property, or
7 property, as belonging to the depositing
8 digital commodity exchange or any person
9 other than the customers of the digital
10 commodity exchange.

11 “(B) USE FURTHER DEFINED.—For pur-
12 poses of this section, ‘use’ of a digital com-
13 modity includes utilizing any unit of a digital
14 asset to participate in a blockchain service de-
15 fined in paragraph (6) or a decentralized gov-
16 ernance system associated with the digital com-
17 modity or the blockchain system to which the
18 digital commodity relates in any manner other
19 than that expressly directed by the customer
20 from whom the unit of a digital commodity was
21 received.

22 “(6) PARTICIPATION IN BLOCKCHAIN SERV-
23 ICES.—

24 “(A) IN GENERAL.—A customer shall have
25 the right to waive the restrictions in paragraph

1 (2) for any unit of a digital commodity to be
2 used under subparagraph (B) of this para-
3 graph, by affirmatively electing, in writing to
4 the digital commodity exchange, to waive the
5 restrictions.

6 “(B) USE OF FUNDS.—Customer digital
7 commodities removed from segregation under
8 subparagraph (A) may be pooled and used by
9 the digital commodity exchange or its designee
10 to provide a blockchain service for a blockchain
11 system to which the unit of the digital asset re-
12 moved from segregation in subparagraph (A)
13 relates.

14 “(C) LIMITATIONS.—

15 “(i) IN GENERAL.—The Commission
16 shall, by rule, establish notice and disclo-
17 sure requirements, and may, by rule, es-
18 tablish any other limitations and rules re-
19 lated to the waiving of any restrictions
20 under this paragraph that are reasonably
21 necessary to protect customers, including
22 eligible contract participants, non-eligible
23 contract participants, or any other class of
24 customers.

1 “(ii) CUSTOMER CHOICE.—A digital
2 commodity exchange may not require a
3 waiver from a customer described in sub-
4 paragraph (A) as a condition of doing
5 business on the exchange.

6 “(D) BLOCKCHAIN SERVICE DEFINED.—In
7 this paragraph, the term ‘blockchain service’
8 means any activity relating to validating trans-
9 actions on a blockchain system, providing secu-
10 rity for a blockchain system, or other similar
11 activity required for the ongoing operation of a
12 blockchain system.

13 “(e) MARKET ACCESS REQUIREMENTS.—The Com-
14 mission may, by rule, impose any additional requirements
15 related to the operations and activities of the digital com-
16 modity exchange and an affiliated digital commodity
17 broker necessary to protect market participants, promote
18 fair and equitable trading on the digital commodity ex-
19 change, and promote responsible innovation.

20 “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-
21 CER.—

22 “(1) IN GENERAL.—A digital commodity ex-
23 change shall designate an individual to serve as a
24 chief compliance officer.

1 “(2) DUTIES.—The chief compliance officer
2 shall—

3 “(A) report directly to the board or to the
4 senior officer of the exchange;

5 “(B) review compliance with the core prin-
6 ciples in this subsection;

7 “(C) in consultation with the board of the
8 exchange, a body performing a function similar
9 to that of a board, or the senior officer of the
10 exchange, resolve any conflicts of interest that
11 may arise;

12 “(D) establish and administer the policies
13 and procedures required to be established pur-
14 suant to this section;

15 “(E) ensure compliance with this Act and
16 the rules and regulations issued under this Act,
17 including rules prescribed by the Commission
18 pursuant to this section; and

19 “(F) establish procedures for the remedi-
20 ation of noncompliance issues found during
21 compliance office reviews, look backs, internal
22 or external audit findings, self-reported errors,
23 or through validated complaints.

24 “(3) REQUIREMENTS FOR PROCEDURES.—In
25 establishing procedures under paragraph (2)(F), the

1 chief compliance officer shall design the procedures
2 to establish the handling, management response, re-
3 mediation, retesting, and closing of noncompliance
4 issues.

5 “(4) ANNUAL REPORTS.—

6 “(A) IN GENERAL.—In accordance with
7 rules prescribed by the Commission, the chief
8 compliance officer shall annually prepare and
9 sign a report that contains a description of—

10 “(i) the compliance of the digital com-
11 modity exchange with this Act; and

12 “(ii) the policies and procedures, in-
13 cluding the code of ethics and conflicts of
14 interest policies, of the digital commodity
15 exchange.

16 “(B) REQUIREMENTS.—The chief compli-
17 ance officer shall—

18 “(i) submit each report described in
19 subparagraph (A) with the appropriate fi-
20 nancial report of the digital commodity ex-
21 change that is required to be submitted to
22 the Commission pursuant to this section;
23 and

1 “(ii) include in the report a certifi-
2 cation that, under penalty of law, the re-
3 port is accurate and complete.

4 “(g) APPOINTMENT OF TRUSTEE.—

5 “(1) IN GENERAL.—If a proceeding under sec-
6 tion 5e results in the suspension or revocation of the
7 registration of a digital commodity exchange, or if a
8 digital commodity exchange withdraws from registra-
9 tion, the Commission, on notice to the digital com-
10 modity exchange, may apply to the appropriate
11 United States district court where the digital com-
12 modity exchange is located for the appointment of a
13 trustee.

14 “(2) ASSUMPTION OF JURISDICTION.—If the
15 Commission applies for appointment of a trustee
16 under paragraph (1)—

17 “(A) the court may take exclusive jurisdic-
18 tion over the digital commodity exchange and
19 the records and assets of the digital commodity
20 exchange, wherever located; and

21 “(B) if the court takes jurisdiction under
22 subparagraph (A), the court shall appoint the
23 Commission, or a person designated by the
24 Commission, as trustee with power to take pos-
25 session and continue to operate or terminate

1 the operations of the digital commodity ex-
2 change in an orderly manner for the protection
3 of customers subject to such terms and condi-
4 tions as the court may prescribe.

5 “(h) QUALIFIED DIGITAL ASSET CUSTODIAN.—A
6 digital commodity exchange shall hold in a qualified digital
7 asset custodian each unit of a digital asset that is—

8 “(1) the property of a customer of the digital
9 commodity exchange;

10 “(2) required to be held by the digital com-
11 modity exchange under subsection (c)(12) of this
12 section; or

13 “(3) otherwise so required by the Commission
14 to reasonably protect customers.

15 “(i) EXEMPTIONS.—

16 “(1) In order to promote responsible innovation
17 and fair competition, or protect customers, the Com-
18 mission may (on its own initiative or on application
19 of the registered digital commodity exchange) ex-
20 empt, either unconditionally or on stated terms or
21 conditions or for stated periods and either retro-
22 actively or prospectively, or both, a registered digital
23 commodity exchange from the requirements of this
24 section, if the Commission determines that—

1 “(A) the exemption would be consistent
2 with the public interest and the purposes of this
3 Act; and

4 “(B) the exemption will not have a mate-
5 rial adverse effect on the ability of the Commis-
6 sion or the digital commodity exchange to dis-
7 charge regulatory or self-regulatory duties
8 under this Act.

9 “(2) The Commission may exempt, condi-
10 tionally or unconditionally, a digital commodity ex-
11 change from registration under this section if the
12 Commission finds that the digital commodity ex-
13 change is subject to comparable, comprehensive su-
14 pervision and regulation on a consolidated basis by
15 the appropriate governmental authorities in the
16 home country of the facility.

17 “(j) CUSTOMER DEFINED.—In this section, the term
18 ‘customer’ means any person that maintains an account
19 for the trading of digital commodities directly with a dig-
20 ital commodity exchange (other than a person that is
21 owned or controlled, directly or indirectly, by the digital
22 commodity exchange) for its own behalf or on behalf of
23 any other person.

24 “(k) FEDERAL PREEMPTION.—Notwithstanding any
25 other provision of law, the Commission shall have exclusive

1 jurisdiction over any digital commodity exchange reg-
2 istered under this section with respect to activities and
3 transactions subject to this Act.”.

4 **SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.**

5 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
6 as amended by the preceding provisions of this Act, is
7 amended by inserting after section 5i the following:

8 **“SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.**

9 “(a) IN GENERAL.—A person is a qualified digital
10 asset custodian for purposes of this Act if the person—

11 “(1) holds digital assets on behalf of a person
12 registered under this Act or a customer of a person
13 registered under this Act; and

14 “(2) is in compliance with subsections (b) and
15 (c).

16 “(b) SUPERVISION REQUIREMENT.—A person is in
17 compliance with this subsection if the person is subject
18 to—

19 “(1) supervision and examination for custody
20 and safekeeping of digital assets by an appropriate
21 Federal banking agency, the National Credit Union
22 Administration, the Commission, or the Securities
23 and Exchange Commission; or

1 “(2) adequate supervision and appropriate reg-
2 ulation for custody and safekeeping of digital assets
3 by—

4 “(A) a State bank supervisor (within the
5 meaning of section 3 of the Federal Deposit In-
6 surance Act);

7 “(B) a State credit union supervisor, as
8 defined under section 6003 of the Anti-Money
9 Laundering Act of 2020; or

10 “(C) an appropriate foreign governmental
11 authority in the home country of the digital
12 commodity custodian.

13 “(c) OTHER REQUIREMENTS.—A person shall be in
14 compliance with this subsection if:

15 “(1) NOT OTHERWISE PROHIBITED.—The per-
16 son has not been prohibited by its supervisor from
17 engaging in an activity with respect to the custody
18 and safekeeping of digital assets.

