

119TH CONGRESS
1ST SESSION

H. R. 3633

AN ACT

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes.

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

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

4 (a) SHORT TITLES.—This Act may be cited as the
 5 “Digital Asset Market Clarity Act of 2025” or the
 6 “CLARITY Act of 2025” and the “Anti-CBDC Surveil-
 7 lance State Act”.

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

Sec. 1. Short titles; table of contents.

TITLE I—DEFINITIONS; RULEMAKING; EXPEDITED
 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. Expedited 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. Treatment of certain non-controlling blockchain developers.

Sec. 110. Application of the Bank Secrecy Act.

Sec. 111. Rule of construction.

Sec. 112. Implementation.

TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets.

Sec. 202. Exempted primary transactions in digital 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. Rulemaking for dual-registered entities.
- Sec. 305. Modernization of recordkeeping requirements.
- Sec. 306. Exemptive authority.
- Sec. 307. Additional registrations with the Commodity Futures Trading Commission.
- Sec. 308. Exempting digital commodities from State securities laws.
- Sec. 309. Exclusion for decentralized finance activities.
- Sec. 310. Treatment of custody activities by banking institutions.
- Sec. 311. Broker and dealer disclosures regarding the treatment of assets.
- Sec. 312. Digital commodity activities that are financial in nature.
- Sec. 313. Effective date; administration.
- Sec. 314. Educational material requirements.
- Sec. 315. Discretionary Surplus Fund.

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. Requirements related to control persons.
- Sec. 412. Other tradable assets.
- Sec. 413. Conflict of interest rulemaking.
- Sec. 414. Effective date.
- Sec. 415. Sense of Congress.

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

- Sec. 501. Findings; sense of Congress.
- Sec. 502. Strategic Hub for Innovation and Financial Technology.
- Sec. 503. Codification of LabCFTC.
- Sec. 504. Study on decentralized finance.
- Sec. 505. Study on non-fungible tokens.
- Sec. 506. Study on expanding financial literacy amongst digital commodity holders.
- Sec. 507. Study on financial market infrastructure improvements.
- Sec. 508. Study on blockchain in payments.
- Sec. 509. Study on illicit use of digital assets.
- Sec. 510. GAO study on certain centralized intermediaries that are primarily located in foreign jurisdictions.
- Sec. 511. Studies on foreign adversary participation.
- Sec. 512. Conforming amendments.

TITLE VI—ANTI-CBDC SURVEILLANCE STATE ACT

Sec. 601. Short title.

Sec. 602. Prohibition on Federal reserve banks relating to certain products or services for individuals and prohibition on directly issuing a central bank digital currency.

Sec. 603. Prohibition on Federal reserve banks indirectly issuing a central bank digital currency.

Sec. 604. Prohibition with respect to central bank digital currency.

Sec. 605. Sense of Congress.

1 **TITLE I—DEFINITIONS; RULE-** 2 **MAKING; EXPEDITED 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

1 “(III) propagated among network
2 participants to reach consensus on the
3 state of the distributed ledger and any
4 other functions; and

5 “(ii) composed of source code that is
6 publicly available; and

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

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

15 “(22) BLOCKCHAIN PROTOCOL.—The term
16 ‘blockchain protocol’ means publicly available source
17 code of a blockchain that is executed by the network
18 participants of a blockchain to facilitate its func-
19 tioning, or other similar technology.

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

24 “(24) DECENTRALIZED GOVERNANCE SYS-
25 TEM.—

1 “(A) IN GENERAL.—The term ‘decentral-
2 ized governance system’ means, with respect to
3 a blockchain system, any transparent, rules-
4 based system permitting persons to form con-
5 sensus or reach agreement in the development,
6 provision, publication, maintenance, or adminis-
7 tration of such blockchain system, where par-
8 ticipation is not limited to, or under the effec-
9 tive control of, any person or group of persons
10 under common control.

11 “(B) RELATIONSHIP OF PERSONS TO DE-
12 CENTRALIZED GOVERNANCE SYSTEMS.—With
13 respect to a decentralized governance system,
14 the decentralized governance system and any
15 persons participating in the decentralized gov-
16 ernance system shall be treated as separate per-
17 sons unless such persons are under common
18 control or acting pursuant to an agreement to
19 act in concert.

20 “(C) LEGAL ENTITIES FOR DECENTRAL-
21 IZED GOVERNANCE SYSTEMS.—The term ‘de-
22 centralized governance system’ shall include a
23 legal entity used to implement the rules-based
24 system described in subparagraph (A), provided
25 that the legal entity does not operate pursuant

1 to centralized management. For the purposes of
2 this subparagraph, the delegation of ministerial
3 or administrative authority at the direction of
4 the participants in a decentralized governance
5 system shall not be construed to be centralized
6 management.

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

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

15 “(27) DIGITAL COMMODITY AFFILIATED PER-
16 SON.—The term ‘digital commodity affiliated per-
17 son’—

18 “(A) means a person (including a digital
19 commodity related person) that, with respect to
20 any digital commodity—

21 “(i) acquires or has any right to ac-
22 quire 5 percent or more of the total out-
23 standing units of such digital commodity
24 from a digital commodity issuer or an
25 agent or underwriter thereof;

1 “(ii) is a founder of the digital com-
2 modity issuer; or

3 “(iii) is an executive officer, director,
4 trustee, general partner, or person serving
5 in a similar capacity of the digital com-
6 modity issuer or held such role at any
7 point in the previous 12-month period; and

8 “(B) does not include a decentralized gov-
9 ernance system.

10 “(28) DIGITAL COMMODITY ISSUER.—

11 “(A) IN GENERAL.—With respect to a dig-
12 ital commodity, the term ‘digital commodity
13 issuer’ means any person that—

14 “(i) issues or causes to be issued, or
15 proposes to issue or cause to be issued, a
16 unit of such digital commodity to a person;
17 or

18 “(ii) offers or sells a right to a future
19 issuance of a unit of such digital com-
20 modity to a person.

21 “(B) PROHIBITION ON EVASION.—It shall
22 be unlawful for any person to knowingly evade
23 classification as a ‘digital commodity issuer’
24 and facilitate an arrangement for the primary
25 purpose of effecting an offer, sale, distribution,

1 or other issuance of a digital commodity, in-
2 cluding via any arrangement involving the
3 transfer of intellectual property associated with
4 the blockchain system to which the digital com-
5 modity relates.

6 “(29) DIGITAL COMMODITY RELATED PER-
7 SON.—

8 “(A) IN GENERAL.—With respect to a dig-
9 ital commodity issuer, the term ‘digital com-
10 modity related person’—

11 “(i) means a person—

12 “(I) that is or was in the pre-
13 vious 6-month period a promoter, sen-
14 ior employee, advisory board member,
15 consultant, advisor, or person serving
16 in a similar capacity; or

17 “(II) that acquires or has any
18 right to acquire 1 percent or more of
19 the total outstanding units of such
20 digital commodity from a digital com-
21 modity issuer or an agent or under-
22 writer thereof; and

23 “(ii) does not include a decentralized
24 governance system.

1 “(B) SENIOR EMPLOYEE DEFINED.—In
2 this paragraph and with respect to a digital
3 commodity issuer, the term ‘senior employee’
4 means any employee materially involved in the
5 management of the digital commodity issuer,
6 including management of the development of
7 the blockchain system to which the digital com-
8 modity relates.

9 “(30) END USER DISTRIBUTION.—

10 “(A) IN GENERAL.—The term ‘end user
11 distribution’ means a distribution of a unit of
12 a digital commodity that—

13 “(i) does not involve an exchange of
14 more than a nominal value of cash, prop-
15 erty, or other assets; and

16 “(ii) is distributed in a broad and eq-
17 uitable manner based on conditions capable
18 of being satisfied by any participant in the
19 blockchain system, including, as incentive-
20 based rewards—

21 “(I) to users of the digital com-
22 modity or any blockchain system to
23 which the digital commodity relates;

24 “(II) for activities directly related
25 to the operation of the blockchain sys-

tem, such as mining, validating, staking, or other activity directly tied to the operation of the blockchain system; or

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

“(B) **PROTOCOL CONSENSUS PARTICIPATION.**—The term ‘end user distribution’ includes the following:

“(i) **SELF STAKING.**—The distribution of a unit of a digital commodity as a programmatic result of validating or staking activity for a blockchain system’s consensus mechanism, including the staking of a digital commodity and the operation of a node or validator for such activity where the owner of the staked digital commodity and operator of the node or validator are the same person or entity.

“(ii) **SELF-CUSTODIAL STAKING WITH A THIRD PARTY.**—The distribution of a unit of a digital commodity as a pro-

1 grammatic result of validating or staking
2 activity for a blockchain system’s con-
3 sensus mechanism, including the staking of
4 a digital commodity and the operation of a
5 node or validator for such activity where—

6 “(I) the owner of the staked dig-
7 ital commodity and operator of the
8 node or validator for such activity are
9 different persons or entities; and

10 “(II) the operator of the node or
11 validator does not maintain custody or
12 control of the staked digital com-
13 modity.

14 “(iii) CUSTODIAL AND ANCILLARY
15 STAKING SERVICES.—Subject to the rules
16 issued pursuant to subparagraph (C), the
17 provision of custodial or ancillary staking
18 services enabling the owner of a digital
19 commodity to participate in validating or
20 staking activity for a blockchain system’s
21 consensus mechanism that results in the
22 programmatic distribution of a unit of a
23 digital commodity, provided that such cus-
24 todial or ancillary services are exclusively
25 administrative or ministerial in nature.

1 “(C) RULEMAKING TO DEFINE THE CUS-
2 TODIAL AND ANCILLARY STAKING SERVICES.—
3 Not later than 270 days after the date of the
4 enactment of this paragraph, the Commission
5 shall issue rules defining the custodial and an-
6 cillary staking services described in subpara-
7 graph (B)(iii) that are exclusively administra-
8 tive or ministerial in nature, consistent with
9 what is necessary or appropriate for the public
10 interest or for the protection of investors.

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

16 “(32) PERMITTED PAYMENT STABLECOIN.—
17 The term ‘permitted payment stablecoin’ means a
18 payment stablecoin (as defined in section 2 of the
19 GENIUS Act) issued by a permitted payment
20 stablecoin issuer.

21 “(33) PERMITTED PAYMENT STABLECOIN
22 ISSUER.—The term ‘permitted payment stablecoin
23 issuer’ has the meaning given that term in section
24 2 of the GENIUS Act.”.

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 ‘permitted payment stablecoin’, and ‘permitted
25 payment stablecoin issuer’ have the meaning
26 given those terms, respectively, under section

1 2(a) of the Securities Act of 1933 (15 U.S.C.
2 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:

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

“(i) acting as a digital commodity custodian;

“(ii) establishing, maintaining, or managing inventory or payment instruments for commercial purposes; or

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

(2) in paragraph (11)—

(A) in subparagraph (A)(i)—

(i) by redesignating subclauses (III) and (IV) as subclauses (IV) and (V), respectively; and

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

“(III) digital commodity;”; and

(B) by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following:

“(B) EXCLUSION.—For purposes of this 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-

ity, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, to control or materially alter the functionality, operation, or rules of consensus or agreement of the blockchain system; or

“(bb) the blockchain system does not operate, execute, and enforce its operations and transactions based solely on pre-established, transparent rules encoded directly within the source code of the blockchain system.

“(II) SPECIAL RULE.—For purposes of subclause (I), a decentralized governance system shall not be considered to be a person or a group of persons under common control or acting pursuant to an agreement to act in concert.

“(F) DIGITAL COMMODITY.—

“(i) IN GENERAL.—The term ‘digital commodity’ means a digital asset that is 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 section
24 2(c)(2)(D)(i);

1 “(ee) a commodity option
2 authorized under section 4e; 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 not described by sub-
9 clause (I) that, based on its
10 terms and other characteristics,
11 is, represents, or is functionally
12 equivalent to an interest in—

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

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

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

22 “(AA) any investment
23 company as defined in sec-
24 tion 3(a) of the Investment

1 Company Act of 1940 (15
2 U.S.C. 80a–3(a));

3 “(BB) any company (as
4 defined in section 2 of such
5 Act (15 U.S.C. 80a–2)) that
6 would be an investment
7 company under section 3(a)
8 of such Act but for the ex-
9 clusions provided from that
10 definition by section 3(c) of
11 such Act, if for purposes of
12 this subclause the company
13 were assumed to be an
14 issuer (as defined in section
15 2 of such Act); or

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

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

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

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

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

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

14 “(dd) rights, licenses, and
15 tickets.

16 “(iv) RULE OF CONSTRUCTION.—No
17 presumption shall exist that a digital asset
18 is a security, nor shall a digital asset be
19 excluded from being a digital commodity
20 pursuant to clause (iii)(I), solely due to—

21 “(I) the digital asset providing
22 voting or economic rights with respect
23 to the blockchain system to which the
24 digital asset relates or the decentral-
25 ized governance system of the

1 blockchain system to which the digital
2 asset relates;

3 “(II) the value of the digital
4 asset having the potential to appre-
5 ciate or depreciate in response to the
6 efforts, operations, or financial per-
7 formance of the blockchain system to
8 which the digital asset relates or the
9 decentralized governance system of
10 the blockchain system to which the
11 digital asset relates; or

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

19 “(G) DIGITAL COMMODITY BROKER.—

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

23 “(I) is engaged in—

24 “(aa) soliciting or accepting
25 an order from a customer for—

1 “(AA) the purchase or
2 sale of a digital commodity;
3 or

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

8 “(bb) in conjunction with
9 the activities in item (aa), ac-
10 cepts or maintains control over—

11 “(AA) the funds of any
12 customer; or

13 “(BB) the execution of
14 any transaction of a cus-
15 tomer;

16 “(II) is engaged in soliciting or
17 accepting orders from a customer for
18 the purchase or sale of a unit of a
19 digital commodity on or subject to the
20 rules of a registered entity; or

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

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

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

8 “(II) enters into 1 or more dig-
9 ital commodity transactions that are
10 attributable or solely incidental to
11 making, sending, receiving, or facili-
12 tating payments, whether involving a
13 payment service provider or on a peer-
14 to-peer basis; or

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

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

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

6 “(H) DIGITAL COMMODITY DEALER.—

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

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

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

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

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

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

4 “(III) enters into a digital com-
5 modity transaction on or through a
6 registered digital commodity ex-
7 change, with a registered digital com-
8 modity broker, or through a decentral-
9 ized finance trading protocol;

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

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

22 “(VI) is a bank (as defined under
23 section 3(a) of the Securities Ex-
24 change Act of 1934) engaging in cer-
25 tain banking activities with respect to

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

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

13 “(I) DIGITAL COMMODITY EXCHANGE.—
14 The term ‘digital commodity exchange’ means a
15 trading facility that offers or seeks to offer a
16 cash or spot market in at least 1 digital com-
17modity.

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

22 “(K) TERMS DEFINED UNDER THE SECU-
23 RITIES ACT OF 1933.—The terms ‘blockchain
24 system’, ‘decentralized governance system’, ‘dig-
25 ital asset’, ‘digital commodity issuer’, ‘digital

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

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

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

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

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

17 (b) CONFORMING AMENDMENTS.—

18 (1) Each of the following provisions of law is
 19 amended by striking “1a(18)” and inserting
 20 “1a(19)”:

21 (A) Section 4s(h)(5)(A)(i) of the Com-
 22modity Exchange Act (7 U.S.C. 6s(h)(5)(A)(i)).

23 (B) Section 5(e) of the Securities Act of
 24 1933 (15 U.S.C. 77e(e)).

1 (C) Section 6(g)(5)(B) of the Securities
2 Exchange Act of 1934 (15 U.S.C.
3 78f(g)(5)(B)).

4 (D) Section 15F(h)(5)(A)(i) of the Securi-
5 ties Exchange Act of 1934 (15 U.S.C. 78o-
6 10(h)(5)(A)(i)).

7 (2) Section 752 of the Wall Street Trans-
8 parency and Accountability Act of 2010 (15 U.S.C.
9 8325) is amended by striking “1a(39)” and insert-
10 ing “1a(40)”.

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

14 (4) Each of the following provisions of the
15 Commodity Exchange Act is amended by striking
16 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”:

17 (A) Section 4t(b)(1)(C) (7 U.S.C.
18 6t(b)(1)(C)).

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

20 (C) Section 5b(k)(3) (7 U.S.C. 7a-
21 1(k)(3)).

22 (D) Section 5h(f)(10)(A)(iii) (7 U.S.C. 7b-
23 3(f)(10)(A)(iii)).

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

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

7 (A) in subsection (a)(2), by striking
 8 “1a(47)(A)(v)” and inserting “1a(48)(A)(v)”;
 9 and

10 (B) in each of subsections (b)(1) and
 11 (c)(2), by striking “1a(47)” and inserting
 12 “1a(48)”.

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

16 (A) in subsection (a)(8), by striking
 17 “1a(47)(D)” each place it appears and insert-
 18 ing “1a(48)(D)”;

19 (B) in subsection (d)(1), by striking
 20 “1a(47)(A)(v)” each place it appears and in-
 21 serting “1a(48)(A)(v)”.

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

23 In this Act:

24 (1) **DEFINITIONS UNDER THE COMMODITY EX-**
 25 **CHANGE ACT.**—The terms “decentralized finance

1 messaging system”, “decentralized finance trading
2 protocol”, “digital commodity”, “digital commodity
3 broker”, “digital commodity dealer”, “digital com-
4 modity exchange”, and “mixed digital asset trans-
5 action” have the meaning given those terms, respec-
6 tively, under section 1a of the Commodity Exchange
7 Act (7 U.S.C. 1a).

8 (2) DEFINITIONS UNDER THE SECURITIES ACT
9 OF 1933.—The terms “blockchain”, “blockchain sys-
10 tem”, “blockchain protocol”, “decentralized govern-
11 ance system”, “digital asset”, “digital commodity
12 issuer”, “end user distribution”, “mature blockchain
13 system”, “permitted payment stablecoin”, and “per-
14 mitted payment stablecoin issuer” have the meaning
15 given those terms, respectively, under section 2(a) of
16 the Securities Act of 1933 (15 U.S.C. 77b(a)).

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

23 **SEC. 105. RULEMAKINGS.**

24 (a) DEFINITIONS.—The Commodity Futures Trading
25 Commission and the Securities and Exchange Commission

1 shall jointly issue rules to further define the following
2 terms:

3 (1) The terms—

4 (A) “blockchain”, “blockchain applica-
5 tion”, “blockchain system”, “blockchain pro-
6 tocol”, “decentralized governance system”,
7 “digital commodity affiliated person”, “digital
8 commodity issuer”, “digital commodity related
9 person”, “end user distribution”, and “mature
10 blockchain system”, as defined under section
11 2(a) of the Securities Act of 1933;

12 (B) “unilateral authority”, as such term is
13 used in section 42 of the Securities Exchange
14 Act of 1934 and section 1a of the Commodity
15 Exchange Act; and

16 (C) “programmatic functioning”, as such
17 term is used in sections 4C of the Securities
18 Act of 1933, section 42 of the Securities Ex-
19 change Act of 1934, and section 1a of the Com-
20 modity Exchange Act.

21 (2) The terms “digital commodity”, “decentral-
22 ized finance messaging system”, and “decentralized
23 finance trading protocol”, as defined under section
24 1a of the Commodity Exchange Act.

1 (b) JOINT RULEMAKING FOR MIXED DIGITAL ASSET
2 TRANSACTIONS.—The Securities and Exchange Commis-
3 sion and the Commodity Futures Trading Commission
4 shall jointly issue rules applicable to mixed digital asset
5 transactions under this Act and the amendments made by
6 this Act, including by further defining such term.