19 “(2) INFORMATION SHARING.—

20 “(A) IN GENERAL.—The person shares in-
21 formation with the Commission on request and
22 complies with such requirements for periodic
23 sharing of information regarding customer ac-
24 counts that the person holds on behalf of an en-
25 tity registered with the Commission as the

1 Commission determines by rule are reasonably
2 necessary to effectuate any of the provisions, or
3 to accomplish any of the purposes, of this Act.

4 “(B) PROVISION OF INFORMATION.—If the
5 person is subject to regulation and examination
6 by an appropriate Federal banking agency, the
7 person may satisfy any information request de-
8 scribed in subparagraph (A) by providing the
9 Commission with a detailed listing, in writing,
10 of the digital assets of a customer in the cus-
11 tody of, or use by, the person.

12 “(C) RULEMAKING FOR CFTC ENTITIES.—

13 “(i) IN GENERAL.—The Commission
14 shall prescribe rules to permit a person
15 registered with the Commission to be a
16 qualified digital asset custodian in compli-
17 ance with this section.

18 “(ii) CONTENT.—In prescribing the
19 rules under subparagraph (A), the Com-
20 mission shall require a person registered
21 with the Commission to—

22 “(I) implement requirement con-
23 sistent with the requirements in sub-
24 section (d)(1);

1 “(II) establish sufficient system
2 safeguards;

3 “(III) prevent or mitigate con-
4 flicts of interest, as appropriate; and

5 “(IV) establish separate govern-
6 ance arrangements for the custodial
7 function of the entity.

8 “(d) ADEQUATE SUPERVISION AND APPROPRIATE
9 REGULATION.—

10 “(1) IN GENERAL.—For purposes of subsection
11 (b), the terms ‘adequate supervision’ and ‘appro-
12 priate regulation’ mean such minimum standards for
13 supervision and regulation as are reasonably nec-
14 essary to protect the digital assets held by a person
15 registered under this Act, including standards relat-
16 ing to the licensing, examination, and supervisory
17 processes that require the person to, at a min-
18 imum—

19 “(A) receive a review and evaluation of
20 ownership, character and fitness, conflicts of in-
21 terest, business model, financial statements,
22 funding resources, and policies and procedures
23 of the person;

24 “(B) hold capital sufficient for the finan-
25 cial integrity of the person;

1 “(C) protect customer assets;

2 “(D) establish and maintain books and
3 records regarding the business of the person;

4 “(E) submit financial statements and au-
5 dited financial statements to the applicable su-
6 pervisor described in subsection (b);

7 “(F) provide disclosures to the applicable
8 supervisor described in subsection (b) regarding
9 actions, proceedings, and other items as deter-
10 mined by the supervisor;

11 “(G) maintain and enforce policies and
12 procedures for compliance with applicable State
13 and Federal laws, including those related to
14 anti-money laundering and cybersecurity;

15 “(H) establish a business continuity plan
16 to ensure functionality in cases of disruption;
17 and

18 “(I) establish policies and procedures to re-
19 solve complaints.

20 “(2) RULEMAKING WITH RESPECT TO DEFINI-
21 TIONS.—

22 “(A) IN GENERAL.—For purposes of this
23 section, the Commission may, by rule, further
24 define the terms ‘adequate supervision’ and ‘ap-
25 propriate regulation’ as necessary and appro-

1 appropriate for the protection of customers, and con-
2 sistent with the purposes of this Act.

3 “(B) CONDITIONAL TREATMENT OF CER-
4 TAIN CUSTODIANS BEFORE RULEMAKING.—Be-
5 fore the effective date of a rulemaking under
6 subparagraph (A), a trust company is deemed
7 subject to adequate supervision and appropriate
8 regulation if—

9 “(i) the trust company is expressly
10 permitted by a State bank supervisor to
11 engage in the custody and safekeeping of
12 digital assets;

13 “(ii) the State bank supervisor has es-
14 tablished licensing, examination, and su-
15 pervisory processes that require the trust
16 company to, at a minimum, meet the con-
17 ditions described in subparagraphs (A)
18 through (I) of paragraph (1); and

19 “(iii) the trust company is in good
20 standing with its State bank supervisor.

21 “(C) TRANSITION PERIOD FOR CERTAIN
22 CUSTODIANS.—In implementing the rulemaking
23 under subparagraph (A), the Commission shall
24 provide a transition period of not less than 2
25 years for any trust company that is deemed

1 subject to adequate supervision and appropriate
2 regulation under subparagraph (B) on the ef-
3 fective date of the rulemaking.

4 “(e) AUTHORITY TO TEMPORARILY SUSPEND
5 STANDARDS.—The Commission may, by rule or order,
6 temporarily suspend, in whole or in part, any requirement
7 imposed under, or any standard referred to in, this sec-
8 tion, or any requirement to utilize a qualified digital asset
9 custodian, if the Commission determines that the suspen-
10 sion would be consistent with the public interest and the
11 purposes of this Act.”.

12 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**
13 **COMMODITY BROKERS AND DEALERS.**

14 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
15 is amended by inserting after section 4t the following:

16 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**
17 **COMMODITY BROKERS AND DEALERS.**

18 “(a) REGISTRATION.—

19 “(1) REQUIREMENT.—It shall be unlawful for
20 any person to act as a digital commodity broker or
21 digital commodity dealer unless the person is reg-
22 istered as such with the Commission.

23 “(2) ADDITIONAL REGISTRATION.—

24 “(A) RULES.—In order to foster the devel-
25 opment of fair and orderly markets, protect

1 customers, and promote responsible innovation,
2 the Commission—

3 “(i) shall prescribe rules to exempt an
4 entity registered with the Commission
5 under more than 1 section of this Act from
6 duplicative, conflicting, or unduly burden-
7 some provisions of this Act and the rules
8 under this Act;

9 “(ii) shall prescribe rules to address
10 conflicts of interests and the activities of
11 the entity; and

12 “(iii) may after an analysis of the
13 risks and benefits, prescribe rules to pro-
14 vide for portfolio margining.

15 “(B) WITH MEMBERSHIP IN A REG-
16 ISTERED FUTURES ASSOCIATION.—Any person
17 required to be registered as a digital commodity
18 broker or digital commodity dealer under this
19 section shall become and remain a member of
20 a registered futures association.

21 “(b) REQUIREMENTS.—

22 “(1) IN GENERAL.—A person shall register as
23 a digital commodity broker or digital commodity
24 dealer by filing a registration application with the
25 Commission.

1 “(2) CONTENTS.—

2 “(A) IN GENERAL.—The application shall
3 be made in such form and manner as is pre-
4 scribed by the Commission, and shall contain
5 such information as the Commission considers
6 necessary concerning the business in which the
7 applicant is or will be engaged.

8 “(B) CONTINUAL REPORTING.—A person
9 that is registered as a digital commodity broker
10 or digital commodity dealer shall continue to
11 submit to the Commission reports that contain
12 such information pertaining to the business of
13 the person as the Commission may require.

14 “(3) STATUTORY DISQUALIFICATION.—Except
15 to the extent otherwise specifically provided by rule,
16 regulation, or order, it shall be unlawful for a digital
17 commodity broker or digital commodity dealer to
18 permit any person who is associated with a digital
19 commodity broker or a digital commodity dealer and
20 who is subject to a statutory disqualification to ef-
21 fect or be involved in effecting a contract of sale of
22 a digital commodity on behalf of the digital com-
23 modity broker or the digital commodity dealer, re-
24 spectively, if the digital commodity broker or digital
25 commodity dealer, respectively, knew, or in the exer-

1 cise of reasonable care should have known, of the
2 statutory disqualification.

3 “(c) RULEMAKING.—

4 “(1) IN GENERAL.—The Commission shall pre-
5 scribe such rules applicable to registered digital com-
6 modity brokers and registered digital commodity
7 dealers as are appropriate to carry out this section,
8 including rules in the public interest that limit the
9 activities of digital commodity brokers and digital
10 commodity dealers.

11 “(2) FINANCING AGREEMENTS.—

12 “(A) IN GENERAL.—The Commission shall
13 prescribe rules and regulations applicable to
14 digital commodity brokers or digital commodity
15 dealers which shall set forth minimum require-
16 ments related to disclosure, recordkeeping, mar-
17 gin financing arrangements, rehypothecation,
18 capital, reporting, business conduct, documenta-
19 tion, and supervision of employees and agents,
20 in connection with—

21 “(i) an agreement described in section
22 2(c)(2)(D)(iv); or

23 “(ii) any other margined, leveraged,
24 or financing arrangement for the purchase

1 or sale of a digital commodity with an eli-
2 gible contract participant.

3 “(B) SPECIFIC AUTHORITY.—Except as
4 prohibited in section 2(c)(2)(G)(iii), the Com-
5 mission may also make, promulgate, and en-
6 force such rules and regulations as, in the judg-
7 ment of the Commission, are reasonably nec-
8 essary to effectuate any of the provisions of, or
9 to accomplish any of the purposes of, this Act
10 in connection with an agreement referred to in
11 subparagraph (A) of this paragraph.

12 “(d) CAPITAL REQUIREMENTS.—

13 “(1) IN GENERAL.—Each digital commodity
14 broker and digital commodity dealer shall meet such
15 minimum capital requirements as the Commission
16 may prescribe to address the risks associated with
17 digital commodity trading and to ensure that the
18 digital commodity broker or digital commodity deal-
19 er, respectively, is able, at all times, to—

20 “(A) meet, and continue to meet the obli-
21 gations of such a registrant; and

22 “(B) fulfill obligations to customers or
23 counterparties for any margined, leveraged, or
24 financed transactions.

1 “(2) FUTURES COMMISSION MERCHANTS AND
2 OTHER DEALERS.—Each futures commission mer-
3 chant, introducing broker, digital commodity broker,
4 digital commodity dealer, broker, and dealer shall
5 maintain sufficient capital to comply with the strict-
6 er of any applicable capital requirements to which
7 the futures commission merchant, introducing
8 broker, digital commodity broker, digital commodity
9 dealer, broker, or dealer, respectively, is subject
10 under this Act or the Securities Exchange Act of
11 1934 (15 U.S.C. 78a et seq.).

12 “(e) REPORTING AND RECORDKEEPING.—Each dig-
13 ital commodity broker and digital commodity dealer—

14 “(1) shall make such reports as are required by
15 the Commission by rule or regulation regarding the
16 transactions, positions, and financial condition of the
17 digital commodity broker or digital commodity deal-
18 er, respectively;

19 “(2) shall keep books and records in such form
20 and manner and for such period as may be pre-
21 scribed by the Commission by rule or regulation; and

22 “(3) shall keep the books and records open to
23 inspection and examination by any representative of
24 the Commission.

25 “(f) DAILY TRADING RECORDS.—

1 “(1) IN GENERAL.—Each digital commodity
2 broker and digital commodity dealer shall maintain
3 daily trading records of the transactions of the dig-
4 ital commodity broker or digital commodity dealer,
5 respectively, and all related records (including re-
6 lated forward or derivatives transactions) and re-
7 corded communications, including electronic mail, in-
8 stant messages, and recordings of telephone calls,
9 for such period as the Commission may require by
10 rule or regulation.

11 “(2) INFORMATION REQUIREMENTS.—The daily
12 trading records shall include such information as the
13 Commission shall require by rule or regulation.

14 “(3) COUNTERPARTY RECORDS.—Each digital
15 commodity broker and digital commodity dealer shall
16 maintain daily trading records for each customer or
17 counterparty in a manner and form that is identifi-
18 able with each digital commodity transaction.

19 “(4) AUDIT TRAIL.—Each digital commodity
20 broker and digital commodity dealer shall maintain
21 a complete audit trail for conducting comprehensive
22 and accurate trade reconstructions.

23 “(g) BUSINESS CONDUCT STANDARDS.—

24 “(1) IN GENERAL.—Each digital commodity
25 broker and digital commodity dealer shall conform

1 with such business conduct standards as the Com-
2 mission, by rule or regulation, prescribes related
3 to—

4 “(A) fraud, manipulation, and other abu-
5 sive practices involving spot or margined, lever-
6 aged, or financed digital commodity trans-
7 actions (including transactions that are offered
8 but not entered into);

9 “(B) diligent supervision of the business of
10 the registered digital commodity broker or dig-
11 ital commodity dealer, respectively; and

12 “(C) such other matters as the Commis-
13 sion deems appropriate.

14 “(2) BUSINESS CONDUCT REQUIREMENTS.—
15 The Commission shall, by rule, prescribe business
16 conduct requirements which—

17 “(A) require disclosure by a registered dig-
18 ital commodity broker and registered digital
19 commodity dealer to any counterparty to the
20 transaction (other than an eligible contract par-
21 ticipant) of—

22 “(i) information about the material
23 risks and characteristics of the digital com-
24 modity;

1 “(ii) information about the material
2 risks and characteristics of the transaction;

3 “(B) establish a duty for such a digital
4 commodity broker and such a digital commodity
5 dealer to communicate in a fair and balanced
6 manner based on principles of fair dealing and
7 good faith;

8 “(C) establish standards governing digital
9 commodity broker and digital commodity dealer
10 marketing and advertising, including
11 testimonials and endorsements; and

12 “(D) establish such other standards and
13 requirements as the Commission may determine
14 are appropriate for the protection of customers.

15 “(3) PROHIBITION ON FRAUDULENT PRAC-
16 TICES.—It shall be unlawful for a digital commodity
17 broker or digital commodity dealer to—

18 “(A) employ any device, scheme, or artifice
19 to defraud any customer or counterparty;

20 “(B) engage in any transaction, practice,
21 or course of business that operates as a fraud
22 or deceit on any customer or counterparty; or

23 “(C) engage in any act, practice, or course
24 of business that is fraudulent, deceptive, or ma-
25 nipulative.

1 “(h) DUTIES.—

2 “(1) RISK MANAGEMENT PROCEDURES.—Each
3 digital commodity broker and digital commodity
4 dealer shall establish robust and professional risk
5 management systems adequate for managing the
6 day-to-day business of the digital commodity broker
7 or digital commodity dealer, respectively.

8 “(2) DISCLOSURE OF GENERAL INFORMA-
9 TION.—Each digital commodity broker and digital
10 commodity dealer shall disclose to the Commission
11 information concerning—

12 “(A) the terms and conditions of the trans-
13 actions of the digital commodity broker or dig-
14 ital commodity dealer, respectively;

15 “(B) the trading operations, mechanisms,
16 and practices of the digital commodity broker
17 or digital commodity dealer, respectively;

18 “(C) financial integrity protections relating
19 to the activities of the digital commodity broker
20 or digital commodity dealer, respectively; and

21 “(D) other information relevant to trading
22 in digital commodities by the digital commodity
23 broker or digital commodity dealer, respectively.

1 “(3) ABILITY TO OBTAIN INFORMATION.—Each
2 digital commodity broker and digital commodity
3 dealer shall—

4 “(A) establish and enforce internal systems
5 and procedures to obtain any necessary infor-
6 mation to perform any of the functions de-
7 scribed in this section; and

8 “(B) provide the information to the Com-
9 mission, on request.

10 “(4) CONFLICTS OF INTEREST.—Each digital
11 commodity broker and digital commodity dealer shall
12 establish, maintain, and enforce written policies and
13 procedures reasonably designed, taking into consid-
14 eration the nature of the business of the person, to
15 mitigate any conflicts of interest in transactions or
16 arrangements with affiliates.

17 “(5) ANTITRUST CONSIDERATIONS.—Unless
18 necessary or appropriate to achieve the purposes of
19 this Act, a digital commodity broker or digital com-
20 modity dealer shall not—

21 “(A) adopt any process or take any action
22 that results in any unreasonable restraint of
23 trade; or

24 “(B) impose any material anticompetitive
25 burden on trading or clearing.

1 “(i) DESIGNATION OF CHIEF COMPLIANCE OFFI-
2 CER.—

3 “(1) IN GENERAL.—Each digital commodity
4 broker and digital commodity dealer shall designate
5 an individual to serve as a chief compliance officer.

6 “(2) DUTIES.—The chief compliance officer
7 shall—

8 “(A) report directly to the board or to the
9 senior officer of the registered digital com-
10 modity broker or registered digital commodity
11 dealer;

12 “(B) review the compliance of the reg-
13 istered digital commodity broker or registered
14 digital commodity dealer with respect to the
15 registered digital commodity broker and reg-
16 istered digital commodity dealer requirements
17 described in this section;

18 “(C) in consultation with the board of di-
19 rectors, a body performing a function similar to
20 the board, or the senior officer of the organiza-
21 tion, resolve any conflicts of interest that may
22 arise;

23 “(D) be responsible for administering each
24 policy and procedure that is required to be es-
25 tablished pursuant to this section;

1 “(E) ensure compliance with this Act (in-
2 cluding regulations), including each rule pre-
3 scribed by the Commission under this section;

4 “(F) establish procedures for the remedi-
5 ation of noncompliance issues identified by the
6 chief compliance officer through any—

7 “(i) compliance office review;

8 “(ii) look-back;

9 “(iii) internal or external audit find-
10 ing;

11 “(iv) self-reported error; or

12 “(v) validated complaint; and

13 “(G) establish and follow appropriate pro-
14 cedures for the handling, management response,
15 remediation, retesting, and closing of non-
16 compliance issues.

17 “(3) ANNUAL REPORTS.—

18 “(A) IN GENERAL.—In accordance with
19 rules prescribed by the Commission, the chief
20 compliance officer shall annually prepare and
21 sign a report that contains a description of—

22 “(i) the compliance of the registered
23 digital commodity broker or registered dig-
24 ital commodity dealer with this Act (in-
25 cluding regulations); and

1 “(ii) each policy and procedure of the
2 registered digital commodity broker or reg-
3 istered digital commodity dealer followed
4 by the chief compliance officer (including
5 the code of ethics and conflict of interest
6 policies).

7 “(B) REQUIREMENTS.—The chief compli-
8 ance officer shall ensure that a compliance re-
9 port under subparagraph (A)—

10 “(i) accompanies each appropriate fi-
11 nancial report of the registered digital
12 commodity broker or registered digital
13 commodity dealer that is required to be
14 furnished to the Commission pursuant to
15 this section; and

16 “(ii) includes a certification that,
17 under penalty of law, the compliance re-
18 port is accurate and complete.