7 (c) PROTECTION OF SELF-CUSTODY.—

8 (1) IN GENERAL.—A United States individual
9 shall retain the right to—

10 (A) maintain a hardware wallet or software
11 wallet for the purpose of facilitating the individ-
12 ual’s own lawful custody of digital assets; and

13 (B) engage in direct, peer-to-peer trans-
14 actions in digital assets with another individual
15 or entity for the individual’s own lawful pur-
16 poses using a hardware wallet or software wal-
17 let, if—

18 (i) such other individual or entity is
19 not a financial institution (as defined in
20 section 5312 of title 31, United States
21 Code); and

22 (ii) the transactions do not involve
23 any property or interests in property that
24 are blocked pursuant to, or are otherwise
25 prohibited by, United States sanctions.

1 (2) APPLICATION.—This subsection—

2 (A) applies solely to personal use by indi-
3 viduals; and

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

6 (3) RULE OF CONSTRUCTION.—Nothing in this
7 subsection shall be construed to limit the authority
8 of the Secretary of the Treasury, the Securities and
9 Exchange Commission, the Commodity Futures
10 Trading Commission, the Board of Governors of the
11 Federal Reserve System, the Comptroller of the Cur-
12 rency, the Federal Deposit Insurance Corporation,
13 or the National Credit Union Administration to
14 carry out any enforcement action or special measure
15 authorized under applicable law, including—

16 (A) the Bank Secrecy Act, section 9714 of
17 the Combating Russian Money Laundering Act
18 (31 U.S.C. 5318A note), and section 7213A of
19 the Fentanyl Sanctions Act (21 U.S.C. 2313a);
20 or

21 (B) any other law relating to illicit finance,
22 money laundering, terrorism financing, or
23 United States sanctions.

24 (d) JOINT RULEMAKING, PROCEDURES, OR GUID-
25 ANCE FOR DELISTING.—Not later than 180 days after the

1 date of the enactment of this Act, the Commodity Futures
2 Trading Commission and the Securities and Exchange
3 Commission shall jointly issue rules, procedures, or guid-
4 ance (as determined appropriate by the Commissions) re-
5 garding the process to delist an asset for trading under
6 section 106 if the Commissions determine that the listing
7 is inconsistent with the Commodity Exchange Act, the se-
8 curities laws (including regulations under those laws), or
9 this Act.

10 (e) JOINT RULES FOR PORTFOLIO MARGINING DE-
11 TERMINATIONS.—

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

1 (A) a securities account carried by a reg-
2 istered broker or dealer or a security-based
3 swap account carried by a registered security-
4 based swap dealer;

5 (B) a futures or cleared swap account car-
6 ried by a registered futures commission mer-
7 chant;

8 (C) a swap account carried by a swap deal-
9 er; or

10 (D) a digital commodity account carried by
11 a registered digital commodity broker or digital
12 commodity dealer that is also registered in such
13 other capacity as is necessary to also carry the
14 other customer or counterparty positions being
15 held in the account.

16 (2) PROCESS.—With respect to a joint order or
17 determination described in paragraph (1), the rules
18 required to be issued pursuant to paragraph (1)
19 shall require—

20 (A) the joint order or determination to be
21 issued only if the order or determination is in
22 the public interest and provides for the appro-
23 priate protection of customers;

24 (B) applicants to file a standard applica-
25 tion, in a form and manner determined by the

1 Securities and Exchange Commission and the
2 Commodity Futures Trading Commission,
3 which shall include the information necessary to
4 make the joint order or determination;

5 (C) the Securities and Exchange Commis-
6 sion and the Commodity Futures Trading Com-
7 mission to make a final determination not later
8 than 270 days after the filing of a completed
9 application;

10 (D) the Securities and Exchange Commis-
11 sion and the Commodity Futures Trading Com-
12 mission to consider the public interest of the
13 joint order or determination through the solici-
14 tation of public comments; and

15 (E) the Securities and Exchange Commis-
16 sion and the Commodity Futures Trading Com-
17 mission to consult with other relevant foreign or
18 domestic regulators, including the Board of
19 Governors of the Federal Reserve System, the
20 Federal Deposit Insurance Corporation, and the
21 Office of the Comptroller of the Currency, as
22 appropriate.

23 (f) CAPITAL REQUIREMENTS TO ADDRESS NETTING
24 AGREEMENTS.—No later than 360 days following the date
25 of enactment of this Act, the Board of Governors of the

1 Federal Reserve System, the Comptroller of the Currency,
 2 and the Federal Deposit Insurance Corporation shall de-
 3 velop risk-based and leverage capital requirements for in-
 4 sured depository institutions, depository institution hold-
 5 ing companies, and nonbank financial companies super-
 6 vised by the Board of Governors that address netting
 7 agreements that provide for termination and close-out net-
 8 ting across multiple types of financial transactions, con-
 9 sistent with subsection (e), in the event of a counterparty's
 10 default.

11 **SEC. 106. EXPEDITED REGISTRATION FOR DIGITAL COM-**
 12 **MODITY EXCHANGES, BROKERS, AND DEAL-**
 13 **ERS; PROVISIONAL STATUS.**

14 (a) REGISTRATION.—

15 (1) IN GENERAL.—Unless exempted from reg-
 16 istration, a person shall not act as a digital com-
 17 modity broker, digital commodity dealer, or digital
 18 commodity exchange after the end of the 90-day pe-
 19 riod beginning on the date the process described in
 20 paragraph (2) is adopted by the Commodity Futures
 21 Trading Commission, unless, as the case may be, the
 22 person is registered as a—

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

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

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

5 (2) EXPEDITED PROCESS.—Within 180 days
6 after the date of the enactment of this Act, the
7 Commodity Futures Trading Commission shall
8 adopt, by rule, regulation, or order, a process for ex-
9 pedited registration of persons required to be reg-
10 istered pursuant to paragraph (1).

11 (b) PROVISIONAL STATUS.—

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

15 (A) in the case of a digital commodity
16 broker or dealer, 270 days after the final effec-
17 tive date of the rulemakings required under sec-
18 tion 4u of the Commodity Exchange Act; or

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

23 (2) PAYMENT OF FEES.—A person in provi-
24 sional status shall pay all fees and penalties required
25 under section 410.

1 (c) OPERATIONS PRIOR TO REGULATIONS.—

2 (1) REQUIREMENTS.—A person in provisional
3 status shall be subject to the requirements of this
4 section and the Commodity Exchange Act and any
5 rules or regulations promulgated under this section
6 or the Commodity Exchange Act, as applicable.

7 (2) LISTINGS.—

8 (A) IN GENERAL.—Except as provided in
9 subparagraph (B), a person in provisional sta-
10 tus may continue to offer, solicit, trade, facili-
11 tate, execute, clear, report, or otherwise deal in
12 any digital asset offered on or through the fa-
13 cilities of the person before the date of registra-
14 tion under this section, until such time as the
15 joint rulemaking on definitions required under
16 section 105(a) is effective.

17 (B) DELISTING.—Before the effective date
18 of the joint rulemaking on definitions under
19 section 105(a), a person in provisional status
20 shall cease offering, soliciting, trading, facili-
21 tating, executing, clearing, reporting, or other-
22 wise dealing in any digital asset required to be
23 delisted pursuant to a joint delisting process es-
24 tablished under section 105(d).

1 (3) EXEMPTIVE AUTHORITY.—In order to pro-
2 mote responsible innovation and fair competition, or
3 protect customers, the Commodity Futures Trading
4 Commission may exempt any persons or class of per-
5 sons registered pursuant to subsection (a) and in
6 provisional status pursuant to subsection (b) from
7 any requirements of this section or the Commodity
8 Exchange Act or any rules or regulations promul-
9 gated under this section or the Commodity Ex-
10 change Act, as applicable.

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

13 (1) IN GENERAL.—Beginning 30 days after the
14 date of the enactment of this Act, any person acting
15 as a digital commodity exchange, digital commodity
16 broker, or digital commodity dealer shall disclose to
17 the customers of the person so acting, in the disclo-
18 sure documents, offering documents, and pro-
19 motional material of the person so acting, in a
20 prominent manner, that the person is not registered
21 with or regulated by the Commodity Futures Trad-
22 ing Commission.

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

1 **SEC. 107. COMMODITY EXCHANGE ACT AND SECURITIES**
2 **LAWS SAVINGS PROVISIONS.**

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

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

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

9 (B) a swap;

10 (C) a security futures product;

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

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

15 or

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

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

20 (A) a security-based swap;

21 (B) a security futures product; or

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

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

1 (b) PROHIBITIONS ON SPOT DIGITAL COMMODITY
 2 ENTITIES.—Nothing in this Act authorizes, or shall be in-
 3 terpreted to authorize, a digital commodity exchange, dig-
 4 ital commodity broker, or digital commodity dealer to en-
 5 gage in any activities involving any transaction, contract,
 6 or agreement described in subsection (a)(1), solely by vir-
 7 tue of being registered as a digital commodity exchange,
 8 digital commodity broker, or digital commodity dealer.

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

12 **SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

15 (1) in paragraph (3)—

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

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

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

21 “(D) a contract of sale of a digital com-
 22 modity.”;

23 (2) in paragraph (4)—

24 (A) in subparagraph (A)—

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

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

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

7 “(iv) a contract of sale of a digital
8 commodity.”;

9 (B) in subparagraph (B)—

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

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

14 (iii) by adding at the end the fol-
15 lowing:

16 “(iv) a contract of sale of a digital
17 commodity.”; and

18 (C) in subparagraph (C)—

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

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

23 “(iii) a swap; or

24 “(iv) a contract of sale of a digital
25 commodity,

1 provided, however,”; and

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

5 **SEC. 109. TREATMENT OF CERTAIN NON-CONTROLLING**
6 **BLOCKCHAIN DEVELOPERS.**

7 (a) IN GENERAL.—Notwithstanding applicable law, a
8 non-controlling blockchain developer or provider of a
9 blockchain service shall not be treated as a money trans-
10 mitter or as engaged in “money transmitting” or, fol-
11 lowing the date of enactment of this Act, be otherwise sub-
12 ject to any new registration requirement that is substan-
13 tially similar to the requirement that currently applies to
14 money transmitters, solely on the basis of—

15 (1) creating or publishing software to facilitate
16 the creation of, or provision of maintenance services
17 to, a blockchain or blockchain service;

18 (2) providing hardware or software to facilitate
19 a customer’s own custody or safekeeping of the cus-
20 tomer’s digital assets; or

21 (3) providing infrastructure support to main-
22 tain a blockchain service.

23 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
24 tion shall be construed to affect whether a blockchain de-
25 veloper or provider of a blockchain service is otherwise

1 subject to classification or treatment as a money trans-
2 mitter, or as engaged in “money transmitting”, under ap-
3 plicable State or Federal law, including laws relating to
4 anti-money laundering or countering the financing of ter-
5 rorism, based on conduct outside the scope of subsection
6 (a). Nothing in this section shall be construed to affect
7 whether a blockchain developer or provider of a blockchain
8 service is otherwise subject to classification or treatment
9 as a financial institution under the Bank Secrecy Act, this
10 Act, or any Act enacted after the date of enactment of
11 this Act.

12 (c) EFFECT ON OTHER LAWS.—

13 (1) INTELLECTUAL PROPERTY LAW.—Nothing
14 in this section shall be construed to limit or expand
15 any law pertaining to intellectual property.

16 (2) STATE LAW.—Nothing in this section shall
17 be construed to prevent any State from enforcing
18 any State law that is consistent with this section. No
19 cause of action may be brought and no liability may
20 be imposed under any State or local law that is in-
21 consistent with this section.

22 (d) DEFINITIONS.—In this section:

23 (1) BLOCKCHAIN DEVELOPER.—The term
24 “blockchain developer” means any person or busi-
25 ness that creates or publishes software to facilitate

1 the creation of, or provide maintenance to, a
2 blockchain or a blockchain service.

3 (2) BLOCKCHAIN SERVICE.—The term
4 “blockchain service” means any information, trans-
5 action, or computing service or system that provides
6 or enables access to a blockchain network by mul-
7 tiple users, including specifically a service or system
8 that enables users to send, receive, exchange, or
9 store digital assets described by blockchain net-
10 works.

11 (3) NON-CONTROLLING BLOCKCHAIN DEVEL-
12 OPER OR PROVIDER OF A BLOCKCHAIN SERVICE.—
13 The term “non-controlling blockchain developer or
14 provider of a blockchain service” means a blockchain
15 developer or provider of a blockchain service that in
16 the regular course of operations, does not have the
17 legal right or the unilateral and independent ability
18 to control, initiate upon demand, or effectuate trans-
19 actions involving digital assets that users are enti-
20 tled to, without the approval, consent, or direction of
21 any other third party.

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

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

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

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

8 (b) BANK SECRECY ACT REQUIREMENTS.—

9 (1) REGULATIONS.—The Secretary of the
10 Treasury, acting through the Director of the Finan-
11 cial Crimes Enforcement Network, and in consulta-
12 tion with Commodity Futures Trading Commission,
13 shall issue requirements consistent with the require-
14 ments of futures commission merchants to apply the
15 Bank Secrecy Act to digital commodity brokers, dig-
16 ital commodity dealers, and digital commodity ex-
17 changes that are tailored to the size and complexity
18 of such entities, including by requiring each such en-
19 tity to—

20 (A) establish and maintain an anti-money
21 laundering and countering the financing of ter-
22 rorism program, which shall include—

23 (i) an appropriate risk assessment;
24 (ii) the development of internal poli-
25 cies, procedures, and controls;

1 (iii) the designation of a compliance
2 officer;

3 (iv) an ongoing employee training pro-
4 gram; and

5 (v) an independent audit function to
6 test such program;

7 (B) retain appropriate records of trans-
8 actions;

9 (C) monitor and report suspicious activity,
10 which may include use of appropriate distrib-
11 uted ledger analytics; and

12 (D) maintain an effective customer identi-
13 fication program to identify and verify account
14 holders and carry out appropriate customer due
15 diligence.

16 (2) COMPLIANCE WITH SANCTIONS.—A digital
17 commodity broker, digital commodity dealer, or dig-
18 ital commodity exchange shall comply with all laws
19 and regulations related to United States sanctions
20 administered by the Office of Foreign Assets Con-
21 trol.

22 **SEC. 111. RULE OF CONSTRUCTION.**

23 Nothing in this Act, or the amendments made by this
24 Act, shall be construed to limit or prevent the continued
25 application of applicable ethics statutes and regulations

1 administered by the Office of Government Ethics, or the
2 ethics rules of the Senate and the House of Representa-
3 tives, including section 208 of title 18, United States
4 Code, and sections 2635.702 and 2635.802 of title 5, Code
5 of Federal Regulations. For the avoidance of doubt, exist-
6 ing Office of Government Ethics laws and the ethics rules
7 of the Senate and the House of Representatives prohibit
8 any member of Congress or senior executive branch official
9 from issuing a digital commodity during their time in pub-
10 lic service. For the purposes of this section, an employee
11 described in section 202 of title 18, United States Code,
12 shall be deemed an executive branch employee for pur-
13 poses of complying with section 208 of that title.

14 **SEC. 112. IMPLEMENTATION.**

15 (a) GLOBAL RULEMAKING TIMEFRAME.—Unless oth-
16 erwise provided in this Act or an amendment made by this
17 Act, the Commodity Futures Trading Commission and the
18 Securities and Exchange Commission, or both, shall indi-
19 vidually, and jointly where required, promulgate rules and
20 regulations required of each Commission under this Act
21 or an amendment made by this Act not later than 360
22 days after the date of enactment of this Act.

23 (b) RULES AND REGISTRATION BEFORE FINAL EF-
24 FECTIVE DATES.—

1 (1) IN GENERAL.—In order to prepare for the
2 implementation of this Act, the Commodity Futures
3 Trading Commission and the Securities and Ex-
4 change Commission may, before any effective date
5 provided in this Act—

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

8 (B) conduct studies and prepare reports
9 and recommendations required by this Act;

10 (C) register persons under this Act; and

11 (D) exempt persons, agreements, contracts,
12 or transactions from provisions of this Act,
13 under the terms contained in this Act.

14 (2) LIMITATION ON EFFECTIVENESS.—An ac-
15 tion by the Commodity Futures Trading Commission
16 or the Securities and Exchange Commission under
17 paragraph (1) shall not become effective before the
18 effective date otherwise applicable to the action
19 under this Act.

20 **TITLE II—OFFERS AND SALES OF** 21 **DIGITAL COMMODITIES**

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

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

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

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

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

7 “(A) that can be exclusively possessed and
8 transferred, person to person, without necessary
9 reliance on an intermediary, and is recorded on
10 a blockchain; and

11 “(B) sold or otherwise transferred, or in-
12 tended to be sold or otherwise transferred, pur-
13 suant to an investment contract.”.

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

20 (c) INVESTMENT COMPANY ACT OF 1940.—Section
21 2(a)(36) of the Investment Company Act of 1940 (15
22 U.S.C. 80a–2(a)(36)) is amended by adding at the end
23 the following: “The term ‘investment contract’ does not
24 include an investment contract asset (as such term is de-
25 fined under section 2(a) of the Securities Act of 1933).”.

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

7 (e) SECURITIES INVESTOR PROTECTION ACT OF
 8 1970.—Section 16(14) of the Securities Investor Protec-
 9 tion Act of 1970 (15 U.S.C. 78lll(14)) is amended by add-
 10 ing at the end the following: “The term ‘investment con-
 11 tract’ does not include an investment contract asset (as
 12 such term is defined under section 2(a) of the Securities
 13 Act of 1933).”.

14 **SEC. 202. EXEMPTED PRIMARY TRANSACTIONS IN DIGITAL**
 15 **COMMODITIES.**

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

18 (1) in section 4(a), by adding at the end the
 19 following:

20 “(8) the offer or sale of an investment contract
 21 involving units of a digital commodity by its digital
 22 commodity issuer (including all entities controlled by
 23 or under common control with the issuer), if—

24 “(A) the blockchain system to which the
 25 digital commodity relates, together with the dig-

1 ital commodity, is certified as a mature
2 blockchain system under section 42 of the Secu-
3 rities Exchange Act of 1934 or the issuer in-
4 tends for the blockchain system to which the
5 digital commodity relates to be a mature
6 blockchain system by the later of—

7 “(i) the date that is four years after
8 the first sale of the investment contract in-
9 volving a unit of such digital commodity in
10 reliance on the exemption provided under
11 this paragraph, subject to any extensions
12 as may be granted by the Commission; or

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

15 “(B) the sum of all cash and other consid-
16 eration to be received by the digital commodity
17 issuer in reliance on the exemption provided
18 under this paragraph, during the 12-month pe-
19 riod preceding the date of such offering, includ-
20 ing the amount received in such offering, is not
21 more than \$50,000,000 (as such amount is an-
22 nually adjusted by the Commission to reflect
23 the change in the Consumer Price Index for All
24 Urban Consumers published by the Bureau of
25 Labor Statistics of the Department of Labor);

1 “(C) after the completion of the trans-
2 action, a purchaser does not own more than 10
3 percent of the total amount of the outstanding
4 units of the digital commodity;

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

9 “(i) is not organized under the laws of
10 a State, a territory of the United States,
11 or the District of Columbia;

12 “(ii) is a development stage company
13 that either—

14 “(I) has no specific business plan
15 or purpose; or

16 “(II) has indicated that the busi-
17 ness plan of the company is to merge
18 with or acquire an unidentified com-
19 pany;

20 “(iii) is an investment company, as
21 defined in section 3 of the Investment
22 Company Act of 1940 (15 U.S.C. 80a–3),
23 or is excluded from the definition of invest-
24 ment company by section 3(c) of that Act
25 (15 U.S.C. 80a–3(b) or 80a–3(c));

1 “(iv) is issuing fractional undivided
2 interests in oil or gas rights, or a similar
3 interest in other mineral rights;

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

9 “(vi) is disqualified pursuant to sec-
10 tion 230.262 of title 17, Code of Federal
11 Regulations; and

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

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

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

17 “(a) COMMISSION JURISDICTION.—For the purposes
18 of this section:

19 “(1) The Commission shall have jurisdiction
20 and enforcement authority with respect to disclo-
21 sures described in this section.

22 “(2) Section 17 shall apply to a statement
23 made in an offering statement, disclosure, or report
24 filed under this section to the same extent as such
25 section 17 applies to a statement made in any other

1 offering statement, disclosure, or report filed under
2 this Act.

3 “(b) REQUIREMENTS FOR DIGITAL COMMODITY
4 ISSUERS.—

5 “(1) TERMS AND CONDITIONS.—A digital com-
6 modity issuer offering or selling an investment con-
7 tract involving units of a digital commodity in reli-
8 ance on section 4(a)(8) shall file with the Commis-
9 sion an offering statement and any related docu-
10 ments, in such form and with such content as pre-
11 scribed by the Commission, including financial infor-
12 mation, a description of the issuer and the oper-
13 ations of the issuer, the financial condition of the
14 issuer, a description of the plan of distribution of
15 any unit of a digital commodity that is to be offered
16 as well as the intended use of the offering proceeds,
17 and a description of the development plan for the
18 blockchain system, and the related digital com-
19 modity, to become a mature blockchain system, if
20 such blockchain system is not already certified as a
21 mature blockchain system pursuant to section 42 of
22 the Securities Exchange Act of 1934 (15 U.S.C. 78a
23 et seq.).

24 “(2) INFORMATION REQUIRED FOR PUR-
25 CHASERS.—A digital commodity issuer that has filed

1 a statement under paragraph (1) to offer and sell an
2 investment contract involving a unit of a digital
3 commodity in reliance on section 4(a)(8) shall in-
4 clude in such statement the following information:

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

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

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

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

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

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

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

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

11 “(v) an explanation of governance
12 mechanisms for implementing changes to
13 the blockchain system or forming con-
14 sensus among holders of units of such dig-
15 ital commodity.

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

1 opers, transaction validators, and governance
2 participants, including a discussion of any
3 mechanisms by which control or authority are
4 exerted with respect to the blockchain system or
5 its related digital commodity, and any critical
6 operational dependencies of the blockchain sys-
7 tem or its related digital commodity.

8 “(F) OWNERSHIP DISCLOSURES.—

9 “(i) IN GENERAL.—A list of all per-
10 sons who are digital commodity related
11 persons or digital commodity affiliated per-
12 sons who have been issued a unit of the
13 digital commodity by the digital commodity
14 issuer or have a right to a unit of the dig-
15 ital commodity from the digital commodity
16 issuer.

17 “(ii) CONFIDENTIALITY.—The Com-
18 mission shall keep each list described
19 under clause (i) confidential, consistent
20 with what is necessary or appropriate in
21 the public interest or for the protection of
22 investors.

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

1 “(3) ONGOING DISCLOSURE REQUIREMENTS
2 FOR MATURING BLOCKCHAIN SYSTEMS.—Subject to
3 paragraph (5), the issuer of a digital commodity re-
4 lated to a blockchain system that is not yet certified
5 as a mature blockchain system under section 42 of
6 the Securities Exchange Act of 1934 that has filed
7 a statement under paragraph (1) to offer and sell an
8 investment contract involving a unit of a digital
9 commodity in reliance on section 4(a)(8) shall file
10 the following with the Commission:

11 “(A) SEMIANNUAL REPORTS.—Every 6
12 months, a report containing—

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

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

23 “(iii) the amount of money raised by
24 the digital commodity issuer in reliance on
25 section 4(a)(8), how much of that money

1 has been spent, and the general categories
2 of activities for which that money has been
3 spent and amounts spent per category; and

4 “(iv) financial statements, where ap-
5 plicable.

6 “(B) CURRENT REPORTS.—A current re-
7 port reflecting any material changes relevant to
8 the information previously reported to the Com-
9 mission by the digital commodity issuer, which
10 shall be filed as soon as practicable after the
11 material change occurred, in accordance with
12 such rules as the Commission may prescribe as
13 necessary or appropriate in the public interest
14 or for the protection of investors.

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

20 “(5) TERMINATION OF CERTAIN REPORTING
21 REQUIREMENTS; POST-MATURITY REPORTING RE-
22 QUIREMENTS.—

23 “(A) IN GENERAL.—The ongoing reporting
24 requirements under paragraph (3) shall not
25 apply to a digital commodity issuer 180 days

1 after the end of the covered fiscal year, if the
2 information with respect to the digital com-
3 modity and the blockchain system to which it
4 relates described in subparagraphs (A) through
5 (C) of paragraph (2) is made publicly available
6 and the disclosure requirements under subpara-
7 graph (C) of this paragraph are satisfied.

8 “(B) COVERED FISCAL YEAR DEFINED.—

9 In this paragraph, the term ‘covered fiscal year’
10 means, with respect to a digital commodity, the
11 first fiscal year of a digital commodity issuer in
12 which the blockchain system to which such dig-
13 ital commodity relates is certified as a mature
14 blockchain system under section 42 of the Secu-
15 rities Exchange Act of 1934.

16 “(C) POST-MATURITY REPORTING RE-

17 QUIREMENTS.—After the blockchain system to
18 which a digital commodity relates is certified as
19 a mature blockchain system under section 42 of
20 the Securities Exchange Act of 1934, any dig-
21 ital commodity issuer that has filed a statement
22 under paragraph (1) to offer and sell an invest-
23 ment contract involving a unit of a digital com-
24 modity in reliance on section 4(a)(8) and is en-
25 gaged in material ongoing efforts related to the

1 mature blockchain system shall disclose, in a
2 manner reasonably calculated to inform the
3 public, and at such frequency as the Commis-
4 sion may prescribe, by rule, a description of
5 such efforts, including—

6 “(i) any participation in a decentral-
7 ized governance system of such blockchain
8 system;

9 “(ii) any participation in alterations
10 or proposed alterations to the functionality
11 or operation of such blockchain system;

12 “(iii) the use or planned use of any
13 funds raised in reliance on section 4(a)(8)
14 or any rulemaking pursuant to section
15 202(c) of the CLARITY Act of 2025 in
16 such efforts;

17 “(iv) the amount of units of the dig-
18 ital commodity, or rights thereto, owned
19 and controlled by such issuer and any use,
20 sale, trading, or other disposition thereof;
21 and

22 “(v) any affiliations of such issuer
23 material to the efforts of such issuer.

24 “(D) TERMINATION OF AND EXEMPTION
25 FROM POST-MATURITY REPORTING REQUIRE-

1 MENTS.—Not later than 270 days after the
2 date of the enactment of this section, the Com-
3 mission shall issue rules—

4 “(i) for terminating the disclosure re-
5 quirements described in subparagraph (C)
6 during the first fiscal year in which the
7 digital commodity issuer does not engage
8 in material ongoing efforts related to the
9 mature blockchain system; and

10 “(ii) to, as is necessary or appropriate
11 in the public interest or for the protection
12 of investors, exempt a digital commodity
13 issuer from the requirements described in
14 subparagraph (C) where only a de minimis
15 amount of market activity involving the
16 digital commodity of such digital com-
17 modity issuer is taking place.

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

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

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

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

6 “(d) DISQUALIFICATION PROVISIONS.—The Commis-
7 sion shall issue rules to apply the disqualification provi-
8 sions under section 230.262 of title 17, Code of Federal
9 Regulations, to the exemption provided under section
10 4(a)(8).

11 “(e) FAILURE TO MATURE.—

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

1 “(A) DISCLOSURES.—Disclosures regard-
2 ing the following:

3 “(i) FAILURE TO MATURE.—A de-
4 tailed explanation of the reason that the
5 blockchain system has not become a ma-
6 ture blockchain system within the time pe-
7 riod described in section 4(a)(8)(A).

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

12 “(iii) RISK FACTOR DISCLOSURES.—
13 The material risks surrounding ownership
14 of a unit of a digital commodity that re-
15 lates to a blockchain system described
16 under subsection (b)(1) that has not be-
17 come a mature blockchain system within
18 the time period described in section
19 4(a)(8)(A).

20 “(B) OBLIGATIONS.—Transaction report-
21 ing and beneficial ownership disclosure obliga-
22 tions applicable to digital commodity related
23 persons and digital commodity affiliated per-
24 sons of such blockchain system.

1 “(2) QUALIFICATION REQUIRED.—The Com-
 2 mission may not permit any additional reliance on
 3 an exempt offering for the offer or sale of an invest-
 4 ment contract involving a unit of a digital com-
 5 modity by the issuer of the digital commodity related
 6 to a blockchain system described under subsection
 7 (a)(1) that has not become a mature blockchain sys-
 8 tem within the time period described in section
 9 4(a)(8)(A) unless the Commission has qualified any
 10 offering statement related to such exempt offering.”.

11 (b) ADDITIONAL EXEMPTIONS.—

12 (1) CERTAIN REGISTRATION REQUIREMENTS.—
 13 Section 12(g)(6) of the Securities Exchange Act of
 14 1934 (15 U.S.C. 78l(g)(6)) is amended by striking
 15 “under section 4(6)” and inserting “under section
 16 4(a)(6) or 4(a)(8)”.

17 (2) EXEMPTION FROM STATE REGULATION.—
 18 Section 18(b)(4) of the Securities Act of 1933 (15
 19 U.S.C. 77r(b)(4)) is amended—

20 (A) in subparagraph (B), by striking “sec-
 21 tion 4(4)” and inserting “section 4(a)(4)”;

22 (B) in subparagraph (C), by striking “sec-
 23 tion 4(6)” and inserting “section 4(a)(6)”;

24 (C) in subparagraph (F)—

1 (i) by striking “section 4(2)” each
2 place such term appears and inserting
3 “section 4(a)(2)”; and

4 (ii) by striking “or” at the end;

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

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

8 “(H) section 4(a)(8).”.

9 (c) USE OF OTHER EXEMPTIONS.—

10 (1) RULE OF CONSTRUCTION.—Except as pro-
11 vided in this subsection, nothing in this section or
12 the amendments made by this section may be con-
13 strued as prohibiting the offer or sale of an invest-
14 ment contract involving units of a digital commodity
15 in reliance on an exemption from registration under
16 the Securities Act of 1933, including as provided
17 under section 3, 4(a), or 19 of the Securities Act of
18 1933, other than that provided under section 4(a)(8)
19 of the Securities Act of 1933.

20 (2) RULEMAKINGS.—

21 (A) The Securities and Exchange Commis-
22 sion may issue rules—

23 (i) to permit the issuer of a digital
24 commodity related to a blockchain system
25 described under section 4B(b)(1) of the

1 Securities Act of 1933 that has not become
2 a mature blockchain system within the
3 time period described in section 4(a)(8)(A)
4 of such Act, or the issuer of a digital com-
5 modity described in subparagraph (B)(iii),
6 to utilize an exempt offering to offer or sell
7 an investment contract involving the digital
8 commodity, if the Commission qualifies
9 any offering statement related to such ex-
10 empt offering; and

11 (ii) for the offer and sale of invest-
12 ment contracts involving units of a digital
13 commodity by issuers that are not orga-
14 nized under the laws of a State, a territory
15 of the United States, or the District of Co-
16 lumbia.

17 (B) Not later than 270 days after the date
18 of the enactment of this section, the Securities
19 and Exchange Commission shall issue the fol-
20 lowing rules:

21 (i) A rule requiring a digital com-
22 modity issuer that last offered or sold an
23 investment contract involving units of a
24 digital commodity in reliance on an exemp-
25 tion from registration under the Securities

1 Act of 1933, including as provided under
2 section 3, 4(a), or 19 of the Securities Act
3 of 1933, prior to the date of enactment of
4 this Act, to file a comparable set of disclo-
5 sures to those described under section 4B
6 of the Securities Act of 1933 as the Com-
7 mission determines appropriate based on
8 the exemption, the maturity of the
9 blockchain system to which such digital
10 commodity relates, and any material ongo-
11 ing efforts of such digital commodity issuer
12 (provided that for blockchains certified as
13 a mature blockchain system under section
14 42 of the Securities Exchange Act of 1934,
15 such disclosures shall be comparable to
16 those under section 4B(b)(5)(C)), not later
17 than the later of—

18 (I) one year after the effective
19 date of this section; or

20 (II) the date of any secondary
21 market sale of such digital commodity
22 made in reliance on section 203.

23 (ii) A rule requiring a digital com-
24 modity issuer that offers or sells an invest-
25 ment contract involving units of a digital

1 commodity in reliance on an exemption
2 from registration under the Securities Act
3 of 1933, including as provided under sec-
4 tion 3, 4(a), or 19 of the Securities Act of
5 1933, other than that provided under sec-
6 tion 4(a)(8) of the Securities Act of 1933,
7 on or after the date of enactment of this
8 Act, to file a comparable set of disclosures
9 to those described under section 4B of the
10 Securities Act of 1933 as the Commission
11 determines appropriate based on the ex-
12 emption, the maturity of the blockchain
13 system to which such digital commodity re-
14 lates, and any material ongoing efforts of
15 such digital commodity issuer, prior to the
16 date of any secondary market sale of such
17 digital commodity made in reliance on sec-
18 tion 203.

19 (iii) With respect to a digital com-
20 modity where the digital commodity issuer
21 is required to file disclosures under clause
22 (i) or (ii) and where the blockchain system
23 to which the digital commodity relates is
24 not certified as a mature blockchain sys-
25 tem pursuant to section 42 of the Securi-

1 ties Exchange Act of 1934 after the 4-year
2 period beginning on the date that the first
3 such disclosure is filed—

4 (I) a rule prohibiting the offer or
5 sale of an investment contract involv-
6 ing units of the digital commodity un-
7 less the Commission has qualified any
8 offering statement related to such
9 offer or sale, where such offer or sale
10 is permitted pursuant to subpara-
11 graph (A)(i); and

12 (II) a rule requiring the digital
13 commodity issuer to make disclosures
14 comparable to those described in
15 4B(e)(1)(A) of the Securities Act of
16 1933.

17 (iv) A rule permitting a successor to
18 a digital commodity issuer, or such other
19 appropriate person as designated by the
20 Commission, to make the disclosures re-
21 quired under clause (i), where such issuer
22 does not make the required disclosures.

1 **SEC. 203. TREATMENT OF SECONDARY TRANSACTIONS IN**
2 **DIGITAL COMMODITIES THAT ORIGINALLY**
3 **INVOLVED INVESTMENT CONTRACTS.**

4 (a) SECONDARY MARKET TREATMENT.—Notwith-
5 standing any other provision of law, the offer or sale of
6 a digital commodity that originally involved an investment
7 contract by a person other than the issuer of such digital
8 commodity, or an agent or underwriter thereof, shall be
9 deemed not to be an offer or sale of such investment con-
10 tract between the issuer of the investment contract involv-
11 ing the digital commodity, or an agent or underwriter
12 thereof, and the purchaser of such digital commodity
13 under—

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

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

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

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

22 (5) the Securities Investor Protection Act of
23 1970 (15 U.S.C. 78aaa et seq.); and

24 (6) any applicable provisions of State law.

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

4 (c) AGENT DEFINED.—In this section and with re-
 5 spect to a digital commodity issuer, the term “agent”
 6 means any person directly or indirectly controlled by the
 7 issuer or under direct or indirect common control with the
 8 issuer.

9 **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
 10 **ITAL COMMODITIES BY DIGITAL COMMODITY**
 11 **RELATED PERSONS AND DIGITAL COM-**
 12 **MODITY AFFILIATED PERSONS.**

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

16 **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIG-**
 17 **ITAL COMMODITIES BY DIGITAL COMMODITY**
 18 **RELATED PERSONS AND DIGITAL COM-**
 19 **MODITY AFFILIATED PERSONS.**

20 “(a) IN GENERAL.—It shall be a violation of this Act
 21 for a digital commodity affiliated person or a digital com-
 22 modity related person to offer or sell a digital commodity
 23 acquired directly from its issuer, or an agent or under-
 24 writer thereof, pursuant to an investment contract in reli-

1 ance on section 4(a)(8) or another exemption under this
2 Act, other than as provided in this section.

3 “(b) COMMISSION JURISDICTION.—

4 “(1) Where a digital commodity affiliated per-
5 son or a digital commodity related person offers or
6 sells a digital commodity acquired directly from its
7 issuer, or an agent or underwriter thereof, pursuant
8 to an investment contract in reliance on section
9 4(a)(8), or another exemption under this Act, other
10 than as provided in this section, such digital com-
11 modity affiliated person or digital commodity related
12 person shall be considered an issuer of such invest-
13 ment contract.

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

18 “(c) RESTRICTIONS ON DIGITAL COMMODITY RE-
19 LATED PERSONS AND DIGITAL COMMODITY AFFILIATED
20 PERSONS.—

21 “(1) PRIOR TO BEING A MATURE BLOCKCHAIN
22 SYSTEM.—Prior to the blockchain system to which a
23 digital commodity relates being certified as a mature
24 blockchain system under section 42 of the Securities
25 Exchange Act of 1934, units of the digital com-

1 modity acquired by a digital commodity related per-
2 son or digital commodity affiliated person directly
3 from its issuer (or an agent or underwriter thereof)
4 pursuant to an investment contract in reliance on
5 section 4(a)(8), or another exemption under this
6 Act, may be offered or sold by such digital com-
7 modity related person or digital commodity affiliated
8 person if—

9 “(A) reports with respect to such digital
10 commodity, where required under section
11 4B(b)(3) (or, with respect to a digital com-
12 modity not issued in reliance on section 4(a)(8),
13 a comparable set of reports where required by
14 the Commission) have been filed with the Com-
15 mission;

16 “(B) the digital commodity related person
17 or digital commodity affiliated person has held
18 the units for not less than 12 months; and

19 “(C) the aggregate amount of the units of
20 the digital commodity offered or sold by the
21 digital commodity related person or digital com-
22 modity affiliated person is—

23 “(i) in any 12-month period, or short-
24 er period as the Commission may pre-
25 scribe, not less than 5 percent or greater

1 than 20 percent of the total units of the
2 digital commodity acquired directly from
3 its issuer (or an agent or underwriter
4 thereof) by the digital commodity related
5 person or digital commodity affiliated per-
6 son, as determined by the Commission pur-
7 suant to paragraph (3); and

8 “(ii) an amount, as determined by the
9 Commission pursuant to paragraph (3),
10 not less than 30 percent or greater than
11 50 percent of the total units of the digital
12 commodity acquired directly from its issuer
13 (or an agent or underwriter thereof) by the
14 digital commodity related person or digital
15 commodity affiliated person.

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

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

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

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

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

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

16 “(I) 12 months; or

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

22 “(iii) the aggregate amount of the
23 units of the digital commodity offered or
24 sold by the digital commodity affiliated
25 person in any 12-month period is an

1 amount, as determined by the Commission
2 pursuant to paragraph (3), not less than 5
3 percent or greater than 10 percent of the
4 total outstanding amount of the digital
5 commodity.

6 “(3) RULEMAKINGS REQUIRED.—Not later than
7 270 days after the date of the enactment of this sec-
8 tion, consistent with protecting investors, maintain-
9 ing fair, orderly, and efficient markets, and facili-
10 tating capital formation, and to foster the develop-
11 ment of mature blockchain systems, the Commission,
12 by rule, after notice and comment—

13 “(A) shall set the percentage amounts de-
14 scribed in paragraphs (1)(C)(i), (1)(C)(ii), and
15 (2)(B)(iii); and

16 “(B) may provide an exemption from the
17 limitation described in paragraph (1)(C)(ii), if
18 the Commission requires any offer or sale pur-
19 suant to such exemption of a digital commodity
20 related to a blockchain system that has failed to
21 become a mature blockchain system under this
22 Act or any rule promulgated hereunder to be
23 accompanied by the disclosures required under,
24 as applicable, section 4B(e)(1)(A) or section

1 202(c)(2)(B)(iii)(II) of the CLARITY Act of
2 2025.