19 “(j) SEGREGATION OF DIGITAL COMMODITIES.—

20 “(1) HOLDING OF CUSTOMER ASSETS.—

21 “(A) IN GENERAL.—Each digital com-
22 modity broker and digital commodity dealer
23 shall hold customer money, assets, and property
24 in a manner to minimize the risk of loss to the
25 customer or unreasonable delay in customer ac-

1 cess to the money, assets, and property of the
2 customer.

3 “(B) QUALIFIED DIGITAL ASSET CUSTO-
4 DIAN.—Each digital commodity broker and dig-
5 ital commodity dealer shall hold in a qualified
6 digital asset custodian each unit of a digital
7 asset that is—

8 “(i) the property of a customer or
9 counterparty of the digital commodity
10 broker or digital commodity dealer, respec-
11 tively;

12 “(ii) required to be held by the digital
13 commodity broker or digital commodity
14 dealer under subsection (e); or

15 “(iii) otherwise so required by the
16 Commission to reasonably protect cus-
17 tomers or promote the public interest.

18 “(2) SEGREGATION OF FUNDS.—

19 “(A) IN GENERAL.—Each digital com-
20 modity broker and digital commodity dealer
21 shall treat and deal with all money, assets, and
22 property that is received by the digital com-
23 modity broker or digital commodity dealer, or
24 accrues to a customer as the result of trading

1 in digital commodities, as belonging to the cus-
2 tomer.

3 “(B) COMMINGLING PROHIBITED.—

4 “(i) IN GENERAL.—Except as pro-
5 vided in clause (ii), each digital commodity
6 broker and digital commodity dealer shall
7 separately account for money, assets, and
8 property of a digital commodity customer,
9 and shall not commingle any such money,
10 assets, or property with the funds of the
11 digital commodity broker or digital com-
12 modity dealer, respectively, or use any such
13 money, assets, or property to margin, se-
14 cure, or guarantee any trades or accounts
15 of any customer or person other than the
16 person for whom the money, assets, or
17 property are held.

18 “(ii) EXCEPTIONS.—

19 “(I) USE OF FUNDS.—

20 “(aa) IN GENERAL.—A dig-
21 ital commodity broker or digital
22 commodity dealer may, for con-
23 venience, commingle and deposit
24 in the same account or accounts
25 with any bank, trust company,

1 derivatives clearing organization,
2 or qualified digital asset custo-
3 dian money, assets, and property
4 of customers.

5 “(bb) WITHDRAWAL.—The
6 share of the money, assets, and
7 property described in item (aa)
8 as in the normal course of busi-
9 ness shall be necessary to mar-
10 gin, guarantee, secure, transfer,
11 adjust, or settle a contract of sale
12 of a digital commodity with a
13 registered entity may be with-
14 drawn and applied to such pur-
15 poses, including the payment of
16 commissions, brokerage, interest,
17 taxes, storage, and other charges,
18 lawfully accruing in connection
19 with the contract.

20 “(II) COMMISSION ACTION.—In
21 accordance with such terms and con-
22 ditions as the Commission may pre-
23 scribe by rule, regulation, or order,
24 any money, assets, or property of the
25 customers of a digital commodity

1 broker or digital commodity dealer
2 may be commingled and deposited in
3 customer accounts with any other
4 money, assets, or property received by
5 the digital commodity broker or dig-
6 ital commodity dealer, respectively,
7 and required by the Commission to be
8 separately accounted for and treated
9 and dealt with as belonging to the
10 customer of the digital commodity
11 broker or digital commodity dealer,
12 respectively.

13 “(3) PERMITTED INVESTMENTS.—Money de-
14 scribed in paragraph (2) may be invested in obliga-
15 tions of the United States, in general obligations of
16 any State or of any political subdivision of a State,
17 in obligations fully guaranteed as to principal and
18 interest by the United States, or in any other invest-
19 ment that the Commission may by rule or regulation
20 allow.

21 “(4) CUSTOMER PROTECTION DURING BANK-
22 RUPTCY.—

23 “(A) CUSTOMER PROPERTY.—All money,
24 assets, or property described in paragraph (2)
25 shall be considered customer property for pur-

1 poses of section 761 of title 11, United States
2 Code.

3 “(B) TRANSACTIONS.—A transaction in-
4 volving a unit of a digital commodity occurring
5 with a digital commodity broker or digital com-
6 modity dealer shall be considered a contract for
7 the purchase or sale of a commodity for future
8 delivery, on or subject to the rules of, a con-
9 tract market or board of trade for purposes of
10 the definition of a ‘commodity contract’ in sec-
11 tion 761 of title 11, United States Code.

12 “(C) BROKERS AND DEALERS.—A digital
13 commodity broker and a digital commodity
14 dealer shall be considered a futures commission
15 merchant for purposes of section 761 of title
16 11, United States Code.

17 “(D) ASSETS REMOVED FROM SEGREGA-
18 TION.—Assets removed from segregation due to
19 a customer election under paragraph (6) shall
20 not be considered customer property for pur-
21 poses of section 761 of title 11, United States
22 Code.

23 “(5) MISUSE OF CUSTOMER PROPERTY.—

24 “(A) IN GENERAL.—It shall be unlawful—

1 “(i) for any digital commodity broker
2 or digital commodity dealer that has re-
3 ceived any customer money, assets, or
4 property for custody to dispose of, or use
5 any such money, assets, or property as be-
6 longing to the digital commodity broker or
7 digital commodity dealer, respectively, or
8 any person other than a customer of the
9 digital commodity broker or digital com-
10 modity dealer, respectively; or

11 “(ii) for any other person, including
12 any depository, digital commodity ex-
13 change, other digital commodity broker,
14 other digital commodity dealer, or digital
15 commodity custodian that has received any
16 customer money, assets, or property for
17 deposit, to hold, dispose of, or use any
18 such money, assets, or property, as belong-
19 ing to the depositing digital commodity
20 broker or digital commodity dealer or any
21 person other than the customers of the
22 digital commodity broker or digital com-
23 modity dealer, respectively.

24 “(B) USE FURTHER DEFINED.—For pur-
25 poses of this section, ‘use’ of a digital com-

1 modity includes utilizing any unit of a digital
2 asset to participate in a blockchain service de-
3 fined in paragraph (6) or a decentralized gov-
4 ernance system associated with the digital com-
5 modity or the blockchain system to which the
6 digital commodity relates in any manner other
7 than that expressly directed by the customer
8 from whom the unit of a digital commodity was
9 received.

10 “(6) PARTICIPATION IN BLOCKCHAIN SERV-
11 ICES.—

12 “(A) IN GENERAL.—A customer shall have
13 the right to waive the restrictions in paragraph
14 (2) for any unit of a digital commodity to be
15 used under subparagraph (B) of this para-
16 graph, by affirmatively electing, in writing to
17 the digital commodity broker or digital com-
18 modity dealer, to waive the restrictions.

19 “(B) USE OF FUNDS.—Customer digital
20 commodities removed from segregation under
21 subparagraph (A) may be pooled and used by
22 the digital commodity broker or digital com-
23 modity dealer, or one of their designees, to pro-
24 vide a blockchain service for a blockchain sys-
25 tem to which the unit of the digital asset re-

1 moved from segregation in subparagraph (A)
2 relates.

3 “(C) LIMITATIONS.—

4 “(i) IN GENERAL.—The Commission
5 shall, by rule, establish notice and disclo-
6 sure requirements, and may, by rule, es-
7 tablish any other limitations and rules re-
8 lated to the waiving of any restrictions
9 under this paragraph that are reasonably
10 necessary to protect customers, including
11 eligible contract participants, non-eligible
12 contract participants, or any other class of
13 customers.

14 “(ii) CUSTOMER CHOICE.—A digital
15 commodity broker or digital commodity
16 dealer may not require a waiver from a
17 customer described in subparagraph (A) as
18 a condition of doing business with the
19 broker or dealer.

20 “(D) BLOCKCHAIN SERVICE DEFINED.—In
21 this paragraph, the term ‘blockchain service’
22 means any activity relating to validating trans-
23 actions on a blockchain system, providing secu-
24 rity for a blockchain system, or other similar

1 activity required for the ongoing operation of a
2 blockchain system.

3 “(k) FEDERAL PREEMPTION.—Notwithstanding any
4 other provision of law, the Commission shall have exclusive
5 jurisdiction over any digital commodity broker or digital
6 commodity dealer registered under this section with re-
7 spect to activities subject to this Act.

8 “(l) EXEMPTIONS.—In order to promote responsible
9 innovation and fair competition, or protect customers, the
10 Commission may (on its own initiative or on application
11 of the registered digital commodity broker or registered
12 digital commodity dealer) exempt, unconditionally or on
13 stated terms or conditions, or for stated periods, and
14 retroactively or prospectively, or both, a registered digital
15 commodity broker or registered digital commodity dealer
16 from the requirements of this section, if the Commission
17 determines that—

18 “(1)(A) the exemption would be consistent with
19 the public interest and the purposes of this Act; and

20 “(B) the exemption will not have a material ad-
21 verse effect on the ability of the Commission to dis-
22 charge regulatory duties under this Act; or

23 “(2) the registered digital commodity broker or
24 registered digital commodity dealer is subject to
25 comparable, comprehensive supervision and regula-

1 tion by the appropriate government authorities in
2 the home country of the registered digital commodity
3 broker or registered digital commodity dealer, re-
4 spectively.”.