3 “(d) RULES OF CONSTRUCTION.—For purposes of
4 this section, the use of a digital commodity in the pro-
5 grammatic functioning of the blockchain system to which
6 it relates is not an offer or sale of a digital commodity.

7 “(e) MANIPULATIVE AND DECEPTIVE DEVICES; RE-
8 PORTING.—

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

20 “(2) AFFIRMATIVE DEFENSE.—Not later than
21 270 days after the date of the enactment of this sec-
22 tion, the Commission shall issue rules to implement
23 paragraph (1), including by providing any affirma-
24 tive defenses to an enforcement action thereunder as
25 the Commission may prescribe as necessary or ap-

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

3 “(3) REPORTING.—Not later than 270 days
4 after the date of the enactment of this section, the
5 Commission shall issue rules to prescribe such trans-
6 action reporting and beneficial ownership disclosure
7 obligations applicable to digital commodity related
8 persons and digital commodity affiliated persons, as
9 necessary or appropriate in the public interest or for
10 the protection of investors.

11 “(4) DIFFERENTIATION BETWEEN PERSONS.—
12 In issuing rules required under paragraphs (2) and
13 (3), the Commission shall differentiate between dig-
14 ital commodity related persons and digital com-
15 modity affiliated persons, as necessary or appro-
16 priate in the public interest or for the protection of
17 investors.

18 “(f) CERTAIN UNITS RECEIVED PRIOR TO ENACT-
19 MENT.—A unit of a digital commodity received from the
20 digital commodity issuer prior to the date of the enact-
21 ment of this section through an offer or sale of an invest-
22 ment contract involving units of a digital commodity in
23 reliance on an exemption from registration under this Act,
24 including as provided under section 3, 4(a), or 19, may

1 be offered or sold by a digital commodity related person
2 or digital commodity affiliated person, if—

3 “(1) the digital commodity issuer is no longer
4 engaged in material ongoing efforts related to the
5 blockchain system to which the digital commodity re-
6 lates and the blockchain system to which the digital
7 commodity relates is certified as a mature
8 blockchain system under section 42 of the Securities
9 Exchange Act of 1934; or

10 “(2) the appropriate disclosures required under
11 section 202(c)(2)(B) of the CLARITY Act of 2025
12 have been made with the Commission.

13 “(g) RULEMAKING ON FURTHER USAGE OF DIGITAL
14 COMMODITIES.— The Commission, consistent with pro-
15 tecting investors, maintaining fair, orderly, and efficient
16 markets, and facilitating capital formation, as well as fos-
17 tering the development of mature blockchain systems,
18 may, by rule, exempt unconditionally or on stated terms
19 or conditions, a digital commodity related person or a dig-
20 ital commodity affiliated person, or any class thereof, from
21 the requirements of this section for the offer or sale of
22 a digital commodity, including for the purposes of pro-
23 moting market liquidity.”.

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.—**A digital commodity
8 issuer, digital commodity related person, digital com-
9modity affiliated person, decentralized governance
10 system of the blockchain system, or a registered dig-
11 ital commodity exchange, or any other appropriate
12 person as designated by the Commission, may certify
13 to the Commission that the blockchain system to
14 which a digital commodity relates is a mature
15 blockchain system.

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) for the same blockchain system which relates to a digital commodity which are received during the review period provided under this paragraph.

“(5) STAY OF CERTIFICATION.—

“(A) IN GENERAL.—A notification by the Commission pursuant to paragraph (4)(A) shall stay the certification once for up to an additional 120 days from the date of the notification.

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

“(6) DISPOSITION OF CERTIFICATION.—A certification made under paragraph (1) shall—

“(A) become effective—

“(i) upon the publication of a notification from the Commission to the person who made the certification that the Commission does not object to the certification; or

“(ii) at the expiration of the certification 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 use and functioning of
22 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, or other form of computational

1 infrastructure with respect to the
2 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 digital commodity affiliated per-
12 son 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 with re-
17 spect to functionality, operation, or rules of
18 consensus or agreement of the blockchain sys-
19 tem or its related digital commodity, unless
20 such alteration—

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 the date of enactment of this section; 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)), as
 11 amended by the GENIUS Act, is amended by striking the
 12 final sentence and inserting the following: “The term does
 13 not include a digital commodity or permitted payment
 14 stablecoin.”.

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

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

24 (1) in paragraph (18), as amended by the GE-
 25 NIUS Act, by striking the final sentence and insert-

1 ing the following: “The term does not include a dig-
2 ital commodity or permitted payment stablecoin.”;

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

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

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

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

15 (1) in paragraph (36), as amended by the GE-
16 NIUS Act, by striking the final sentence and insert-
17 ing the following: “The term does not include a dig-
18 ital commodity or permitted payment stablecoin.”;
19 and

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

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

1 (e) SECURITIES INVESTOR PROTECTION ACT OF
2 1970.—Section 16 of the Securities Investor Protection
3 Act of 1970 (15 U.S.C. 78lll) is amended—

4 (1) in paragraph (14), as amended by the GE-
5 NIUS Act, by striking the final sentence and insert-
6 ing the following: “The term does not include a dig-
7 ital commodity or permitted payment stablecoin, as
8 such terms are defined, respectively, under section
9 2(a) of the Securities Act of 1933 (15 U.S.C.
10 77b(a))”; and

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

12 “(15) TREATMENT OF PERMITTED PAYMENT
13 STABLECOINS.—A permitted payment stablecoin, as
14 defined in section 2(a) of the Securities Act of 1933,
15 shall not qualify as ‘cash’ and a claim for a per-
16 mitted payment stablecoin shall not qualify as a
17 ‘claim for cash’.”.

18 **SEC. 302. ANTI-FRAUD AUTHORITY OVER PERMITTED PAY-**
19 **MENT STABLECOINS AND CERTAIN DIGITAL**
20 **COMMODITY TRANSACTIONS.**

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

23 (1) by moving subsection (c) so as to appear
24 after subsection (b);

1 (2) by inserting after subsection (c) the fol-
2 lowing:

3 “(d) To use or employ, in connection with the pur-
4 chase or sale of any permitted payment stablecoin or dig-
5 ital commodity, by or through, as applicable, a broker,
6 dealer, national securities exchange, or an alternative
7 trading system, any manipulative or deceptive device or
8 contrivance in contravention of such rules and regulations
9 as the Commission may prescribe as necessary or appro-
10 priate in the public interest or for the protection of inves-
11 tors.”; and

12 (3) by adding at the end the following: “Rules
13 promulgated under subsection (b) that prohibit
14 fraud, manipulation, or insider trading (but not
15 rules imposing or specifying reporting or record-
16 keeping requirements, procedures, or standards as
17 prophylactic measures against fraud, manipulation,
18 or insider trading), and judicial precedents decided
19 under subsection (b) and rules promulgated there-
20 under that prohibit fraud, manipulation, or insider
21 trading, shall apply with respect to permitted pay-
22 ment stablecoin and digital commodity transactions
23 engaged in by or through a broker or dealer or
24 through an alternative trading system or, as applica-
25 ble, a national securities exchange to the same ex-

1 tent as they apply to securities transactions. Judicial
2 precedents decided under section 17(a) of the Secu-
3 rities Act of 1933 and sections 9, 15, 16, 20, and
4 21A of this title, and judicial precedents decided
5 under applicable rules promulgated under such sec-
6 tions, shall apply to permitted payment stablecoins
7 and digital commodities with respect to those cir-
8 cumstances in which the permitted payment
9 stablecoins and digital commodities are, as applica-
10 ble, brokered, traded, or custodied by or through a
11 broker or dealer or through an alternative trading
12 system or a national securities exchange to the same
13 extent as they 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 or dealer or through an alternative trading sys-
24 tem 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 **SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYS-**
 19 **TEMS.**

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

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

23 “(a) IN GENERAL.—It”; and

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

25 “(b) DIGITAL COMMODITY PROTECTIONS.—

1 “(1) IN GENERAL.—The Commission may not
 2 preclude a trading platform from operating pursuant
 3 to a covered exemption to exchange registration
 4 under section 6 of this title on the basis that the as-
 5 sets traded or to be traded on such platform in-
 6 clude—

7 “(A) digital commodities or permitted pay-
 8 ment stablecoins; and

9 “(B) securities.

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

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

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

17 (b) SECURITIES EXCHANGE ACT OF 1934.—Section
 18 3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C.
 19 78c(a)(2)) is amended by adding at the end the following:
 20 “Neither an alternative trading system predominantly fa-
 21 cilitating the trading of digital commodities, permitted
 22 payment stablecoins, or both, relative to its securities trad-
 23 ed, nor a digital commodity exchange, is a ‘facility’ of an
 24 exchange.”.

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

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

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

11 **SEC. 304. RULEMAKING FOR DUAL-REGISTERED ENTITIES.**

12 (a) CONFLICT OF INTEREST POLICIES AND PROCE-
13 DURES.—Each person or entity dual-registered with the
14 Commodity Futures Trading Commission as permitted
15 under section 15(p) of the Securities Exchange Act of
16 1934 shall establish, maintain, and, as applicable, enforce
17 and comply with written policies and procedures reason-
18 ably designed to mitigate any conflicts of interest, includ-
19 ing with respect to transactions or arrangements with af-
20 filiates registered with the Securities and Exchange Com-
21 mission, taking into consideration the nature of the busi-
22 ness of such person or entity.

23 (b) EXEMPTION FROM DUPLICATIVE, CONFLICTING,
24 OR UNDULY BURDENSOME PROVISIONS.—The Securities
25 and Exchange Commission shall prescribe rules for a per-

1 son or entity with multiple registrations, where at least
2 one such registration includes any dual registration per-
3 mitted under section 15(p) of the Securities Exchange Act
4 of 1934, to exempt the person or entity from duplicative,
5 conflicting, or unduly burdensome provisions of the Secu-
6 rities Exchange Act of 1934 and rules thereunder, to the
7 extent such an exemption would protect investors, main-
8 tain fair, orderly, and efficient markets, and facilitate cap-
9 ital formation.

10 (c) IMPLEMENTING ORGANIZATIONS.—The Securities
11 and Exchange Commission shall require any registered na-
12 tional securities association that has as a member a reg-
13 istered broker or registered dealer that is registered with
14 the Commodity Futures Trading Commission as a digital
15 commodity broker or digital commodity dealer as per-
16 mitted under section 15(p)(1) of the Securities Exchange
17 Act of 1934 or otherwise transacts in permitted payment
18 stablecoins to revise such rules as may be necessary to
19 further the purposes of and compliance with this section.

20 (d) MEMORANDUM OF UNDERSTANDING.—The Secu-
21 rities and Exchange Commission shall enter into a memo-
22 randum of understanding with the Commodity Futures
23 Trading Commission to ensure—

24 (1) non-duplicative supervision and enforcement
25 with respect to registrants of the Securities and Ex-

1 change Commission dual-registered with the Com-
2 modity Futures Trading Commission as permitted
3 under section 15(p) of the Securities Exchange Act
4 of 1934; and

5 (2) appropriate information sharing between
6 the Commissions to further the purposes of and
7 compliance with this section, the Securities Ex-
8 change Act of 1934, and the Commodity Exchange
9 Act.

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

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

18 (a) IN GENERAL.—For purposes of books and
19 records requirements for brokers, dealers, transfer agents,
20 national securities exchanges under the Securities and Ex-
21 change Act of 1934 (15 U.S.C. 78a et seq.), investment
22 advisers under the Investment Advisers Act of 1940 (15
23 U.S.C. 80b–1 et seq.), and investment companies under
24 the Investment Company Act of 1940 (15 U.S.C. 80a–
25 1 et seq.), a person may, consistent with any rules promul-

1 gated under subsection (b), utilize records from a
2 blockchain system.

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

7 **SEC. 306. EXEMPTIVE AUTHORITY.**

8 Section 28 of the Securities Act of 1933 (15 U.S.C.
9 77z–3) is amended by striking “by rule or regulation” and
10 inserting “by rule, regulation, or order”.

11 **SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COM-**
12 **MODITY FUTURES TRADING COMMISSION.**

13 Section 15 of the Securities Exchange Act of 1934
14 (15 U.S.C. 78o) is amended by adding at the end the fol-
15 lowing:

16 “(p) ADDITIONAL REGISTRATIONS WITH THE COM-
17 MODITY FUTURES TRADING COMMISSION.—

18 “(1) REGISTERED BROKERS AND DEALERS.—A
19 registered broker or registered dealer shall be per-
20 mitted to maintain a registration with the Com-
21 modity Futures Trading Commission as a digital
22 commodity broker or digital commodity dealer.

23 “(2) NATIONAL SECURITIES EXCHANGES.—A
24 national securities exchange or affiliate thereof shall
25 be permitted to maintain a registration with the

1 Commodity Futures Trading Commission as a dig-
2 ital commodity exchange.

3 “(3) ALTERNATIVE TRADING SYSTEMS.—An al-
4 ternative trading system, and the operator thereof,
5 shall be permitted to maintain a registration with
6 the Commodity Futures Trading Commission as a
7 digital commodity exchange.

8 “(4) NOTICE OF APPLICATION.—Any person or
9 entity described in paragraph (1) through (3) shall
10 provide to the Securities and Exchange Commission,
11 at such time and in such form and manner as the
12 Securities and Exchange Commission shall prescribe,
13 notice of any application to register with the Com-
14 modity Futures Trading Commission as a digital
15 commodity broker, digital commodity dealer, or dig-
16 ital commodity exchange.”.

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

19 (a) COVERED SECURITY.—Section 18(b) of the Secu-
20 rities Act of 1933 (15 U.S.C. 77r(b)) is amended by add-
21 ing at the end the following:

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

1 (b) RULE OF CONSTRUCTION.—Nothing in this sec-
 2 tion, section 202, or the amendments made by such sec-
 3 tions may be construed to limit the existing authority de-
 4 scribed in section 18(c)(1) of the Securities Act of 1933
 5 (15 U.S.C. 77r(c)(1)) of a securities commission (or any
 6 agency or office performing like functions) of any State
 7 with respect to a covered security or any security.

8 **SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
 9 **TIVITIES.**

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

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

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

22 “(1) Compiling network transactions or relay-
 23 ing, searching, sequencing, validating, or acting in a
 24 similar capacity.

1 “(2) Providing computational work, operating a
2 node or oracle service, or procuring, offering, or uti-
3 lizing network bandwidth, or providing other similar
4 incidental services.

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

8 “(4) Developing, publishing, constituting, ad-
9 ministering, maintaining, or otherwise distributing a
10 blockchain system or a decentralized finance trading
11 protocol.

12 “(5) Developing, publishing, constituting, ad-
13 ministering, maintaining, or otherwise distributing a
14 decentralized finance messaging system, or operating
15 or participating in a liquidity pool, for the purpose
16 of executing a spot contract for the purchase or sale
17 of a digital commodity in relation to a decentralized
18 finance trading protocol.

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

1 “(b) EXCEPTIONS.—Subsection (a) shall not apply to
2 the anti-fraud and anti-manipulation authorities of the
3 Commission.”.

4 **SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANK-**
5 **ING INSTITUTIONS.**

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

13 (1) to include assets held in custody that are
14 not accounted for as assets of the entity as a liabil-
15 ity on the financial statement or balance sheet of the
16 entity, including digital commodity or permitted pay-
17 ment stablecoin custody or safekeeping services; and

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

23 (A) the appropriate Federal banking agen-
24 cy;

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

3 (C) a State bank supervisor;

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

7 (E) the Securities and Exchange Commis-
8 sion (in the case of a broker or dealer).

9 (b) DEFINITIONS.—In this section:

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

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

21 **SEC. 311. BROKER AND DEALER DISCLOSURES REGARDING**
22 **THE TREATMENT OF ASSETS.**

23 (a) IN GENERAL.—Not later than 270 days after the
24 date of the enactment of this Act, the Securities and Ex-
25 change Commission shall issue rules requiring written dis-

1 closures regarding the treatment of customer assets in the
2 event of an insolvency, resolution, or liquidation pro-
3 ceeding to be provided by a registered broker or dealer
4 to an investor before a digital commodity, a permitted pay-
5 ment stablecoin, or an investment contract involving a unit
6 of a digital commodity is received, acquired, or held by
7 the broker or dealer for the account of the investor, which
8 shall include, as necessary or appropriate for the protec-
9 tion of investors—

10 (1) a description of the manner in which any
11 digital commodity, permitted payment stablecoin, or
12 investment contact involving a unit of a digital com-
13 modity received, acquired, or held by the broker or
14 dealer for the account of such investor would be
15 treated in an insolvency, resolution, or liquidation
16 proceeding with respect to the broker or dealer
17 under—

18 (A) title II of the Dodd-Frank Wall Street
19 Reform and Consumer Protection Act (12
20 U.S.C. 5381 et seq.);

21 (B) the Securities Investor Protection Act
22 of 1970 (15 U.S.C. 78aaa et seq.); or

23 (C) as applicable, chapter 7 or chapter 11
24 of title 11, United States Code; and

1 (2) how the treatment described in paragraph
 2 (1) differs from the treatment of securities and cash
 3 received, acquired, or held by the broker or dealer
 4 for the account of such investor in the event of an
 5 insolvency, resolution, or liquidation proceeding with
 6 respect to the broker or dealer under each law de-
 7 scribed under subparagraph (A) through (C) of
 8 paragraph (1).

9 **SEC. 312. DIGITAL COMMODITY ACTIVITIES THAT ARE FI-**
 10 **NANCIAL IN NATURE.**

11 (a) DIGITAL COMMODITY ACTIVITIES THAT ARE FI-
 12 NANCIAL IN NATURE.—Section 4(k)(4) of the Bank Hold-
 13 ing Company Act of 1956 (12 U.S.C. 1843(k)(4)) is
 14 amended—

15 (1) in subparagraph (A), by striking “or securi-
 16 ties” and inserting “, securities, or digital commod-
 17 ities”; and

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

20 (b) NATIONAL BANK ACTIVITY.—

21 (1) IN GENERAL.—A national bank may use a
 22 digital asset or blockchain system to perform, pro-
 23 vide, or deliver any activity, function, product, or
 24 service that the national bank is otherwise author-
 25 ized by law to perform, provide, or deliver.

1 (2) RULE OF CONSTRUCTION.—Nothing in this
2 subsection may be construed to exempt a national
3 bank’s performance, provision, or delivery of an ac-
4 tivity, function, product, or service from a require-
5 ment that would apply if the activity were not per-
6 formed, provided, or delivered using a digital asset
7 or blockchain system.

8 (c) INSURED STATE BANKS AND SUBSIDIARIES OF
9 INSURED STATE BANKS.—For purposes of sections 24(a)
10 and 24(d) of the Federal Deposit Insurance Act (12
11 U.S.C. 1831a(a) and (d)), all of the activities authorized
12 for a national bank under subsection (b) that are principal
13 activities shall be permissible for an insured State bank
14 and subsidiary of an insured State bank.

15 **SEC. 313. EFFECTIVE DATE; ADMINISTRATION.**

16 Except as otherwise provided under this title, this
17 title and the amendments made by this title shall take ef-
18 fect 360 days after the date of enactment of this Act, ex-
19 cept that, to the extent a provision of this title requires
20 a rulemaking, the provision shall take effect on the later
21 of—

22 (1) 360 days after the date of enactment of this
23 Act; or

24 (2) 60 days after the publication in the Federal
25 Register of the final rule implementing the provision.