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
9 (6) 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 as-
14 sociated person of a digital commodity dealer unless the
15 person is registered with the Commission under this Act
16 and such registration shall not have expired, been sus-
17 pended (and the period of suspension has not expired),
18 or been revoked. It shall be unlawful for a digital com-
19 modity broker or a digital commodity dealer to permit
20 such a person to become or remain associated with the
21 digital commodity broker or digital commodity dealer if
22 the digital commodity broker or digital commodity dealer
23 knew or should have known that the person was not so
24 registered or that the registration had expired, been sus-

1 pending (and the period of suspension has not expired),
2 or been revoked.”; and

3 (3) in subsection (5) (as so redesignated), by
4 striking “or of a commodity trading advisor” and in-
5 serting “of a commodity trading advisor, of a digital
6 commodity broker, or of a digital commodity deal-
7 er”.

8 (b) CONFORMING AMENDMENTS.—The Commodity
9 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking
10 “section 4k(6)” each place it appears and inserting “sec-
11 tion 4k(7)”.

12 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**
13 **TORS AND COMMODITY TRADING ADVISORS.**

14 (a) IN GENERAL.—Section 4m(3) of the Commodity
15 Exchange Act (7 U.S.C. 6m(3)) is amended—

16 (1) in subparagraph (A)—

17 (A) by striking “any commodity trading
18 advisor” and inserting “a commodity pool oper-
19 ator or commodity trading advisor”; and

20 (B) by striking “acting as a commodity
21 trading advisor” and inserting “acting as a
22 commodity pool operator or commodity trading
23 advisor”; and

24 (2) in subparagraph (C), by inserting “digital
25 commodities,” after “physical commodities,”.

1 (b) EXEMPTIVE AUTHORITY.—Section 4m of such
2 Act (7 U.S.C. 6m) is amended by adding at the end the
3 following:

4 “(4) EXEMPTIVE AUTHORITY.—The Commission
5 shall promulgate rules to provide appropriate exemptions
6 for commodity pool operators and commodity trading advi-
7 sors, to provide relief from duplicative, conflicting, or un-
8 duly burdensome requirements or to promote responsible
9 innovation, to the extent the exemptions foster the devel-
10 opment of fair and orderly cash or spot digital commodity
11 markets, are necessary or appropriate in the public inter-
12 est, and are consistent with the protection of customers.”.

13 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
14 **TIVITIES.**

15 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
16 as amended by the preceding provisions of this Act, is
17 amended by inserting after section 4u the following:

18 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
19 **JECT TO THIS ACT.**

20 “(a) IN GENERAL.—Notwithstanding any other pro-
21 vision of this Act, a person shall not be subject to this
22 Act and the regulations promulgated under this Act based
23 on the person directly or indirectly engaging in any of the
24 following activities, whether singly or in combination, in

1 relation to the operation of a blockchain system or in rela-
2 tion to decentralized finance trading protocol:

3 “(1) Compiling network transactions or relay-
4 ing, searching, sequencing, validating, or acting in a
5 similar capacity.

6 “(2) Providing computational work, operating a
7 node or oracle service, or procuring, offering, or uti-
8 lizing network bandwidth, or other similar incidental
9 services.

10 “(3) Providing a user-interface that enables a
11 user to read, and access data about a blockchain
12 system.

13 “(4) Developing, publishing, constituting, ad-
14 ministering, maintaining, or otherwise distributing a
15 blockchain system or a decentralized finance trading
16 protocol.

17 “(5) Developing, publishing, constituting, ad-
18 ministering, maintaining, or otherwise distributing a
19 decentralized finance messaging system, or operating
20 or participating in a liquidity pool, for the purpose
21 of executing a spot contract for the purchase or sale
22 of a digital commodity in relation to a decentralized
23 finance trading protocol.

24 “(6) Developing, publishing, constituting, ad-
25 ministering, maintaining, or otherwise distributing

1 software or systems that create or deploy hardware
2 or software, including wallets or other systems, fa-
3 cilitating an individual user’s own personal ability to
4 keep, safeguard, or custody the user’s digital assets
5 or related private keys.

6 “(b) EXCEPTIONS.—Subsection (a) shall not be inter-
7 preted to apply to the anti-fraud, anti-manipulation, or
8 false reporting enforcement authorities of the Commis-
9 sion.”.

10 **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**
11 **FORCEMENT.**

12 (a) COLLECTION OF FEES.—

13 (1) IN GENERAL.—The Commodity Futures
14 Trading Commission (in this section referred to as
15 the “Commission”) shall charge and collect a filing
16 fee from each person who files with the Commission
17 an application for registration and is in provisional
18 status as a digital commodity exchange, digital com-
19 modity broker, or digital commodity dealer pursuant
20 to section 106.

21 (2) AMOUNT.—The fees authorized under para-
22 graph (1) may be collected and available for obliga-
23 tion only in the amounts provided in advance in an
24 appropriation Act.

1 (3) AUTHORITY TO ADJUST FEES.—Notwith-
2 standing the preceding provisions of this subsection,
3 to promote fair competition or innovation, the Com-
4 mission, in its sole discretion, may reduce or elimi-
5 nate any fee otherwise required to be paid by a small
6 or medium filer under this subsection.

7 (b) FEE SCHEDULE.—

8 (1) IN GENERAL.—The Commission shall pub-
9 lish in the Federal Register a schedule of the fees
10 to be charged and collected under this section.

11 (2) CONTENT.—The fee schedule for a fiscal
12 year shall include a written analysis of the estimate
13 of the Commission of the total costs of carrying out
14 the functions of the Commission under this Act dur-
15 ing the fiscal year.

16 (3) SUBMISSION TO CONGRESS.—Before pub-
17 lishing the fee schedule for a fiscal year, the Com-
18 mission shall submit a copy of the fee schedule to
19 the Committees on Agriculture and on Appropria-
20 tions of the House of Representatives and the Com-
21 mittees on Agriculture, Nutrition, and Forestry and
22 on Appropriations of the Senate.

23 (4) TIMING.—

24 (A) 1ST FISCAL YEAR.—The Commission
25 shall publish the fee schedule for the fiscal year

1 in which this Act is enacted, within 30 days
2 after the date of the enactment of this Act.

3 (B) SUBSEQUENT FISCAL YEARS.—The
4 Commission shall publish the fee schedule for
5 each subsequent fiscal year, not less than 90
6 days before the due date prescribed by the
7 Commission for payment of the annual fee for
8 the fiscal year.

9 (c) LATE PAYMENT PENALTY.—

10 (1) IN GENERAL.—The Commission may im-
11 pose a penalty against a person that fails to pay an
12 annual fee charged under this section, within 30
13 days after the due date prescribed by the Commis-
14 sion for payment of the fee.

15 (2) AMOUNT.—The amount of the penalty shall
16 be—

17 (A) 5 percent of the amount of the fee due,
18 multiplied by

19 (B) the whole number of consecutive 30-
20 day periods that have elapsed since the due
21 date.

22 (d) REIMBURSEMENT OF EXCESS FEES.—To the ex-
23 tent that the total amount of fees collected under this sec-
24 tion during a fiscal year that begins after the date of the
25 enactment of this Act exceeds the amount provided under

1 subsection (a)(2) with respect to the fiscal year, the Com-
2 mission shall reimburse the excess amount to the persons
3 who have timely paid their annual fees, on a pro-rata basis
4 that excludes penalties, and shall do so within 60 days
5 after the end of the fiscal year.

6 (e) DEPOSIT OF FEES INTO THE TREASURY.—All
7 amounts collected under this section shall be credited to
8 the currently applicable appropriation, account, or fund of
9 the Commission as discretionary offsetting collections, and
10 shall be available for the purposes authorized in subsection
11 (f) only to the extent and in the amounts provided in ad-
12 vance in appropriations Acts.

13 (f) AUTHORIZATION OF APPROPRIATIONS.—In addi-
14 tion to amounts otherwise authorized to be appropriated
15 to the Commission, there is authorized to be appropriated
16 to the Commission amounts collected under this section
17 to cover the costs the costs of carrying out the functions
18 of the Commission under this Act.

19 (g) EXPEDITED HIRING AUTHORITY.—

20 (1) APPOINTMENT AUTHORITY.—The Chair-
21 man, pursuant to section 6(a), may appoint individ-
22 uals to a position described in paragraph (2) of this
23 subsection—

24 (A) in accordance with the statutes, rules,
25 and regulations governing appointments to posi-

1 tions in the excepted service (as defined in sec-
2 tion 2103 of title 5, United States Code); and

3 (B) without regard to any statute, rule, or
4 regulation governing appointments to positions
5 in the competitive service (as defined in section
6 2102 of such title).

7 (2) POSITION DESCRIBED.—A position referred
8 to in subparagraph (1) is a position at the Commis-
9 sion that—

10 (A) is in the competitive service (as defined
11 in section 2102 of such title); and

12 (B) requires specialized knowledge of dig-
13 ital commodities markets, financial and capital
14 market formation or regulation, financial mar-
15 ket structures or surveillance, data collection or
16 analysis, or information technology, cybersecu-
17 rity, or system safeguards.

18 (3) RULE OF CONSTRUCTION.—The appoint-
19 ment of a candidate to a position under this sub-
20 section shall not be considered to cause the position
21 to be converted from the competitive service to the
22 excepted service.