1 **SEC. 314. EDUCATIONAL MATERIAL REQUIREMENTS.**

2 The Securities and Exchange Commission, in con-
3 sultation with the Commodity Futures Trading Commis-
4 sion, shall require any registered entity that facilitates the
5 trading of digital commodities or investment contracts in-
6 volving units of a digital commodity to provide clear and
7 accessible educational materials to the public, including—

8 (1) an overview of how blockchain technology
9 functions;

10 (2) a description of common risks associated
11 with digital commodities;

12 (3) a description of the differences between dig-
13 ital commodity markets and traditional financial
14 markets;

15 (4) information on reporting requirements re-
16 lated to digital commodity transactions or invest-
17 ment contracts involving units of a digital com-
18 modity; and

19 (5) guidance on recognizing fraudulent schemes
20 and instructions for reporting suspected fraud.

21 **SEC. 315. DISCRETIONARY SURPLUS FUND.**

22 (a) IN GENERAL.—The dollar amount specified
23 under section 7(a)(3)(A) of the Federal Reserve Act (12
24 U.S.C. 289(a)(3)(A)) is reduced by \$15,000,000.

25 (b) EFFECTIVE DATE.—The amendment made by
26 subsection (a) shall take effect on September 30, 2035.

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

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

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

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

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

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

20 “(II) a swap;

21 “(III) a security futures product;

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

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

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

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

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

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

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

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

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

16 “(H) permitted payment stablecoins.”.

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

20 (1) in clause (ii)(I), by inserting after “para-
 21 graph (1)” the following: “(other than an agree-
 22 ment, contract, or transaction in a permitted pay-
 23 ment stablecoin)”; and

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

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

16 (d) COMMISSION AUTHORITY OVER CERTAIN DIG-
17 ITAL COMMODITY AND STABLECOIN SPOT TRANS-
18 ACTIONS.—Section 2(c)(2) of the Commodity Exchange
19 Act (7 U.S.C. 2(c)(2)) is amended by adding at the end
20 the following:

21 “(F) COMMISSION JURISDICTION WITH RE-
22 SPECT TO DIGITAL COMMODITY TRANS-
23 ACTIONS.—

24 “(i) IN GENERAL.—Subject to sec-
25 tions 6d and 12(e), the Commission shall

1 have exclusive jurisdiction with respect to
2 any account, agreement, contract, or trans-
3 action involving a contract of sale of a dig-
4 ital commodity or tradable asset (as de-
5 fined in section 4x) in interstate commerce,
6 including in a digital commodity or
7 tradable asset (as so defined) cash or spot
8 market, that is offered, solicited, traded,
9 facilitated, executed, cleared, reported, or
10 otherwise dealt in—

11 “(I) on or subject to the rules of
12 a registered entity or an entity that is
13 required to be registered as a reg-
14 istered entity; or

15 “(II) by any other entity reg-
16 istered, or required to be registered,
17 with the Commission.

18 “(ii) LIMITATIONS.—Clause (i) shall
19 not apply with respect to—

20 “(I) custodial or depository ac-
21 tivities for a digital commodity of an
22 entity regulated by an appropriate
23 Federal banking agency or a State
24 bank supervisor (within the meaning

1 of section 3 of the Federal Deposit In-
2 surance Act); or

3 “(II) an offer or sale of an in-
4 vestment contract involving a digital
5 commodity or of a securities offer or
6 sale involving a digital commodity.

7 “(iii) MIXED DIGITAL ASSET TRANS-
8 ACTIONS.—

9 “(I) IN GENERAL.—Clause (i)
10 shall not apply to a mixed digital
11 asset transaction.

12 “(II) REPORTS ON MIXED DIG-
13 ITAL ASSET TRANSACTIONS.—A dig-
14 ital commodity issuer, digital com-
15 modity related person, digital com-
16 modity affiliated person, or other per-
17 son registered with the Securities and
18 Exchange Commission that engages in
19 a mixed digital asset transaction,
20 shall, on request of the Commission,
21 open to inspection and examination by
22 the Commission all books and records
23 relating to the mixed digital asset
24 transaction, subject to the confiden-

1 tiality and disclosure requirements of
2 section 8.

3 “(G) AGREEMENTS, CONTRACTS, AND
4 TRANSACTIONS IN STABLECOINS.—

5 “(i) TREATMENT OF PERMITTED PAY-
6 MENT STABLECOINS ON COMMISSION-REG-
7 ISTERED ENTITIES.—Subject to clauses (ii)
8 and (iii), the Commission shall have juris-
9 diction over a cash or spot agreement, con-
10 tract, or transaction in a permitted pay-
11 ment stablecoin that is offered, offered to
12 enter into, entered into, executed, solicited,
13 or accepted, or for which the execution of
14 is confirmed—

15 “(I) on or subject to the rules of
16 a registered entity; or

17 “(II) by any other entity reg-
18 istered with the Commission.

19 “(ii) PERMITTED PAYMENT
20 STABLECOIN TRANSACTION RULES.—This
21 Act shall apply to a transaction described
22 in clause (i) only for the purpose of regu-
23 lating the offer, execution, solicitation, or
24 acceptance of a cash or spot permitted
25 payment stablecoin transaction on a reg-

1 istered entity or by any other entity reg-
2 istered with the Commission, as if the per-
3 mitted payment stablecoin were a digital
4 commodity.

5 “(iii) NO AUTHORITY OVER PER-
6 MITTED PAYMENT STABLECOINS.—Not-
7 withstanding clauses (i) and (ii), the Com-
8 mission shall not make a rule or regula-
9 tion, impose a requirement or obligation on
10 a registered entity or other entity reg-
11 istered with the Commission, or impose a
12 requirement or obligation on a permitted
13 payment stablecoin issuer, regarding the
14 operation of a permitted payment
15 stablecoin issuer or a permitted payment
16 stablecoin.”.

17 (e) CONFORMING AMENDMENTS.—The Commodity
18 Exchange Act is amended—

19 (1) in section 1a(9) (7 U.S.C. 1a(9)), as
20 amended by the GENIUS Act, by striking the sec-
21 ond sentence; and

22 (2) in section 2(a)(1)(A) (7 U.S.C. 2(a)(1)(A)),
23 in the 1st sentence, by inserting “subparagraphs (F)
24 and (G) of subsection (c)(2) of this section or” be-
25 fore “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 a”;

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; or

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.

21 “(B) PUBLIC INFORMATION REQUIRE-
22 MENTS.—

23 “(i) IN GENERAL.—A digital com-
24 modity exchange shall—

1 “(I) permit trading in a digital
2 commodity only if the digital com-
3modity exchange reasonably deter-
4mines that the information required
5by clause (ii) is correct, current, and
6available to the public; and

7 “(II) establish policies and proce-
8dures to determine that the informa-
9tion provided pursuant to clause (ii) is
10correct, current, and available to the
11public.

12 “(ii) REQUIRED INFORMATION.—With
13respect to a digital commodity and each
14blockchain system to which the digital
15commodity relates for which the digital
16commodity exchange will make the digital
17commodity available to the customers of
18the digital commodity exchange, the fol-
19lowing information:

20 “(I) SOURCE CODE.—The source
21code for any blockchain system to
22which the digital commodity relates.

23 “(II) TRANSACTION HISTORY.—A
24description of the steps necessary to
25independently access, search, and

1 verify the transaction history of any
2 blockchain system to which the digital
3 commodity relates, to the extent any
4 such independent access, search, and
5 verification activities are technically
6 feasible with respect to the blockchain
7 system.

8 “(III) DIGITAL COMMODITY ECO-
9 NOMICS.—A narrative description of
10 the purpose of any blockchain system
11 to which the digital commodity relates
12 and the operation of any such
13 blockchain system, including—

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

24 “(bb) information detailing
25 any applicable consensus mecha-

1 nism or process for validating
2 transactions, method of gener-
3 ating or mining digital commod-
4 ities, and any process for burning
5 or destroying digital commodities
6 on the blockchain system;

7 “(cc) an explanation of gov-
8 ernance mechanisms for imple-
9 menting changes to the
10 blockchain system or forming
11 consensus among holders of the
12 digital commodities; and

13 “(dd) sufficient information
14 for a third party to create a tool
15 for verifying the transaction his-
16 tory of the digital asset.

17 “(IV) TRADING VOLUME AND
18 VOLATILITY.—The trading volume
19 and volatility of the digital commodity
20 on the exchange.

21 “(V) ADDITIONAL INFORMA-
22 TION.—Such additional information
23 as the Commission may determine by
24 rule to be necessary for a customer to
25 understand the financial and oper-

1 ational risks of a digital commodity,
2 and to be practically feasible to pro-
3 vide.

4 “(iii) FORMAT.—The Commission
5 shall prescribe rules and regulations for
6 the standardization and simplification of
7 disclosures under clause (ii), including re-
8 quiring that disclosures—

9 “(I) be conspicuous;

10 “(II) use plain language com-
11 prehensible to customers;

12 “(III) are not drafted in a way
13 that presumes the customer already
14 has a base knowledge, familiarity, or
15 understanding of the basic termi-
16 nology, operation, and function of
17 blockchain systems; and

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

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

1 to the Commission, the Securities and Ex-
2 change Commission, or an appropriate
3 Federal banking agency.

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

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

19 “(5) MONITORING OF TRADING AND TRADE
20 PROCESSING.—

21 “(A) IN GENERAL.—A digital commodity
22 exchange shall provide a competitive, open, and
23 efficient market and mechanism for executing
24 transactions that protects the price discovery
25 process of trading on the exchange.

1 “(B) PROTECTION OF MARKETS AND MAR-
2 KET PARTICIPANTS.—A digital commodity ex-
3 change shall establish and enforce rules—

4 “(i) to protect markets and market
5 participants from abusive practices com-
6 mitted by any party, including abusive
7 practices committed by a party acting as
8 an agent for a participant; and

9 “(ii) to promote fair and equitable
10 trading on the exchange.

11 “(C) TRADING PROCEDURES.—A digital
12 commodity exchange shall—

13 “(i) establish and enforce rules or
14 terms and conditions defining, or specifica-
15 tions detailing—

16 “(I) trading procedures to be
17 used in entering and executing orders
18 traded on or through the facilities of
19 the digital commodity exchange; and

20 “(II) procedures for trade proc-
21 essing of digital commodities on or
22 through the facilities of the digital
23 commodity exchange; and

24 “(ii) monitor trading in digital com-
25 modities to prevent manipulation, price

1 distortion, and disruptions, through sur-
2veillance, compliance, and disciplinary
3practices and procedures, including meth-
4ods for conducting real-time monitoring of
5trading and comprehensive and accurate
6trade reconstructions.

7 “(6) ABILITY TO OBTAIN INFORMATION.—A
8 digital commodity exchange shall—

9 “(A) establish and enforce rules that will
10 allow the facility to obtain any necessary infor-
11 mation to perform any of the functions de-
12 scribed in this section;

13 “(B) provide the information to the Com-
14 mission on request; and

15 “(C) have the capacity to carry out such
16 international information-sharing agreements as
17 the Commission may require.

18 “(7) EMERGENCY AUTHORITY.—A digital com-
19modity exchange shall adopt rules to provide for the
20exercise of emergency authority, in consultation or
21cooperation with the Commission or a registered en-
22tity, as is necessary and appropriate, including the
23authority to facilitate the liquidation or transfer of
24open positions in any digital commodity or to sus-
25pend or curtail trading in a digital commodity.

1 “(8) TIMELY PUBLICATION OF TRADING INFOR-
2 MATION.—

3 “(A) IN GENERAL.—A digital commodity
4 exchange shall make public timely information
5 on price, trading volume, and other trading
6 data on digital commodities to the extent pre-
7 scribed by the Commission.

8 “(B) CAPACITY OF DIGITAL COMMODITY
9 EXCHANGE.—A digital commodity exchange
10 shall have the capacity to electronically capture
11 and transmit trade information with respect to
12 transactions executed on the exchange.

13 “(9) RECORDKEEPING AND REPORTING.—

14 “(A) IN GENERAL.—A digital commodity
15 exchange shall—

16 “(i) maintain records relating to the
17 business of the exchange, including a com-
18 plete audit trail, in a form and manner ac-
19 ceptable to the Commission for a period of
20 5 years;

21 “(ii) report to the Commission, in a
22 form and manner acceptable to the Com-
23 mission, such information as the Commis-
24 sion determines to be necessary or appro-
25 priate for the Commission to perform the

1 duties of the Commission under this Act;
2 and

3 “(iii) keep any such records of digital
4 commodities which relate to a security
5 open to inspection and examination by the
6 Securities and Exchange Commission.

7 “(B) INFORMATION-SHARING.—Subject to
8 section 8, and on request, the Commission shall
9 share information collected under subparagraph
10 (A) with—

11 “(i) the Board;

12 “(ii) the Securities and Exchange
13 Commission;

14 “(iii) each appropriate Federal bank-
15 ing agency;

16 “(iv) each appropriate State bank su-
17 pervisor (within the meaning of section 3
18 of the Federal Deposit Insurance Act);

19 “(v) the Financial Stability Oversight
20 Council;

21 “(vi) the Department of Justice; and

22 “(vii) any other person that the Com-
23 mission determines to be appropriate, in-
24 cluding—

1 “(I) foreign financial supervisors
2 (including foreign futures authorities);

3 “(II) foreign central banks; and

4 “(III) foreign ministries.

5 “(C) CONFIDENTIALITY AGREEMENT.—Be-
6 fore the Commission may share information
7 with any entity described in subparagraph (B),
8 the Commission shall receive a written agree-
9 ment from the entity stating that the entity
10 shall abide by the confidentiality requirements
11 described in section 8 relating to the informa-
12 tion on digital commodities that is provided.

13 “(D) PROVIDING INFORMATION.—A digital
14 commodity exchange shall provide to the Com-
15 mission (including any designee of the Commis-
16 sion) information under subparagraph (A) in
17 such form and at such frequency as is required
18 by the Commission.

19 “(10) ANTITRUST CONSIDERATIONS.—Unless
20 necessary or appropriate to achieve the purposes of
21 this Act, a digital commodity exchange shall not—

22 “(A) adopt any rules or take any actions
23 that result in any unreasonable restraint of
24 trade; or

1 “(B) impose any material anticompetitive
2 burden on trading.

3 “(11) CONFLICTS OF INTEREST.—The digital
4 commodity exchange shall establish and enforce
5 rules—

6 “(A) to minimize conflicts of interest in
7 the decision making processes of the contract
8 market; and

9 “(B) to establish a process for resolving
10 conflicts of interest referred to in subparagraph
11 (A).

12 “(12) FINANCIAL RESOURCES.—

13 “(A) IN GENERAL.—A digital commodity
14 exchange shall have adequate financial, oper-
15 ational, and managerial resources, as deter-
16 mined by the Commission, to discharge each re-
17 sponsibility of the digital commodity exchange.

18 “(B) MINIMUM AMOUNT OF FINANCIAL RE-
19 SOURCES.—A digital commodity exchange shall
20 possess financial resources that, at a minimum,
21 exceed the sum of—

22 “(i) the total amount that would en-
23 able the digital commodity exchange to
24 cover the operating costs of the digital

1 commodity exchange for a 1-year period,
2 as calculated on a rolling basis; and

3 “(ii) the total amount necessary to
4 meet the financial obligations of the digital
5 commodity exchange to all customers of
6 the digital commodity exchange.

7 “(13) DISCIPLINARY PROCEDURES.—A digital
8 commodity exchange shall establish and enforce dis-
9 ciplinary procedures that authorize the digital com-
10modity exchange to discipline, suspend, or expel
11 members or market participants that violate the
12 rules of the digital commodity exchange, or similar
13 methods for performing the same functions, includ-
14 ing delegation of the functions to third parties.

15 “(14) GOVERNANCE FITNESS STANDARDS.—

16 “(A) GOVERNANCE ARRANGEMENTS.—A
17 digital commodity exchange shall establish gov-
18 ernance arrangements that are transparent and
19 designed to permit consideration of the views of
20 market participants.

21 “(B) FITNESS STANDARDS.—A digital
22 commodity exchange shall establish and enforce
23 appropriate fitness standards for—

24 “(i) officers and directors; and

1 “(ii) any individual or entity with di-
2 rect access to, or control of, customer as-
3 sets.

4 “(15) SYSTEM SAFEGUARDS.—A digital com-
5 modity exchange shall—

6 “(A) establish and maintain a program of
7 risk analysis and oversight to identify and mini-
8 mize sources of operational and security risks,
9 through the development of appropriate controls
10 and procedures, and automated systems in ac-
11 cordance with industry standards, that—

12 “(i) are reliable and secure; and

13 “(ii) have adequate scalable capacity;

14 “(B) establish and maintain emergency
15 procedures, backup resources, and a plan for
16 disaster recovery that allow for—

17 “(i) the timely recovery and resump-
18 tion of operations; and

19 “(ii) the fulfillment of the responsibil-
20 ities and obligations of the digital com-
21 modity exchange; and

22 “(C) periodically conduct tests to verify
23 that the backup resources of the digital com-
24 modity exchange are sufficient to ensure contin-
25 ued—

1 “(i) order processing and trade
2 matching;
3 “(ii) price reporting;
4 “(iii) market surveillance; and
5 “(iv) maintenance of a comprehensive
6 and accurate audit trail.

7 “(d) HOLDING OF CUSTOMER ASSETS.—

8 “(1) IN GENERAL.—A digital commodity ex-
9 change shall hold customer money, assets, and prop-
10 erty in a manner to minimize the risk of loss to the
11 customer or unreasonable delay in customer access
12 to the money, assets, and property of the customer.

13 “(2) SEGREGATION OF FUNDS.—

14 “(A) IN GENERAL.—A digital commodity
15 exchange shall treat and deal with all money,
16 assets, and property that is received by the dig-
17 ital commodity exchange, or accrues to a cus-
18 tomer as the result of trading in digital com-
19 modities, as belonging to the customer.

20 “(B) COMMINGLING PROHIBITED.—Money,
21 assets, and property described in subparagraph
22 (A) shall be separately accounted for and shall
23 not be commingled with the funds of the digital
24 commodity exchange or be used to margin, se-
25 cure, or guarantee any trades or accounts of

1 any customer or person other than the person
2 for whom the same are held.

3 “(C) EXCEPTIONS.—

4 “(i) USE OF FUNDS.—

5 “(I) IN GENERAL.—Notwith-
6 standing subparagraph (A), money,
7 assets, and property described in sub-
8 paragraph (A) may, for convenience,
9 be commingled and deposited in the
10 same account or accounts with any
11 bank, trust company, derivatives
12 clearing organization, or qualified dig-
13 ital asset custodian.

14 “(II) WITHDRAWAL.—Notwith-
15 standing subparagraph (A), such
16 share of the money, assets, and prop-
17 erty described in subparagraph (A) as
18 in the normal course of business shall
19 be necessary to margin, guarantee, se-
20 cure, transfer, adjust, or settle a con-
21 tract of sale of a digital commodity
22 with a registered entity may be with-
23 drawn and applied to such purposes,
24 including the payment of commis-
25 sions, brokerage, interest, taxes, stor-

1 age, and other charges, lawfully ac-
2 cruing in connection with the con-
3 tract.

4 “(ii) COMMISSION ACTION.—Notwith-
5 standing subparagraph (A), in accordance
6 with such terms and conditions as the
7 Commission may prescribe by rule, regula-
8 tion, or order, any money, assets, or prop-
9 erty of the customers of a digital com-
10 modity exchange may be commingled and
11 deposited in customer accounts with any
12 other money, assets, or property received
13 by the digital commodity exchange and re-
14 quired by the Commission to be separately
15 accounted for and treated and dealt with
16 as belonging to the customer of the digital
17 commodity exchange.

18 “(3) PERMITTED INVESTMENTS.—Money de-
19 scribed in paragraph (2) may be invested in obliga-
20 tions of the United States, in general obligations of
21 any State or of any political subdivision of a State,
22 and in obligations fully guaranteed as to principal
23 and interest by the United States, or in any other
24 investment that the Commission may by rule or reg-
25 ulation prescribe, and such investments shall be

1 made in accordance with such rules and regulations
2 and subject to such conditions as the Commission
3 may prescribe.

4 “(4) CUSTOMER PROTECTION DURING BANK-
5 RUPTCY.—

6 “(A) CUSTOMER PROPERTY.—All assets
7 held on behalf of a customer by a digital com-
8 modity exchange, and all money, assets, and
9 property of any customer received by a digital
10 commodity exchange for trading or custody, or
11 to facilitate, margin, guarantee, or secure con-
12 tracts of sale of a digital commodity (including
13 money, assets, or property accruing to the cus-
14 tomer as the result of the transactions), shall
15 be considered customer property for purposes of
16 section 761 of title 11, United States Code.

17 “(B) TRANSACTIONS.—A transaction in-
18 volving the sale of a unit of a digital commodity
19 occurring on or subject to the rules of a digital
20 commodity exchange shall be considered a con-
21 tract for the purchase or sale of a commodity
22 for future delivery, on or subject to the rules of,
23 a contract market or board of trade for pur-
24 poses of the definition of ‘commodity contract’
25 in section 761 of title 11, United States Code.

1 “(C) EXCHANGES.—A digital commodity
2 exchange shall be considered a futures commis-
3 sion merchant for purposes of section 761 of
4 title 11, United States Code.

5 “(D) ASSETS REMOVED FROM SEGREGA-
6 TION.—Assets removed from segregation due to
7 a customer election under paragraph (6) shall
8 not be considered customer property for pur-
9 poses of section 761 of title 11, United States
10 Code.

11 “(5) MISUSE OF CUSTOMER PROPERTY.—

12 “(A) IN GENERAL.—It shall be unlawful—

13 “(i) for any digital commodity ex-
14 change that has received any customer
15 money, assets, or property for custody to
16 dispose of, or use any such money, assets,
17 or property as belonging to the digital
18 commodity exchange or any person other
19 than a customer of the digital commodity
20 exchange; or

21 “(ii) for any other person, including
22 any depository, other digital commodity ex-
23 change, or digital asset custodian that has
24 received any customer money, assets, or
25 property for deposit, to hold, dispose of, or

1 use any such money, assets, or property, or
2 property, as belonging to the depositing
3 digital commodity exchange or any person
4 other than the customers of the digital
5 commodity exchange.

6 “(B) USE FURTHER DEFINED.—For pur-
7 poses of this section, ‘use’ of a digital com-
8 modity includes utilizing any unit of a digital
9 asset to participate in a blockchain service de-
10 fined in paragraph (6) or a decentralized gov-
11 ernance system associated with the digital com-
12 modity or the blockchain system to which the
13 digital commodity relates in any manner other
14 than that expressly directed by the customer
15 from whom the unit of a digital commodity was
16 received.

17 “(6) PARTICIPATION IN BLOCKCHAIN SERV-
18 ICES.—

19 “(A) USE OF FUNDS.—A digital com-
20 modity exchange (or a designee of a digital
21 commodity exchange) may use a unit of a dig-
22 ital commodity belonging to a customer to pro-
23 vide a blockchain service for a blockchain sys-
24 tem to which the unit of the digital commodity
25 relates if—

1 “(i) the customer expressly permits
2 the use, in writing to the digital commodity
3 exchange; and

4 “(ii) the digital commodity exchange
5 complies with subparagraph (B).

6 “(B) LIMITATIONS.—

7 “(i) IN GENERAL.—The Commission
8 shall, by rule, establish notice and disclo-
9 sure requirements, and may, by rule, es-
10 tablish any other limitations and rules re-
11 lated to a permission provided under sub-
12 paragraph (A) that are reasonably nec-
13 essary to protect customers, including eligi-
14 ble contract participants, non-eligible con-
15 tract participants, or any other class of
16 customers.

17 “(ii) CUSTOMER CHOICE.—A digital
18 commodity exchange may not require a
19 customer to provide the permission re-
20 ferred to in subparagraph (A) as a condi-
21 tion of doing business on the exchange.

22 “(C) REQUIREMENTS.—The Commission
23 may, by rule, waive or modify the requirements
24 of paragraph (2) or subsection (h), to facilitate
25 the use of a unit of a digital commodity belong-

1 ing to a customer to provide a blockchain serv-
2 ice.

3 “(D) BLOCKCHAIN SERVICE DEFINED.—In
4 this paragraph, the term ‘blockchain service’
5 means any activity relating to validating trans-
6 actions on a blockchain system, providing secu-
7 rity for a blockchain system, or other similar
8 activity, including protocol consensus participa-
9 tion activities described in section 2(a)(30)(B)
10 of the Securities Act of 1933, required for the
11 ongoing operation of a blockchain system.

12 “(e) MARKET ACCESS REQUIREMENTS.—The Com-
13 mission may, by rule, impose any additional requirements
14 related to the operations and activities of the digital com-
15 modity exchange and an affiliated digital commodity
16 broker necessary to protect market participants, promote
17 fair and equitable trading on the digital commodity ex-
18 change, and promote responsible innovation.

19 “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-
20 CER.—

21 “(1) IN GENERAL.—A digital commodity ex-
22 change shall designate an individual to serve as a
23 chief compliance officer.

24 “(2) DUTIES.—The chief compliance officer
25 shall—

1 “(A) report directly to the board or to the
2 senior officer of the exchange;

3 “(B) review compliance with the core prin-
4 ciples in this subsection;

5 “(C) in consultation with the board of the
6 exchange, a body performing a function similar
7 to that of a board, or the senior officer of the
8 exchange, resolve any conflicts of interest that
9 may arise;

10 “(D) establish and administer the policies
11 and procedures required to be established pur-
12 suant to this section;

13 “(E) ensure compliance with this Act and
14 the rules and regulations issued under this Act,
15 including rules prescribed by the Commission
16 pursuant to this section; and

17 “(F) establish procedures for the remedi-
18 ation of noncompliance issues found during
19 compliance office reviews, look backs, internal
20 or external audit findings, self-reported errors,
21 or through validated complaints.

22 “(3) REQUIREMENTS FOR PROCEDURES.—In
23 establishing procedures under paragraph (2)(F), the
24 chief compliance officer shall design the procedures
25 to establish the handling, management response, re-

1 mediation, retesting, and closing of noncompliance
2 issues.

3 “(4) ANNUAL REPORTS.—

4 “(A) IN GENERAL.—In accordance with
5 rules prescribed by the Commission, the chief
6 compliance officer shall annually prepare and
7 sign a report that contains a description of—

8 “(i) the compliance of the digital com-
9 modity exchange with this Act; and

10 “(ii) the policies and procedures, in-
11 cluding the code of ethics and conflicts of
12 interest policies, of the digital commodity
13 exchange.

14 “(B) REQUIREMENTS.—The chief compli-
15 ance officer shall—

16 “(i) submit each report described in
17 subparagraph (A) with the appropriate fi-
18 nancial report of the digital commodity ex-
19 change that is required to be submitted to
20 the Commission pursuant to this section;
21 and

22 “(ii) include in the report a certifi-
23 cation that, under penalty of law, the re-
24 port is accurate and complete.

25 “(g) APPOINTMENT OF TRUSTEE.—

1 “(1) IN GENERAL.—If a proceeding under sec-
2 tion 5e results in the suspension or revocation of the
3 registration of a digital commodity exchange, or if a
4 digital commodity exchange withdraws from registra-
5 tion, the Commission, on notice to the digital com-
6 modity exchange, may apply to the appropriate
7 United States district court where the digital com-
8 modity exchange is located for the appointment of a
9 trustee.

10 “(2) ASSUMPTION OF JURISDICTION.—If the
11 Commission applies for appointment of a trustee
12 under paragraph (1)—

13 “(A) the court may take exclusive jurisdic-
14 tion over the digital commodity exchange and
15 the records and assets of the digital commodity
16 exchange, wherever located; and

17 “(B) if the court takes jurisdiction under
18 subparagraph (A), the court shall appoint the
19 Commission, or a person designated by the
20 Commission, as trustee with power to take pos-
21 session and continue to operate or terminate
22 the operations of the digital commodity ex-
23 change in an orderly manner for the protection
24 of customers subject to such terms and condi-
25 tions as the court may prescribe.

1 “(h) QUALIFIED DIGITAL ASSET CUSTODIAN.—A
2 digital commodity exchange shall hold in a qualified digital
3 asset custodian each unit of a digital asset that is—

4 “(1) the property of a customer of the digital
5 commodity exchange;

6 “(2) required to be held by the digital com-
7 modity exchange under subsection (c)(12) of this
8 section; or

9 “(3) otherwise so required by the Commission
10 to reasonably protect customers.

11 “(i) EXEMPTIONS.—

12 “(1) IN GENERAL.—In order to promote re-
13 sponsible innovation and fair competition, or protect
14 customers, the Commission may (on its own initia-
15 tive or on application of the digital commodity ex-
16 change) exempt, either unconditionally or on stated
17 terms or conditions or for stated periods and either
18 retroactively or prospectively, or both, a digital com-
19 modity exchange from the requirements of this Act,
20 if the Commission determines that—

21 “(A) the exemption would be consistent
22 with the public interest and the purposes of this
23 Act; and

24 “(B) the exemption will not have a mate-
25 rial adverse effect on the ability of the Commis-

1 sion or the digital commodity exchange to dis-
2 charge regulatory or self-regulatory duties
3 under this Act.

4 “(2) FOREIGN EXCHANGES.—The Commission
5 may exempt, conditionally or unconditionally, a dig-
6 ital commodity exchange from registration under
7 this section if the Commission finds that the digital
8 commodity exchange is subject to comparable, com-
9 prehensive supervision and regulation on a consoli-
10 dated basis by the appropriate governmental au-
11 thorities in the home country of the facility.

12 “(j) CUSTOMER DEFINED.—In this section, the term
13 ‘customer’ means any person that maintains an account
14 for the trading of digital commodities directly with a dig-
15 ital commodity exchange (other than a person that is
16 owned or controlled, directly or indirectly, by the digital
17 commodity exchange) for its own behalf or on behalf of
18 any other person.

19 “(k) FEDERAL PREEMPTION.—Notwithstanding any
20 other provision of law, the Commission shall have exclusive
21 jurisdiction over any digital commodity exchange reg-
22 istered under this section with respect to activities and
23 transactions subject to this Act.”.

1 **SEC. 405. QUALIFIED DIGITAL ASSET CUSTODIANS.**

2 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
3 as amended by the preceding provisions of this Act, is
4 amended by inserting after section 5i the following:

5 **“SEC. 5j. QUALIFIED DIGITAL ASSET CUSTODIANS.**

6 “(a) IN GENERAL.—A person is a qualified digital
7 asset custodian for purposes of this Act if the person—

8 “(1) holds digital assets on behalf of a person
9 registered under this Act or a customer of a person
10 registered under this Act; and

11 “(2) is in compliance with subsections (b) and
12 (c).

13 “(b) SUPERVISION REQUIREMENT.—A person is in
14 compliance with this subsection if the person is subject
15 to—

16 “(1) supervision and examination for custody
17 and safekeeping of digital assets by an appropriate
18 Federal banking agency, the National Credit Union
19 Administration, the Commission, or the Securities
20 and Exchange Commission; or

21 “(2) adequate supervision and appropriate reg-
22 ulation for custody and safekeeping of digital assets
23 by—

24 “(A) a State bank supervisor (within the
25 meaning of section 3 of the Federal Deposit In-
26 surance Act);

1 “(B) a State officer, agency, or other enti-
2 ty which has primary regulatory authority over
3 nondepository State trust companies;

4 “(C) a State credit union supervisor, as
5 defined under section 6003 of the Anti-Money
6 Laundering Act of 2020; or

7 “(D) an appropriate foreign governmental
8 authority in the home country of such person.

9 “(c) OTHER REQUIREMENTS.—A person shall be in
10 compliance with this subsection if:

11 “(1) NOT OTHERWISE PROHIBITED.—The per-
12 son has not been prohibited by its supervisor from
13 engaging in an activity with respect to the custody
14 and safekeeping of digital assets.

15 “(2) INFORMATION SHARING.—

16 “(A) IN GENERAL.—The person shares in-
17 formation with the Commission on request and
18 complies with such requirements for periodic
19 sharing of information regarding customer ac-
20 counts that the person holds on behalf of an en-
21 tity registered with the Commission as the
22 Commission determines by rule are reasonably
23 necessary to effectuate any of the provisions, or
24 to accomplish any of the purposes, of this Act.

1 “(B) PROVISION OF INFORMATION.—If the
2 person is subject to regulation and examination
3 by an appropriate Federal banking agency, the
4 person may satisfy any information request de-
5 scribed in subparagraph (A) by providing the
6 Commission with a detailed listing, in writing,
7 of the digital assets of a customer in the cus-
8 tody of, or use by, the person.

9 “(3) RULEMAKING FOR CFTC ENTITIES.—

10 “(A) IN GENERAL.—The Commission shall
11 prescribe rules to permit a person registered
12 with the Commission to be a qualified digital
13 asset custodian in compliance with this section.

14 “(B) CONTENT.—In prescribing the rules
15 under subparagraph (A), the Commission shall
16 require a person registered with the Commis-
17 sion to—

18 “(i) implement requirement consistent
19 with the requirements in subsection (d)(1);

20 “(ii) establish sufficient system safe-
21 guards;

22 “(iii) prevent or mitigate conflicts of
23 interest, as appropriate; and

1 “(iv) establish separate governance ar-
2 rangements for the custodial function of
3 the entity.

4 “(d) ADEQUATE SUPERVISION AND APPROPRIATE
5 REGULATION.—

6 “(1) IN GENERAL.—For purposes of subsection
7 (b), the terms ‘adequate supervision’ and ‘appro-
8 priate regulation’ mean such minimum standards for
9 supervision and regulation as are reasonably nec-
10 essary to protect the digital assets held by a person
11 registered under this Act, including standards relat-
12 ing to the licensing, examination, and supervisory
13 processes that require the person to, at a min-
14 imum—

15 “(A) receive a review and evaluation of
16 ownership, character and fitness, conflicts of in-
17 terest, business model, financial statements,
18 funding resources, and policies and procedures
19 of the person;

20 “(B) hold capital sufficient for the finan-
21 cial integrity of the person;

22 “(C) protect customer assets;

23 “(D) establish and maintain books and
24 records regarding the business of the person;

1 “(E) submit financial statements and au-
2 dited financial statements to the applicable su-
3 pervisor described in subsection (b);

4 “(F) provide disclosures to the applicable
5 supervisor described in subsection (b) regarding
6 actions, proceedings, and other items as deter-
7 mined by the supervisor;

8 “(G) maintain and enforce policies and
9 procedures for compliance with applicable State
10 and Federal laws, including those related to
11 anti-money laundering and cybersecurity;

12 “(H) establish a business continuity plan
13 to ensure functionality in cases of disruption;
14 and

15 “(I) establish policies and procedures to re-
16 solve complaints.

17 “(2) RULEMAKING WITH RESPECT TO DEFINI-
18 TIONS.—

19 “(A) IN GENERAL.—For purposes of this
20 section, the Commission may, by rule, further
21 define the terms ‘adequate supervision’ and ‘ap-
22 propriate regulation’ as necessary and appro-
23 priate for the protection of customers, and con-
24 sistent with the purposes of this Act.

1 “(B) EXISTING DIGITAL ASSET
2 CUSTODIANS.—A trust company operating as a
3 digital asset custodian before the effective date
4 of a rulemaking under subparagraph (A) is
5 deemed subject to adequate supervision and ap-
6 propriate regulation if—

7 “(i) the trust company is expressly
8 permitted by a State bank supervisor to
9 engage in the custody and safekeeping of
10 digital assets;

11 “(ii) the State bank supervisor has es-
12 tablished licensing, examination, and su-
13 pervisory processes that require the trust
14 company to, at a minimum, meet the con-
15 ditions described in subparagraphs (A)
16 through (I) of paragraph (1); and

17 “(iii) the trust company is in good
18 standing with its State bank supervisor.

19 “(C) TRANSITION PERIOD FOR CERTAIN
20 CUSTODIANS.—In implementing the rulemaking
21 under subparagraph (A), the Commission shall
22 provide a transition period of not less than 2
23 years for any trust company that is deemed
24 subject to adequate supervision and appropriate

1 regulation under subparagraph (B) on the ef-
 2 fective date of the rulemaking.

3 “(e) AUTHORITY TO TEMPORARILY SUSPEND STAND-
 4 ARDS.—The Commission may, by rule or order, tempo-
 5 rarily suspend, in whole or in part, any requirement im-
 6 posed under, or any standard referred to in, this section,
 7 or any requirement to utilize a qualified digital asset cus-
 8 todian, if the Commission determines that the suspension
 9 would be consistent with the public interest and the pur-
 10 poses of this Act.”.

11 **SEC. 406. REGISTRATION AND REGULATION OF DIGITAL**
 12 **COMMODITY BROKERS AND DEALERS.**

13 The Commodity Exchange Act (7 U.S.C. 1 et seq.)
 14 is amended by inserting after section 4t the following:

15 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**
 16 **COMMODITY BROKERS AND DEALERS.**

17 “(a) REGISTRATION.—

18 “(1) REQUIREMENT.—It shall be unlawful for
 19 any person to act as a digital commodity broker or
 20 digital commodity dealer unless the person is reg-
 21 istered as such with the Commission.

22 “(2) ADDITIONAL REGISTRATION.—

23 “(A) RULES.—In order to foster the devel-
 24 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; and

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) USE OF FUNDS.—A digital com-
13 modity broker or digital commodity dealer (or a
14 designee of a digital commodity broker or a dig-
15 ital commodity dealer) may use a unit of a dig-
16 ital commodity belonging to a customer to pro-
17 vide a blockchain service for a blockchain sys-
18 tem to which the unit of the digital commodity
19 relates if—

20 “(i) the customer expressly permits
21 the use, in writing to the digital commodity
22 broker or digital commodity dealer, as the
23 case may be; and

1 “(ii) the digital commodity broker or
2 the digital commodity dealer, as the case
3 may be, complies with subparagraph (B).

4 “(B) LIMITATIONS.—

5 “(i) IN GENERAL.—The Commission
6 shall, by rule, establish notice and disclo-
7 sure requirements, and may, by rule, es-
8 tablish any other limitations and rules re-
9 lated to a permission provided under sub-
10 paragraph (A) that are reasonably nec-
11 essary to protect customers, including eligi-
12 ble contract participants, non-eligible con-
13 tract participants, or any other class of
14 customers.

15 “(ii) CUSTOMER CHOICE.—A digital
16 commodity broker or digital commodity
17 dealer may not require a customer to pro-
18 vide the permission referred to in subpara-
19 graph (A) as a condition of doing business
20 with the broker or dealer.

21 “(C) REQUIREMENTS.—The Commission
22 may, by rule, waive or modify the requirements
23 of paragraph (2) or subsection (h), to facilitate
24 the use of a unit of a digital commodity belong-

1 ing to a customer to provide a blockchain serv-
2 ice.

3 “(D) BLOCKCHAIN SERVICE DEFINED.—In
4 this paragraph, the term ‘blockchain service’
5 means any activity relating to validating trans-
6 actions on a blockchain system, providing secu-
7 rity for a blockchain system, or other similar
8 activity, including protocol consensus participa-
9 tion activities described in section 2(a)(30)(B)
10 of the Securities Act of 1933, required for the
11 ongoing operation of a blockchain system.

12 “(k) FEDERAL PREEMPTION.—Notwithstanding any
13 other provision of law, the Commission shall have exclusive
14 jurisdiction over any digital commodity broker or digital
15 commodity dealer registered under this section with re-
16 spect to activities subject to this Act.