23 (h) SUNSET.—The authorities provided by this sec-
24 tion shall expire at the end of the 4th fiscal year that be-
25 gins 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.),
4 as amended by the preceding provisions of this Act, is
5 amended 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
13 as the Commission, by rule, may prescribe as nec-
14 essary or appropriate in the public interest or for
15 the protection of investors, the alternative trading
16 system shall be exempt from registration as a digital
17 commodity exchange pursuant to section 5i if—

18 “(A) the alternative trading system does
19 not list any retail commodity transactions pur-
20 suant to section 2(c)(2)(D);

21 “(B) the provider, or an affiliated person
22 of the provider, of the alternative trading sys-
23 tem is not otherwise registered under this Act;

24 “(C) the alternative trading system lists or
25 trades no other contracts of sale of commod-

1 ities, except for digital commodities, currencies,
2 and securities; and

3 “(D) the registration of the alternative
4 trading system is not suspended pursuant to an
5 order by the Securities and Exchange Commis-
6 sion.

7 “(2) FURTHER REQUIREMENTS.—An alter-
8 native trading system that provides notice to the
9 Commission pursuant to paragraph (1) of this sub-
10 section shall be exempt from the requirements of
11 section 5i to the extent that the alternative trading
12 system—

13 “(A) is in compliance with requirements
14 consistent with the requirements of section 5i
15 and imposed on the alternative trading system
16 by the Securities and Exchange Commission;

17 “(B) annually files with the Commission,
18 in a form and manner acceptable to the Com-
19 mission, a notice that demonstrates compliance
20 with this paragraph and contains any other in-
21 formation the Commission determines to be
22 necessary or appropriate to perform the duties
23 of the Commission under this Act; and

24 “(C) has total trading volume in digital
25 commodities during any calendar quarter in ei-

1 ther of its 2 most recently completed fiscal
2 years that does not exceed the lesser of—

3 “(i) 25 percent of the total trading
4 volume for all transactions over the same
5 period; 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 com-
9 modities, except for digital commodities, cur-
10 rencies, 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
16 a national securities association registered pur-
17 suant 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
23 broker 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 Se-
2 curities and Exchange Commission;

3 “(B) annually files with the Commission,
4 in a form and manner acceptable to the Com-
5 mission, a notice that demonstrates compliance
6 with this subsection and contains any other in-
7 formation the Commission determines to be
8 necessary or appropriate to perform the duties
9 of the Commission under this Act; and

10 “(C) has consolidated annual gross finan-
11 cial revenues in either of its 2 most recently
12 completed fiscal years from sales, commissions
13 or 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
23 of sale of digital commodities.”.

1 **SEC. 412. REQUIREMENTS RELATED TO CONTROL PER-**
2 **SONS.**

3 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
4 as amended the preceding provisions of this Act, is amend-
5 ed by inserting after section 4v the following:

6 **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN**
7 **CONTROL PERSONS.**

8 “(a) LIMITATION.—It shall be unlawful for a
9 blockchain control person with respect to a blockchain sys-
10 tem certified as a mature blockchain system in accordance
11 with section 42 of the Securities Exchange Act of 1934
12 to sell a unit of a digital commodity related to the
13 blockchain system unless the person files notice with the
14 Commission, in a form and manner determined by the
15 Commission, that the person has or intends to obtain an
16 authority described in subsection (b)(1) with respect to the
17 blockchain system, and complies with rules adopted by the
18 Commission that require—

19 “(1) disclosure of information to the Commis-
20 sion and the public about the material activities, as
21 determined by the Commission, of the blockchain
22 control person; and

23 “(2)(A) the use of a digital commodity broker
24 to effect the sale; or

25 “(B) such other sales restrictions applicable to
26 the blockchain control person, or any affiliated

1 blockchain control person, to prevent manipulation
2 and distortion of the value of the digital commodity
3 and promote further maturity of the blockchain sys-
4 tem to which the digital commodity relates.

5 “(b) DEFINITIONS.—In this section:

6 “(1) BLOCKCHAIN CONTROL PERSON.—The
7 term ‘blockchain control person’ means, with respect
8 to a blockchain system, any person or group of per-
9 sons under common control, other than a decentral-
10 ized governance system, who—

11 “(A) has the unilateral authority, directly
12 or indirectly, through any contract, arrange-
13 ment, understanding, relationship, or otherwise,
14 to control or materially alter the functionality,
15 operation, or rules of consensus or agreement of
16 the blockchain system or its related digital com-
17 modity; or

18 “(B) has the unilateral authority to direct
19 the voting, in the aggregate, of 20 percent or
20 more of the outstanding voting power of the
21 blockchain system by means of a related digital
22 commodity, nodes or validators, a decentralized
23 governance system, or otherwise, in a
24 blockchain system which can be altered by a
25 voting system.

1 “(2) AFFILIATED BLOCKCHAIN CONTROL PER-
2 SON.—The term ‘affiliated blockchain control per-
3 son’ means any person directly or indirectly control-
4 ling, controlled by, or under common control with a
5 blockchain control person, as the Commission by
6 rule or regulation, may determine will effectuate the
7 purposes of this section.”.

8 **SEC. 413. OTHER TRADABLE ASSETS.**

9 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
10 as amended by the preceding provisions of this Act, is
11 amended by inserting after section 4w the following:

12 **“SEC. 4x. TRADING REQUIREMENTS FOR OTHER TRADABLE**
13 **ASSETS.**

14 “(a) LIMITATION.—A tradable asset shall not be of-
15 fered, solicited, traded, facilitated, executed, cleared, re-
16 ported, or otherwise dealt in, on or subject to the rules
17 of a registered entity, or by any other entity registered
18 with the Commission, except in accordance with subsection
19 (b).

20 “(b) REQUIREMENTS.—

21 “(1) A tradable digital asset that is offered, so-
22 solicited, traded, facilitated, executed, cleared, re-
23 ported, or otherwise dealt in on or subject to the
24 rules of a registered entity, or by any other entity

1 registered with the Commission, shall be treated as
2 a digital commodity for purposes of this Act.

3 “(2) In addition to the other requirements of
4 this Act, the Commission may, by rule or regulation,
5 impose additional obligations on any person reg-
6 istered under this Act offering, soliciting, trading,
7 facilitating, executing, clearing, reporting, or other-
8 wise dealing in a tradable asset, or class thereof,
9 pursuant to paragraph (1) as are necessary for the
10 protection of customers, the promotion of innova-
11 tion, and the maintenance of fair, orderly, and effi-
12 cient markets, including additional obligations re-
13 lated to—

14 “(A) disclosure;

15 “(B) recordkeeping;

16 “(C) capital;

17 “(D) reporting;

18 “(E) business conduct;

19 “(F) documentation;

20 “(G) supervision of employees; and

21 “(H) segregation.

22 “(3) PROHIBITION ON TRADING.—A tradable
23 asset, the primary purpose of which is to be used to
24 commit fraud or market manipulation, or engage in
25 any other conduct that would result in abusive prac-

1 tices or be disruptive to market integrity, shall not
2 be offered, solicited, traded, facilitated, executed,
3 cleared, reported, or otherwise dealt in on or subject
4 to the rules of a registered entity, or by any other
5 entity registered with the Commission.

6 “(c) **TRADABLE ASSET DEFINED.**—In this section,
7 the term ‘tradable asset’ means a digital asset other
8 than—

9 “(1) a digital commodity that is treated as such
10 other than by reason of subsection (b)(1) of this sec-
11 tion; or

12 “(2) a digital asset excluded from the definition
13 of digital commodity pursuant to subclause (I)
14 through (VII) of section 1a(16)(F)(iii).

15 “(d) **GUIDANCE ON FRAUDULENT, MANIPULATIVE,**
16 **OR DISRUPTIVE TRADABLE ASSETS.**—The Commission
17 may, after public notice and comment, issue guidance es-
18 tablishing criteria for determining if the primary purpose
19 of a tradable asset is to be used to commit fraud or market
20 manipulation, or engage in any other conduct that would
21 result in abusive practices or be disruptive to market in-
22 tegrity.”.

1 **SEC. 414. EFFECTIVE DATE.**

2 Unless otherwise provided in this title, this title and
3 the amendments made by this title shall take effect 270
4 days after the date of the enactment of this Act.

5 **SEC. 415. SENSE OF CONGRESS.**

6 It is the sense of Congress that nothing in this Act
7 or any amendment made by this Act should be interpreted
8 to authorize any entity to regulate any commodity, other
9 than a digital commodity, on any spot market.

10 **TITLE V—INNOVATION AND**
11 **TECHNOLOGY IMPROVEMENTS**

12 **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

13 (a) FINDINGS.—Congress finds the following:

14 (1) Entrepreneurs and innovators are building
15 and deploying this next generation of the internet.

16 (2) Digital commodity networks represent a
17 new way for people to join together and cooperate
18 with one another to undertake certain activities.

19 (3) Digital commodities have the potential to be
20 the foundational building blocks of these systems,
21 aligning the economic incentive for individuals to co-
22 operate with one another to achieve a common pur-
23 pose.

24 (4) The digital commodity ecosystem has the
25 potential to grow our economy and improve everyday
26 lives of Americans by facilitating collaboration

1 through the use of technology to manage activities,
2 allocate resources, and facilitate decision making.

3 (5) Blockchain systems and the digital commod-
4 ities they empower provide control, enhance trans-
5 parency, reduce transaction costs, and increase effi-
6 ciency if proper protections are put in place for in-
7 vestors, consumers, our financial system, and our
8 national security.

9 (6) Blockchain technology facilitates new types
10 of network participation which businesses in the
11 United States may utilize in innovative ways.

12 (7) Other digital commodity companies are set-
13 ting up their operations outside of the United
14 States, where countries are establishing frameworks
15 to embrace the potential of blockchain technology
16 and digital commodities and provide safeguards for
17 consumers.

18 (8) Digital commodities, despite the purported
19 anonymity, provide law enforcement with an excep-
20 tional tracing tool to identify illicit activity and bring
21 criminals to justice.

22 (9) The Financial Services Committee of the
23 House of Representatives has held multiple hearings
24 highlighting various risks that digital commodities
25 can pose to the financial markets, consumers, and

1 investors that must be addressed as we seek to har-
2 ness the benefits of these innovations.

3 (b) SENSE OF CONGRESS.—It is the sense of Con-
4 gress that—

5 (1) the United States should seek to prioritize
6 understanding the potential opportunities of the next
7 generation of the internet;

8 (2) the United States should seek to foster ad-
9 vances in technology that have robust evidence indi-
10 cating they can improve our financial system and
11 create more fair and equitable access to financial
12 services for everyday Americans while protecting our
13 financial system, investors, and consumers;

14 (3) the United States must support the respon-
15 sible development of digital commodities and the un-
16 derlying technology in the United States or risk the
17 shifting of the development of such assets and tech-
18 nology outside of the United States, to less regulated
19 countries;

20 (4) Congress should consult with public and
21 private sector stakeholders to understand how to
22 enact a functional framework tailored to the specific
23 risks and unique benefits of different digital com-
24 modity-related activities, distributed ledger tech-

1 nology, distributed networks, and mature blockchain
2 systems;

3 (5) Congress should enact a functional frame-
4 work tailored to the specific risks of different digital
5 commodity-related activities and unique benefits of
6 distributed ledger technology, distributed networks,
7 and mature blockchain systems; and

8 (6) consumers and market participants will ben-
9 efit from a framework for digital commodities con-
10 sistent with longstanding investor protections in se-
11 curities and commodities markets, yet tailored to the
12 unique benefits and risks of the digital commodity
13 ecosystem.

14 **SEC. 502. MODERNIZATION OF THE SECURITIES AND EX-**
15 **CHANGE COMMISSION MISSION.**

16 (a) SECURITIES ACT OF 1933.—Section 2(b) of the
17 Securities Act of 1933 (15 U.S.C. 77(b)) is amended—

18 (1) in the heading, by inserting “INNOVATION,”
19 after “EFFICIENCY,”; and

20 (2) by inserting “innovation,” after “effi-
21 ciency,”.

22 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
23 3(f) of the Securities Exchange Act of 1934 (15 U.S.C.
24 78(c)) is amended—

1 (1) in the heading, by inserting “INNOVATION,”
2 after “EFFICIENCY,”; and

3 (2) by inserting “innovation,” after “effi-
4 ciency,”.

5 (c) INVESTMENT ADVISERS ACT OF 1940.—Section
6 202(c) of the Investment Advisers Act of 1940 (15 U.S.C.
7 80b–2) is amended—

8 (1) in the heading, by inserting “INNOVATION,”
9 after “EFFICIENCY,”; and

10 (2) by inserting “innovation,” after “effi-
11 ciency,”.

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

15 (1) in the heading, by inserting “INNOVATION,”
16 after “EFFICIENCY,”; and

17 (2) by inserting “innovation,” after “effi-
18 ciency,”.

19 **SEC. 503. STRATEGIC HUB FOR INNOVATION AND FINAN-**
20 **CIAL TECHNOLOGY.**

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

24 “(k) STRATEGIC HUB FOR INNOVATION AND FINAN-
25 CIAL TECHNOLOGY.—

1 “(1) ESTABLISHMENT.—Not later than 180
2 days after the date of the enactment of this sub-
3 section, the Securities and Exchange Commission
4 shall establish a committee to be known as the Stra-
5 tegic Hub for Innovation and Financial Technology
6 (referred to in this subsection as the ‘FinHub’) to
7 support engagement on emerging technologies in the
8 financial sector.

9 “(2) MEMBERS.—The composition of FinHub
10 shall be determined by the Commission, drawing
11 from relevant divisions as appropriate, including the
12 Division of Trading and Markets, Division of Cor-
13 porate Finance, and Division of Investment Manage-
14 ment.

15 “(3) RESPONSIBILITIES.—FinHub shall—

16 “(A) serve as a resource for the Commis-
17 sion on emerging financial technology advance-
18 ments;

19 “(B) engage with market participants
20 working on emerging financial technologies; and

21 “(C) facilitate communication between the
22 Commission and businesses working in emerg-
23 ing financial technology fields with information
24 on the Commission, its rules, and regulations.

25 “(4) REPORT TO THE COMMISSION.—

1 “(A) IN GENERAL.—Not later than Octo-
2 ber 31 of each year after 2025, FinHub shall
3 provide an annual summary of its engagement
4 activities to the Commission, which shall be in-
5 cluded in the Commission’s annual report to
6 Congress.

7 “(B) CONFIDENTIALITY.—Each report
8 submitted under this paragraph shall not con-
9 tain confidential information.”.

10 **SEC. 504. CODIFICATION OF LABCFTC.**

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

14 “(c) LABCFTC.—

15 “(1) ESTABLISHMENT.—There is established in
16 the Commission LabCFTC.

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

19 “(A) promote responsible financial tech-
20 nology innovation and fair competition for the
21 benefit of the American public;

22 “(B) serve as an information platform to
23 inform the Commission about new financial
24 technology innovation; and

1 “(C) provide outreach to financial tech-
2 nology innovators to discuss their innovations
3 and the regulatory framework established by
4 this Act and the regulations promulgated there-
5 under.

6 “(3) DIRECTOR.—LabCFTC shall have a Direc-
7 tor, who shall be appointed by the Commission and
8 serve at the pleasure of the Commission. Notwith-
9 standing section 2(a)(6)(A), the Director shall re-
10 port directly to the Commission and perform such
11 functions and duties as the Commission may pre-
12 scribe.

13 “(4) DUTIES.—LabCFTC shall—

14 “(A) advise the Commission with respect
15 to rulemakings or other agency or staff action
16 regarding financial technology;

17 “(B) provide internal education and train-
18 ing to the Commission regarding financial tech-
19 nology;

20 “(C) advise the Commission regarding fi-
21 nancial technology that would bolster the Com-
22 mission’s oversight functions;

23 “(D) engage with academia, students, and
24 professionals on financial technology issues,

1 ideas, and technology relevant to activities
2 under this Act;

3 “(E) provide persons working in emerging
4 technology fields with information on the Com-
5 mission, its rules and regulations, and the role
6 of a registered futures association; and

7 “(F) encourage persons working in emerg-
8 ing technology fields to engage with the Com-
9 mission and obtain feedback from the Commis-
10 sion on potential regulatory issues.

11 “(5) REPORT TO CONGRESS.—

12 “(A) IN GENERAL.—Not later than Octo-
13 ber 31 of each year after 2025, LabCFTC shall
14 submit to the Committee on Agriculture of the
15 House of Representatives and the Committee
16 on Agriculture, Nutrition, and Forestry of the
17 Senate a report on its activities.

18 “(B) CONTENTS.—Each report required
19 under paragraph (1) shall include—

20 “(i) the total number of persons that
21 met with LabCFTC;

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

24 “(iii) information on steps LabCFTC
25 has taken to improve Commission services,

1 including responsiveness to the concerns of
2 persons;

3 “(iv) recommendations made to the
4 Commission with respect to the regula-
5 tions, guidance, and orders of the Commis-
6 sion and such legislative actions as may be
7 appropriate; and

8 “(v) any other information determined
9 appropriate by the Director of LabCFTC.

10 “(C) CONFIDENTIALITY.—A report under
11 paragraph (A) shall abide by the confidentiality
12 requirements in section 8.

13 “(6) RECORDS AND ENGAGEMENT.—The Com-
14 mission shall—

15 “(A) maintain systems of records to track
16 engagements with the public through
17 LabCFTC;

18 “(B) store communications and materials
19 received in connection with any such engage-
20 ment in accordance with Commission policies
21 and procedures on data retention and confiden-
22 tiality; and

23 “(C) take reasonable steps to protect any
24 confidential or proprietary information received
25 through LabCFTC engagement.”.

1 (b) CONFORMING AMENDMENTS.—Section
2 2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amend-
3 ed—

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

6 (2) by inserting “and section 18(c)(3),” before
7 “the executive”.

8 (c) EFFECTIVE DATE.—The Commodity Futures
9 Trading Commission shall implement the amendments
10 made by this section (including complying with section
11 18(c)(7) of the Commodity Exchange Act) within 180
12 days after the date of the enactment of this Act.

13 **SEC. 505. STUDY ON DECENTRALIZED FINANCE.**

14 (a) IN GENERAL.—The Commodity Futures Trading
15 Commission, the Securities and Exchange Commission,
16 and the Secretary of the Treasury shall jointly carry out
17 a study on decentralized finance that analyzes—

18 (1) the nature, size, role, and use of decentral-
19 ized finance blockchain applications;

20 (2) the operation of blockchain applications that
21 comprise decentralized finance;

22 (3) the interoperability of blockchain applica-
23 tions and other blockchain systems;

1 (4) the interoperability of blockchain applica-
2 tions and software-based systems, including websites
3 and wallets;

4 (5) the decentralized governance systems
5 through which blockchain applications may be devel-
6 oped, published, constituted, administered, main-
7 tained, or otherwise distributed, including—

8 (A) whether the systems enhance or de-
9 tract from—

10 (i) the decentralization of the decen-
11 tralized finance; and

12 (ii) the inherent benefits and risks of
13 the decentralized governance system; and

14 (B) any procedures, requirements, or best
15 practices that would mitigate the risks identi-
16 fied in subparagraph (A)(ii);

17 (6) the benefits of decentralized finance, includ-
18 ing—

19 (A) operational resilience and availability
20 of blockchain systems;

21 (B) interoperability of blockchain systems;

22 (C) market competition and innovation;

23 (D) transaction efficiency;

24 (E) transparency and traceability of trans-
25 actions; and

1 (F) disintermediation;

2 (7) the risks of decentralized finance, includ-
3 ing—

4 (A) pseudonymity of users and trans-
5 actions;

6 (B) disintermediation; and

7 (C) cybersecurity vulnerabilities;

8 (8) the extent to which decentralized finance
9 has integrated with the traditional financial markets
10 and any potential risks or improvements to the sta-
11 bility of the markets;

12 (9) how the levels of illicit activity in decentral-
13 ized finance compare with the levels of illicit activity
14 in traditional financial markets;

15 (10) methods for addressing illicit activity in
16 decentralized finance and traditional markets that
17 are tailored to the unique attributes of each;

18 (11) how decentralized finance may increase the
19 accessibility of cross-border transactions; and

20 (12) the feasibility of embedding self-executing
21 compliance and risk controls into decentralized fi-
22 nance.

23 (b) CONSULTATION.—In carrying out the study re-
24 quired under subsection (a), the Commodity Futures
25 Trading Commission and the Securities and Exchange

1 Commission shall consult with the Secretary of the Treas-
2 ury on the factors described under paragraphs (7) through
3 (10) of subsection (a).

4 (c) REPORT.—Not later than 1 year after the date
5 of enactment of this Act, the Commodity Futures Trading
6 Commission and the Securities and Exchange Commission
7 shall jointly submit to the relevant congressional commit-
8 tees a report that includes the results of the study re-
9 quired by subsection (a).

10 (d) GAO STUDY.—The Comptroller General of the
11 United States shall—

12 (1) carry out a study on decentralized finance
13 that analyzes the information described under para-
14 graphs (1) through (12) of subsection (a); and

15 (2) not later than 1 year after the date of en-
16 actment of this Act, submit to the relevant congress-
17 sional committees a report that includes the results
18 of the study required by paragraph (1).

19 (e) DEFINITIONS.—In this section:

20 (1) DECENTRALIZED FINANCE.—

21 (A) IN GENERAL.—The term “decentral-
22 ized finance” means blockchain applications (in-
23 cluding decentralized finance trading protocols
24 and related decentralized finance messaging
25 systems) that allow users to engage in financial

1 transactions in a self-directed manner so that a
2 third-party intermediary does not effectuate the
3 transactions or take custody of digital commod-
4 ities of a user during any part of the trans-
5 actions.

6 (B) RELATIONSHIP TO EXCLUDED ACTIVI-
7 TIES.—The term “decentralized finance” shall
8 not be interpreted to limit or exclude any activ-
9 ity from the activities described in section
10 15I(a) of the Securities Exchange Act of 1934
11 or section 4v(a) of the Commodity Exchange
12 Act.

13 (2) RELEVANT CONGRESSIONAL COMMIT-
14 TEES.—The term “relevant congressional commit-
15 tees” means—

16 (A) the Committees on Financial Services
17 and Agriculture of the House of Representa-
18 tives; and

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

22 **SEC. 506. STUDY ON NON-FUNGIBLE TOKENS.**

23 (a) IN GENERAL.—The Comptroller General of the
24 United States shall carry out a study of non-fungible to-
25 kens that analyzes—

1 (1) the nature, size, role, purpose, and use of
2 non-fungible tokens;

3 (2) the similarities and differences between non-
4 fungible tokens and other digital commodities, in-
5 cluding digital commodities and permitted payment
6 stablecoins, and how the markets for those digital
7 commodities intersect with each other;

8 (3) how non-fungible tokens are minted by
9 issuers and subsequently administered to purchasers;

10 (4) how non-fungible tokens are stored after
11 being purchased by a consumer;

12 (5) the interoperability of non-fungible tokens
13 between different blockchain systems;

14 (6) the scalability of different non-fungible to-
15 kens marketplaces;

16 (7) the benefits of non-fungible tokens, includ-
17 ing verifiable digital ownership;

18 (8) the risks of non-fungible tokens, including—

19 (A) intellectual property rights;

20 (B) cybersecurity risks; and

21 (C) market risks;

22 (9) whether and how non-fungible tokens have
23 integrated with traditional marketplaces, including
24 those for music, real estate, gaming, events, and
25 travel;

1 (10) whether and how non-fungible tokens can
2 be used to facilitate commerce or other activities
3 through the representation of documents, identifica-
4 tion, contracts, licenses, and other commercial, gov-
5 ernment, or personal records;

6 (11) any potential risks to traditional markets
7 from such integration; and

8 (12) the levels and types of illicit activity in
9 non-fungible tokens markets.

10 (b) REPORT.—Not later than 1 year after the date
11 of the enactment of this Act, the Comptroller General,
12 shall make publicly available a report that includes the re-
13 sults of the study required by subsection (a).

14 **SEC. 507. STUDY ON EXPANDING FINANCIAL LITERACY**
15 **AMONGST DIGITAL COMMODITY HOLDERS.**

16 (a) IN GENERAL.—The Commodity Futures Trading
17 Commission with the Securities and Exchange Commis-
18 sion shall jointly conduct a study to identify—

19 (1) the existing level of financial literacy among
20 retail digital commodity holders, including subgroups
21 of investors identified by the Commodity Futures
22 Trading Commission with the Securities and Ex-
23 change Commission;

24 (2) methods to improve the timing, content, and
25 format of financial literacy materials regarding dig-

1 ital commodities provided by the Commodity Fu-
2 tures Trading Commission and the Securities and
3 Exchange Commission;

4 (3) methods to improve coordination between
5 the Securities and Exchange Commission and the
6 Commodity Futures Trading Commission with other
7 agencies, including the Financial Literacy and Edu-
8 cation Commission as well as nonprofit organizations
9 and State and local jurisdictions, to better dissemi-
10 nate financial literacy materials;

11 (4) the efficacy of current financial literacy ef-
12 forts with a focus on rural communities and commu-
13 nities with majority minority populations;

14 (5) the most useful and understandable relevant
15 information, including clear disclosures, that retail
16 digital commodity holders need to make informed fi-
17 nancial decisions before engaging with or purchasing
18 a digital commodity or service that is typically sold
19 to retail investors of digital commodities;

20 (6) the most effective public-private partner-
21 ships in providing financial literacy regarding digital
22 commodities to consumers;

23 (7) the most relevant metrics to measure suc-
24 cessful improvement of the financial literacy of an

1 individual after engaging with financial literacy ef-
2 forts; and

3 (8) in consultation with the Financial Literacy
4 and Education Commission, a strategy (including to
5 the extent practicable, measurable goals and objec-
6 tives) to increase financial literacy of investors re-
7 garding digital commodities.

8 (b) REPORT.—Not later than 1 year after the date
9 of the enactment of this Act, the Commodity Futures
10 Trading Commission and the Securities and Exchange
11 Commission shall jointly submit a written report on the
12 study required by subsection (a) to the Committees on Fi-
13 nancial Services and on Agriculture of the House of Rep-
14 resentatives and the Committees on Banking, Housing,
15 and Urban Affairs and on Agriculture, Nutrition, and
16 Forestry of the Senate.

17 **SEC. 508. STUDY ON FINANCIAL MARKET INFRASTRUCTURE**
18 **IMPROVEMENTS.**

19 (a) IN GENERAL.—The Commodity Futures Trading
20 Commission and the Securities and Exchange Commission
21 shall jointly conduct a study to assess whether additional
22 guidance or rules are necessary to facilitate the develop-
23 ment of tokenized securities and derivatives products, and
24 to the extent such guidance or rules would foster the devel-
25 opment of fair and orderly financial markets, be necessary

1 or appropriate in the public interest, and be consistent
2 with the protection of investors and customers.

3 (b) REPORT.—

4 (1) TIME LIMIT.—Not later than 1 year after
5 the date of enactment of this Act, the Commodity
6 Futures Trading Commission and the Securities and
7 Exchange Commission shall jointly submit to the rel-
8 evant congressional committees a report that in-
9 cludes the results of the study required by sub-
10 section (a).

11 (2) RELEVANT CONGRESSIONAL COMMITTEES
12 DEFINED.—In this section, the term “relevant con-
13 gressional committees” means—

14 (A) the Committees on Financial Services
15 and on Agriculture of the House of Representa-
16 tives; and

17 (B) the Committees on Banking, Housing,
18 and Urban Affairs and on Agriculture, Nutri-
19 tion, and Forestry of the Senate.