17 “(l) EXEMPTIONS.—In order to promote responsible
18 innovation and fair competition, or protect customers, the
19 Commission may (on its own initiative or on application
20 of the digital commodity broker or digital commodity deal-
21 er) exempt, unconditionally or on stated terms or condi-
22 tions, or for stated periods, and retroactively or prospec-
23 tively, or both, a digital commodity broker or digital com-
24 modity dealer from the requirements of this Act, if the
25 Commission determines that—

1 “(1)(A) the exemption would be consistent with
2 the public interest and the purposes of this Act; and

3 “(B) the exemption will not have a material ad-
4 verse effect on the ability of the Commission to dis-
5 charge regulatory duties under this Act; or

6 “(2) the digital commodity broker or digital
7 commodity dealer is subject to comparable, com-
8 prehensive supervision and regulation by the appro-
9 priate government authorities in the home country
10 of the digital commodity broker or digital commodity
11 dealer, respectively.”.

12 **SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.**

13 (a) IN GENERAL.—Section 4k of the Commodity Ex-
14 change Act (7 U.S.C. 6k) is amended—

15 (1) by redesignating subsections (4) through
16 (6) as subsections (5) through (7), respectively;

17 (2) by inserting after subsection (3) the fol-
18 lowing:

19 “(4) It shall be unlawful for any person to act as an
20 associated person of a digital commodity broker or an as-
21 sociated person of a digital commodity dealer unless the
22 person is registered with the Commission under this Act
23 and such registration shall not have expired, been sus-
24 pended (and the period of suspension has not expired),
25 or been revoked. It shall be unlawful for a digital com-

1 modity broker or a digital commodity dealer to permit
 2 such a person to become or remain associated with the
 3 digital commodity broker or digital commodity dealer if
 4 the digital commodity broker or digital commodity dealer
 5 knew or should have known that the person was not so
 6 registered or that the registration had expired, been sus-
 7 pended (and the period of suspension has not expired),
 8 or been revoked.”; and

9 (3) in subsection (5) (as so redesignated), by
 10 striking “or of a commodity trading advisor” and in-
 11 serting “of a commodity trading advisor, of a digital
 12 commodity broker, or of a digital commodity deal-
 13 er”.

14 (b) CONFORMING AMENDMENTS.—The Commodity
 15 Exchange Act (7 U.S.C. 1a et seq.) is amended by striking
 16 “section 4k(6)” each place it appears and inserting “sec-
 17 tion 4k(7)”.

18 **SEC. 408. REGISTRATION OF COMMODITY POOL OPERA-**
 19 **TORS AND COMMODITY TRADING ADVISORS.**

20 (a) IN GENERAL.—Section 4m(3) of the Commodity
 21 Exchange Act (7 U.S.C. 6m(3)) is amended—

22 (1) in subparagraph (A)—

23 (A) by striking “any commodity trading
 24 advisor” and inserting “a commodity pool oper-
 25 ator or commodity trading advisor”; and

1 (B) by striking “acting as a commodity
2 trading advisor” and inserting “acting as a
3 commodity pool operator or commodity trading
4 advisor”; and

5 (2) in subparagraph (C), by inserting “digital
6 commodities,” after “physical commodities,”.

7 (b) EXEMPTIVE AUTHORITY.—Section 4m of such
8 Act (7 U.S.C. 6m) is amended by adding at the end the
9 following:

10 “(4) EXEMPTIVE AUTHORITY.—The Commission
11 shall promulgate rules to provide appropriate exemptions
12 for commodity pool operators and commodity trading advi-
13 sors, to provide relief from duplicative, conflicting, or un-
14 duly burdensome requirements or to promote responsible
15 innovation, to the extent the exemptions foster the devel-
16 opment of fair and orderly cash or spot digital commodity
17 markets, are necessary or appropriate in the public inter-
18 est, and are consistent with the protection of customers.”.

19 **SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE AC-**
20 **TIVITIES.**

21 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
22 as amended by the preceding provisions of this Act, is
23 amended by inserting after section 4u the following:

1 **“SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUB-**
2 **JECT TO THIS ACT.**

3 “(a) IN GENERAL.—Notwithstanding any other pro-
4 vision of this Act, a person shall not be subject to this
5 Act and the regulations promulgated under this Act based
6 on the person directly or indirectly engaging in any of the
7 following activities, whether singly or in combination, in
8 relation to the operation of a blockchain system or in rela-
9 tion to decentralized finance trading protocol:

10 “(1) Compiling network transactions or relay-
11 ing, searching, sequencing, validating, or acting in a
12 similar capacity.

13 “(2) Providing computational work, operating a
14 node or oracle service, or procuring, offering, or uti-
15 lizing network bandwidth, or other similar incidental
16 services.

17 “(3) Providing a user-interface that enables a
18 user to read, and access data about a blockchain
19 system.

20 “(4) Developing, publishing, or otherwise dis-
21 tributing a blockchain system or a decentralized fi-
22 nance messaging system.

23 “(5) Constituting, administering, or maintain-
24 ing a decentralized finance messaging system or de-
25 centralized finance trading protocol, or operating or
26 participating in a liquidity pool with respect thereto,

1 for the purpose of executing a spot transaction for
2 the purchase or sale of a digital commodity.

3 “(6) Developing, publishing, constituting, ad-
4 ministering, maintaining, or otherwise distributing
5 software or systems that create or deploy hardware
6 or software, including wallets or other systems, fa-
7 cilitating an individual user’s own personal ability to
8 keep, safeguard, or custody the user’s digital assets
9 or related private keys.

10 “(b) EXCEPTIONS.—Subsection (a) shall not be inter-
11 preted to apply to the anti-fraud, anti-manipulation, or
12 false reporting enforcement authorities of the Commis-
13 sion.”.

14 **SEC. 410. RESOURCES FOR IMPLEMENTATION AND EN-**
15 **FORCEMENT.**

16 (a) COLLECTION OF FEES.—

17 (1) IN GENERAL.—The Commodity Futures
18 Trading Commission (in this section referred to as
19 the “Commission”) shall charge and collect a fee
20 from each person in provisional status registered
21 with the Commission pursuant to section 106, on—

22 (A) the filing of the initial application for
23 registration; and

24 (B) an annual basis thereafter for main-
25 taining provisional status.

1 (2) AMOUNT.—The fees authorized under para-
2 graph (1) may be collected and available for obliga-
3 tion only in the amounts provided in advance in an
4 appropriation Act.

5 (3) AUTHORITY TO ADJUST FEES.—Notwith-
6 standing the preceding provisions of this subsection,
7 to promote fair competition or innovation, the Com-
8 mission, in its sole discretion, may reduce or elimi-
9 nate any fee otherwise required to be paid by a small
10 or medium filer under this subsection.

11 (b) FEE SCHEDULE.—

12 (1) IN GENERAL.—The Commission shall pub-
13 lish in the Federal Register a schedule of the fees
14 to be charged and collected under this section.

15 (2) CONTENT.—The fee schedule for a fiscal
16 year shall include a written analysis of the estimate
17 of the Commission of the total costs of carrying out
18 the functions of the Commission under this Act dur-
19 ing the fiscal year.

20 (3) SUBMISSION TO CONGRESS.—Before pub-
21 lishing the fee schedule for a fiscal year, the Com-
22 mission shall submit a copy of the fee schedule to
23 the Committees on Agriculture and on Appropria-
24 tions of the House of Representatives and the Com-

mittees on Agriculture, Nutrition, and Forestry and
on Appropriations of the Senate.

(4) TIMING.—

(A) 1ST FISCAL YEAR.—The Commission
shall publish the fee schedule for the fiscal year
in which this Act is enacted, within 30 days
after the date of the enactment of this Act.

(B) SUBSEQUENT FISCAL YEARS.—The
Commission shall publish the fee schedule for
each subsequent fiscal year, not less than 90
days before the due date prescribed by the
Commission for payment of the annual fee for
the fiscal year.

(c) LATE PAYMENT PENALTY.—

(1) IN GENERAL.—The Commission may im-
pose a penalty against a person that fails to pay an
annual fee charged under this section, within 30
days after the due date prescribed by the Commis-
sion for payment of the fee.

(2) AMOUNT.—The amount of the penalty shall
be—

(A) 5 percent of the amount of the fee due,
multiplied by

1 (B) the whole number of consecutive 30-
2 day periods that have elapsed since the due
3 date.

4 (d) REIMBURSEMENT OF EXCESS FEES.—To the ex-
5 tent that the total amount of fees collected under this sec-
6 tion during a fiscal year that begins after the date of the
7 enactment of this Act exceeds the amount provided under
8 subsection (a)(2) with respect to the fiscal year, the Com-
9 mission shall reimburse the excess amount to the persons
10 who have timely paid their annual fees, on a pro-rata basis
11 that excludes penalties, and shall do so within 60 days
12 after the end of the fiscal year.

13 (e) DEPOSIT OF FEES INTO THE TREASURY.—All
14 amounts collected under this section shall be credited to
15 the currently applicable appropriation, account, or fund of
16 the Commission as discretionary offsetting collections, and
17 shall be available for the purposes authorized in subsection
18 (f) only to the extent and in the amounts provided in ad-
19 vance in appropriations Acts.

20 (f) AUTHORIZATION OF APPROPRIATIONS.—In addi-
21 tion to amounts otherwise authorized to be appropriated
22 to the Commission, there is authorized to be appropriated
23 to the Commission amounts collected under this section
24 to cover the costs of carrying out the functions of the
25 Commission under this Act.

1 (g) EXPEDITED HIRING AUTHORITY.—

2 (1) APPOINTMENT AUTHORITY.—The Chair-
3 man, pursuant to section 6(a), may appoint individ-
4 uals to a position described in paragraph (2) of this
5 subsection—

6 (A) in accordance with the statutes, rules,
7 and regulations governing appointments to posi-
8 tions in the excepted service (as defined in sec-
9 tion 2103 of title 5, United States Code); and

10 (B) without regard to any statute, rule, or
11 regulation governing appointments to positions
12 in the competitive service (as defined in section
13 2102 of such title).

14 (2) POSITION DESCRIBED.—A position referred
15 to in subparagraph (1) is a position at the Commis-
16 sion that—

17 (A) is in the competitive service (as defined
18 in section 2102 of such title); and

19 (B) requires specialized knowledge of dig-
20 ital commodities markets, financial and capital
21 market formation or regulation, financial mar-
22 ket structures or surveillance, data collection or
23 analysis, or information technology, cybersecu-
24 rity, or system safeguards.

1 (3) RULE OF CONSTRUCTION.—The appoint-
2 ment of a candidate to a position under this sub-
3 section shall not be considered to cause the position
4 to be converted from the competitive service to the
5 excepted service.

6 (h) SUNSET.—The authorities provided by this sec-
7 tion shall expire at the end of the 4th fiscal year that be-
8 gins after the date of the enactment of this Act.

9 **SEC. 411. REQUIREMENTS RELATED TO CONTROL PER-**
10 **SONS.**

11 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
12 as amended the preceding provisions of this Act, is amend-
13 ed by inserting after section 4v the following:

14 **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN**
15 **CONTROL PERSONS.**

16 “(a) LIMITATION.—It shall be unlawful for a
17 blockchain control person with respect to a blockchain sys-
18 tem certified as a mature blockchain system in accordance
19 with section 42 of the Securities Exchange Act of 1934
20 to sell a unit of a digital commodity related to the
21 blockchain system unless the person files notice with the
22 Commission, in a form and manner determined by the
23 Commission, that the person has or intends to obtain an
24 authority described in subsection (b)(1) with respect to the

1 blockchain system, and complies with rules adopted by the
2 Commission that require—

3 “(1) disclosure of information to the Commis-
4 sion and the public about the material activities, as
5 determined by the Commission, of the blockchain
6 control person; and

7 “(2)(A) the use of a digital commodity broker
8 to effect the sale; or

9 “(B) such other sales restrictions applicable to
10 the blockchain control person, or any affiliated
11 blockchain control person, to prevent manipulation
12 and distortion of the value of the digital commodity
13 and promote further maturity of the blockchain sys-
14 tem to which the digital commodity relates.

15 “(b) DEFINITIONS.—In this section:

16 “(1) BLOCKCHAIN CONTROL PERSON.—The
17 term ‘blockchain control person’ means, with respect
18 to a blockchain system, any person or group of per-
19 sons under common control, other than a decentral-
20 ized governance system, who—

21 “(A) has the unilateral authority, directly
22 or indirectly, through any contract, arrange-
23 ment, understanding, relationship, or otherwise,
24 to control or materially alter the functionality,
25 operation, or rules of consensus or agreement of

1 the blockchain system or its related digital com-
2 modity; or

3 “(B) has the unilateral authority to direct
4 the voting, in the aggregate, of 20 percent or
5 more of the outstanding voting power of the
6 blockchain system by means of a related digital
7 commodity, nodes or validators, a decentralized
8 governance system, or otherwise, in a
9 blockchain system which can be altered by a
10 voting system.

11 “(2) AFFILIATED BLOCKCHAIN CONTROL PER-
12 SON.—The term ‘affiliated blockchain control per-
13 son’ means any person directly or indirectly control-
14 ling, controlled by, or under common control with a
15 blockchain control person, as the Commission by
16 rule or regulation, may determine will effectuate the
17 purposes of this section.”.

18 **SEC. 412. OTHER TRADABLE ASSETS.**

19 The Commodity Exchange Act (7 U.S.C. 1 et seq.),
20 as amended by the preceding provisions of this Act, is
21 amended—

22 (1) by inserting after section 4w the following:

1 **“SEC. 4x. TRADING REQUIREMENTS FOR OTHER TRADABLE**
2 **ASSETS.**

3 “(a) LIMITATION.—A contract of sale of a tradable
4 asset shall not be offered, solicited, traded, facilitated, exe-
5 cuted, cleared, reported, or otherwise dealt in, on or sub-
6 ject to the rules of a registered entity, or by any other
7 entity registered with the Commission, except in accord-
8 ance with subsection (b).

9 “(b) REQUIREMENTS.—

10 “(1) TREATMENT OF TRADABLE ASSETS.—A
11 contract of sale of a tradable asset that is offered,
12 solicited, traded, facilitated, executed, cleared, re-
13 ported, or otherwise dealt in on or subject to the
14 rules of a registered entity, or by any other entity
15 registered with the Commission, shall be treated as
16 a digital commodity for purposes of this Act.

17 “(2) ADDITIONAL RULEMAKING AUTHORITY.—

18 In addition to the other requirements of this Act,
19 the Commission may, by rule or regulation, impose
20 additional obligations on any person registered
21 under this Act offering, soliciting, trading, facili-
22 tating, executing, clearing, reporting, or otherwise
23 dealing in a contract of sale of a tradable asset, or
24 class thereof, pursuant to paragraph (1) as are nec-
25 essary for the protection of customers, the pro-
26 motion of innovation, and the maintenance of fair,

1 orderly, and efficient markets, including additional
2 obligations related to—

3 “(A) disclosure;

4 “(B) recordkeeping;

5 “(C) capital;

6 “(D) reporting;

7 “(E) business conduct;

8 “(F) documentation;

9 “(G) supervision of employees; and

10 “(H) segregation.

11 “(c) **TRADABLE ASSET DEFINED.**—In this section,
12 the term ‘tradable asset’ means a digital asset other
13 than—

14 “(1) a digital commodity that is treated as such
15 other than by reason of subsection (b)(1) of this sec-
16 tion; or

17 “(2) a digital asset excluded from the definition
18 of digital commodity pursuant to subclause (I)
19 through (VII) of section 1a(16)(F)(iii).”; and

20 (2) by inserting after section 6d the following:

21 **“SEC. 6e. PROHIBITION ON TRADING CERTAIN DIGITAL AS-**
22 **SETS.**

23 “(a) **IN GENERAL.**—A contract of sale of a digital
24 commodity or tradable asset (as defined in section 4x)
25 shall not be offered, solicited, traded, facilitated, executed,

1 cleared, reported, or otherwise dealt in on or subject to
2 the rules of a registered entity, or by any other entity reg-
3 istered with the Commission, if the primary purpose of
4 the digital commodity or tradable asset is to be used to—

5 “(1) commit fraud or market manipulation;

6 “(2) further a scheme found in a final action by
7 a court of competent jurisdiction to be in violation
8 of campaign finance or government ethics laws; or

9 “(3) engage in any other conduct that would re-
10 sult in abusive practices or be disruptive to market
11 integrity.

12 “(b) GUIDANCE ON FRAUDULENT, MANIPULATIVE,
13 OR DISRUPTIVE TRADABLE ASSETS.—The Commission
14 may, after public notice and comment, issue guidance es-
15 tablishing criteria for determining if the primary purpose
16 of a digital commodity or tradable asset (as so defined)
17 is to be used to commit fraud or market manipulation,
18 or engage in any other conduct that would result in abu-
19 sive practices or be disruptive to market integrity.”.

20 **SEC. 413. CONFLICT OF INTEREST RULEMAKING.**

21 Not later than 360 days after the date of the enact-
22 ment of this Act, the Commodity Futures Trading Com-
23 mission shall issue rules establishing requirements for the
24 identification, mitigation, and resolution of conflicts of in-
25 terest among and across registered entities (within the

1 meaning of the Commodity Exchange Act) and persons
2 required to be registered with the Commission, including
3 conflicts of interest related to vertically integrated market
4 structures and their varying responsibilities.

5 **SEC. 414. EFFECTIVE DATE.**

6 Unless otherwise provided in this title, this title and
7 the amendments made by this title shall take effect 270
8 days after the date of the enactment of this Act.

9 **SEC. 415. SENSE OF CONGRESS.**

10 It is the sense of Congress that nothing in this Act
11 or any amendment made by this Act should be interpreted
12 to authorize any entity to regulate any commodity, other
13 than a digital commodity, on any spot market.

14 **TITLE V—INNOVATION AND**
15 **TECHNOLOGY IMPROVEMENTS**

16 **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

17 (a) FINDINGS.—Congress finds the following:

18 (1) Entrepreneurs and innovators are building
19 and deploying this next generation of the internet.

20 (2) Digital commodity networks represent a
21 new way for people to join together and cooperate
22 with one another to undertake certain activities.

23 (3) Digital commodities have the potential to be
24 the foundational building blocks of these systems,
25 aligning the economic incentive for individuals to co-

1 operate with one another to achieve a common pur-
2 pose.

3 (4) The digital commodity ecosystem has the
4 potential to grow our economy and improve everyday
5 lives of Americans by facilitating collaboration
6 through the use of technology to manage activities,
7 allocate resources, and facilitate decision making.

8 (5) Blockchain systems and the digital commod-
9 ities they empower provide control, enhance trans-
10 parency, reduce transaction costs, and increase effi-
11 ciency if proper protections are put in place for in-
12 vestors, consumers, our financial system, and our
13 national security.

14 (6) Blockchain technology facilitates new types
15 of network participation which businesses in the
16 United States may utilize in innovative ways.

17 (7) Other digital commodity companies are set-
18 ting up their operations outside of the United
19 States, where countries are establishing frameworks
20 to embrace the potential of blockchain technology
21 and digital commodities and provide safeguards for
22 consumers.

23 (8) Digital commodities, despite the purported
24 anonymity, provide law enforcement with an excep-

1 tional tracing tool to identify illicit activity and bring
2 criminals to justice.

3 (9) The Financial Services Committee of the
4 House of Representatives has held multiple hearings
5 highlighting various risks that digital commodities
6 can pose to the financial markets, consumers, and
7 investors that must be addressed as we seek to har-
8 ness the benefits of these innovations.

9 (b) SENSE OF CONGRESS.—It is the sense of Con-
10 gress that—

11 (1) the United States should seek to prioritize
12 understanding the potential opportunities of the next
13 generation of the internet;

14 (2) the United States should seek to foster ad-
15 vances in technology that have robust evidence indi-
16 cating they can improve our financial system and
17 create more fair and equitable access to financial
18 services for everyday Americans while protecting our
19 financial system, investors, and consumers;

20 (3) the United States must support the respon-
21 sible development of digital commodities and the un-
22 derlying technology in the United States or risk the
23 shifting of the development of such assets and tech-
24 nology outside of the United States, to less regulated
25 countries;

1 (4) Congress should consult with public and
2 private sector stakeholders to understand how to
3 enact a functional framework tailored to the specific
4 risks and unique benefits of different digital com-
5 modity-related activities, distributed ledger tech-
6 nology, distributed networks, and mature blockchain
7 systems;

8 (5) Congress should enact a functional frame-
9 work tailored to the specific risks of different digital
10 commodity-related activities and unique benefits of
11 distributed ledger technology, distributed networks,
12 and mature blockchain systems; and

13 (6) consumers and market participants will ben-
14 efit from a framework for digital commodities con-
15 sistent with longstanding investor protections in se-
16 curities and commodities markets, yet tailored to the
17 unique benefits and risks of the digital commodity
18 ecosystem.

19 **SEC. 502. 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. 503. 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. 504. 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. 505. 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. 506. 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. 507. 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.

20 **SEC. 508. STUDY ON BLOCKCHAIN IN PAYMENTS.**

21 (a) STUDY REQUIRED.—The Secretary of the Treas-
22 ury shall conduct a study on the potential use of
23 blockchain technology by the domestic private sector to ad-
24 dress—

25 (1) fraud in payments;

- 1 (2) transaction costs and transaction times;
- 2 (3) automated payments; and
- 3 (4) efficiency in commercial transactions.

4 (b) REPORT TO CONGRESS.—Not later than one year
5 after the date of enactment of this Act, the Secretary shall
6 submit a report to the Committee on Financial Services
7 of the House of Representatives and the Committee on
8 Banking, Housing, and Urban Affairs of the Senate that
9 summarizes the findings of the study required under sub-
10 section (a).

11 (c) RULE OF CONSTRUCTION.—Nothing in this sec-
12 tion shall be construed to mandate the use of blockchain
13 technology by any public or private entity.

14 **SEC. 509. STUDY ON ILLICIT USE OF DIGITAL ASSETS.**

15 (a) IN GENERAL.—One year after the date of the en-
16 actment of this Act, the Secretary of the Treasury, in con-
17 sultation with the Securities and Exchange Commission
18 and the Commodity Futures Trading Commission, shall
19 conduct a comprehensive review of how Foreign Terrorist
20 Organizations and Transnational Criminal Syndicates uti-
21 lize digital assets in connection with illicit activities.

22 (b) REPORT.—Not later than 180 days after com-
23 pleting the review under subsection (a), the Secretary of
24 the Treasury shall issue a report to the Committees on
25 Agriculture and on Financial Services of the House of

1 Representatives and the Committees on Agriculture, Nu-
2 trition, and Forestry and on Banking, Housing, and
3 Urban Affairs of the Senate on the findings of the Sec-
4 retary, including—

5 (1) an assessment of how Foreign Terrorist Or-
6 ganizations and Transnational Criminal Syndicates
7 utilize digital assets in connection with illicit activi-
8 ties; and

9 (2) recommendations to assist the Securities
10 and Exchange Commission and the Commodity Fu-
11 tures Trading Commission in strengthening compli-
12 ance and enforcement of digital assets-related enti-
13 ties registered with their respective agencies.

14 **SEC. 510. GAO STUDY ON CERTAIN CENTRALIZED INTER-**
15 **MEDIARIES THAT ARE PRIMARILY LOCATED**
16 **IN FOREIGN JURISDICTIONS.**

17 (a) IN GENERAL.—The Comptroller General of the
18 United States, in consultation with the Secretary of the
19 Treasury, shall conduct a study to—

20 (1) assess the risks posed by centralized inter-
21 mediaries that are primarily located in foreign juris-
22 dictions that provide services to U.S. persons with-
23 out regulatory requirements that are substantially
24 similar to the requirements of the Bank Secrecy Act;
25 and

1 (2) provide any regulatory or legislative rec-
2 ommendations to address these risks under para-
3 graph (1).

4 (b) REPORT.—Not later than 1 year after the date
5 of enactment of this Act, the Comptroller General shall
6 issue a report to Congress containing all findings and de-
7 terminations made in carrying out the study required
8 under subsection (a).

9 **SEC. 511. STUDIES ON FOREIGN ADVERSARY PARTICIPA-**
10 **TION.**

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

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

20 (2) determines whether any governments of for-
21 eign adversaries are collecting trading data about
22 United States persons in the digital commodity mar-
23 kets; and

24 (3) evaluates whether any proprietary intellec-
25 tual property of digital commodity registrants is

1 being misused or stolen by any governments of for-
2 eign adversaries.

3 (b) GAO STUDY AND REPORT.—

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

9 (A) identifies any digital commodity reg-
10 istrants which are owned by governments of
11 foreign adversaries;

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

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

20 (c) DEFINITIONS.—In this section:

21 (1) DIGITAL COMMODITY REGISTRANT.—The
22 term “digital commodity registrant” means any per-
23 son required to register as a digital commodity ex-
24 change, digital commodity broker, or digital com-
25 modity dealer under the Commodity Exchange Act.

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

7 (3) RELEVANT CONGRESSIONAL COMMIT-
8 TEES.—The term “relevant congressional commit-
9 tees” means—

10 (A) the Committees on Financial Services
11 and Agriculture of the House of Representa-
12 tives; and

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

16 **SEC. 512. CONFORMING AMENDMENTS.**

17 The GENIUS Act is amended—

18 (1) in section 2, by amending paragraph (7) to
19 read as follows:

20 “(7) DIGITAL ASSET SERVICE PROVIDER.—The
21 term ‘digital asset service provider’ means any entity
22 registered or required to be registered with the Secu-
23 rities and Exchange Commission or the Commodity
24 Futures Trading Commission.”;

25 (2) in section 4(a)—

1 (A) by amending paragraph (3) to read as
2 follows:

3 “(3) MONTHLY CERTIFICATION; EXAMINATION
4 OF REPORTS BY REGISTERED PUBLIC ACCOUNTING
5 FIRM.—

6 “(A) IN GENERAL.—A permitted payment
7 stablecoin issuer shall, each month, have the in-
8 formation disclosed in the previous month-end
9 report required under paragraph (1)(C) exam-
10 ined by a registered public accounting firm and
11 such examination shall be performed in accord-
12 ance with standards for attestation engage-
13 ments issued or adopted by the primary Federal
14 payment stablecoin regulator or, in the case of
15 a State qualified payment stablecoin issuer, the
16 State payment stablecoin regulator.

17 “(B) CERTIFICATION.—Each month, the
18 Chief Executive Officer and Chief Financial Of-
19 ficer of a permitted payment stablecoin issuer
20 shall submit to, as applicable, the primary Fed-
21 eral payment stablecoin regulator or, in the
22 case of a State qualified payment stablecoin
23 issuer, the State payment stablecoin regulator,
24 a certification that, based on such officers’

1 knowledge, the previous monthly report re-
2 quired under paragraph (1)(C)—

3 “(i) does not contain any untrue
4 statement of material fact or omit to state
5 a material fact necessary in order to make
6 the statements made, in light of the cir-
7 cumstances under which such statements
8 were made, not misleading; and

9 “(ii) fairly presented in all material
10 respects the information required under
11 paragraph (1)(C) for the period presented
12 in such report.

13 “(C) CRIMINAL PENALTY.—Any person
14 who submits a certification required under sub-
15 paragraph (B) knowing that such certification
16 is false shall be subject to the same criminal
17 penalties as those set forth under section
18 1350(c) of title 18, United States Code.

19 “(D) INTERNAL CONTROLS OVER PER-
20 MITTED PAYMENT STABLECOIN ISSUER’S RE-
21 QUIREMENTS.—

22 “(i) IN GENERAL.—Management of a
23 permitted payment stablecoin issuer shall
24 establish and maintain an adequate inter-
25 nal control structure and procedures for

1 the requirements under this paragraph and
2 paragraphs (1) and (2) in accordance with
3 a framework determined acceptable by the
4 primary Federal payment stablecoin regu-
5 lator or, in the case of a State qualified
6 payment stablecoin issuer, the State pay-
7 ment stablecoin regulator.

8 “(ii) ATTESTATION REPORT.—A per-
9 mitted payment stablecoin issuer shall ob-
10 tain an annual attestation report by an
11 independent registered public accounting
12 firm attesting to management’s assertions
13 concerning the effectiveness of the internal
14 control structure and procedures for com-
15 pliance with the requirements described in
16 this paragraph and paragraphs (1) and
17 (2). Such attestation shall be made in ac-
18 cordance with standards for attestation en-
19 gagements issued or adopted by the pri-
20 mary Federal payment stablecoin regulator
21 or, in the case of a State qualified payment
22 stablecoin issuer, the State payment
23 stablecoin regulator.”; and

24 (B) by amending paragraph (12) to read
25 as follows:

1 “(12) NON-FINANCIAL COMPANIES.—

2 “(A) PROHIBITION ON NON-FINANCIAL
3 COMPANY OWNERSHIP.—It shall be unlawful for
4 a company that derives a majority of its reve-
5 nues from activities that are not financial ac-
6 tivities to retain or acquire control of a
7 nonbank entity that is—

8 “(i) a Federal qualified payment
9 stablecoin issuer; or

10 “(ii) a State qualified payment
11 stablecoin issuer.

12 “(B) FINANCIAL ACTIVITIES DEFINED.—

13 “(i) IN GENERAL.—In this paragraph,
14 the term ‘financial activities’ means—

15 “(I) a financial activity, within
16 the meaning of section 4(k) of the
17 Bank Holding Company Act of 1956
18 (12 U.S.C. 1843(k));

19 “(II) issuing, redeeming, pro-
20 viding custodial or safekeeping serv-
21 ices for, buying, selling, making a
22 market in, or managing a reserve for
23 payment stablecoins;

24 “(III) providing electronic wallet
25 services for payment stablecoins; or

1 “(IV) an activity determined by
2 the Board to be a financial activity
3 pursuant to clause (ii).

4 “(ii) ESTABLISHING ADDITIONAL FI-
5 NANCIAL ACTIVITIES.—Not later than 180
6 days after the date of enactment of the
7 CLARITY Act of 2025, the Board, in con-
8 sultation with the Secretary of the Treas-
9 ury and the Comptroller, shall issue rules,
10 consistent with the purposes of this Act, to
11 establish—

12 “(I) a list of additional activities
13 that are financial activities for pur-
14 poses of clause (i), including applica-
15 ble digital asset activities that are fi-
16 nancial activities; and

17 “(II) a streamlined procedure for
18 a nonbank entity to submit an activity
19 to the Board for purposes of the
20 Board determining whether such ac-
21 tivity should be added to the list of
22 additional activities that are financial
23 activities for purposes of clause (i).”;
24 and

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

1 **“SEC. 21. COMMODITY-BACKED PAYMENT STABLECOINS.**

2 “(a) RULE OF CONSTRUCTION.—Nothing in this Act
3 shall be construed to prohibit or limit a commodity-backed
4 payment stablecoin issuer from issuing a commodity-
5 backed payment stablecoin in accordance with regulations
6 established by a State commodity-backed payment
7 stablecoin regulator.

8 “(b) PRESERVATION OF FEDERAL AUTHORITY.—
9 Nothing in this section shall be construed to alter or limit
10 the jurisdiction of the Commodity Futures Trading Com-
11 mission over any matter within the Commission’s author-
12 ity under applicable law.

13 “(c) DEFINITIONS.—For purposes of this section:

14 “(1) COMMODITY-BACKED PAYMENT
15 STABLECOIN.—The term ‘commodity-backed pay-
16 ment stablecoin’ means a digital asset—

17 “(A) that is, or is designed to be, used as
18 a means of payment or settlement;

19 “(B) that is denominated in a highly liq-
20 uid, publicly traded physical commodity, such
21 as gold;

22 “(C) the issuer of which is obligated to—

23 “(i) convert, redeem, or repurchase
24 for a fixed amount of the denominated
25 highly liquid, publicly traded physical com-
26 modity; and

1 “(ii) custody or cause to be custodied,
2 for the benefit of the holders of the pay-
3 ment stablecoin, an amount of the physical
4 commodity equal to or greater than the
5 total amount of outstanding payment
6 stablecoins, for the purpose of converting,
7 redeeming, or repurchasing the digital
8 asset; and

9 “(D) that is not—

10 “(i) a security issued by—

11 “(I) an investment company reg-
12 istered under section 8(a) of the In-
13 vestment Company Act of 1940 (15
14 U.S.C. 80a-8(a)); or

15 “(II) a person that would be an
16 investment company under the Invest-
17 ment Company Act of 1940 but for
18 paragraphs (1) and (7) of section 3(c)
19 of that Act (15 U.S.C. 80a-3(c));

20 “(ii) a deposit (as defined under sec-
21 tion 3 of the Federal Deposit Insurance
22 Act (12 U.S.C. 1813)), regardless of the
23 technology used to record such deposit;

24 “(iii) an account (as defined in section
25 101 of the Federal Credit Union Act (12

1 U.S.C. 1752)), regardless of the technology
 2 used to record such account; or

3 “(iv) an interest or participation in a
 4 commodity pool (as defined in section
 5 1a(10) of the Commodity Exchange Act (7
 6 U.S.C. 1a)).

7 “(2) COMMODITY-BACKED PAYMENT
 8 STABLECOIN ISSUER.—The term ‘commodity-backed
 9 payment stablecoin issuer’ means—

10 “(A) an entity that issues a commodity-
 11 backed payment stablecoin; and

12 “(B) an entity that is approved to issue
 13 such commodity-backed payment stablecoins by
 14 a State commodity-backed payment stablecoin
 15 regulator.

16 “(3) PHYSICAL COMMODITY.—The term ‘phys-
 17 ical commodity’ means any exempt commodity (as
 18 defined in section 1a(21) of the Commodity Ex-
 19 change Act (7 U.S.C. 1a)) which can be physically
 20 delivered.

21 “(4) STATE COMMODITY-BACKED PAYMENT
 22 STABLECOIN REGULATOR.—The term ‘State com-
 23 modity-backed payment stablecoin regulator’ means
 24 a State agency that has primary regulatory and su-

1 pervisory authority over entities that issue com-
2 modity-backed payment stablecoins in such State.

3 **“SEC. 22. PROTECTION OF SELF-CUSTODY.**

4 “(a) IN GENERAL.—A United States individual shall
5 retain the right to—

6 “(1) maintain a hardware wallet or software
7 wallet for the purpose of facilitating the individual’s
8 own lawful custody of digital assets; and

9 “(2) engage in direct, peer-to-peer transactions
10 in digital assets with another individual or entity for
11 the individual’s own lawful purposes using a hard-
12 ware wallet or software wallet, if—

13 “(A) such other individual or entity is not
14 a financial institution (as defined in section
15 5312 of title 31, United States Code); and

16 “(B) the transactions do not involve any
17 property or interests in property that are
18 blocked pursuant to, or are otherwise prohibited
19 by, United States sanctions.

20 “(b) APPLICATION.—This section—

21 “(1) applies solely to personal use by individ-
22 uals; and

23 “(2) does not apply to individuals acting in a
24 custodial or fiduciary capacity for others.

1 “(c) RULE OF CONSTRUCTION.—Nothing in this sec-
 2 tion shall be construed to limit the authority of the Sec-
 3 retary of the Treasury, the Securities and Exchange Com-
 4 mission, the Commodity Futures Trading Commission, or
 5 the primary Federal payment stablecoin regulators to
 6 carry out any enforcement action or special measure au-
 7 thorized under applicable law, including—

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

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

15 **TITLE VI—ANTI-CBDC** 16 **SURVEILLANCE STATE ACT**

17 **SEC. 601. SHORT TITLE.**

18 This title may be cited as the “Anti-CBDC Surveil-
 19 lance State Act”.

1 **SEC. 602. PROHIBITION ON FEDERAL RESERVE BANKS RE-**
2 **LATING TO CERTAIN PRODUCTS OR SERV-**
3 **ICES FOR INDIVIDUALS AND PROHIBITION**
4 **ON DIRECTLY ISSUING A CENTRAL BANK DIG-**
5 **ITAL CURRENCY.**

6 Section 16 of the Federal Reserve Act (12 U.S.C. 411
7 et seq.) is amended by adding at the end the following
8 new paragraph:

9 “(18)(A) A Federal reserve bank may not—

10 “(i) offer financial products or services directly to an
11 individual;

12 “(ii) maintain an account on behalf of an individual;
13 or

14 “(iii) issue a central bank digital currency, or any
15 digital asset that is substantially similar under any other
16 name or label.

17 “(B) In this paragraph, the term ‘central bank digital
18 currency’ has the meaning given that term under section
19 10(11)(D).”.

20 **SEC. 603. PROHIBITION ON FEDERAL RESERVE BANKS IN-**
21 **DIRECTLY ISSUING A CENTRAL BANK DIG-**
22 **ITAL CURRENCY.**

23 Section 16 of the Federal Reserve Act (12 U.S.C. 411
24 et seq.), as amended by section 2, is further amended by
25 adding at the end the following paragraph:

1 “(19)(A) A Federal reserve bank may not offer a cen-
 2 tral bank digital currency, or any digital asset that is sub-
 3 stantially similar under any other name or label, indirectly
 4 to an individual through a financial institution or other
 5 intermediary.

6 “(B) In this paragraph, the term ‘central bank digital
 7 currency’ has the meaning given that term under section
 8 10(11)(D).”.

9 **SEC. 604. PROHIBITION WITH RESPECT TO CENTRAL BANK**
 10 **DIGITAL CURRENCY.**

11 Section 10 of the Federal Reserve Act (12 U.S.C. 241
 12 et seq.) is amended by inserting before paragraph (12) the
 13 following:

14 “(11) PROHIBITION WITH RESPECT TO CEN-
 15 TRAL BANK DIGITAL CURRENCY.—

16 “(A) IN GENERAL.—The Board of Gov-
 17 ernors of the Federal Reserve System may not
 18 test, study, develop, create, or implement a cen-
 19 tral bank digital currency, or any digital asset
 20 that is substantially similar under any other
 21 name or label.

22 “(B) MONETARY POLICY.—The Board of
 23 Governors of the Federal Reserve System and
 24 the Federal Open Market Committee may not
 25 use a central bank digital currency to imple-

1 ment monetary policy, or any digital asset that
2 is substantially similar under any other name or
3 label.

4 “(C) EXCEPTION.—Subparagraph (A) and
5 sections 16(18)(A)(iii) and 16(19)(A) may not
6 be construed to prohibit any dollar-denominated
7 currency that is open, permissionless, and pri-
8 vate, and fully preserves the privacy protections
9 of United States coins and physical currency.

10 “(D) CENTRAL BANK DIGITAL CURRENCY
11 DEFINED.—In this paragraph, the term ‘central
12 bank digital currency’ means a form of digital
13 money or monetary value that is—

14 “(i) denominated in the national unit
15 of account;

16 “(ii) a direct liability of the Federal
17 Reserve System; and

18 “(iii) widely available to the general
19 public.”.

20 **SEC. 605. SENSE OF CONGRESS.**

21 It is the sense of Congress that the Board of Gov-
22 ernors of the Federal Reserve System currently does not
23 have the authority to issue a central bank digital currency,
24 or any digital asset that is substantially similar under any
25 other name or label, and will not have such authority un-

- 1 less Congress grants it under Congress's Article 1 Section
- 2 8 powers.

Passed the House of Representatives July 17, 2025.

Attest:

Clerk.

119TH CONGRESS
1ST SESSION

H. R. 3633

AN ACT

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes.