

If colleagues need to close their eyes again and pretend they are not Palestinians to care, then maybe they should. We would stop this madness and stop supporting the genocide in Gaza.

#### FIX BROKEN PERMITTING AND REGULATORY LAWS

(Mr. WESTERMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WESTERMAN. Mr. Speaker, I rise to shed light on the broken permitting process that creates roadblocks to unleashing American innovation and development while costing more taxpayer dollars with basically nothing to show for the expenses.

The Fiscal Responsibility Act of 2023 attempted to change course and imposed a 2-year deadline and a 150-page cap on environmental impact statements. However, the Council on Environmental Quality reports that 61 percent of environmental impact statements still take over 2 years to complete.

The other two branches of government are taking actions to inject some regulatory common sense into the process. President Trump's "Unleashing American Energy" executive order directs Federal agencies to confine NEPA analysis to applicable law, and in May, the Supreme Court ruled unanimously on narrowing the scope of NEPA.

It is time for Congress to take bipartisan, bicameral action to fix the broken permitting and regulatory laws so that America can thrive.

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#### HAPPY 105TH BIRTHDAY TO ROY DRINKARD

(Mr. ADERHOLT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ADERHOLT. Mr. Speaker, I rise today here on the House floor of the United States House of Representatives to recognize an extraordinary American and a dear personal friend, Mr. Roy Drinkard of Cullman, Alabama, who just celebrated his 105th birthday this past weekend, on July 12.

Born in 1920, Mr. Drinkard is a proud veteran of the Second World War, who served his country with courage and continues to inspire all those who know him. He is the oldest living marine in the United States of America.

After the war, he returned to Alabama and built a legacy as a successful businessman, civic leader, and helped shape the growth and character of Cullman, Alabama, as well as the State.

At the age of 105, Mr. Drinkard remains active in his business. He still serves on the board of trustees at Troy University, demonstrating that age is

no barrier to leadership, commitment, or purpose.

Mr. Speaker, Roy Drinkard is a living example of American grit and grace. My wife, Caroline, and I are proud to call him our friend. I ask my colleagues to join me in wishing Mr. Drinkard a very happy 105th birthday and in thanking him for a lifetime of service to his community and to his Nation.

May God bless Roy Drinkard and his family, and may God bless the United States of America.

#### HONORING LUNA AND OUR DIFFERENCES

(Mr. LATIMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LATIMER. Mr. Speaker, I rise today to honor Luna Higbie, the daughter of my friend, Brian, back in Westchester County, New York.

Luna is a delightful 6-year-old girl, but she has already endured bullying simply for looking different. Luna wears an eye patch and glasses to treat her amblyopia. Mistreatment by a few peers has made Luna want to reject her treatment.

Disney's Pixar has recently released the movie, "Elio," about a boy who is wrestling with his insecurity and a longing to belong. Representation matters. Research shows that seeing someone in the media who mirrors your experiences boosts self-esteem, supports identity formation, and reduces stigma. Imagine how it might feel for Luna to see a character who wears an eye patch—someone like her. It makes it more likely to help keep her patch on, to feel proud and seen.

As someone who grew up with strabismus and experienced teasing firsthand, I know how much it can hurt. We must teach our children that differences are not deficits, but paths to empathy and connection.

Mr. Speaker, I invite my colleagues to join me in sending Luna a message of inclusion: You belong. You are valued, and you matter to America.

#### DIGITAL ASSET MARKET CLARITY ACT OF 2025

Mr. HILL of Arkansas. Mr. Speaker, pursuant to House Resolution 580, I call up the bill (H.R. 3633) to provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. SMITH of Nebraska). Pursuant to House Resolution 580, in lieu of the amendments in the nature of a substitute recommended by the Committees on Agriculture and Financial Services printed in the bill, an amendment in the na-

ture of a substitute consisting of the text of Rules Committee Print 119-6, modified by the amendment printed in part B of House Report 119-199, is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 3633

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) *SHORT TITLE.*—This Act may be cited as the "Digital Asset Market Clarity Act of 2025" or the "CLARITY Act of 2025".

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

*Sec. 1. Short title; 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 I—DEFINITIONS; RULEMAKING; EXPEDITED REGISTRATION

##### SEC. 101. DEFINITIONS UNDER THE SECURITIES ACT OF 1933.

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

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

“(A) any technology—

“(i) where data is—

“(I) shared across a network to create a distributed ledger of independently verifiable transactions or information among network participants;

“(II) linked using cryptography to maintain the integrity of the distributed ledger and to execute other functions; and

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

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

“(B) any similar technology to the technology described in subparagraph (A).

“(21) **BLOCKCHAIN APPLICATION.**—The term ‘blockchain application’ means any executable software that is deployed to a blockchain and composed of source code that is publicly available, including a smart contract or any network of smart contracts, or other similar technology.

“(22) **BLOCKCHAIN PROTOCOL.**—The term ‘blockchain protocol’ means publicly available source code of a blockchain that is executed by the network participants of a blockchain to facilitate its functioning, or other similar technology.

“(23) **BLOCKCHAIN SYSTEM.**—The term ‘blockchain system’ means any blockchain, together with its blockchain protocol or any blockchain application or network of blockchain applications.

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

“(A) **IN GENERAL.**—The term ‘decentralized governance system’ means, with respect to a blockchain system, any transparent, rules-based system permitting persons to form consensus or reach agreement in the development, provision, publication, maintenance, or administration of such blockchain system, where participation is not limited to, or under the effective control of, any person or group of persons under common control.

“(B) **RELATIONSHIP OF PERSONS TO DECENTRALIZED GOVERNANCE SYSTEMS.**—With respect to a decentralized governance system, the decentralized governance system and any persons participating in the decentralized governance system shall be treated as separate persons unless such persons are under common control or acting pursuant to an agreement to act in concert.

“(C) **LEGAL ENTITIES FOR DECENTRALIZED GOVERNANCE SYSTEMS.**—The term ‘decentralized governance system’ shall include a legal entity used to implement the rules-based system described in subparagraph (A), provided that the legal entity does not operate pursuant to centralized management. For the purposes of this subparagraph, the delegation of ministerial or administrative authority at the direction of the participants in a decentralized governance system shall not be construed to be centralized management.

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

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

“(27) **DIGITAL COMMODITY AFFILIATED PERSON.**—The term ‘digital commodity affiliated person’—

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

“(i) acquires or has any right to acquire 5 percent or more of the total outstanding units of such digital commodity from a digital commodity issuer or an agent or underwriter thereof;

“(ii) is a founder of the digital commodity issuer; or

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

“(B) does not include a decentralized governance system.

“(28) **DIGITAL COMMODITY ISSUER.**—

“(A) **IN GENERAL.**—With respect to a digital commodity, the term ‘digital commodity issuer’ means any person that—

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

“(ii) offers or sells a right to a future issuance of a unit of such digital commodity to a person.

“(B) **PROHIBITION ON EVASION.**—It shall be unlawful for any person to knowingly evade classification as a ‘digital commodity issuer’ and facilitate an arrangement for the primary purpose of effecting an offer, sale, distribution, or other issuance of a digital commodity, including via any arrangement involving the transfer of intellectual property associated with the blockchain system to which the digital commodity relates.

“(29) **DIGITAL COMMODITY RELATED PERSON.**—“(A) **IN GENERAL.**—With respect to a digital commodity issuer, the term ‘digital commodity related person’—

“(i) means a person—

“(I) that is or was in the previous 6-month period a promoter, senior employee, advisory board member, consultant, advisor, or person serving in a similar capacity; or

“(II) that acquires or has any right to acquire 1 percent or more of the total outstanding units of such digital commodity from a digital commodity issuer or an agent or underwriter thereof; and

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

“(B) **SENIOR EMPLOYEE DEFINED.**—In this paragraph and with respect to a digital commodity issuer, the term ‘senior employee’ means any employee materially involved in the management of the digital commodity issuer, including management of the development of the blockchain system to which the digital commodity relates.

“(30) **END USER DISTRIBUTION.**—

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

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

“(ii) is distributed in a broad and equitable manner based on conditions capable of being satisfied by any participant in the blockchain system, including, as incentive-based rewards—

“(I) to users of the digital commodity or any blockchain system to which the digital commodity relates;

“(II) for activities directly related to the operation of the blockchain system, 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 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—

“(I) the owner of the staked digital commodity and operator of the node or validator for such activity are different persons or entities; and

“(II) the operator of the node or validator does not maintain custody or control of the staked digital commodity.

“(iii) **CUSTODIAL AND ANCILLARY STAKING SERVICES.**—Subject to the rules issued pursuant to subparagraph (C), the provision of custodial or ancillary staking services enabling the owner of a digital commodity to participate in validating or staking activity for a blockchain system’s consensus mechanism that results in the programmatic distribution of a unit of a digital commodity, provided that such custodial or ancillary services are exclusively administrative or ministerial in nature.

“(C) **RULEMAKING TO DEFINE THE CUSTODIAL AND ANCILLARY STAKING SERVICES.**—Not later than 270 days after the date of the enactment of this paragraph, the Commission shall issue rules defining the custodial and ancillary staking

services described in subparagraph (B)(iii) that are exclusively administrative or ministerial in nature, consistent with what is necessary or appropriate for the public interest or for the protection of investors.

“(31) **MATURE BLOCKCHAIN SYSTEM.**—The term ‘mature blockchain system’ means a blockchain system, together with its related digital commodity, that is not controlled by any person or group of persons under common control.

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

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

#### SEC. 102. DEFINITIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934.

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

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

(2) by adding at the end the following:

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

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

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

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

“(83) **ADDITIONAL DIGITAL COMMODITY-RELATED TERMS.**—

“(A) **SECURITIES ACT OF 1933.**—The terms ‘blockchain system’, ‘decentralized governance system’, ‘digital asset’, ‘digital commodity affiliated person’, ‘digital commodity issuer’, ‘digital commodity related person’, ‘end user distribution’, ‘mature blockchain system’, ‘permitted payment stablecoin’, and ‘permitted payment stablecoin issuer’ have the meaning given those terms, respectively, under section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).

“(B) **COMMODITY EXCHANGE ACT.**—The terms ‘digital commodity’, ‘digital commodity broker’, ‘digital commodity dealer’, ‘digital commodity exchange’, ‘decentralized finance messaging system’, and ‘decentralized finance trading protocol’ have the meaning given those terms, respectively, under section 1a of the Commodity Exchange Act (7 U.S.C. 1a).”

#### SEC. 103. DEFINITIONS UNDER THE COMMODITY EXCHANGE ACT.

(a) **IN GENERAL.**—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended—

(1) in paragraph (10)—

(A) in subparagraph (A)—

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

(ii) by inserting after clause (ii) the following: “(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 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 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.”;

(3) in paragraph (12)(A)(i)—

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

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

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

“(III) a digital commodity;”; and

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

“(16) **TERMS RELATED TO DIGITAL COMMODITIES.**—

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

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

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

“(II) the supervision of any person engaged in the solicitation or acceptance of an order for the purchase or sale of a digital commodity.

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

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

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

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

“(II) the supervision of any person engaged in the solicitation or acceptance of a contract for the purchase or sale of a digital commodity.

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

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

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

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

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

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

“(i) **IN GENERAL.**—The term ‘decentralized finance messaging system’ means a software application that provides a user with the ability to create or submit an instruction, communication, or message to a decentralized finance trading protocol for the purpose of executing a transaction by the user.

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

“(I) the funds of the user; or

“(II) the execution of the transaction of the user.

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

“(i) **IN GENERAL.**—The term ‘decentralized finance trading protocol’ means a blockchain system through which multiple participants can execute a financial transaction—

“(I) in accordance with an automated rule or algorithm that is predetermined and non-discretionary; and

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

“(ii) **EXCLUSIONS.**—

“(I) **IN GENERAL.**—The term ‘decentralized finance trading protocol’ does not include a blockchain system if—

“(aa) a person or group of persons under common control or acting pursuant to an agreement to act in concert has the authority, 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, and the value of which is derived from or is reasonably expected to be derived from the use of the blockchain system.

“(ii) **RELATIONSHIP TO A BLOCKCHAIN SYSTEM.**—For purposes of this subparagraph, a digital asset is intrinsically linked to a blockchain system if the digital asset is directly related to the functionality or operation of the blockchain system or to the activities or services for which the blockchain system is created or utilized, including where the digital asset is—

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

“(II) used to transfer value between participants in the blockchain system;

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

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

“(V) used or removed from circulation in whole or in part to pay fees or otherwise verify or validate transactions on the blockchain system;

“(VI) used as payment or incentive to participants in the blockchain system to engage in the activities of the blockchain system, provide services to other participants in the blockchain system, or otherwise participate in the functionality of the blockchain system; or

“(VII) used as payment or incentive to participants in the blockchain system to validate transactions, secure the blockchain system, provide computational services, maintain or distribute information, or otherwise participate in the operations of the blockchain system.

“(iii) **EXCLUSION.**—The term ‘digital commodity’ does not include any of the following:

“(I) **SECURITY.**—

“(aa) Any security, other than a note, an investment contract, or a certificate of interest or participation in any profit-sharing agreement.

“(bb) A note, an investment contract, or a certificate of interest or participation in any profit-sharing agreement that—

“(AA) represents or gives the holder an ownership interest or other interest in the revenues, profits, obligations, debts, assets, or assets or

debts to be acquired of the issuer of the digital asset or another person (other than a decentralized governance system);

“(BB) makes the holder a creditor of the issuer of the digital asset or another person; or

“(CC) represents or gives the holder the right to receive interest or the return of principal from the issuer of the digital asset or another person.

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

“(aa) a security future, as defined in section 2a of the Securities Act of 1933;

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

“(cc) a put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), as defined in section 2a of the Securities Act of 1933; or

“(dd) a put, call, straddle, option, or privilege on any security, as defined in section 2a of the Securities Act of 1933.

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

“(IV) BANKING DEPOSIT.—

“(aa) A deposit (as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), regardless of the technology used to record the deposit.

“(bb) An account (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)), regardless of the technology used to record the account.

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

“(aa) an agricultural commodity;

“(bb) an excluded commodity, other than a security; or

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

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

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

“(bb) a security futures product;

“(cc) a swap;

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

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

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

“(VII) POOLED INVESTMENT VEHICLE.—

“(aa) IN GENERAL.—A digital asset not described by subclause (I) that, based on its terms and other characteristics, is, represents, or is functionally equivalent to an interest in—

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

“(BB) a pooled investment vehicle.

“(bb) POOLED INVESTMENT VEHICLE DEFINED.—In this subclause, the term ‘pooled investment vehicle’ means—

“(AA) any investment company as defined in section 3(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–3(a));

“(BB) any company (as defined in section 2 of such Act (15 U.S.C. 80a–2)) that would be an investment company under section 3(a) of such Act but for the exclusions provided from that definition by section 3(c) of such Act, if for purposes of this subclause the company were assumed to be an issuer (as defined in section 2 of such Act); or

“(CC) any entity or person that is not an investment company but holds or will hold assets other than securities.

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

“(aa) a work of art, a musical composition, a literary work, or other intellectual property;

“(bb) collectibles, merchandise, virtual land, and video game assets;

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

“(dd) rights, licenses, and tickets.

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

“(I) the digital asset providing voting or economic rights with respect to the blockchain system to which the digital asset relates or the decentralized governance system of the blockchain system to which the digital asset relates;

“(II) the value of the digital asset having the potential to appreciate or depreciate in response to the efforts, operations, or financial performance of the blockchain system to which the digital asset relates or the decentralized governance system of the blockchain system to which the digital asset relates; or

“(III) the value of the digital asset appreciating or depreciating due to the use of the blockchain system to which the digital asset relates or the decentralized governance system of the blockchain system to which the digital asset relates.

“(G) DIGITAL COMMODITY BROKER.—

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

“(I) is engaged in—

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

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

“(BB) an agreement, contract, or transaction described in section 2(c)(2)(D)(iv); and

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

“(AA) the funds of any customer; or

“(BB) the execution of any transaction of a customer;

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

“(III) is registered with the Commission as a digital commodity broker.

“(ii) EXCEPTIONS.—The term ‘digital commodity broker’ does not include a person solely because the person—

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

“(II) enters into 1 or more digital commodity transactions that are attributable or solely incidental to making, sending, receiving, or facilitating payments, whether involving a payment service provider or on a peer-to-peer basis; or

“(III) is a bank (as defined under section 3(a) of the Securities Exchange Act of 1934) engaging in certain banking activities with respect to a digital commodity in the same or a similar manner as a bank is excluded from the definition of a broker under such section, as determined by the Commission.

“(iii) FURTHER DEFINITION.—The Commission, by rule or regulation, may exclude from the term ‘digital commodity broker’ any person or class of persons if the Commission determines that the rule or regulation will effectuate the purposes of this Act.

“(H) DIGITAL COMMODITY DEALER.—

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

“(I) is, or offers to be a counterparty to a person for the purchase or sale of a digital com-

modity as a regular business, and in conjunction with the activities, accepts or maintains control over the funds of any counterparty; or

“(II) is registered with the Commission as a digital commodity dealer.

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

“(I) is or offers to be a counterparty to a person who is an eligible contract participant;

“(II) enters into a digital commodity transaction with an eligible contract participant;

“(III) enters into a digital commodity transaction on or through a registered digital commodity exchange, with a registered digital commodity broker, or through a decentralized finance trading protocol;

“(IV) enters into a digital commodity transaction for the person’s own account, either individually or in a fiduciary capacity, but not as a part of a regular business;

“(V) enters into 1 or more digital commodity transactions that are attributable or solely incidental to making, sending, receiving, or facilitating payments, whether involving a payment service provider or on a peer-to-peer basis; or

“(VI) is a bank (as defined under section 3(a) of the Securities Exchange Act of 1934) engaging in certain banking activities with respect to a digital commodity in the same or a similar manner as a bank is excluded from the definition of a dealer under section 3(a)(5) of such Act, as determined by the Commission.

“(iii) FURTHER DEFINITION.—The Commission, by rule or regulation, may exclude from the term ‘digital commodity dealer’ any person or class of persons if the Commission determines that the rule or regulation will effectuate the purposes of this Act.

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

“(J) MIXED DIGITAL ASSET TRANSACTION.—The term ‘mixed digital asset transaction’ means a transaction in which a digital commodity is traded for a security.

“(K) TERMS DEFINED UNDER THE SECURITIES ACT OF 1933.—The terms ‘blockchain system’, ‘decentralized governance system’, ‘digital asset’, ‘digital commodity issuer’, ‘digital commodity affiliated person’, ‘digital commodity related person’, ‘end user distribution’, ‘mature blockchain system’, ‘permitted payment stablecoin’, and ‘permitted payment stablecoin issuer’ have the meaning given those terms, respectively, under section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).”; and

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

(A) by striking “and” at the end of subparagraph (E);

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

(C) by adding at the end the following:

“(G) a digital commodity exchange registered under section 5i.”.

(b) CONFORMING AMENDMENTS.—

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

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

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

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

(D) Section 15F(h)(5)(A)(i) of the Securities Exchange Act of 1934 (15 U.S.C. 78o–10(h)(5)(A)(i)).

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

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

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

(A) Section 4t(b)(1)(C) (7 U.S.C. 6t(b)(1)(C)).  
 (B) Section 5(d)(23) (7 U.S.C. 7(d)(23)).  
 (C) Section 5b(k)(3) (7 U.S.C. 7a-1(k)(3)).  
 (D) Section 5h(f)(10)(A)(iii) (7 U.S.C. 7b-3(f)(10)(A)(iii)).

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

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

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

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

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

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

(B) in subsection (d)(1), by striking “1a(47)(A)(v)” each place it appears and inserting “1a(48)(A)(v)”.

#### SEC. 104. DEFINITIONS UNDER THIS ACT.

In this Act:

(1) **DEFINITIONS UNDER THE COMMODITY EXCHANGE ACT.**—The terms “decentralized finance messaging system”, “decentralized finance trading protocol”, “digital commodity”, “digital commodity broker”, “digital commodity dealer”, “digital commodity exchange”, and “mixed digital asset transaction” have the meaning given those terms, respectively, under section 1a of the Commodity Exchange Act (7 U.S.C. 1a).

(2) **DEFINITIONS UNDER THE SECURITIES ACT OF 1933.**—The terms “blockchain”, “blockchain system”, “blockchain protocol”, “decentralized governance system”, “digital asset”, “digital commodity issuer”, “end user distribution”, “mature blockchain system”, “permitted payment stablecoin”, and “permitted payment stablecoin issuer” have the meaning given those terms, respectively, under section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)).

(3) **DEFINITIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934.**—The terms “Bank Secrecy Act”, “securities laws”, and “self-regulatory organization” have the meaning given those terms, respectively, under section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

#### SEC. 105. RULEMAKINGS.

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

(1) The terms—

(A) “blockchain”, “blockchain application”, “blockchain system”, “blockchain protocol”, “decentralized governance system”, “digital commodity affiliated person”, “digital commodity issuer”, “digital commodity related person”, “end user distribution”, and “mature blockchain system”, as defined under section 2(a) of the Securities Act of 1933;

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

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

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

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

(c) **PROTECTION OF SELF-CUSTODY.**—

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

(A) maintain a hardware wallet or software wallet for the purpose of facilitating the individual’s own lawful custody of digital assets; and

(B) engage in direct, peer-to-peer transactions in digital assets with another individual or entity for the individual’s own lawful purposes using a hardware wallet or software wallet, if—

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

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

(2) **APPLICATION.**—This subsection—

(A) applies solely to personal use by individuals; and

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

(3) **RULE OF CONSTRUCTION.**—Nothing in this subsection shall be construed to limit the authority of the Secretary of the Treasury, the Securities and Exchange Commission, the Commodity Futures Trading Commission, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Federal Deposit Insurance Corporation, or the National Credit Union Administration to carry out any enforcement action or special measure authorized under applicable law, including—

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

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

(d) **JOINT RULEMAKING, PROCEDURES, OR GUIDANCE FOR DELISTING.**—Not later than 180 days after the date of the enactment of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly issue rules, procedures, or guidance (as determined appropriate by the Commissions) regarding the process to delist an asset for trading under section 106 if the Commissions determine that the listing is inconsistent with the Commodity Exchange Act, the securities laws (including regulations under those laws), or this Act.

(e) **JOINT RULES FOR PORTFOLIO MARGINING DETERMINATIONS.**—

(1) **IN GENERAL.**—Not later than 360 days after the date of the enactment of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly issue rules describing the process for persons registered with either such Commission to seek a joint order or determination with respect to margin, customer protection, segregation, or other requirements as necessary to facilitate portfolio margining of securities (including related extensions of credit), security-based swaps, contracts for future delivery, options on a contract for future delivery, swaps, and digital commodities, or any subset thereof, in—

(A) a securities account carried by a registered broker or dealer or a security-based swap account carried by a registered security-based swap dealer;

(B) a futures or cleared swap account carried by a registered futures commission merchant;

(C) a swap account carried by a swap dealer; or

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

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

(A) the joint order or determination to be issued only if the order or determination is in

the public interest and provides for the appropriate protection of customers;

(B) applicants to file a standard application, in a form and manner determined by the Securities and Exchange Commission and the Commodity Futures Trading Commission, which shall include the information necessary to make the joint order or determination;

(C) the Securities and Exchange Commission and the Commodity Futures Trading Commission to make a final determination not later than 270 days after the filing of a completed application;

(D) the Securities and Exchange Commission and the Commodity Futures Trading Commission to consider the public interest of the joint order or determination through the solicitation of public comments; and

(E) the Securities and Exchange Commission and the Commodity Futures Trading Commission to consult with other relevant foreign or domestic regulators, including the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the Office of the Comptroller of the Currency, as appropriate.

(f) **CAPITAL REQUIREMENTS TO ADDRESS NETTING AGREEMENTS.**—No later than 360 days following the date of enactment of this Act, the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation shall develop risk-based and leverage capital requirements for insured depository institutions, depository institution holding companies, and nonbank financial companies supervised by the Board of Governors that address netting agreements that provide for termination and close-out netting across multiple types of financial transactions, consistent with subsection (e), in the event of a counterparty’s default.

#### SEC. 106. EXPEDITED REGISTRATION FOR DIGITAL COMMODITY EXCHANGES, BROKERS, AND DEALERS; PROVISIONAL STATUS.

(a) **REGISTRATION.**—

(1) **IN GENERAL.**—Unless exempted from registration, a person shall not act as a digital commodity broker, digital commodity dealer, or digital commodity exchange after the end of the 90-day period beginning on the date the process described in paragraph (2) is adopted by the Commodity Futures Trading Commission, unless, as the case may be, the person is registered as a—

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

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

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

(2) **EXPEDITED PROCESS.**—Within 180 days after the date of the enactment of this Act, the Commodity Futures Trading Commission shall adopt, by rule, regulation, or order, a process for expedited registration of persons required to be registered pursuant to paragraph (1).

(b) **PROVISIONAL STATUS.**—

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

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

(B) in the case of a digital commodity exchange, 270 days after the final effective date of the rulemakings required under section 5i of such Act.

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

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

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

## (2) LISTINGS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a person in provisional status may continue to offer, solicit, trade, facilitate, execute, clear, report, or otherwise deal in any digital asset offered on or through the facilities of the person before the date of registration under this section, until such time as the joint rulemaking on definitions required under section 105(a) is effective.

(B) DELISTING.—Before the effective date of the joint rulemaking on definitions under section 105(a), a person in provisional status shall cease offering, soliciting, trading, facilitating, executing, clearing, reporting, or otherwise dealing in any digital asset required to be delisted pursuant to a joint delisting process established under section 105(d).

(3) EXEMPTIVE AUTHORITY.—In order to promote responsible innovation and fair competition, or protect customers, the Commodity Futures Trading Commission may exempt any persons or class of persons registered pursuant to subsection (a) and in provisional status pursuant to subsection (b) from any requirements of this section or the Commodity Exchange Act or any rules or regulations promulgated under this section or the Commodity Exchange Act, as applicable.

## (d) CUSTOMER DISCLOSURE BEFORE REGISTRATION.—

(1) IN GENERAL.—Beginning 30 days after the date of the enactment of this Act, any person acting as a digital commodity exchange, digital commodity broker, or digital commodity dealer shall disclose to the customers of the person so acting, in the disclosure documents, offering documents, and promotional material of the person so acting, in a prominent manner, that the person is not registered with or regulated by the Commodity Futures Trading Commission.

(2) EXPIRATION.—Paragraph (1) of this subsection shall not apply to any person who registers pursuant to subsection (a).

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

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

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

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

(B) a swap;

(C) a security futures product;

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

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

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

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

(A) a security-based swap;

(B) a security futures product; or

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

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

(b) PROHIBITIONS ON SPOT DIGITAL COMMODITY ENTITIES.—Nothing in this Act authorizes, or shall be interpreted to authorize, a digital commodity exchange, digital commodity broker, or digital commodity dealer to engage in any activities involving any transaction, contract, or agreement described in subsection (a)(1), solely by virtue of being registered as a digital commodity exchange, digital commodity broker, or digital commodity dealer.

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

**SEC. 108. ADMINISTRATIVE REQUIREMENTS.**

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

## (1) in paragraph (3)—

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

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

(C) by adding at the end the following:

“(D) a contract of sale of a digital commodity.”;

## (2) in paragraph (4)—

(A) in subparagraph (A)—

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

(ii) in clause (iii), by striking the period and inserting “; or”; and

(iii) by adding at the end the following:

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

(B) in subparagraph (B)—

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

(ii) in clause (iii), by striking the period and inserting “; or”; and

(iii) by adding at the end the following:

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

(C) in subparagraph (C)—

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

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

“(iii) a swap; or

“(iv) a contract of sale of a digital commodity, provided, however,”; and

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

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

(a) IN GENERAL.—Notwithstanding applicable law, a non-controlling blockchain developer or provider of a blockchain service shall not be treated as a money transmitter or as engaged in “money transmitting” or, following the date of enactment of this Act, be otherwise subject to any new registration requirement that is substantially similar to the requirement that currently applies to money transmitters, solely on the basis of—

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

(2) providing hardware or software to facilitate a customer’s own custody or safekeeping of the customer’s digital assets; or

(3) providing infrastructure support to maintain a blockchain service.

(b) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect whether a blockchain developer or provider of a blockchain service is otherwise subject to classification or treatment as a money transmitter, or as engaged in “money transmitting”, under applicable State or Federal law, including laws relating to anti-money laundering or countering the financing of terrorism, based on conduct outside the scope of subsection (a). Nothing in this section shall be construed to affect whether a blockchain developer or provider of a blockchain service is otherwise subject to classification or treatment as a financial institution under the Bank Secrecy Act, this Act, or any Act enacted after the date of enactment of this Act.

## (c) EFFECT ON OTHER LAWS.—

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

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

## (d) DEFINITIONS.—In this section:

(1) BLOCKCHAIN DEVELOPER.—The term “blockchain developer” means any person or business that creates or publishes software to facilitate the creation of, or provide maintenance to, a blockchain or a blockchain service.

(2) BLOCKCHAIN SERVICE.—The term “blockchain service” means any information, transaction, or computing service or system that

provides or enables access to a blockchain network by multiple users, including specifically a service or system that enables users to send, receive, exchange, or store digital assets described by blockchain networks.

(3) NON-CONTROLLING BLOCKCHAIN DEVELOPER OR PROVIDER OF A BLOCKCHAIN SERVICE.—The term “non-controlling blockchain developer or provider of a blockchain service” means a blockchain developer or provider of a blockchain service that in the regular course of operations, does not have the legal right or the unilateral and independent ability to control, initiate upon demand, or effectuate transactions involving digital assets that users are entitled to, without the approval, consent, or direction of any other third party.

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

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

(1) by inserting “digital commodity broker, digital commodity dealer,” after “futures commission merchant,”; and

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

## (b) BANK SECRECY ACT REQUIREMENTS.—

(1) REGULATIONS.—The Secretary of the Treasury, acting through the Director of the Financial Crimes Enforcement Network, and in consultation with Commodity Futures Trading Commission, shall issue requirements consistent with the requirements of futures commission merchants to apply the Bank Secrecy Act to digital commodity brokers, digital commodity dealers, and digital commodity exchanges that are tailored to the size and complexity of such entities, including by requiring each such entity to—

(A) establish and maintain an anti-money laundering and countering the financing of terrorism program, which shall include—

(i) an appropriate risk assessment;

(ii) the development of internal policies, procedures, and controls;

(iii) the designation of a compliance officer;

(iv) an ongoing employee training program; and

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

(B) retain appropriate records of transactions;

(C) monitor and report suspicious activity, which may include use of appropriate distributed ledger analytics; and

(D) maintain an effective customer identification program to identify and verify account holders and carry out appropriate customer due diligence.

(2) COMPLIANCE WITH SANCTIONS.—A digital commodity broker, digital commodity dealer, or digital commodity exchange shall comply with all laws and regulations related to United States sanctions administered by the Office of Foreign Assets Control.

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

Nothing in this Act, or the amendments made by this Act, shall be construed to limit or prevent the continued application of applicable ethics statutes and regulations administered by the Office of Government Ethics, or the ethics rules of the Senate and the House of Representatives, including section 208 of title 18, United States Code, and sections 2635.702 and 2635.802 of title 5, Code of Federal Regulations. For the avoidance of doubt, existing Office of Government Ethics laws and the ethics rules of the Senate and the House of Representatives prohibit any member of Congress or senior executive branch official from issuing a digital commodity during their time in public service. For the purposes of this section, an employee described in section 202 of title 18, United States Code, shall be deemed an executive branch employee for purposes of complying with section 208 of that title.



**SEC. 112. IMPLEMENTATION.**

(a) **GLOBAL RULEMAKING TIMEFRAME.**—Unless otherwise provided in this Act or an amendment made by this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission, or both, shall individually, and jointly where required, promulgate rules and regulations required of each Commission under this Act or an amendment made by this Act not later than 360 days after the date of enactment of this Act.

(b) **RULES AND REGISTRATION BEFORE FINAL EFFECTIVE DATES.**—

(1) **IN GENERAL.**—In order to prepare for the implementation of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission may, before any effective date provided in this Act—

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

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

(C) register persons under this Act; and

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

(2) **LIMITATION ON EFFECTIVENESS.**—An action by the Commodity Futures Trading Commission or the Securities and Exchange Commission under paragraph (1) shall not become effective before the effective date otherwise applicable to the action under this Act.

**TITLE II—OFFERS AND SALES OF DIGITAL COMMODITIES****SEC. 201. TREATMENT OF INVESTMENT CONTRACT ASSETS.**

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

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

(2) by adding at the end the following:

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

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

“(B) sold or otherwise transferred, or intended to be sold or otherwise transferred, pursuant to an investment contract.”.

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

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

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

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

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

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

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

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

“(A) the blockchain system to which the digital commodity relates, together with the digital commodity, is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934 or the issuer intends for the blockchain system to which the digital commodity relates to be a mature blockchain system by the later of—

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

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

“(B) the sum of all cash and other consideration to be received by the digital commodity issuer in reliance on the exemption provided under this paragraph, during the 12-month period preceding the date of such offering, including the amount received in such offering, is not more than \$50,000,000 (as such amount is annually adjusted by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the Department of Labor);

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

“(D) the transaction does not involve the offer or sale of an investment contract involving units of a digital commodity by its digital commodity issuer that—

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

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

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

“(II) has indicated that the business plan of the company is to merge with or acquire an unidentified company;

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

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

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

“(vi) is disqualified pursuant to section 230.262 of title 17, Code of Federal Regulations; and

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

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

**“SEC. 4B. REQUIREMENTS WITH RESPECT TO CERTAIN DIGITAL COMMODITY TRANSACTIONS.**

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

“(1) The Commission shall have jurisdiction and enforcement authority with respect to disclosures described in this section.

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

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

“(1) **TERMS AND CONDITIONS.**—A digital commodity issuer offering or selling an investment contract involving units of a digital commodity

in reliance on section 4(a)(8) shall file with the Commission an offering statement and any related documents, in such form and with such content as prescribed by the Commission, including financial information, a description of the issuer and the operations of the issuer, the financial condition of the issuer, a description of the plan of distribution of any unit of a digital commodity that is to be offered as well as the intended use of the offering proceeds, and a description of the development plan for the blockchain system, and the related digital commodity, to become a mature blockchain system, if such blockchain system is not already certified as a mature blockchain system pursuant to section 42 of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

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

“(A) **MATURITY STATUS.**—Whether the blockchain system to which the digital commodity relates has been certified as a mature blockchain system pursuant to section 42 of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) and, where such blockchain system is not so certified, a statement of the digital commodity issuer's intent for the blockchain system to which the digital commodity relates to be a mature blockchain system within the time period described in section 4(a)(8)(A).

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

“(C) **TRANSACTION HISTORY.**—A description of the steps necessary to independently access, search, and verify the transaction history of any blockchain system to which the digital commodity relates, to the extent any such independent access, search, and verification activities are technically feasible with respect to such blockchain system.

“(D) **DIGITAL COMMODITY ECONOMICS.**—A description of the purpose of any blockchain system to which the digital commodity relates and the operation of any such blockchain system, including—

“(i) information explaining the launch and supply process, including the number of units of the digital commodity to be issued in an initial allocation, the total number of units of the digital commodity to be created, the release schedule for the units of the digital commodity, and the total number of units of the digital commodity outstanding;

“(ii) information explaining the technical requirements for holding, accessing, and transferring the digital commodity;

“(iii) information on any applicable consensus mechanism or process for validating transactions, method of generating or mining digital commodities, and any process for burning or destroying units of the digital commodity on the blockchain system;

“(iv) an explanation of any mechanism for driving value to the digital commodity of such blockchain system; and

“(v) an explanation of governance mechanisms for implementing changes to the blockchain system or forming consensus among holders of units of such digital commodity.

“(E) **PLAN OF DEVELOPMENT.**—The current state and timeline for the development of any blockchain system to which the digital commodity relates, detailing how and when the blockchain system is intended to be a mature blockchain system, if the blockchain system is not yet certified as a mature blockchain system,

and the various roles that exist or are intended to exist in connection with the blockchain system, such as users, service providers, developers, transaction validators, and governance participants, including a discussion of any mechanisms by which control or authority are exerted with respect to the blockchain system or its related digital commodity, and any critical operational dependencies of the blockchain system or its related digital commodity.

“(F) OWNERSHIP DISCLOSURES.—

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

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

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

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

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

“(i) an updated description of the current state and timeline for the development of the blockchain system to which the digital commodity relates, showing how and when the blockchain is intended to be a mature blockchain system;

“(ii) a description of the efforts of the issuer and digital commodity related persons in developing the blockchain system to which the digital commodity relates;

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

“(iv) financial statements, where applicable.

“(B) CURRENT REPORTS.—A current report reflecting any material changes relevant to the information previously reported to the Commission by the digital commodity issuer, which shall be filed as soon as practicable after the material change occurred, in accordance with such rules as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

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

“(5) TERMINATION OF CERTAIN REPORTING REQUIREMENTS; POST-MATURITY REPORTING REQUIREMENTS.—

“(A) IN GENERAL.—The ongoing reporting requirements under paragraph (3) shall not apply to a digital commodity issuer 180 days after the end of the covered fiscal year, if the information with respect to the digital commodity and the blockchain system to which it relates described in subparagraphs (A) through (C) of paragraph (2) is made publicly available and the disclosure requirements under subparagraph (C) of this paragraph are satisfied.

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

commodity relates is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934.

“(C) POST-MATURITY REPORTING REQUIREMENTS.—After the blockchain system to which a digital commodity relates is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934, any digital commodity issuer that has filed a statement under paragraph (1) to offer and sell an investment contract involving a unit of a digital commodity in reliance on section 4(a)(8) and is engaged in material ongoing efforts related to the mature blockchain system shall disclose, in a manner reasonably calculated to inform the public, and at such frequency as the Commission may prescribe, by rule, a description of such efforts, including—

“(i) any participation in a decentralized governance system of such blockchain system;

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

“(iii) the use or planned use of any funds raised in reliance on section 4(a)(8) or any rule-making pursuant to section 202(c) of the CLARITY Act of 2025 in such efforts;

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

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

“(D) TERMINATION OF AND EXEMPTION FROM POST-MATURITY REPORTING REQUIREMENTS.—Not later than 270 days after the date of the enactment of this section, the Commission shall issue rules—

“(i) for terminating the disclosure requirements described in subparagraph (C) during the first fiscal year in which the digital commodity issuer does not engage in material ongoing efforts related to the mature blockchain system; and

“(ii) to, as is necessary or appropriate in the public interest or for the protection of investors, exempt a digital commodity issuer from the requirements described in subparagraph (C) where only a de minimis amount of market activity involving the digital commodity of such digital commodity issuer is taking place.

“(E) RULE OF CONSTRUCTION.—Nothing in subparagraph (C) may be construed to make any digital commodity described in such subparagraph a security.

“(c) REQUIREMENTS FOR INTERMEDIARIES.—A person acting as an intermediary in connection with the offer or sale of an investment contract involving units of a digital commodity in reliance on section 4(a)(8) shall—

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

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

“(d) DISQUALIFICATION PROVISIONS.—The Commission shall issue rules to apply the disqualification provisions under section 230.262 of title 17, Code of Federal Regulations, to the exemption provided under section 4(a)(8).

“(e) FAILURE TO MATURE.—

“(1) IN GENERAL.—Not later than 270 days after the date of the enactment of this section, the Commission shall issue rules applying such additional obligations and disclosures for the digital commodity issuers, digital commodity related persons, and digital commodity affiliated persons of a blockchain system described under subsection (b)(1) that does not become a mature blockchain system within the time period described in section 4(a)(8)(A) as are necessary or appropriate in the public interest or for the protection of investors. Such obligations and disclosures shall include the following:

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

“(i) FAILURE TO MATURE.—A detailed explanation of the reason that the blockchain system

has not become a mature blockchain system within the time period described in section 4(a)(8)(A).

“(ii) DEVELOPMENT PLANS.—The future plans of development of the blockchain system, including information required under subsection (b)(3).

“(iii) RISK FACTOR DISCLOSURES.—The material risks surrounding ownership of a unit of a digital commodity that relates to a blockchain system described under subsection (b)(1) that has not become a mature blockchain system within the time period described in section 4(a)(8)(A).

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

“(2) QUALIFICATION REQUIRED.—The Commission may not permit any additional reliance on an exempt offering for the offer or sale of an investment contract involving a unit of a digital commodity by the issuer of the digital commodity related to a blockchain system described under subsection (a)(1) that has not become a mature blockchain system within the time period described in section 4(a)(8)(A) unless the Commission has qualified any offering statement related to such exempt offering.”.

(b) ADDITIONAL EXEMPTIONS.—

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

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

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

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

(C) in subparagraph (F)—

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

and

(ii) by striking “or” at the end;

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

(E) by adding at the end the following:

“(H) section 4(a)(8).”.

(c) USE OF OTHER EXEMPTIONS.—

(1) RULE OF CONSTRUCTION.—Except as provided in this subsection, nothing in this section or the amendments made by this section may be construed as prohibiting the offer or sale of an investment contract involving units of a digital commodity in reliance on an exemption from registration under the Securities Act of 1933, including as provided under section 3, 4(a), or 19 of the Securities Act of 1933, other than that provided under section 4(a)(8) of the Securities Act of 1933.

(2) RULEMAKINGS.—

(A) The Securities and Exchange Commission may issue rules—

(i) to permit the issuer of a digital commodity related to a blockchain system described under section 4B(b)(1) of the Securities Act of 1933 that has not become a mature blockchain system within the time period described in section 4(a)(8)(A) of such Act, or the issuer of a digital commodity described in subparagraph (B)(iii), to utilize an exempt offering to offer or sell an investment contract involving the digital commodity, if the Commission qualifies any offering statement related to such exempt offering; and

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

(B) Not later than 270 days after the date of the enactment of this section, the Securities and Exchange Commission shall issue the following rules:

(i) A rule requiring a digital commodity issuer that last offered or sold an investment contract



involving units of a digital commodity in reliance on an exemption from registration under the Securities Act of 1933, including as provided under section 3, 4(a), or 19 of the Securities Act of 1933, prior to the date of enactment of this Act, to file a comparable set of disclosures to those described under section 4B of the Securities Act of 1933 as the Commission determines appropriate based on the exemption, the maturity of the blockchain system to which such digital commodity relates, and any material ongoing efforts of such digital commodity issuer (provided that for blockchains certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934, such disclosures shall be comparable to those under section 4B(b)(5)(C)), not later than the later of—

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

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

(ii) A rule requiring a digital commodity issuer that offers or sells an investment contract involving units of a digital commodity in reliance on an exemption from registration under the Securities Act of 1933, including as provided under section 3, 4(a), or 19 of the Securities Act of 1933, other than that provided under section 4(a)(8) of the Securities Act of 1933, on or after the date of enactment of this Act, to file a comparable set of disclosures to those described under section 4B of the Securities Act of 1933 as the Commission determines appropriate based on the exemption, the maturity of the blockchain system to which such digital commodity relates, and any material ongoing efforts of such digital commodity issuer, prior to the date of any secondary market sale of such digital commodity made in reliance on section 203.

(iii) With respect to a digital commodity where the digital commodity issuer is required to file disclosures under clause (i) or (ii) and where the blockchain system to which the digital commodity relates is not certified as a mature blockchain system pursuant to section 42 of the Securities Exchange Act of 1934 after the 4-year period beginning on the date that the first such disclosure is filed—

(I) a rule prohibiting the offer or sale of an investment contract involving units of the digital commodity unless the Commission has qualified any offering statement related to such offer or sale, where such offer or sale is permitted pursuant to subparagraph (A)(i); and

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

(iv) A rule permitting a successor to a digital commodity issuer, or such other appropriate person as designated by the Commission, to make the disclosures required under clause (i), where such issuer does not make the required disclosures.

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

(a) **SECONDARY MARKET TREATMENT.**—Notwithstanding any other provision of law, the offer or sale of a digital commodity that originally involved an investment contract by a person other than the issuer of such digital commodity, or an agent or underwriter thereof, shall be deemed not to be an offer or sale of such investment contract between the issuer of the investment contract involving the digital commodity, or an agent or underwriter thereof, and the purchaser of such digital commodity under—

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

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

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

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

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

(6) any applicable provisions of State law.

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

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

#### **SEC. 204. REQUIREMENTS FOR OFFERS AND SALES OF DIGITAL COMMODITIES BY DIGITAL COMMODITY RELATED PERSONS AND DIGITAL COMMODITY AFFILIATED PERSONS.**

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

#### **“SEC. 4C. REQUIREMENTS FOR OFFERS AND SALES OF DIGITAL COMMODITIES BY DIGITAL COMMODITY RELATED PERSONS AND DIGITAL COMMODITY AFFILIATED PERSONS.**

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

“(b) **COMMISSION JURISDICTION.**—

“(1) Where a digital commodity affiliated person or a digital commodity related person offers or sells a digital commodity acquired directly from its issuer, or an agent or underwriter thereof, pursuant to an investment contract in reliance on section 4(a)(8), or another exemption under this Act, other than as provided in this section, such digital commodity affiliated person or digital commodity related person shall be considered an issuer of such investment contract.

“(2) For the purposes of this section, the Commission shall have jurisdiction and enforcement authority with respect to an offer or sale of a digital commodity described in subsection (a).

#### **“(c) RESTRICTIONS ON DIGITAL COMMODITY RELATED PERSONS AND DIGITAL COMMODITY AFFILIATED PERSONS.—**

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

“(A) reports with respect to such digital commodity, where required under section 4B(b)(3) (or, with respect to a digital commodity not issued in reliance on section 4(a)(8), a comparable set of reports where required by the Commission) have been filed with the Commission;

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

“(C) the aggregate amount of the units of the digital commodity offered or sold by the digital commodity related person or digital commodity affiliated person is—

“(i) in any 12-month period, or shorter period as the Commission may prescribe, not less than 5 percent or greater than 20 percent of the total units of the digital commodity acquired directly from its issuer (or an agent or underwriter thereof) by the digital commodity related person or digital commodity affiliated person, as deter-

mined by the Commission pursuant to paragraph (3); and

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

“(2) **AFTER BECOMING A MATURE BLOCKCHAIN SYSTEM.**—After the blockchain system to which a digital commodity relates is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934, units of the digital commodity acquired by a digital commodity related person or digital commodity affiliated person directly from its issuer (or an agent or underwriter thereof) pursuant to an investment contract in reliance on section 4(a)(8) or another exemption under this Act, may be—

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

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

“(i) information described in section 4B(b)(5)(C), where required (or, with respect to a digital commodity not issued in reliance on section 4(a)(8), a comparable set of information, where required) is publicly available;

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

“(I) 12 months; or

“(II) 3 months following the date on which the blockchain system is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934; and

“(iii) the aggregate amount of the units of the digital commodity offered or sold by the digital commodity affiliated person in any 12-month period is an amount, as determined by the Commission pursuant to paragraph (3), not less than 5 percent or greater than 10 percent of the total outstanding amount of the digital commodity.

“(3) **RULEMAKINGS REQUIRED.**—Not later than 270 days after the date of the enactment of this section, consistent with protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, and to foster the development of mature blockchain systems, the Commission, by rule, after notice and comment—

“(A) shall set the percentage amounts described in paragraphs (1)(C)(i), (1)(C)(ii), and (2)(B)(iii); and

“(B) may provide an exemption from the limitation described in paragraph (1)(C)(ii), if the Commission requires any offer or sale pursuant to such exemption of a digital commodity related to a blockchain system that has failed to become a mature blockchain system under this Act or any rule promulgated hereunder to be accompanied by the disclosures required under, as applicable, section 4B(e)(1)(A) or section 202(c)(2)(B)(iii)(II) of the CLARITY Act of 2025.

“(d) **RULES OF CONSTRUCTION.**—For purposes of this section, the use of a digital commodity in the programmatic functioning of the blockchain system to which it relates is not an offer or sale of a digital commodity.

#### **“(e) MANIPULATIVE AND DECEPTIVE DEVICES; REPORTING.—**

“(1) **IN GENERAL.**—It shall be unlawful for any digital commodity issuer, digital commodity related person, or digital commodity affiliated person, directly or indirectly, by the use of any means or instrumentality of interstate commerce or of the mails, to use or employ, in connection with the purchase or sale of any digital commodity, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

“(2) **AFFIRMATIVE DEFENSE.**—Not later than 270 days after the date of the enactment of this section, the Commission shall issue rules to implement paragraph (1), including by providing

any affirmative defenses to an enforcement action thereunder as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.

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

“(4) DIFFERENTIATION BETWEEN PERSONS.—In issuing rules required under paragraphs (2) and (3), the Commission shall differentiate between digital commodity related persons and digital commodity affiliated persons, as necessary or appropriate in the public interest or for the protection of investors.

“(f) CERTAIN UNITS RECEIVED PRIOR TO ENACTMENT.—A unit of a digital commodity received from the digital commodity issuer prior to the date of the enactment of this section through an offer or sale of an investment contract involving units of a digital commodity in reliance on an exemption from registration under this Act, including as provided under section 3, 4(a), or 19, may be offered or sold by a digital commodity related person or digital commodity affiliated person, if—

“(1) the digital commodity issuer is no longer engaged in material ongoing efforts related to the blockchain system to which the digital commodity relates and the blockchain system to which the digital commodity relates is certified as a mature blockchain system under section 42 of the Securities Exchange Act of 1934; or

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

“(g) RULEMAKING ON FURTHER USAGE OF DIGITAL COMMODITIES.—The Commission, consistent with protecting investors, maintaining fair, orderly, and efficient markets, and facilitating capital formation, as well as fostering the development of mature blockchain systems, may, by rule, exempt unconditionally or on stated terms or conditions, a digital commodity related person or a digital commodity affiliated person, or any class thereof, from the requirements of this section for the offer or sale of a digital commodity, including for the purposes of promoting market liquidity.”

#### SEC. 205. MATURE BLOCKCHAIN SYSTEM REQUIREMENTS.

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

##### “SEC. 42. MATURE BLOCKCHAIN SYSTEMS.

“(a) CERTIFICATION OF BLOCKCHAIN SYSTEMS.—

“(1) CERTIFICATION.—A digital commodity issuer, digital commodity related person, digital commodity affiliated person, decentralized governance system of the blockchain system, or a registered digital commodity exchange, or any other appropriate person as designated by the Commission, may certify to the Commission that the blockchain system to which a digital commodity relates is a mature blockchain system.

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

“(A) the operation of the blockchain system;

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

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

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

“(E) the current roles, if any, of the digital commodity issuer, digital commodity affiliated persons, and digital commodity related persons where such roles are material to the development or operation of such blockchain system or the decentralized governance system of such blockchain system.

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

“(4) CERTIFICATION REVIEW.—

“(A) IN GENERAL.—Any blockchain system that relates to a digital commodity for which a certification has been made under paragraph (1) shall be considered a mature blockchain system 60 days after the date on which the Commission receives a certification under paragraph (1), unless the Commission notifies the person who made the certification within such time that the Commission is staying the certification due to—

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

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

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

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

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

“(iii) Any response from a person making a certification under paragraph (1) to a stay of the certification by the Commission.

“(C) CONSOLIDATION.—The Commission may consolidate and treat as one submission 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

“(B) not become effective upon the publication of a notification from the Commission to the person who made the certification that the Commission has rebutted the certification.

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

“(8) APPEAL OF REBUTTAL.—

“(A) IN GENERAL.—If a certification is rebutted under this section, the person making such certification may appeal the decision to the United States Court of Appeals for the District of Columbia, not later than 60 days after the notice of rebuttal is made.

“(B) REVIEW.—In an appeal under subparagraph (A), the court shall have de novo review of the determination to rebut the certification.

“(b) MATURITY CRITERIA.—

“(1) SENSE OF CONGRESS.—It is the sense of the Congress that protecting investors, main-

taining fair, orderly, and efficient markets, and facilitating capital formation necessitates establishing clear criteria for blockchain systems to be deemed mature, as well as enabling the Commission to develop, without prejudice to any such criteria codified in statute, alternative criteria by which blockchain systems may be considered not to be controlled by any person or group of persons under common control in order to accommodate changes in markets and technology.

“(2) IN GENERAL.—The Commission may issue rules identifying conditions by which a blockchain system, together with its related digital commodity, shall be considered a mature blockchain system, consistent with the protection of investors, maintenance of fair, orderly, and efficient markets, and the facilitation of capital formation.

“(3) RULES OF CONSTRUCTION.—

“(A) Nothing in this subsection may be construed to permit the Commission to impose additional criteria to the criteria in subsection (c) for certifying that a blockchain system is a mature blockchain system pursuant to subsection (c).

“(B) Nothing in this subsection or subsection (c) may be construed to limit the Commission's ability to identify alternative conditions and criteria by which a blockchain system may be considered a mature blockchain system.

“(c) DEEMED MATURE.—

“(1) IN GENERAL.—Notwithstanding subsection (b), for the purposes of subsection (a), a digital commodity issuer, digital commodity related person, digital commodity affiliated person, or decentralized governance system of the blockchain system may establish that a blockchain system, together with its related digital commodity, is not controlled by any person or group of persons under common control, if the blockchain system, together with its related digital asset, meets the requirements described in paragraph (2) or (3).

“(2) CRITERIA FOR ANY BLOCKCHAIN SYSTEM.—The requirements described in this paragraph are the following:

“(A) SYSTEM VALUE.—

“(i) MARKET VALUE.—The digital commodity has a value that is substantially derived from the use and functioning of the blockchain system.

“(ii) DEVELOPMENT OF VALUE MECHANISM SUBSTANTIALLY COMPLETED.—Where the digital commodity issuer has made public a development plan describing how the digital commodity's value is reasonably expected to be derived from the programmatic functioning of the blockchain system, the development of such mechanisms has been substantially completed.

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

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

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

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

“(iv) operating any client, node, validator, or other form of computational infrastructure with respect to the blockchain system.

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

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

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

“(D) PROGRAMMATIC SYSTEM.—The blockchain system operates, executes, and enforces its operations and transactions based solely on pre-established, transparent rules encoded directly within the source code of the blockchain system.

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

“(i) has the unilateral authority, 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 its related digital commodity; or

“(ii) has the unilateral authority to direct the voting, in the aggregate, of 20 percent or more of the outstanding voting power of such blockchain system by means of a related digital commodity, nodes or validators, a decentralized governance system, or otherwise, in a blockchain system which can be altered by a voting system.

“(F) IMPARTIAL SYSTEM.—No person or group of persons under common control possesses a unique permission or privilege with respect to functionality, operation, or rules of consensus or agreement of the blockchain system or its related digital commodity, unless such alteration—

“(i) addresses errors, regular maintenance, or cybersecurity risks of the blockchain system that affect the programmatic functioning of the blockchain system; and

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

“(G) DISTRIBUTED OWNERSHIP.—No digital commodity issuer, digital commodity related person, or digital commodity affiliated person beneficially owns, in the aggregate, 20 percent or more of the total amount of units of the digital commodity.

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

“(A) was created prior to the date of enactment of this section;

“(B) met the requirements of subparagraphs (A) through (F) of paragraph (2) prior to the date of enactment of this section; and

“(C) at least 50 percent of the units of the digital commodity related to the blockchain system are held by persons other than the digital commodity issuer, a digital commodity related person, or a digital commodity affiliated person.

“(d) DECENTRALIZED GOVERNANCE SYSTEM.—

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

“(2) A blockchain system, together with its digital commodity, shall not be precluded from being considered a mature blockchain system solely based on a functional, administrative, clerical, or ministerial action of a decentralized governance system, including any such action taken by a person acting on behalf of and at the direction of the decentralized governance system, as determined by the Commission and consistent with the protection of investors, maintenance of fair, orderly, and efficient markets, and the facilitation of capital formation.

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

#### SEC. 206. EFFECTIVE DATE.

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

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

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

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

#### SEC. 301. TREATMENT OF DIGITAL COMMODITIES AND PERMITTED PAYMENT STABLECOINS.

(a) SECURITIES ACT OF 1933.—Section 2(a)(1) of the Securities Act of 1933 (15 U.S.C. 77b(a)(1)), as amended by the GENIUS Act, is amended by striking the final sentence and inserting the following: “The term does not include a digital commodity or permitted payment stablecoin.”

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

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

(1) in paragraph (18), as amended by the GENIUS Act, by striking the final sentence and inserting the following: “The term does not include a digital commodity or permitted payment stablecoin.”

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

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

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

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

(1) in paragraph (36), as amended by the GENIUS Act, by striking the final sentence and inserting the following: “The term does not include a digital commodity or permitted payment stablecoin.”; and

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

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

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

(1) in paragraph (14), as amended by the GENIUS Act, by striking the final sentence and inserting the following: “The term does not include a digital commodity or permitted payment stablecoin, as such terms are defined, respectively, under section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a))”; and

(2) by adding at the end the following:

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

#### SEC. 302. ANTI-FRAUD AUTHORITY OVER PERMITTED PAYMENT STABLECOINS AND CERTAIN DIGITAL COMMODITY TRANSACTIONS.

(a) IN GENERAL.—Section 10 of the Securities Exchange Act of 1934 (15 U.S.C. 78j) is amended—

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

(2) by inserting after subsection (c) the following:

“(d) To use or employ, in connection with the purchase or sale of any permitted payment stablecoin or digital commodity, by or through, as applicable, a broker, dealer, national securities exchange, or an alternative trading system, any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest or for the protection of investors.”; and

(3) by adding at the end the following: “Rules promulgated under subsection (b) that prohibit fraud, manipulation, or insider trading (but not rules imposing or specifying reporting or record-keeping requirements, procedures, or standards as prophylactic measures against fraud, manipulation, or insider trading), and judicial precedents decided under subsection (b) and rules promulgated thereunder that prohibit fraud, manipulation, or insider trading, shall apply with respect to permitted payment stablecoin and digital commodity transactions engaged in by or through a broker or dealer or through an alternative trading system or, as applicable, a national securities exchange to the same extent as they apply to securities transactions. Judicial precedents decided under section 17(a) of the Securities Act of 1933 and sections 9, 15, 16, 20, and 21A of this title, and judicial precedents decided under applicable rules promulgated under such sections, shall apply to permitted payment stablecoins and digital commodities with respect to those circumstances in which the permitted payment stablecoins and digital commodities are, as applicable, brokered, traded, or custodied by or through a broker or dealer or through an alternative trading system or a national securities exchange to the same extent as they apply to securities.”

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

#### “SEC. 6A. TREATMENT OF TRANSACTIONS IN PERMITTED PAYMENT STABLECOINS.

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

“(b) COMMISSION JURISDICTION.—The Commission shall only have jurisdiction over a transaction in a permitted payment stablecoin with respect to those circumstances in which a permitted payment stablecoin is brokered, traded, or custodied—

“(1) by a broker or dealer;

“(2) through a national securities exchange;

or

“(3) through an alternative trading system.

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

“(1) by a broker or dealer;

“(2) through a national securities exchange;

or

“(3) through an alternative trading system.”

#### SEC. 303. ELIGIBILITY OF ALTERNATIVE TRADING SYSTEMS.

(a) IN GENERAL.—Section 5 of the Securities Exchange Act of 1934 (15 U.S.C. 78e) is amended—

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

“(a) IN GENERAL.—It”; and

(2) by adding at the end the following:

“(b) DIGITAL COMMODITY PROTECTIONS.—

“(1) IN GENERAL.—The Commission may not preclude a trading platform from operating pursuant to a covered exemption to exchange registration under section 6 of this title on the basis that the assets traded or to be traded on such platform include—

“(A) digital commodities or permitted payment stablecoins; and

“(B) securities.

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

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

“(B) with respect to any other rule of the Commission relating to the definition of ‘exchange’.”

(b) SECURITIES EXCHANGE ACT OF 1934.—Section 3(a)(2) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(2)) is amended by adding at the end the following: “Neither an alternative trading system predominantly facilitating the trading of digital commodities, permitted payment stablecoins, or both, relative to its securities traded, nor a digital commodity exchange, is a ‘facility’ of an exchange.”.

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

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

(2) create a presumption that any other type of alternative trading system owned or operated by a national securities exchange is a facility of that exchange.

#### SEC. 304. RULEMAKING FOR DUAL-REGISTERED ENTITIES.

(a) CONFLICT OF INTEREST POLICIES AND PROCEDURES.—Each person or entity dual-registered with the Commodity Futures Trading Commission as permitted under section 15(p) of the Securities Exchange Act of 1934 shall establish, maintain, and, as applicable, enforce and comply with written policies and procedures reasonably designed to mitigate any conflicts of interest, including with respect to transactions or arrangements with affiliates registered with the Securities and Exchange Commission, taking into consideration the nature of the business of such person or entity.

(b) EXEMPTION FROM DUPLICATIVE, CONFLICTING, OR UNDULY BURDENSOME PROVISIONS.—The Securities and Exchange Commission shall prescribe rules for a person or entity with multiple registrations, where at least one such registration includes any dual registration permitted under section 15(p) of the Securities Exchange Act of 1934, to exempt the person or entity from duplicative, conflicting, or unduly burdensome provisions of the Securities Exchange Act of 1934 and rules thereunder, to the extent such an exemption would protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation.

(c) IMPLEMENTING ORGANIZATIONS.—The Securities and Exchange Commission shall require any registered national securities association that has as a member a registered broker or registered dealer that is registered with the Commodity Futures Trading Commission as a digital commodity broker or digital commodity dealer as permitted under section 15(p)(1) of the Securities Exchange Act of 1934 or otherwise transacts in permitted payment stablecoins to revise such rules as may be necessary to further the purposes of and compliance with this section.

(d) MEMORANDUM OF UNDERSTANDING.—The Securities and Exchange Commission shall enter into a memorandum of understanding with the Commodity Futures Trading Commission to ensure—

(1) non-duplicative supervision and enforcement with respect to registrants of the Securities and Exchange Commission dual-registered with the Commodity Futures Trading Commission as permitted under section 15(p) of the Securities Exchange Act of 1934; and

(2) appropriate information sharing between the Commissions to further the purposes of and compliance with this section, the Securities Exchange Act of 1934, and the Commodity Exchange Act.

(e) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the anti-fraud, anti-manipulation, or false reporting enforcement authorities of the Commodity Futures Trading Commission with respect to a contract of sale of a commodity and persons effecting such contracts.

#### SEC. 305. MODERNIZATION OF RECORDKEEPING REQUIREMENTS.

(a) IN GENERAL.—For purposes of books and records requirements for brokers, dealers, trans-

fer agents, national securities exchanges under the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.), investment advisers under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.), and investment companies under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), a person may, consistent with any rules promulgated under subsection (b), utilize records from a blockchain system.

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

#### SEC. 306. EXEMPTIVE AUTHORITY.

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

#### SEC. 307. ADDITIONAL REGISTRATIONS WITH THE COMMODITY FUTURES TRADING COMMISSION.

Section 15 of the Securities Exchange Act of 1934 (15 U.S.C. 78o) is amended by adding at the end the following:

“(p) ADDITIONAL REGISTRATIONS WITH THE COMMODITY FUTURES TRADING COMMISSION.—

“(1) REGISTERED BROKERS AND DEALERS.—A registered broker or registered dealer shall be permitted to maintain a registration with the Commodity Futures Trading Commission as a digital commodity broker or digital commodity dealer.

“(2) NATIONAL SECURITIES EXCHANGES.—A national securities exchange or affiliate thereof shall be permitted to maintain a registration with the Commodity Futures Trading Commission as a digital commodity exchange.

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

“(4) NOTICE OF APPLICATION.—Any person or entity described in paragraph (1) through (3) shall provide to the Securities and Exchange Commission, at such time and in such form and manner as the Securities and Exchange Commission shall prescribe, notice of any application to register with the Commodity Futures Trading Commission as a digital commodity broker, digital commodity dealer, or digital commodity exchange.”.

#### SEC. 308. EXEMPTING DIGITAL COMMODITIES FROM STATE SECURITIES LAWS.

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

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

(b) RULE OF CONSTRUCTION.—Nothing in this section, section 202, or the amendments made by such sections may be construed to limit the existing authority described in section 18(c)(1) of the Securities Act of 1933 (15 U.S.C. 77r(c)(1)) of a securities commission (or any agency or office performing like functions) of any State with respect to a covered security or any security.

#### SEC. 309. EXCLUSION FOR DECENTRALIZED FINANCE ACTIVITIES.

The Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) is amended by inserting after section 15G the following:

“SEC. 15H. DECENTRALIZED FINANCE ACTIVITIES NOT SUBJECT TO THIS ACT.

“(a) IN GENERAL.—Notwithstanding any other provision of this Act, a person shall not be subject to this Act and the regulations promulgated under this Act based on the person directly or indirectly engaging in any of the following activities, whether singly or in combination, in relation to the operation of a blockchain system or in relation to a decentralized finance trading protocol:

“(1) Compiling network transactions or relaying, searching, sequencing, validating, or acting in a similar capacity.

“(2) Providing computational work, operating a node or oracle service, or procuring, offering, or utilizing network bandwidth, or providing other similar incidental services.

“(3) Providing a user-interface that enables a user to read and access data about a blockchain system.

“(4) Developing, publishing, constituting, administering, maintaining, or otherwise distributing a blockchain system or a decentralized finance trading protocol.

“(5) Developing, publishing, constituting, administering, maintaining, or otherwise distributing a decentralized finance messaging system, or operating or participating in a liquidity pool, for the purpose of executing a spot contract for the purchase or sale of a digital commodity in relation to a decentralized finance trading protocol.

“(6) Developing, publishing, constituting, administering, maintaining, or otherwise distributing software or systems that create or deploy hardware or software, including wallets or other systems, facilitating an individual user's own personal ability to keep, safeguard, or custody the user's digital assets or related private keys.

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

#### SEC. 310. TREATMENT OF CUSTODY ACTIVITIES BY BANKING INSTITUTIONS.

(a) TREATMENT OF CUSTODY ACTIVITIES.—The appropriate Federal banking agency, the National Credit Union Administration (in the case of a credit union), and the Securities and Exchange Commission may not require a depository institution, national bank, Federal credit union, State credit union, trust company, broker, or dealer, or any affiliate thereof (the “entity”)—

(1) to include assets held in custody that are not accounted for as assets of the entity as a liability on the financial statement or balance sheet of the entity, including digital commodity or permitted payment stablecoin custody or safekeeping services; and

(2) to hold regulatory capital against assets, including reserves backing such assets, in custody or safekeeping, except as necessary to mitigate against operational risks inherent with the custody or safekeeping services, as determined by—

(A) the appropriate Federal banking agency;

(B) the National Credit Union Administration (in the case of a credit union);

(C) a State bank supervisor;

(D) a State credit union supervisor (as defined in section 6003 of the Anti-Money Laundering Act of 2020 (31 U.S.C. 5311 note)); or

(E) the Securities and Exchange Commission (in the case of a broker or dealer).

(b) DEFINITIONS.—In this section:

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

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

#### SEC. 311. BROKER AND DEALER DISCLOSURES REGARDING THE TREATMENT OF ASSETS.

(a) IN GENERAL.—Not later than 270 days after the date of the enactment of this Act, the Securities and Exchange Commission shall issue rules requiring written disclosures regarding the treatment of customer assets in the event of an insolvency, resolution, or liquidation proceeding to be provided by a registered broker or dealer to an investor before a digital commodity, a permitted payment stablecoin, or an investment contract involving a unit of a digital commodity is received, acquired, or held by the broker or dealer for the account of the investor, which

shall include, as necessary or appropriate for the protection of investors—

(1) a description of the manner in which any digital commodity, permitted payment stablecoin, or investment contract involving a unit of a digital commodity received, acquired, or held by the broker or dealer for the account of such investor would be treated in an insolvency, resolution, or liquidation proceeding with respect to the broker or dealer under—

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

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

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

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

#### **SEC. 312. DIGITAL COMMODITY ACTIVITIES THAT ARE FINANCIAL IN NATURE.**

(a) **DIGITAL COMMODITY ACTIVITIES THAT ARE FINANCIAL IN NATURE.**—Section 4(k)(4) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)(4)) is amended—

(1) in subparagraph (A), by striking “or securities” and inserting “, securities, or digital commodities”; and

(2) in subparagraph (E), by inserting “or digital commodities” before the period at the end.

(b) **NATIONAL BANK ACTIVITY.**—

(1) **IN GENERAL.**—A national bank may use a digital asset or blockchain system to perform, provide, or deliver any activity, function, product, or service that the national bank is otherwise authorized by law to perform, provide, or deliver.

(2) **RULE OF CONSTRUCTION.**—Nothing in this subsection may be construed to exempt a national bank’s performance, provision, or delivery of an activity, function, product, or service from a requirement that would apply if the activity were not performed, provided, or delivered using a digital asset or blockchain system.

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

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

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

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

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

#### **SEC. 314. EDUCATIONAL MATERIAL REQUIREMENTS.**

The Securities and Exchange Commission, in consultation with the Commodity Futures Trading Commission, shall require any registered entity that facilitates the trading of digital commodities or investment contracts involving units of a digital commodity to provide clear and accessible educational materials to the public, including—

(1) an overview of how blockchain technology functions;

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

(3) a description of the differences between digital commodity markets and traditional financial markets;

(4) information on reporting requirements related to digital commodity transactions or investment contracts involving units of a digital commodity; and

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

#### **SEC. 315. DISCRETIONARY SURPLUS FUND.**

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

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

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

#### **SEC. 401. COMMISSION JURISDICTION OVER DIGITAL COMMODITY TRANSACTIONS.**

(a) **SAVINGS CLAUSE.**—Section 2(a)(1) of the Commodity Exchange Act (7 U.S.C. 2(a)(1)) is amended by adding at the end the following:

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

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

“(I) a contract of sale of a commodity for future delivery or an option on such a contract;

“(II) a swap;

“(III) a security futures product;

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

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

“(VI) a leverage transaction authorized under section 19; or

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

(b) **LIMITATION ON AUTHORITY OVER PERMITTED PAYMENT STABLECOINS.**—Section 2(c)(1) of the Commodity Exchange Act (7 U.S.C. 2(c)(1)) is amended—

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

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

(3) by adding at the end the following:

“(H) permitted payment stablecoins.”

(c) **COMMISSION JURISDICTION OVER FINANCING AGREEMENTS.**—Section 2(c)(2)(D) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(D)) is amended—

(1) in clause (ii)(I), by inserting after “paragraph (1)” the following: “(other than an agreement, contract, or transaction in a permitted payment stablecoin)”; and

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

“(iv) **AGREEMENTS FOR MARGIN FINANCING.**—Notwithstanding clause (iii), a digital commodity broker may, subject to the requirements of section 4u(c)(2), offer to or enter into an agreement for margin financing with a customer for the purchase or sale of a digital commodity, provided any purchase or sale made pursuant to the agreement shall result in the delivery of the digital commodity into or from an account carried for the customer by the digital commodity broker, as determined by the Commission by rule or regulation, based on commercial spot market practices.”

(d) **COMMISSION AUTHORITY OVER CERTAIN DIGITAL COMMODITY AND STABLECOIN SPOT TRANSACTIONS.**—Section 2(c)(2) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)) is amended by adding at the end the following:

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

“(i) **IN GENERAL.**—Subject to sections 6d and 12(e), the Commission shall have exclusive jurisdiction with respect to any account, agreement,

contract, or transaction involving a contract of sale of a digital commodity or tradable asset (as defined in section 4x) in interstate commerce, including in a digital commodity or tradable asset (as so defined) cash or spot market, that is offered, solicited, traded, facilitated, executed, cleared, reported, or otherwise dealt in—

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

“(II) by any other entity registered, or required to be registered, with the Commission.

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

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

“(II) an offer or sale of an investment contract involving a digital commodity or of a securities offer or sale involving a digital commodity.

“(iii) **MIXED DIGITAL ASSET TRANSACTIONS.**—

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

“(II) **REPORTS ON MIXED DIGITAL ASSET TRANSACTIONS.**—A digital commodity issuer, digital commodity related person, digital commodity affiliated person, or other person registered with the Securities and Exchange Commission that engages in a mixed digital asset transaction, shall, on request of the Commission, open to inspection and examination by the Commission all books and records relating to the mixed digital asset transaction, subject to the confidentiality and disclosure requirements of section 8.

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

“(i) **TREATMENT OF PERMITTED PAYMENT STABLECOINS ON COMMISSION-REGISTERED ENTITIES.**—Subject to clauses (ii) and (iii), the Commission shall have jurisdiction over a cash or spot agreement, contract, or transaction in a permitted payment stablecoin that is offered, offered to enter into, entered into, executed, solicited, or accepted, or for which the execution of is confirmed—

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

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

“(ii) **PERMITTED PAYMENT STABLECOIN TRANSACTION RULES.**—This Act shall apply to a transaction described in clause (i) only for the purpose of regulating the offer, execution, solicitation, or acceptance of a cash or spot permitted payment stablecoin transaction on a registered entity or by any other entity registered with the Commission, as if the permitted payment stablecoin were a digital commodity.

“(iii) **NO AUTHORITY OVER PERMITTED PAYMENT STABLECOINS.**—Notwithstanding clauses (i) and (ii), the Commission shall not make a rule or regulation, impose a requirement or obligation on a registered entity or other entity registered with the Commission, or impose a requirement or obligation on a permitted payment stablecoin issuer, regarding the operation of a permitted payment stablecoin issuer or a permitted payment stablecoin.”

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

(1) in section 1a(9) (7 U.S.C. 1a(9)), as amended by the GENIUS Act, by striking the second sentence; and

(2) in section 2(a)(1)(A) (7 U.S.C. 2(a)(1)(A)), in the 1st sentence, by inserting “subparagraphs (F) and (G) of subsection (c)(2) of this section or” before “section 19”.

#### **SEC. 402. REQUIRING FUTURES COMMISSION MERCHANTS TO USE QUALIFIED DIGITAL ASSET CUSTODIANS.**

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

(1) in subsection (a)(2)—

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

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

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

#### SEC. 403. TRADING CERTIFICATION AND APPROVAL FOR DIGITAL COMMODITIES.

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

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

(2) in subsection (b)—

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

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

(3) in subsection (c)—

(A) in paragraph (2), by inserting “or participants” before “(in a)”;

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

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

“(D) SPECIAL RULES FOR DIGITAL COMMODITY CONTRACTS.—In certifying any new rule or rule amendment, or listing any new contract or instrument, in connection with a contract of sale of a commodity for future delivery, option, swap, or other agreement, contract, or transaction, that is based on or references a digital commodity, a registered entity shall make or rely on a certification under subsection (d) for the digital commodity.”; and

(4) by inserting after subsection (c) the following:

“(d) CERTIFICATIONS FOR DIGITAL COMMODITY TRADING.—

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

“(2) CONTENTS OF THE CERTIFICATION.—

“(A) IN GENERAL.—In making a written certification under this paragraph, the eligible entity shall furnish to the Commission an analysis of how the digital commodity meets the requirements of section 5i(c)(3).

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

“(3) MODIFICATIONS.—

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

“(i) account for significant changes in any information provided to the Commission under paragraph (2)(A)(ii); or

“(ii) permit or restrict trading in units of a digital commodity held by a digital commodity related person or a digital commodity affiliated person.

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

“(4) DISAPPROVAL.—

“(A) IN GENERAL.—The written certification described in paragraph (1) shall become effective unless the Commission finds that the listing of the digital commodity is inconsistent with the requirements of this Act or the rules and regulations prescribed under this Act.

“(B) ANALYSIS REQUIRED.—The Commission shall include, with any findings referred to in

subparagraph (A), a detailed analysis of the factors on which the decision was based.

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

“(5) REVIEW.—

“(A) IN GENERAL.—Unless the Commission makes a disapproval decision under paragraph (4), the written certification described in paragraph (1) shall become effective, pursuant to the certification by the eligible entity and notice of the certification to the public (in a manner determined by the Commission) on the date that is—

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

“(ii) 1 business day after the date the Commission receives the certification (or such shorter period as determined by the Commission by rule or regulation) for any digital commodity that has been certified under this section.

“(B) EXTENSIONS.—The time for consideration under subparagraph (A) may be extended through notice to the eligible entity that there are novel or complex issues that require additional time to analyze, that the explanation by the submitting eligible entity is inadequate, or of a potential inconsistency with this Act—

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

“(ii) once, for an additional 30 business days, through written notice to the eligible entity from the Commission that includes a description of any deficiencies with the certification, including any—

“(I) novel or complex issues which require additional time to analyze;

“(II) missing information or inadequate explanations; or

“(III) potential inconsistencies with this Act.

“(6) PRIOR APPROVAL BEFORE REGISTRATION.—

“(A) IN GENERAL.—A person applying for registration with the Commission for the purposes of listing or offering a digital commodity for trading in a digital commodity cash or spot market may request that the Commission grant prior approval for the person to list or offer the digital commodity on being registered with the Commission.

“(B) REQUEST FOR PRIOR APPROVAL.—A person seeking prior approval under subparagraph (A) shall furnish the Commission with a written certification that the digital commodity meets the requirements of this Act (including the regulations prescribed under this Act) and the information described in paragraph (2).

“(C) DEADLINE.—The Commission shall take final action on a request for prior approval not later than 90 business days after submission of the request, unless the person submitting the request agrees to an extension of the time limitation established under this subparagraph.

“(D) DISAPPROVAL.—

“(i) IN GENERAL.—The Commission shall approve the listing of the digital commodity unless the Commission finds that the listing is inconsistent with this Act (including any regulation prescribed under this Act).

“(ii) ANALYSIS REQUIRED.—The Commission shall include, with any findings made under clause (i), a detailed analysis of the factors on which the decision is based.

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

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

#### SEC. 404. REGISTRATION OF DIGITAL COMMODITY EXCHANGES.

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

#### “SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EXCHANGES.

“(a) IN GENERAL.—

“(1) REGISTRATION.—

“(A) IN GENERAL.—A trading facility that offers or seeks to offer a cash or spot market in at least 1 digital commodity shall register with the Commission as a digital commodity exchange.

“(B) APPLICATION.—A person desiring to register as a digital commodity exchange shall submit to the Commission an application in such form and containing such information as the Commission may require for the purpose of making the determinations required for approval.

“(C) EXEMPTIONS.—A trading facility that offers or seeks to offer a cash or spot market in at least 1 digital commodity shall not be required to register under this section if the trading facility—

“(i) permits no more than a de minimis amount of trading activity, as the Commission may determine by rule or regulation, in a digital commodity; or

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

“(2) ADDITIONAL REGISTRATIONS.—

“(A) WITH THE COMMISSION.—In order to foster the development of fair and orderly markets, protect customers, and promote responsible innovation, the Commission—

“(i) shall prescribe rules to exempt an entity registered with the Commission under more than 1 section of this Act from duplicative, conflicting, or unduly burdensome provisions of this Act and the rules under this Act;

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

“(iii) may, after an analysis of the risks and benefits, prescribe rules to provide for portfolio margining.

“(B) WITH A REGISTERED FUTURES ASSOCIATION.—

“(i) IN GENERAL.—A registered digital commodity exchange shall become and remain a member of a registered futures association and comply with rules related to such activity, if the registered digital commodity exchange accepts customer funds required to be segregated under subsection (d).

“(ii) RULEMAKING REQUIRED.—The Commission shall require any registered futures association with a digital commodity exchange as a member to provide such rules as may be necessary to further compliance with subsection (d), protect customers, and promote the public interest.

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

“(b) TRADING.—

“(1) PROHIBITION ON CERTAIN TRADING PRACTICES.—

“(A) Section 4b shall apply to any agreement, contract, or transaction in a digital commodity as if the agreement, contract, or transaction were a contract of sale of a commodity for future delivery.

“(B) Section 4c shall apply to any agreement, contract, or transaction in a digital commodity as if the agreement, contract, or transaction were a transaction involving the purchase or sale of a commodity for future delivery.

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

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

“(A) IN GENERAL.—A digital commodity exchange or any affiliate of such an exchange



shall not trade on or subject to the rules of the digital commodity exchange for its own account.

“(B) EXCEPTIONS.—Subject to any conditions, requirements, or limitations imposed by the Commission pursuant to subparagraph (C), a digital commodity exchange may engage in trading on the exchange so long as the trading is not solely for the purpose of the profit of the exchange, including the following:

“(i) CUSTOMER DIRECTION.—A transaction for, or entered into at the direction of, or for the benefit of, an unaffiliated customer.

“(ii) RISK MANAGEMENT.—A transaction to manage the credit, market, and liquidity risks associated with the digital commodity business of the exchange.

“(iii) OPERATIONAL NEEDS.—A transaction related to the operational needs of the business of the digital commodity exchange or its affiliate.

“(iv) FUNCTIONAL USE.—A transaction related to the functional operation of a blockchain system.

“(C) RULEMAKING.—The Commission may, by rule, establish conditions, requirements, or other limitations on the activities of a digital commodity exchange and its affiliate permitted pursuant to subparagraph (B) that are necessary for the protection of customers, the promotion of innovation, or the maintenance of fair, orderly, and efficient markets.

“(D) NOTICE REQUIREMENT.—In order for a digital commodity exchange or any affiliate of a digital commodity exchange to engage in trading on the affiliated exchange pursuant to subsection (B), notice must be given to the Commission that shall enumerate how any proposed activity is consistent with the exceptions in subsection (B) and the purposes of this Act.

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

“(1) COMPLIANCE WITH CORE PRINCIPLES.—

“(A) IN GENERAL.—To be registered, and maintain registration, as a digital commodity exchange, a digital commodity exchange shall comply with—

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

“(ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5).

“(B) REASONABLE DISCRETION OF A DIGITAL COMMODITY EXCHANGE.—Unless otherwise determined by the Commission by rule or regulation, a digital commodity exchange described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the digital commodity exchange complies with the core principles described in this subsection.

“(2) COMPLIANCE WITH RULES.—A digital commodity exchange shall—

“(A) establish and enforce compliance with any rule of the digital commodity exchange, including—

“(i) the terms and conditions of the trades traded or processed on or through the digital commodity exchange; and

“(ii) any limitation on access to the digital commodity exchange;

“(B) establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means—

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

“(ii) to capture information that may be used in establishing whether rule violations have occurred; and

“(C) establish rules governing the operation of the exchange, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility.

“(3) LISTING STANDARDS FOR DIGITAL COMMODITIES.—

“(A) IN GENERAL.—A digital commodity exchange shall establish policies and procedures to permit trading in a digital commodity only if—

“(i) reports with respect to the digital commodity required under, as applicable, section

4B(b)(3) or 4B(b)(5)(C) of the Securities Act of 1933 (or, with respect to a digital commodity not issued in reliance on section 4(a)(8) of the Securities Act of 1933, a comparable set of reports, where required by the Securities and Exchange Commission) have been filed with the Securities and Exchange Commission; or

“(ii) such other similar information as the Commission may, by rule or regulation require, that is related to the ongoing development plan of the blockchain system and is able to be publicly ascertained, has been provided to the public.

“(B) PUBLIC INFORMATION REQUIREMENTS.—

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

“(I) permit trading in a digital commodity only if the digital commodity exchange reasonably determines that the information required by clause (ii) is correct, current, and available to the public; and

“(II) establish policies and procedures to determine that the information provided pursuant to clause (ii) is correct, current, and available to the public.

“(ii) REQUIRED INFORMATION.—With respect to a digital commodity and each blockchain system to which the digital commodity relates for which the digital commodity exchange will make the digital commodity available to the customers of the digital commodity exchange, the following information:

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

“(II) TRANSACTION HISTORY.—A description of the steps necessary to independently access, search, and verify the transaction history of any blockchain system to which the digital commodity relates, to the extent any such independent access, search, and verification activities are technically feasible with respect to the blockchain system.

“(III) DIGITAL COMMODITY ECONOMICS.—A narrative description of the purpose of any blockchain system to which the digital commodity relates and the operation of any such blockchain system, including—

“(aa) information explaining the launch and supply process, including the number of digital assets to be issued in an initial allocation, the total number of digital commodities to be created, the release schedule for the digital commodities, and the total number of digital commodities then outstanding;

“(bb) information detailing any applicable consensus mechanism or process for validating transactions, method of generating or mining digital commodities, and any process for burning or destroying digital commodities on the blockchain system;

“(cc) an explanation of governance mechanisms for implementing changes to the blockchain system or forming consensus among holders of the digital commodities; and

“(dd) sufficient information for a third party to create a tool for verifying the transaction history of the digital asset.

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

“(V) ADDITIONAL INFORMATION.—Such additional information as the Commission may determine by rule to be necessary for a customer to understand the financial and operational risks of a digital commodity, and to be practically feasible to provide.

“(iii) FORMAT.—The Commission shall prescribe rules and regulations for the standardization and simplification of disclosures under clause (ii), including requiring that disclosures—

“(I) be conspicuous;

“(II) use plain language comprehensible to customers;

“(III) are not drafted in a way that presumes the customer already has a base knowledge, familiarity, or understanding of the basic terminology, operation, and function of blockchain systems; and

“(IV) succinctly explain the information that is required to be communicated to the customer.

“(iv) RELIANCE ON PREVIOUS DISCLOSURES.—In complying with this subparagraph, a digital commodity exchange may rely on and make available to the public relevant information publicly disclosed to the Commission, the Securities and Exchange Commission, or an appropriate Federal banking agency.

“(C) DIGITAL COMMODITIES HELD BY RELATED AND DIGITAL COMMODITY AFFILIATED PERSONS.—A digital commodity exchange shall establish policies and procedures designed to permit the trading of a unit of a digital commodity acquired from the issuer and held by a digital commodity affiliated person or a digital commodity related person, only in accordance with the requirements of section 4C of the Securities Act of 1933.

“(4) TREATMENT OF CUSTOMER ASSETS.—A digital commodity exchange shall establish policies and procedures that are designed to protect and ensure the safety of customer money, assets, and property.

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

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

“(B) PROTECTION OF MARKETS AND MARKET PARTICIPANTS.—A digital commodity exchange shall establish and enforce rules—

“(i) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and

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

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

“(i) establish and enforce rules or terms and conditions defining, or specifications detailing—

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

“(II) procedures for trade processing of digital commodities on or through the facilities of the digital commodity exchange; and

“(ii) monitor trading in digital commodities to prevent manipulation, price distortion, and disruptions, through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.

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

“(A) establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in this section;

“(B) provide the information to the Commission on request; and

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

“(7) EMERGENCY AUTHORITY.—A digital commodity exchange shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission or a registered entity, as is necessary and appropriate, including the authority to facilitate the liquidation or transfer of open positions in any digital commodity or to suspend or curtail trading in a digital commodity.

“(8) TIMELY PUBLICATION OF TRADING INFORMATION.—

“(A) IN GENERAL.—A digital commodity exchange shall make public timely information on price, trading volume, and other trading data on digital commodities to the extent prescribed by the Commission.

“(B) CAPACITY OF DIGITAL COMMODITY EXCHANGE.—A digital commodity exchange shall

have the capacity to electronically capture and transmit trade information with respect to transactions executed on the exchange.

“(9) RECORDKEEPING AND REPORTING.—

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

“(i) maintain records relating to the business of the exchange, including a complete audit trail, in a form and manner acceptable to the Commission for a period of 5 years;

“(ii) report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under this Act; and

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

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

“(i) the Board;

“(ii) the Securities and Exchange Commission;

“(iii) each appropriate Federal banking agency;

“(iv) each appropriate State bank supervisor (within the meaning of section 3 of the Federal Deposit Insurance Act);

“(v) the Financial Stability Oversight Council;

“(vi) the Department of Justice; and

“(vii) any other person that the Commission determines to be appropriate, including—

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

“(II) foreign central banks; and

“(III) foreign ministries.

“(C) CONFIDENTIALITY AGREEMENT.—Before the Commission may share information with any entity described in subparagraph (B), the Commission shall receive a written agreement from the entity stating that the entity shall abide by the confidentiality requirements described in section 8 relating to the information on digital commodities that is provided.

“(D) PROVIDING INFORMATION.—A digital commodity exchange shall provide to the Commission (including any designee of the Commission) information under subparagraph (A) in such form and at such frequency as is required by the Commission.

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

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

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

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

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

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

“(12) FINANCIAL RESOURCES.—

“(A) IN GENERAL.—A digital commodity exchange shall have adequate financial, operational, and managerial resources, as determined by the Commission, to discharge each responsibility of the digital commodity exchange.

“(B) MINIMUM AMOUNT OF FINANCIAL RESOURCES.—A digital commodity exchange shall possess financial resources that, at a minimum, exceed the sum of—

“(i) the total amount that would enable the digital commodity exchange to cover the operating costs of the digital commodity exchange for a 1-year period, as calculated on a rolling basis; and

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

“(13) DISCIPLINARY PROCEDURES.—A digital commodity exchange shall establish and enforce disciplinary procedures that authorize the digital commodity exchange to discipline, suspend, or expel members or market participants that violate the rules of the digital commodity exchange, or similar methods for performing the same functions, including delegation of the functions to third parties.

“(14) GOVERNANCE FITNESS STANDARDS.—

“(A) GOVERNANCE ARRANGEMENTS.—A digital commodity exchange shall establish governance arrangements that are transparent and designed to permit consideration of the views of market participants.

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

“(i) officers and directors; and

“(ii) any individual or entity with direct access to, or control of, customer assets.

“(15) SYSTEM SAFEGUARDS.—A digital commodity exchange shall—

“(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational and security risks, through the development of appropriate controls and procedures, and automated systems in accordance with industry standards, that—

“(i) are reliable and secure; and

“(ii) have adequate scalable capacity;

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

“(i) the timely recovery and resumption of operations; and

“(ii) the fulfillment of the responsibilities and obligations of the digital commodity exchange; and

“(C) periodically conduct tests to verify that the backup resources of the digital commodity exchange are sufficient to ensure continued—

“(i) order processing and trade matching;

“(ii) price reporting;

“(iii) market surveillance; and

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

“(d) HOLDING OF CUSTOMER ASSETS.—

“(1) IN GENERAL.—A digital commodity exchange shall hold customer money, assets, and property in a manner to minimize the risk of loss to the customer or unreasonable delay in customer access to the money, assets, and property of the customer.

“(2) SEGREGATION OF FUNDS.—

“(A) IN GENERAL.—A digital commodity exchange shall treat and deal with all money, assets, and property that is received by the digital commodity exchange, or accrues to a customer as the result of trading in digital commodities, as belonging to the customer.

“(B) COMMINGLING PROHIBITED.—Money, assets, and property described in subparagraph (A) shall be separately accounted for and shall not be commingled with the funds of the digital commodity exchange or be used to margin, secure, or guarantee any trades or accounts of any customer or person other than the person for whom the same are held.

“(C) EXCEPTIONS.—

“(i) USE OF FUNDS.—

“(I) IN GENERAL.—Notwithstanding subparagraph (A), money, assets, and property described in subparagraph (A) may, for convenience, be commingled and deposited in the same account or accounts with any bank, trust company, derivatives clearing organization, or qualified digital asset custodian.

“(II) WITHDRAWAL.—Notwithstanding subparagraph (A), such share of the money, assets, and property described in subparagraph (A) as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle a contract of sale of a digital commodity with a registered entity may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage, and other charges, lawfully accruing in connection with the contract.

“(ii) COMMISSION ACTION.—Notwithstanding subparagraph (A), in accordance with such terms and conditions as the Commission may prescribe by rule, regulation, or order, any money, assets, or property of the customers of a digital commodity exchange may be commingled and deposited in customer accounts with any other money, assets, or property received by the digital commodity exchange and required by the Commission to be separately accounted for and treated and dealt with as belonging to the customer of the digital commodity exchange.

“(3) PERMITTED INVESTMENTS.—Money described in paragraph (2) may be invested in obligations of the United States, in general obligations of any State or of any political subdivision of a State, and in obligations fully guaranteed as to principal and interest by the United States, or in any other investment that the Commission may by rule or regulation prescribe, and such investments shall be made in accordance with such rules and regulations and subject to such conditions as the Commission may prescribe.

“(4) CUSTOMER PROTECTION DURING BANKRUPTCY.—

“(A) CUSTOMER PROPERTY.—All assets held on behalf of a customer by a digital commodity exchange, and all money, assets, and property of any customer received by a digital commodity exchange for trading or custody, or to facilitate, margin, guarantee, or secure contracts of sale of a digital commodity (including money, assets, or property accruing to the customer as the result of the transactions), shall be considered customer property for purposes of section 761 of title 11, United States Code.

“(B) TRANSACTIONS.—A transaction involving the sale of a unit of a digital commodity occurring on or subject to the rules of a digital commodity exchange shall be considered a contract for the purchase or sale of a commodity for future delivery, on or subject to the rules of, a contract market or board of trade for purposes of the definition of ‘commodity contract’ in section 761 of title 11, United States Code.

“(C) EXCHANGES.—A digital commodity exchange shall be considered a futures commission merchant for purposes of section 761 of title 11, United States Code.

“(D) ASSETS REMOVED FROM SEGREGATION.—Assets removed from segregation due to a customer election under paragraph (6) shall not be considered customer property for purposes of section 761 of title 11, United States Code.

“(5) MISUSE OF CUSTOMER PROPERTY.—

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

“(i) for any digital commodity exchange that has received any customer money, assets, or property for custody to dispose of, or use any such money, assets, or property as belonging to the digital commodity exchange or any person other than a customer of the digital commodity exchange; or

“(ii) for any other person, including any depository, other digital commodity exchange, or digital asset custodian that has received any customer money, assets, or property for deposit, to hold, dispose of, or use any such money, assets, or property, as belonging to the depositing digital commodity exchange or any person other than the customers of the digital commodity exchange.

“(B) USE FURTHER DEFINED.—For purposes of this section, ‘use’ of a digital commodity includes utilizing any unit of a digital asset to participate in a blockchain service defined in paragraph (6) or a decentralized governance system associated with the digital commodity or the blockchain system to which the digital commodity relates in any manner other than that expressly directed by the customer from whom the unit of a digital commodity was received.

“(6) PARTICIPATION IN BLOCKCHAIN SERVICES.—

“(A) USE OF FUNDS.—A digital commodity exchange (or a designee of a digital commodity exchange) may use a unit of a digital commodity

belonging to a customer to provide a blockchain service for a blockchain system to which the unit of the digital commodity relates if—

“(i) the customer expressly permits the use, in writing to the digital commodity exchange; and  
“(ii) the digital commodity exchange complies with subparagraph (B).

**“(B) LIMITATIONS.—**

“(i) **IN GENERAL.**—The Commission shall, by rule, establish notice and disclosure requirements, and may, by rule, establish any other limitations and rules related to a permission provided under subparagraph (A) that are reasonably necessary to protect customers, including eligible contract participants, non-eligible contract participants, or any other class of customers.

“(ii) **CUSTOMER CHOICE.**—A digital commodity exchange may not require a customer to provide the permission referred to in subparagraph (A) as a condition of doing business on the exchange.

“(C) **REQUIREMENTS.**—The Commission may, by rule, waive or modify the requirements of paragraph (2) or subsection (h), to facilitate the use of a unit of a digital commodity belonging to a customer to provide a blockchain service.

“(D) **BLOCKCHAIN SERVICE DEFINED.**—In this paragraph, the term ‘blockchain service’ means any activity relating to validating transactions on a blockchain system, providing security for a blockchain system, or other similar activity, including protocol consensus participation activities described in section 2(a)(30)(B) of the Securities Act of 1933, required for the ongoing operation of a blockchain system.

“(e) **MARKET ACCESS REQUIREMENTS.**—The Commission may, by rule, impose any additional requirements related to the operations and activities of the digital commodity exchange and an affiliated digital commodity broker necessary to protect market participants, promote fair and equitable trading on the digital commodity exchange, and promote responsible innovation.

**“(f) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—**

“(1) **IN GENERAL.**—A digital commodity exchange shall designate an individual to serve as a chief compliance officer.

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

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

“(B) review compliance with the core principles in this subsection;

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

“(D) establish and administer the policies and procedures required to be established pursuant to this section;

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

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

“(3) **REQUIREMENTS FOR PROCEDURES.**—In establishing procedures under paragraph (2)(F), the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.

**“(4) ANNUAL REPORTS.—**

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

“(i) the compliance of the digital commodity exchange with this Act; and

“(ii) the policies and procedures, including the code of ethics and conflicts of interest policies, of the digital commodity exchange.

**“(B) REQUIREMENTS.**—The chief compliance officer shall—

“(i) submit each report described in subparagraph (A) with the appropriate financial report of the digital commodity exchange that is required to be submitted to the Commission pursuant to this section; and

“(ii) include in the report a certification that, under penalty of law, the report is accurate and complete.

**“(g) APPOINTMENT OF TRUSTEE.—**

“(1) **IN GENERAL.**—If a proceeding under section 5e results in the suspension or revocation of the registration of a digital commodity exchange, or if a digital commodity exchange withdraws from registration, the Commission, on notice to the digital commodity exchange, may apply to the appropriate United States district court where the digital commodity exchange is located for the appointment of a trustee.

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

“(A) the court may take exclusive jurisdiction over the digital commodity exchange and the records and assets of the digital commodity exchange, wherever located; and

“(B) if the court takes jurisdiction under subparagraph (A), the court shall appoint the Commission, or a person designated by the Commission, as trustee with power to take possession and continue to operate or terminate the operations of the digital commodity exchange in an orderly manner for the protection of customers subject to such terms and conditions as the court may prescribe.

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

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

“(2) required to be held by the digital commodity exchange under subsection (c)(12) of this section; or

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

**“(i) EXEMPTIONS.—**

“(1) **IN GENERAL.**—In order to promote responsible innovation and fair competition, or protect customers, the Commission may (on its own initiative or on application of the digital commodity exchange) exempt, either unconditionally or on stated terms or conditions or for stated periods and either retroactively or prospectively, or both, a digital commodity exchange from the requirements of this Act, if the Commission determines that—

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

“(B) the exemption will not have a material adverse effect on the ability of the Commission or the digital commodity exchange to discharge regulatory or self-regulatory duties under this Act.

“(2) **FOREIGN EXCHANGES.**—The Commission may exempt, conditionally or unconditionally, a digital commodity exchange from registration under this section if the Commission finds that the digital commodity exchange is subject to comparable, comprehensive supervision and regulation on a consolidated basis by the appropriate governmental authorities in the home country of the facility.

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

“(k) **FEDERAL PREEMPTION.**—Notwithstanding any other provision of law, the Commission shall have exclusive jurisdiction over any digital commodity exchange registered under this section with respect to activities and transactions subject to this Act.”.

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

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

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

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

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

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

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

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

“(2) adequate supervision and appropriate regulation for custody and safekeeping of digital assets by—

“(A) a State bank supervisor (within the meaning of section 3 of the Federal Deposit Insurance Act);

“(B) a State officer, agency, or other entity which has primary regulatory authority over nondepository State trust companies;

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

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

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

“(1) **NOT OTHERWISE PROHIBITED.**—The person has not been prohibited by its supervisor from engaging in an activity with respect to the custody and safekeeping of digital assets.

“(2) **INFORMATION SHARING.—**

“(A) **IN GENERAL.**—The person shares information with the Commission on request and complies with such requirements for periodic sharing of information regarding customer accounts that the person holds on behalf of an entity registered with the Commission as the Commission determines by rule are reasonably necessary to effectuate any of the provisions, or to accomplish any of the purposes, of this Act.

“(B) **PROVISION OF INFORMATION.**—If the person is subject to regulation and examination by an appropriate Federal banking agency, the person may satisfy any information request described in subparagraph (A) by providing the Commission with a detailed listing, in writing, of the digital assets of a customer in the custody of, or use by, the person.

“(C) **RULEMAKING FOR CFTC ENTITIES.—**

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

“(ii) **CONTENT.**—In prescribing the rules under subparagraph (A), the Commission shall require a person registered with the Commission to—

“(I) implement requirement consistent with the requirements in subsection (d)(1);

“(II) establish sufficient system safeguards;

“(III) prevent or mitigate conflicts of interest, as appropriate; and

“(IV) establish separate governance arrangements for the custodial function of the entity.

“(d) **ADEQUATE SUPERVISION AND APPROPRIATE REGULATION.—**

“(1) **IN GENERAL.**—For purposes of subsection (b), the terms ‘adequate supervision’ and ‘appropriate regulation’ mean such minimum standards for supervision and regulation as are reasonably necessary to protect the digital assets held by a person registered under this Act, including standards relating to the licensing, examination, and supervisory processes that require the person to, at a minimum—

“(A) receive a review and evaluation of ownership, character and fitness, conflicts of interest, business model, financial statements, funding resources, and policies and procedures of the person;

“(B) hold capital sufficient for the financial integrity of the person;

“(C) protect customer assets;

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

“(E) submit financial statements and audited financial statements to the applicable supervisor described in subsection (b);

“(F) provide disclosures to the applicable supervisor described in subsection (b) regarding actions, proceedings, and other items as determined by the supervisor;

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

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

“(I) establish policies and procedures to resolve complaints.

“(2) RULEMAKING WITH RESPECT TO DEFINITIONS.—

“(A) IN GENERAL.—For purposes of this section, the Commission may, by rule, further define the terms ‘adequate supervision’ and ‘appropriate regulation’ as necessary and appropriate for the protection of customers, and consistent with the purposes of this Act.

“(B) EXISTING DIGITAL ASSET CUSTODIANS.—A trust company operating as a digital asset custodian before the effective date of a rulemaking under subparagraph (A) is deemed subject to adequate supervision and appropriate regulation if—

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

“(ii) the State bank supervisor has established licensing, examination, and supervisory processes that require the trust company to, at a minimum, meet the conditions described in subparagraphs (A) through (I) of paragraph (1); and

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

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

“(e) AUTHORITY TO TEMPORARILY SUSPEND STANDARDS.—The Commission may, by rule or order, temporarily suspend, in whole or in part, any requirement imposed under, or any standard referred to in, this section, or any requirement to utilize a qualified digital asset custodian, if the Commission determines that the suspension would be consistent with the public interest and the purposes of this Act.”.

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

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

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

“(a) REGISTRATION.—

“(1) REQUIREMENT.—It shall be unlawful for any person to act as a digital commodity broker or digital commodity dealer unless the person is registered as such with the Commission.

“(2) ADDITIONAL REGISTRATION.—

“(A) RULES.—In order to foster the development of fair and orderly markets, protect customers, and promote responsible innovation, the Commission—

“(i) shall prescribe rules to exempt an entity registered with the Commission under more than

1 section of this Act from duplicative, conflicting, or unduly burdensome provisions of this Act and the rules under this Act;

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

“(iii) may after an analysis of the risks and benefits, prescribe rules to provide for portfolio margining.

“(B) WITH MEMBERSHIP IN A REGISTERED FUTURES ASSOCIATION.—Any person required to be registered as a digital commodity broker or digital commodity dealer under this section shall become and remain a member of a registered futures association.

“(b) REQUIREMENTS.—

“(1) IN GENERAL.—A person shall register as a digital commodity broker or digital commodity dealer by filing a registration application with the Commission.

“(2) CONTENTS.—

“(A) IN GENERAL.—The application shall be made in such form and manner as is prescribed by the Commission, and shall contain such information as the Commission considers necessary concerning the business in which the applicant is or will be engaged.

“(B) CONTINUAL REPORTING.—A person that is registered as a digital commodity broker or digital commodity dealer shall continue to submit to the Commission reports that contain such information pertaining to the business of the person as the Commission may require.

“(3) STATUTORY DISQUALIFICATION.—Except to the extent otherwise specifically provided by rule, regulation, or order, it shall be unlawful for a digital commodity broker or digital commodity dealer to permit any person who is associated with a digital commodity broker or a digital commodity dealer and who is subject to a statutory disqualification to effect or be involved in effecting a contract of sale of a digital commodity on behalf of the digital commodity broker or the digital commodity dealer, respectively, if the digital commodity broker or digital commodity dealer, respectively, knew, or in the exercise of reasonable care should have known, of the statutory disqualification.

“(c) RULEMAKING.—

“(1) IN GENERAL.—The Commission shall prescribe such rules applicable to registered digital commodity brokers and registered digital commodity dealers as are appropriate to carry out this section, including rules in the public interest that limit the activities of digital commodity brokers and digital commodity dealers.

“(2) FINANCING AGREEMENTS.—

“(A) IN GENERAL.—The Commission shall prescribe rules and regulations applicable to digital commodity brokers or digital commodity dealers which shall set forth minimum requirements related to disclosure, recordkeeping, margin financing arrangements, rehypothecation, capital, reporting, business conduct, documentation, and supervision of employees and agents, in connection with—

“(i) an agreement described in section 2(c)(2)(D)(iv); or

“(ii) any other margined, leveraged, or financing arrangement for the purchase or sale of a digital commodity with an eligible contract participant.

“(B) SPECIFIC AUTHORITY.—Except as prohibited in section 2(c)(2)(G)(iii), the Commission may also make, promulgate, and enforce such rules and regulations as, in the judgment of the Commission, are reasonably necessary to effectuate any of the provisions of, or to accomplish any of the purposes of, this Act in connection with an agreement referred to in subparagraph (A) of this paragraph.

“(d) CAPITAL REQUIREMENTS.—

“(1) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall meet such minimum capital requirements as the Commission may prescribe to address the risks associated with digital commodity trading and to ensure that the digital commodity broker or digital commodity dealer, respectively, is able, at all times, to—

“(A) meet, and continue to meet the obligations of such a registrant; and

“(B) fulfill obligations to customers or counterparties for any margined, leveraged, or financed transactions.

“(2) FUTURES COMMISSION MERCHANTS AND OTHER DEALERS.—Each futures commission merchant, introducing broker, digital commodity broker, digital commodity dealer, broker, and dealer shall maintain sufficient capital to comply with the stricter of any applicable capital requirements to which the futures commission merchant, introducing broker, digital commodity broker, digital commodity dealer, broker, or dealer, respectively, is subject under this Act or the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

“(e) REPORTING AND RECORDKEEPING.—Each digital commodity broker and digital commodity dealer—

“(1) shall make such reports as are required by the Commission by rule or regulation regarding the transactions, positions, and financial condition of the digital commodity broker or digital commodity dealer, respectively;

“(2) shall keep books and records in such form and manner and for such period as may be prescribed by the Commission by rule or regulation; and

“(3) shall keep the books and records open to inspection and examination by any representative of the Commission.

“(f) DAILY TRADING RECORDS.—

“(1) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall maintain daily trading records of the transactions of the digital commodity broker or digital commodity dealer, respectively, and all related records (including related forward or derivatives transactions) and recorded communications, including electronic mail, instant messages, and recordings of telephone calls, for such period as the Commission may require by rule or regulation.

“(2) INFORMATION REQUIREMENTS.—The daily trading records shall include such information as the Commission shall require by rule or regulation.

“(3) COUNTERPARTY RECORDS.—Each digital commodity broker and digital commodity dealer shall maintain daily trading records for each customer or counterparty in a manner and form that is identifiable with each digital commodity transaction.

“(4) AUDIT TRAIL.—Each digital commodity broker and digital commodity dealer shall maintain a complete audit trail for conducting comprehensive and accurate trade reconstructions.

“(g) BUSINESS CONDUCT STANDARDS.—

“(1) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall conform with such business conduct standards as the Commission, by rule or regulation, prescribes related to—

“(A) fraud, manipulation, and other abusive practices involving spot or margined, leveraged, or financed digital commodity transactions (including transactions that are offered but not entered into);

“(B) diligent supervision of the business of the registered digital commodity broker or digital commodity dealer, respectively; and

“(C) such other matters as the Commission deems appropriate.

“(2) BUSINESS CONDUCT REQUIREMENTS.—The Commission shall, by rule, prescribe business conduct requirements which—

“(A) require disclosure by a registered digital commodity broker and registered digital commodity dealer to any counterparty to the transaction (other than an eligible contract participant) of—

“(i) information about the material risks and characteristics of the digital commodity; and

“(ii) information about the material risks and characteristics of the transaction;

“(B) establish a duty for such a digital commodity broker and such a digital commodity

dealer to communicate in a fair and balanced manner based on principles of fair dealing and good faith;

“(C) establish standards governing digital commodity broker and digital commodity dealer marketing and advertising, including testimonials and endorsements; and

“(D) establish such other standards and requirements as the Commission may determine are appropriate for the protection of customers.

“(3) PROHIBITION ON FRAUDULENT PRACTICES.—It shall be unlawful for a digital commodity broker or digital commodity dealer to—

“(A) employ any device, scheme, or artifice to defraud any customer or counterparty;

“(B) engage in any transaction, practice, or course of business that operates as a fraud or deceit on any customer or counterparty; or

“(C) engage in any act, practice, or course of business that is fraudulent, deceptive, or manipulative.

“(h) DUTIES.—

“(1) RISK MANAGEMENT PROCEDURES.—Each digital commodity broker and digital commodity dealer shall establish robust and professional risk management systems adequate for managing the day-to-day business of the digital commodity broker or digital commodity dealer, respectively.

“(2) DISCLOSURE OF GENERAL INFORMATION.—Each digital commodity broker and digital commodity dealer shall disclose to the Commission information concerning—

“(A) the terms and conditions of the transactions of the digital commodity broker or digital commodity dealer, respectively;

“(B) the trading operations, mechanisms, and practices of the digital commodity broker or digital commodity dealer, respectively;

“(C) financial integrity protections relating to the activities of the digital commodity broker or digital commodity dealer, respectively; and

“(D) other information relevant to trading in digital commodities by the digital commodity broker or digital commodity dealer, respectively.

“(3) ABILITY TO OBTAIN INFORMATION.—Each digital commodity broker and digital commodity dealer shall—

“(A) establish and enforce internal systems and procedures to obtain any necessary information to perform any of the functions described in this section; and

“(B) provide the information to the Commission, on request.

“(4) CONFLICTS OF INTEREST.—Each digital commodity broker and digital commodity dealer shall establish, maintain, and enforce written policies and procedures reasonably designed, taking into consideration the nature of the business of the person, to mitigate any conflicts of interest in transactions or arrangements with affiliates.

“(5) ANTITRUST CONSIDERATIONS.—Unless necessary or appropriate to achieve the purposes of this Act, a digital commodity broker or digital commodity dealer shall not—

“(A) adopt any process or take any action that results in any unreasonable restraint of trade; or

“(B) impose any material anticompetitive burden on trading or clearing.

“(i) DESIGNATION OF CHIEF COMPLIANCE OFFICER.—

“(1) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall designate an individual to serve as a chief compliance officer.

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

“(A) report directly to the board or to the senior officer of the registered digital commodity broker or registered digital commodity dealer;

“(B) review the compliance of the registered digital commodity broker or registered digital commodity dealer with respect to the registered digital commodity broker and registered digital commodity dealer requirements described in this section;

“(C) in consultation with the board of directors, a body performing a function similar to the board, or the senior officer of the organization, resolve any conflicts of interest that may arise;

“(D) be responsible for administering each policy and procedure that is required to be established pursuant to this section;

“(E) ensure compliance with this Act (including regulations), including each rule prescribed by the Commission under this section;

“(F) establish procedures for the remediation of noncompliance issues identified by the chief compliance officer through any—

“(i) compliance office review;

“(ii) look-back;

“(iii) internal or external audit finding;

“(iv) self-reported error; or

“(v) validated complaint; and

“(G) establish and follow appropriate procedures for the handling, management response, remediation, retesting, and closing of non-compliance issues.

“(3) ANNUAL REPORTS.—

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

“(i) the compliance of the registered digital commodity broker or registered digital commodity dealer with this Act (including regulations); and

“(ii) each policy and procedure of the registered digital commodity broker or registered digital commodity dealer followed by the chief compliance officer (including the code of ethics and conflict of interest policies).

“(B) REQUIREMENTS.—The chief compliance officer shall ensure that a compliance report under subparagraph (A)—

“(i) accompanies each appropriate financial report of the registered digital commodity broker or registered digital commodity dealer that is required to be furnished to the Commission pursuant to this section; and

“(ii) includes a certification that, under penalty of law, the compliance report is accurate and complete.

“(j) SEGREGATION OF DIGITAL COMMODITIES.—

“(1) HOLDING OF CUSTOMER ASSETS.—

“(A) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall hold customer money, assets, and property in a manner to minimize the risk of loss to the customer or unreasonable delay in customer access to the money, assets, and property of the customer.

“(B) QUALIFIED DIGITAL ASSET CUSTODIAN.—Each digital commodity broker and digital commodity dealer shall hold in a qualified digital asset custodian each unit of a digital asset that is—

“(i) the property of a customer or counterparty of the digital commodity broker or digital commodity dealer, respectively;

“(ii) required to be held by the digital commodity broker or digital commodity dealer under subsection (e); or

“(iii) otherwise so required by the Commission to reasonably protect customers or promote the public interest.

“(2) SEGREGATION OF FUNDS.—

“(A) IN GENERAL.—Each digital commodity broker and digital commodity dealer shall treat and deal with all money, assets, and property that is received by the digital commodity broker or digital commodity dealer, or accrues to a customer as the result of trading in digital commodities, as belonging to the customer.

“(B) COMMINGLING PROHIBITED.—

“(i) IN GENERAL.—Except as provided in clause (ii), each digital commodity broker and digital commodity dealer shall separately account for money, assets, and property of a digital commodity customer, and shall not commingle any such money, assets, or property with the funds of the digital commodity broker or digital commodity dealer, respectively, or use any such money, assets, or property to margin, secure, or guarantee any trades or accounts of

any customer or person other than the person for whom the money, assets, or property are held.

“(ii) EXCEPTIONS.—

“(I) USE OF FUNDS.—

“(aa) IN GENERAL.—A digital commodity broker or digital commodity dealer may, for convenience, commingle and deposit in the same account or accounts with any bank, trust company, derivatives clearing organization, or qualified digital asset custodian money, assets, and property of customers.

“(bb) WITHDRAWAL.—The share of the money, assets, and property described in item (aa) as in the normal course of business shall be necessary to margin, guarantee, secure, transfer, adjust, or settle a contract of sale of a digital commodity with a registered entity may be withdrawn and applied to such purposes, including the payment of commissions, brokerage, interest, taxes, storage, and other charges, lawfully accruing in connection with the contract.

“(II) COMMISSION ACTION.—In accordance with such terms and conditions as the Commission may prescribe by rule, regulation, or order, any money, assets, or property of the customers of a digital commodity broker or digital commodity dealer may be commingled and deposited in customer accounts with any other money, assets, or property received by the digital commodity broker or digital commodity dealer, respectively, and required by the Commission to be separately accounted for and treated and dealt with as belonging to the customer of the digital commodity broker or digital commodity dealer, respectively.

“(3) PERMITTED INVESTMENTS.—Money described in paragraph (2) may be invested in obligations of the United States, in general obligations of any State or of any political subdivision of a State, in obligations fully guaranteed as to principal and interest by the United States, or in any other investment that the Commission may by rule or regulation allow.

“(4) CUSTOMER PROTECTION DURING BANKRUPTCY.—

“(A) CUSTOMER PROPERTY.—All money, assets, or property described in paragraph (2) shall be considered customer property for purposes of section 761 of title 11, United States Code.

“(B) TRANSACTIONS.—A transaction involving a unit of a digital commodity occurring with a digital commodity broker or digital commodity dealer shall be considered a contract for the purchase or sale of a commodity for future delivery, on or subject to the rules of, a contract market or board of trade for purposes of the definition of a ‘commodity contract’ in section 761 of title 11, United States Code.

“(C) BROKERS AND DEALERS.—A digital commodity broker and a digital commodity dealer shall be considered a futures commission merchant for purposes of section 761 of title 11, United States Code.

“(D) ASSETS REMOVED FROM SEGREGATION.—Assets removed from segregation due to a customer election under paragraph (6) shall not be considered customer property for purposes of section 761 of title 11, United States Code.

“(5) MISUSE OF CUSTOMER PROPERTY.—

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

“(i) for any digital commodity broker or digital commodity dealer that has received any customer money, assets, or property for custody to dispose of, or use any such money, assets, or property as belonging to the digital commodity broker or digital commodity dealer, respectively, or any person other than a customer of the digital commodity broker or digital commodity dealer, respectively; or

“(ii) for any other person, including any depository, digital commodity exchange, other digital commodity broker, other digital commodity dealer, or digital commodity custodian that has received any customer money, assets, or property for deposit, to hold, dispose of, or use any such money, assets, or property, as belonging to

the depositing digital commodity broker or digital commodity dealer or any person other than the customers of the digital commodity broker or digital commodity dealer, respectively.

“(B) **USE FURTHER DEFINED.**—For purposes of this section, ‘use’ of a digital commodity includes utilizing any unit of a digital asset to participate in a blockchain service defined in paragraph (6) or a decentralized governance system associated with the digital commodity or the blockchain system to which the digital commodity relates in any manner other than that expressly directed by the customer from whom the unit of a digital commodity was received.

“(6) **PARTICIPATION IN BLOCKCHAIN SERVICES.**—

“(A) **USE OF FUNDS.**—A digital commodity broker or digital commodity dealer (or a designee of a digital commodity broker or a digital commodity dealer) may use a unit of a digital commodity belonging to a customer to provide a blockchain service for a blockchain system to which the unit of the digital commodity relates if—

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

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

“(B) **LIMITATIONS.**—

“(i) **IN GENERAL.**—The Commission shall, by rule, establish notice and disclosure requirements, and may, by rule, establish any other limitations and rules related to a permission provided under subparagraph (A) that are reasonably necessary to protect customers, including eligible contract participants, non-eligible contract participants, or any other class of customers.

“(ii) **CUSTOMER CHOICE.**—A digital commodity broker or digital commodity dealer may not require a customer to provide the permission referred to in subparagraph (A) as a condition of doing business with the broker or dealer.

“(C) **REQUIREMENTS.**—The Commission may, by rule, waive or modify the requirements of paragraph (2) or subsection (h), to facilitate the use of a unit of a digital commodity belonging to a customer to provide a blockchain service.

“(D) **BLOCKCHAIN SERVICE DEFINED.**—In this paragraph, the term ‘blockchain service’ means any activity relating to validating transactions on a blockchain system, providing security for a blockchain system, or other similar activity, including protocol consensus participation activities described in section 2(a)(30)(B) of the Securities Act of 1933, required for the ongoing operation of a blockchain system.

“(k) **FEDERAL PREEMPTION.**—Notwithstanding any other provision of law, the Commission shall have exclusive jurisdiction over any digital commodity broker or digital commodity dealer registered under this section with respect to activities subject to this Act.

“(l) **EXEMPTIONS.**—In order to promote responsible innovation and fair competition, or protect customers, the Commission may (on its own initiative or on application of the digital commodity broker or digital commodity dealer) exempt, unconditionally or on stated terms or conditions, or for stated periods, and retroactively or prospectively, or both, a digital commodity broker or digital commodity dealer from the requirements of this Act, if the Commission determines that—

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

“(B) the exemption will not have a material adverse effect on the ability of the Commission to discharge regulatory duties under this Act; or

“(2) the digital commodity broker or digital commodity dealer is subject to comparable, comprehensive supervision and regulation by the appropriate government authorities in the home country of the digital commodity broker or digital commodity dealer, respectively.”.

#### SEC. 407. REGISTRATION OF ASSOCIATED PERSONS.

(a) **IN GENERAL.**—Section 4k of the Commodity Exchange Act (7 U.S.C. 6k) is amended—

(1) by redesignating subsections (4) through (6) as subsections (5) through (7), respectively;

(2) by inserting after subsection (3) the following:

“(4) It shall be unlawful for any person to act as an associated person of a digital commodity broker or an associated person of a digital commodity dealer unless the person is registered with the Commission under this Act and such registration shall not have expired, been suspended (and the period of suspension has not expired), or been revoked. It shall be unlawful for a digital commodity broker or a digital commodity dealer to permit such a person to become or remain associated with the digital commodity broker or digital commodity dealer if the digital commodity broker or digital commodity dealer knew or should have known that the person was not so registered or that the registration had expired, been suspended (and the period of suspension has not expired), or been revoked.”; and

(3) in subsection (5) (as so redesignated), by striking “or of a commodity trading advisor” and inserting “of a commodity trading advisor, of a digital commodity broker, or of a digital commodity dealer”.

(b) **CONFORMING AMENDMENTS.**—The Commodity Exchange Act (7 U.S.C. 1a et seq.) is amended by striking “section 4k(6)” each place it appears and inserting “section 4k(7)”.

#### SEC. 408. REGISTRATION OF COMMODITY POOL OPERATORS AND COMMODITY TRADING ADVISORS.

(a) **IN GENERAL.**—Section 4m(3) of the Commodity Exchange Act (7 U.S.C. 6m(3)) is amended—

(1) in subparagraph (A)—

(A) by striking “any commodity trading advisor” and inserting “a commodity pool operator or commodity trading advisor”; and

(B) by striking “acting as a commodity trading advisor” and inserting “acting as a commodity pool operator or commodity trading advisor”; and

(2) in subparagraph (C), by inserting “digital commodities,” after “physical commodities.”.

(b) **EXEMPTIVE AUTHORITY.**—Section 4m of such Act (7 U.S.C. 6m) is amended by adding at the end the following:

“(4) **EXEMPTIVE AUTHORITY.**—The Commission shall promulgate rules to provide appropriate exemptions for commodity pool operators and commodity trading advisors, to provide relief from duplicative, conflicting, or unduly burdensome requirements or to promote responsible innovation, to the extent the exemptions foster the development of fair and orderly cash or spot digital commodity markets, are necessary or appropriate in the public interest, and are consistent with the protection of customers.”.

#### SEC. 409. EXCLUSION FOR DECENTRALIZED FINANCE ACTIVITIES.

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

##### “SEC. 4v. DECENTRALIZED FINANCE ACTIVITIES NOT SUBJECT TO THIS ACT.

“(a) **IN GENERAL.**—Notwithstanding any other provision of this Act, a person shall not be subject to this Act and the regulations promulgated under this Act based on the person directly or indirectly engaging in any of the following activities, whether singly or in combination, in relation to the operation of a blockchain system or in relation to decentralized finance trading protocol:

“(1) Compiling network transactions or relaying, searching, sequencing, validating, or acting in a similar capacity.

“(2) Providing computational work, operating a node or oracle service, or procuring, offering, or utilizing network bandwidth, or other similar incidental services.

“(3) Providing a user-interface that enables a user to read, and access data about a blockchain system.

“(4) Developing, publishing, or otherwise distributing a blockchain system or a decentralized finance messaging system.

“(5) Constituting, administering, or maintaining a decentralized finance messaging system or decentralized finance trading protocol, or operating or participating in a liquidity pool with respect thereto, for the purpose of executing a spot transaction for the purchase or sale of a digital commodity.

“(6) Developing, publishing, constituting, administering, maintaining, or otherwise distributing software or systems that create or deploy hardware or software, including wallets or other systems, facilitating an individual user's own personal ability to keep, safeguard, or custody the user's digital assets or related private keys.

“(b) **EXCEPTIONS.**—Subsection (a) shall not be interpreted to apply to the anti-fraud, anti-manipulation, or false reporting enforcement authorities of the Commission.”.

#### SEC. 410. RESOURCES FOR IMPLEMENTATION AND ENFORCEMENT.

(a) **COLLECTION OF FEES.**—

(1) **IN GENERAL.**—The Commodity Futures Trading Commission (in this section referred to as the “Commission”) shall charge and collect a fee from each person in provisional status registered with the Commission pursuant to section 106, on—

(A) the filing of the initial application for registration; and

(B) an annual basis thereafter for maintaining provisional status.

(2) **AMOUNT.**—The fees authorized under paragraph (1) may be collected and available for obligation only in the amounts provided in advance in an appropriation Act.

(3) **AUTHORITY TO ADJUST FEES.**—Notwithstanding the preceding provisions of this subsection, to promote fair competition or innovation, the Commission, in its sole discretion, may reduce or eliminate any fee otherwise required to be paid by a small or medium filer under this subsection.

(b) **FEE SCHEDULE.**—

(1) **IN GENERAL.**—The Commission shall publish in the Federal Register a schedule of the fees to be charged and collected under this section.

(2) **CONTENT.**—The fee schedule for a fiscal year shall include a written analysis of the estimate of the Commission of the total costs of carrying out the functions of the Commission under this Act during the fiscal year.

(3) **SUBMISSION TO CONGRESS.**—Before publishing the fee schedule for a fiscal year, the Commission shall submit a copy of the fee schedule to the Committees on Agriculture and on Appropriations of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and on Appropriations of the Senate.

(4) **TIMING.**—

(A) **1ST FISCAL YEAR.**—The Commission shall publish the fee schedule for the fiscal year in which this Act is enacted, within 30 days after the date of the enactment of this Act.

(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 impose 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 Commission 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

(B) the whole number of consecutive 30-day periods that have elapsed since the due date.



(d) **REIMBURSEMENT OF EXCESS FEES.**—To the extent that the total amount of fees collected under this section during a fiscal year that begins after the date of the enactment of this Act exceeds the amount provided under subsection (a)(2) with respect to the fiscal year, the Commission shall reimburse the excess amount to the persons who have timely paid their annual fees, on a pro-rata basis that excludes penalties, and shall do so within 60 days after the end of the fiscal year.

(e) **DEPOSIT OF FEES INTO THE TREASURY.**—All amounts collected under this section shall be credited to the currently applicable appropriation, account, or fund of the Commission as discretionary offsetting collections, and shall be available for the purposes authorized in subsection (f) only to the extent and in the amounts provided in advance in appropriations Acts.

(f) **AUTHORIZATION OF APPROPRIATIONS.**—In addition to amounts otherwise authorized to be appropriated to the Commission, there is authorized to be appropriated to the Commission amounts collected under this section to cover the costs of carrying out the functions of the Commission under this Act.

(g) **EXPEDITED HIRING AUTHORITY.**—

(1) **APPOINTMENT AUTHORITY.**—The Chairman, pursuant to section 6(a), may appoint individuals to a position described in paragraph (2) of this subsection—

(A) in accordance with the statutes, rules, and regulations governing appointments to positions in the excepted service (as defined in section 2103 of title 5, United States Code); and

(B) without regard to any statute, rule, or regulation governing appointments to positions in the competitive service (as defined in section 2102 of such title).

(2) **POSITION DESCRIBED.**—A position referred to in subparagraph (1) is a position at the Commission that—

(A) is in the competitive service (as defined in section 2102 of such title); and

(B) requires specialized knowledge of digital commodities markets, financial and capital market formation or regulation, financial market structures or surveillance, data collection or analysis, or information technology, cybersecurity, or system safeguards.

(3) **RULE OF CONSTRUCTION.**—The appointment of a candidate to a position under this subsection shall not be considered to cause the position to be converted from the competitive service to the excepted service.

(h) **SUNSET.**—The authorities provided by this section shall expire at the end of the 4th fiscal year that begins after the date of the enactment of this Act.

#### **SEC. 411. REQUIREMENTS RELATED TO CONTROL PERSONS.**

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

#### **“SEC. 4w. LIMITATION ON TRANSACTIONS BY BLOCKCHAIN CONTROL PERSONS.**

“(a) **LIMITATION.**—It shall be unlawful for a blockchain control person with respect to a blockchain system certified as a mature blockchain system in accordance with section 42 of the Securities Exchange Act of 1934 to sell a unit of a digital commodity related to the blockchain system unless the person files notice with the Commission, in a form and manner determined by the Commission, that the person has or intends to obtain an authority described in subsection (b)(1) with respect to the blockchain system, and complies with rules adopted by the Commission that require—

“(1) disclosure of information to the Commission and the public about the material activities, as determined by the Commission, of the blockchain control person; and

“(2)(A) the use of a digital commodity broker to effect the sale; or

“(B) such other sales restrictions applicable to the blockchain control person, or any affiliated

blockchain control person, to prevent manipulation and distortion of the value of the digital commodity and promote further maturity of the blockchain system to which the digital commodity relates.

“(b) **DEFINITIONS.**—In this section:

“(1) **BLOCKCHAIN CONTROL PERSON.**—The term ‘blockchain control person’ means, with respect to a blockchain system, any person or group of persons under common control, other than a decentralized governance system, who—

“(A) has the unilateral authority, 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 its related digital commodity; or

“(B) has the unilateral authority to direct the voting, in the aggregate, of 20 percent or more of the outstanding voting power of the blockchain system by means of a related digital commodity, nodes or validators, a decentralized governance system, or otherwise, in a blockchain system which can be altered by a voting system.

“(2) **AFFILIATED BLOCKCHAIN CONTROL PERSON.**—The term ‘affiliated blockchain control person’ means any person directly or indirectly controlling, controlled by, or under common control with a blockchain control person, as the Commission by rule or regulation, may determine will effectuate the purposes of this section.”

#### **SEC. 412. OTHER TRADABLE ASSETS.**

The Commodity Exchange Act (7 U.S.C. 1 et seq.), as amended by the preceding provisions of this Act, is amended—

(1) by inserting after section 4w the following:

#### **“SEC. 4x. TRADING REQUIREMENTS FOR OTHER TRADABLE ASSETS.**

“(a) **LIMITATION.**—A contract of sale of a tradable asset shall not be offered, solicited, traded, facilitated, executed, cleared, reported, or otherwise dealt in, on or subject to the rules of a registered entity, or by any other entity registered with the Commission, except in accordance with subsection (b).

“(b) **REQUIREMENTS.**—

“(1) **TREATMENT OF TRADABLE ASSETS.**—A contract of sale of a tradable asset that is offered, solicited, traded, facilitated, executed, cleared, reported, or otherwise dealt in on or subject to the rules of a registered entity, or by any other entity registered with the Commission, shall be treated as a digital commodity for purposes of this Act.

“(2) **ADDITIONAL RULEMAKING AUTHORITY.**—In addition to the other requirements of this Act, the Commission may, by rule or regulation, impose additional obligations on any person registered under this Act offering, soliciting, trading, facilitating, executing, clearing, reporting, or otherwise dealing in a contract of sale of a tradable asset, or class thereof, pursuant to paragraph (1) as are necessary for the protection of customers, the promotion of innovation, and the maintenance of fair, orderly, and efficient markets, including additional obligations related to—

“(A) disclosure;

“(B) recordkeeping;

“(C) capital;

“(D) reporting;

“(E) business conduct;

“(F) documentation;

“(G) supervision of employees; and

“(H) segregation.

“(c) **TRADABLE ASSET DEFINED.**—In this section, the term ‘tradable asset’ means a digital asset other than—

“(1) a digital commodity that is treated as such other than by reason of subsection (b)(1) of this section; or

“(2) a digital asset excluded from the definition of digital commodity pursuant to subclause (I) through (VII) of section 1a(16)(F)(iii).”;

(2) by inserting after section 6d the following:

#### **“SEC. 6e. PROHIBITION ON TRADING CERTAIN DIGITAL ASSETS.**

“(a) **IN GENERAL.**—A contract of sale of a digital commodity or tradable asset (as defined in section 4x) shall not be offered, solicited, traded, facilitated, executed, cleared, reported, or otherwise dealt in on or subject to the rules of a registered entity, or by any other entity registered with the Commission, if the primary purpose of the digital commodity or tradable asset is to be used to—

“(1) commit fraud or market manipulation;

“(2) further a scheme found in a final action by a court of competent jurisdiction to be in violation of campaign finance or government ethics laws; or

“(3) engage in any other conduct that would result in abusive practices or be disruptive to market integrity.

“(b) **GUIDANCE ON FRAUDULENT, MANIPULATIVE, OR DISRUPTIVE TRADABLE ASSETS.**—The Commission may, after public notice and comment, issue guidance establishing criteria for determining if the primary purpose of a digital commodity or tradable asset (as so defined) is to be used to commit fraud or market manipulation, or engage in any other conduct that would result in abusive practices or be disruptive to market integrity.”

#### **SEC. 413. CONFLICT OF INTEREST RULEMAKING.**

Not later than 360 days after the date of the enactment of this Act, the Commodity Futures Trading Commission shall issue rules establishing requirements for the identification, mitigation, and resolution of conflicts of interest among and across registered entities (within the meaning of the Commodity Exchange Act) and persons required to be registered with the Commission, including conflicts of interest related to vertically integrated market structures and their varying responsibilities.

#### **SEC. 414. EFFECTIVE DATE.**

Unless otherwise provided in this title, this title and the amendments made by this title shall take effect 270 days after the date of the enactment of this Act.

#### **SEC. 415. SENSE OF CONGRESS.**

It is the sense of Congress that nothing in this Act or any amendment made by this Act should be interpreted to authorize any entity to regulate any commodity, other than a digital commodity, on any spot market.

### **TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS**

#### **SEC. 501. FINDINGS; SENSE OF CONGRESS.**

(a) **FINDINGS.**—Congress finds the following:

(1) Entrepreneurs and innovators are building and deploying this next generation of the internet.

(2) Digital commodity networks represent a new way for people to join together and cooperate with one another to undertake certain activities.

(3) Digital commodities have the potential to be the foundational building blocks of these systems, aligning the economic incentive for individuals to cooperate with one another to achieve a common purpose.

(4) The digital commodity ecosystem has the potential to grow our economy and improve everyday lives of Americans by facilitating collaboration through the use of technology to manage activities, allocate resources, and facilitate decision making.

(5) Blockchain systems and the digital commodities they empower provide control, enhance transparency, reduce transaction costs, and increase efficiency if proper protections are put in place for investors, consumers, our financial system, and our national security.

(6) Blockchain technology facilitates new types of network participation which businesses in the United States may utilize in innovative ways.

(7) Other digital commodity companies are setting up their operations outside of the United

States, where countries are establishing frameworks to embrace the potential of blockchain technology and digital commodities and provide safeguards for consumers.

(8) Digital commodities, despite the purported anonymity, provide law enforcement with an exceptional tracing tool to identify illicit activity and bring criminals to justice.

(9) The Financial Services Committee of the House of Representatives has held multiple hearings highlighting various risks that digital commodities can pose to the financial markets, consumers, and investors that must be addressed as we seek to harness the benefits of these innovations.

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the United States should seek to prioritize understanding the potential opportunities of the next generation of the internet;

(2) the United States should seek to foster advances in technology that have robust evidence indicating they can improve our financial system and create more fair and equitable access to financial services for everyday Americans while protecting our financial system, investors, and consumers;

(3) the United States must support the responsible development of digital commodities and the underlying technology in the United States or risk the shifting of the development of such assets and technology outside of the United States, to less regulated countries;

(4) Congress should consult with public and private sector stakeholders to understand how to enact a functional framework tailored to the specific risks and unique benefits of different digital commodity-related activities, distributed ledger technology, distributed networks, and mature blockchain systems;

(5) Congress should enact a functional framework tailored to the specific risks of different digital commodity-related activities and unique benefits of distributed ledger technology, distributed networks, and mature blockchain systems; and

(6) consumers and market participants will benefit from a framework for digital commodities consistent with longstanding investor protections in securities and commodities markets, yet tailored to the unique benefits and risks of the digital commodity ecosystem.

#### SEC. 502. STRATEGIC HUB FOR INNOVATION AND FINANCIAL TECHNOLOGY.

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

“(k) STRATEGIC HUB FOR INNOVATION AND FINANCIAL TECHNOLOGY.—

“(1) ESTABLISHMENT.—Not later than 180 days after the date of the enactment of this subsection, the Securities and Exchange Commission shall establish a committee to be known as the Strategic Hub for Innovation and Financial Technology (referred to in this subsection as the ‘FinHub’) to support engagement on emerging technologies in the financial sector.

“(2) MEMBERS.—The composition of FinHub shall be determined by the Commission, drawing from relevant divisions as appropriate, including the Division of Trading and Markets, Division of Corporate Finance, and Division of Investment Management.

“(3) RESPONSIBILITIES.—FinHub shall—

“(A) serve as a resource for the Commission on emerging financial technology advancements;

“(B) engage with market participants working on emerging financial technologies; and

“(C) facilitate communication between the Commission and businesses working in emerging financial technology fields with information on the Commission, its rules, and regulations.

“(4) REPORT TO THE COMMISSION.—

“(A) IN GENERAL.—Not later than October 31 of each year after 2025, FinHub shall provide an annual summary of its engagement activities to the Commission, which shall be included in the Commission’s annual report to Congress.

“(B) CONFIDENTIALITY.—Each report submitted under this paragraph shall not contain confidential information.”.

#### SEC. 503. CODIFICATION OF LABCFCTC.

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

“(c) LABCFCTC.—

“(1) ESTABLISHMENT.—There is established in the Commission LabCFCTC.

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

“(A) promote responsible financial technology innovation and fair competition for the benefit of the American public;

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

“(C) provide outreach to financial technology innovators to discuss their innovations and the regulatory framework established by this Act and the regulations promulgated thereunder.

“(3) DIRECTOR.—LabCFCTC shall have a Director, who shall be appointed by the Commission and serve at the pleasure of the Commission. Notwithstanding section 2(a)(6)(A), the Director shall report directly to the Commission and perform such functions and duties as the Commission may prescribe.

“(4) DUTIES.—LabCFCTC shall—

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

“(B) provide internal education and training to the Commission regarding financial technology;

“(C) advise the Commission regarding financial technology that would bolster the Commission’s oversight functions;

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

“(E) provide persons working in emerging technology fields with information on the Commission, its rules and regulations, and the role of a registered futures association; and

“(F) encourage persons working in emerging technology fields to engage with the Commission and obtain feedback from the Commission on potential regulatory issues.

“(5) REPORT TO CONGRESS.—

“(A) IN GENERAL.—Not later than October 31 of each year after 2025, LabCFCTC shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on its activities.

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

“(i) the total number of persons that met with LabCFCTC;

“(ii) a summary of general issues discussed during meetings with the person;

“(iii) information on steps LabCFCTC has taken to improve Commission services, including responsiveness to the concerns of persons;

“(iv) recommendations made to the Commission with respect to the regulations, guidance, and orders of the Commission and such legislative actions as may be appropriate; and

“(v) any other information determined appropriate by the Director of LabCFCTC.

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

“(6) RECORDS AND ENGAGEMENT.—The Commission shall—

“(A) maintain systems of records to track engagements with the public through LabCFCTC;

“(B) store communications and materials received in connection with any such engagement in accordance with Commission policies and procedures on data retention and confidentiality; and

“(C) take reasonable steps to protect any confidential or proprietary information received through LabCFCTC engagement.”.

(b) CONFORMING AMENDMENTS.—Section 2(a)(6)(A) of such Act (7 U.S.C. 2(a)(6)(A)) is amended—

(1) by striking “paragraph and in” and inserting “paragraph,”; and

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

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

#### SEC. 504. STUDY ON DECENTRALIZED FINANCE.

(a) IN GENERAL.—The Commodity Futures Trading Commission, the Securities and Exchange Commission, and the Secretary of the Treasury shall jointly carry out a study on decentralized finance that analyzes—

(1) the nature, size, role, and use of decentralized finance blockchain applications;

(2) the operation of blockchain applications that comprise decentralized finance;

(3) the interoperability of blockchain applications and other blockchain systems;

(4) the interoperability of blockchain applications and software-based systems, including websites and wallets;

(5) the decentralized governance systems through which blockchain applications may be developed, published, constituted, administered, maintained, or otherwise distributed, including—

(A) whether the systems enhance or detract from—

(i) the decentralization of the decentralized finance; and

(ii) the inherent benefits and risks of the decentralized governance system; and

(B) any procedures, requirements, or best practices that would mitigate the risks identified in subparagraph (A)(ii);

(6) the benefits of decentralized finance, including—

(A) operational resilience and availability of blockchain systems;

(B) interoperability of blockchain systems;

(C) market competition and innovation;

(D) transaction efficiency;

(E) transparency and traceability of transactions; and

(F) disintermediation;

(7) the risks of decentralized finance, including—

(A) pseudonymity of users and transactions;

(B) disintermediation; and

(C) cybersecurity vulnerabilities;

(8) the extent to which decentralized finance has integrated with the traditional financial markets and any potential risks or improvements to the stability of the markets;

(9) how the levels of illicit activity in decentralized finance compare with the levels of illicit activity in traditional financial markets;

(10) methods for addressing illicit activity in decentralized finance and traditional markets that are tailored to the unique attributes of each;

(11) how decentralized finance may increase the accessibility of cross-border transactions; and

(12) the feasibility of embedding self-executing compliance and risk controls into decentralized finance.

(b) CONSULTATION.—In carrying out the study required under subsection (a), the Commodity Futures Trading Commission and the Securities and Exchange Commission shall consult with the Secretary of the Treasury on the factors described under paragraphs (7) through (10) of subsection (a).

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly submit to the relevant congressional committees a report that includes the results of the study required by subsection (a).

(d) GAO STUDY.—The Comptroller General of the United States shall—

(1) carry out a study on decentralized finance that analyzes the information described under paragraphs (1) through (12) of subsection (a); and

(2) not later than 1 year after the date of enactment of this Act, submit to the relevant congressional committees a report that includes the results of the study required by paragraph (1).

(e) DEFINITIONS.—In this section:

(1) DECENTRALIZED FINANCE.—

(A) IN GENERAL.—The term “decentralized finance” means blockchain applications (including decentralized finance trading protocols and related decentralized finance messaging systems) that allow users to engage in financial transactions in a self-directed manner so that a third-party intermediary does not effectuate the transactions or take custody of digital commodities of a user during any part of the transactions.

(B) RELATIONSHIP TO EXCLUDED ACTIVITIES.—The term “decentralized finance” shall not be interpreted to limit or exclude any activity from the activities described in section 151(a) of the Securities Exchange Act of 1934 or section 4v(a) of the Commodity Exchange Act.

(2) RELEVANT CONGRESSIONAL COMMITTEES.—The term “relevant congressional committees” means—

(A) the Committees on Financial Services and Agriculture of the House of Representatives; and

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

#### SEC. 505. STUDY ON NON-FUNGIBLE TOKENS.

(a) IN GENERAL.—The Comptroller General of the United States shall carry out a study of non-fungible tokens that analyzes—

(1) the nature, size, role, purpose, and use of non-fungible tokens;

(2) the similarities and differences between non-fungible tokens and other digital commodities, including digital commodities and permitted payment stablecoins, and how the markets for those digital commodities intersect with each other;

(3) how non-fungible tokens are minted by issuers and subsequently administered to purchasers;

(4) how non-fungible tokens are stored after being purchased by a consumer;

(5) the interoperability of non-fungible tokens between different blockchain systems;

(6) the scalability of different non-fungible tokens marketplaces;

(7) the benefits of non-fungible tokens, including verifiable digital ownership;

(8) the risks of non-fungible tokens, including—

(A) intellectual property rights;

(B) cybersecurity risks; and

(C) market risks;

(9) whether and how non-fungible tokens have integrated with traditional marketplaces, including those for music, real estate, gaming, events, and travel;

(10) whether and how non-fungible tokens can be used to facilitate commerce or other activities through the representation of documents, identification, contracts, licenses, and other commercial, government, or personal records;

(11) any potential risks to traditional markets from such integration; and

(12) the levels and types of illicit activity in non-fungible tokens markets.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Comptroller General, shall make publicly available a report that includes the results of the study required by subsection (a).

#### SEC. 506. STUDY ON EXPANDING FINANCIAL LITERACY AMONGST DIGITAL COMMODITY HOLDERS.

(a) IN GENERAL.—The Commodity Futures Trading Commission with the Securities and Ex-

change Commission shall jointly conduct a study to identify—

(1) the existing level of financial literacy among retail digital commodity holders, including subgroups of investors identified by the Commodity Futures Trading Commission with the Securities and Exchange Commission;

(2) methods to improve the timing, content, and format of financial literacy materials regarding digital commodities provided by the Commodity Futures Trading Commission and the Securities and Exchange Commission;

(3) methods to improve coordination between the Securities and Exchange Commission and the Commodity Futures Trading Commission with other agencies, including the Financial Literacy and Education Commission as well as nonprofit organizations and State and local jurisdictions, to better disseminate financial literacy materials;

(4) the efficacy of current financial literacy efforts with a focus on rural communities and communities with majority minority populations;

(5) the most useful and understandable relevant information, including clear disclosures, that retail digital commodity holders need to make informed financial decisions before engaging with or purchasing a digital commodity or service that is typically sold to retail investors of digital commodities;

(6) the most effective public-private partnerships in providing financial literacy regarding digital commodities to consumers;

(7) the most relevant metrics to measure successful improvement of the financial literacy of an individual after engaging with financial literacy efforts; and

(8) in consultation with the Financial Literacy and Education Commission, a strategy (including to the extent practicable, measurable goals and objectives) to increase financial literacy of investors regarding digital commodities.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly submit a written report on the study required by subsection (a) to the Committees on Financial Services and on Agriculture of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and on Agriculture, Nutrition, and Forestry of the Senate.

#### SEC. 507. STUDY ON FINANCIAL MARKET INFRASTRUCTURE IMPROVEMENTS.

(a) IN GENERAL.—The Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly conduct a study to assess whether additional guidance or rules are necessary to facilitate the development of tokenized securities and derivatives products, and to the extent such guidance or rules would foster the development of fair and orderly financial markets, be necessary or appropriate in the public interest, and be consistent with the protection of investors and customers.

(b) REPORT.—

(1) TIME LIMIT.—Not later than 1 year after the date of enactment of this Act, the Commodity Futures Trading Commission and the Securities and Exchange Commission shall jointly submit to the relevant congressional committees a report that includes the results of the study required by subsection (a).

(2) RELEVANT CONGRESSIONAL COMMITTEES DEFINED.—In this section, the term “relevant congressional committees” means—

(A) the Committees on Financial Services and on Agriculture of the House of Representatives; and

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

#### SEC. 508. STUDY ON BLOCKCHAIN IN PAYMENTS.

(a) STUDY REQUIRED.—The Secretary of the Treasury shall conduct a study on the potential use of blockchain technology by the domestic private sector to address—

(1) fraud in payments;

(2) transaction costs and transaction times;

(3) automated payments; and

(4) efficiency in commercial transactions.

(b) REPORT TO CONGRESS.—Not later than one year after the date of enactment of this Act, the Secretary shall submit a report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate that summarizes the findings of the study required under subsection (a).

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to mandate the use of blockchain technology by any public or private entity.

#### SEC. 509. STUDY ON ILLICIT USE OF DIGITAL ASSETS.

(a) IN GENERAL.—One year after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Securities and Exchange Commission and the Commodity Futures Trading Commission, shall conduct a comprehensive review of how Foreign Terrorist Organizations and Transnational Criminal Syndicates utilize digital assets in connection with illicit activities.

(b) REPORT.—Not later than 180 days after completing the review under subsection (a), the Secretary of the Treasury shall issue a report to the Committees on Agriculture and on Financial Services of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and on Banking, Housing, and Urban Affairs of the Senate on the findings of the Secretary, including—

(1) an assessment of how Foreign Terrorist Organizations and Transnational Criminal Syndicates utilize digital assets in connection with illicit activities; and

(2) recommendations to assist the Securities and Exchange Commission and the Commodity Futures Trading Commission in strengthening compliance and enforcement of digital assets-related entities registered with their respective agencies.

#### SEC. 510. GAO STUDY ON CERTAIN CENTRALIZED INTERMEDIARIES THAT ARE PRIMARILY LOCATED IN FOREIGN JURISDICTIONS.

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

(1) assess the risks posed by centralized intermediaries that are primarily located in foreign jurisdictions that provide services to U.S. persons without regulatory requirements that are substantially similar to the requirements of the Bank Secrecy Act; and

(2) provide any regulatory or legislative recommendations to address these risks under paragraph (1).

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Comptroller General shall issue a report to Congress containing all findings and determinations made in carrying out the study required under subsection (a).

#### SEC. 511. STUDIES ON FOREIGN ADVERSARY PARTICIPATION.

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

(1) identifies any digital commodity registrants which are owned by governments of foreign adversaries;

(2) determines whether any governments of foreign adversaries are collecting trading data about United States persons in the digital commodity markets; and

(3) evaluates whether any proprietary intellectual property of digital commodity registrants is being misused or stolen by any governments of foreign adversaries.

(b) GAO STUDY AND REPORT.—

(1) IN GENERAL.—The Comptroller General shall, not later than 1 year after date of the enactment of this section, conduct a study and submit a report to the relevant congressional committees that—

(A) identifies any digital commodity registrants which are owned by governments of foreign adversaries;

(B) determines whether any governments of foreign adversaries are collecting trading data about United States persons in the digital commodity markets; and

(C) evaluates whether any proprietary intellectual property of digital commodity registrants is being misused or stolen by any governments of foreign adversaries.

(c) DEFINITIONS.—In this section:

(1) DIGITAL COMMODITY REGISTRANT.—The term “digital commodity registrant” means any person required to register as a digital commodity exchange, digital commodity broker, or digital commodity dealer under the Commodity Exchange Act.

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

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

(A) the Committees on Financial Services and Agriculture of the House of Representatives; and

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

#### SEC. 512. CONFORMING AMENDMENTS.

The GENIUS Act is amended—

(1) in section 2, by amending paragraph (7) to read as follows:

“(7) DIGITAL ASSET SERVICE PROVIDER.—The term ‘digital asset service provider’ means any entity registered or required to be registered with the Securities and Exchange Commission or the Commodity Futures Trading Commission.”;

(2) in section 4(a)—

(A) by amending paragraph (3) to read as follows:

“(3) MONTHLY CERTIFICATION; EXAMINATION OF REPORTS BY REGISTERED PUBLIC ACCOUNTING FIRM.—

“(A) IN GENERAL.—A permitted payment stablecoin issuer shall, each month, have the information disclosed in the previous month-end report required under paragraph (1)(C) examined by a registered public accounting firm and such examination shall be performed in accordance with standards for attestation engagements issued or adopted by the primary Federal payment stablecoin regulator or, in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator.

“(B) CERTIFICATION.—Each month, the Chief Executive Officer and Chief Financial Officer of a permitted payment stablecoin issuer shall submit to, as applicable, the primary Federal payment stablecoin regulator or, in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator, a certification that, based on such officers’ knowledge, the previous monthly report required under paragraph (1)(C)—

“(i) does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading; and

“(ii) fairly presented in all material respects the information required under paragraph (1)(C) for the period presented in such report.

“(C) CRIMINAL PENALTY.—Any person who submits a certification required under subparagraph (B) knowing that such certification is false shall be subject to the same criminal pen-

alties as those set forth under section 1350(c) of title 18, United States Code.

“(D) INTERNAL CONTROLS OVER PERMITTED PAYMENT STABLECOIN ISSUER’S REQUIREMENTS.—

“(i) IN GENERAL.—Management of a permitted payment stablecoin issuer shall establish and maintain an adequate internal control structure and procedures for the requirements under this paragraph and paragraphs (1) and (2) in accordance with a framework determined acceptable by the primary Federal payment stablecoin regulator or, in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator.

“(ii) ATTESTATION REPORT.—A permitted payment stablecoin issuer shall obtain an annual attestation report by an independent registered public accounting firm attesting to management’s assertions concerning the effectiveness of the internal control structure and procedures for compliance with the requirements described in this paragraph and paragraphs (1) and (2). Such attestation shall be made in accordance with standards for attestation engagements issued or adopted by the primary Federal payment stablecoin regulator or, in the case of a State qualified payment stablecoin issuer, the State payment stablecoin regulator.”;

(B) by amending paragraph (12) to read as follows:

“(12) NON-FINANCIAL COMPANIES.—

“(A) PROHIBITION ON NON-FINANCIAL COMPANY OWNERSHIP.—It shall be unlawful for a company that derives a majority of its revenues from activities that are not financial activities to retain or acquire control of a nonbank entity that is—

“(i) a Federal qualified payment stablecoin issuer; or

“(ii) a State qualified payment stablecoin issuer.

“(B) FINANCIAL ACTIVITIES DEFINED.—

“(i) IN GENERAL.—In this paragraph, the term ‘financial activities’ means—

“(I) a financial activity, within the meaning of section 4(k) of the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k));

“(II) issuing, redeeming, providing custodial or safekeeping services for, buying, selling, making a market in, or managing a reserve for payment stablecoins;

“(III) providing electronic wallet services for payment stablecoins; or

“(IV) an activity determined by the Board to be a financial activity pursuant to clause (ii).

“(ii) ESTABLISHING ADDITIONAL FINANCIAL ACTIVITIES.—Not later than 180 days after the date of enactment of the CLARITY Act of 2025, the Board, in consultation with the Secretary of the Treasury and the Comptroller, shall issue rules, consistent with the purposes of this Act, to establish—

“(I) a list of additional activities that are financial activities for purposes of clause (i), including applicable digital asset activities that are financial activities; and

“(II) a streamlined procedure for a nonbank entity to submit an activity to the Board for purposes of the Board determining whether such activity should be added to the list of additional activities that are financial activities for purposes of clause (i).”;

(3) by adding at the end the following:

#### “SEC. 21. COMMODITY-BACKED PAYMENT STABLECOINS.

“(a) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed to prohibit or limit a commodity-backed payment stablecoin issuer from issuing a commodity-backed payment stablecoin in accordance with regulations established by a State commodity-backed payment stablecoin regulator.

“(b) PRESERVATION OF FEDERAL AUTHORITY.—Nothing in this section shall be construed to alter or limit the jurisdiction of the Commodity Futures Trading Commission over any matter within the Commission’s authority under applicable law.

“(c) DEFINITIONS.—For purposes of this section:

“(1) COMMODITY-BACKED PAYMENT STABLECOIN.—The term ‘commodity-backed payment stablecoin’ means a digital asset—

“(A) that is, or is designed to be, used as a means of payment or settlement;

“(B) that is denominated in a highly liquid, publicly traded physical commodity, such as gold;

“(C) the issuer of which is obligated to—

“(i) convert, redeem, or repurchase for a fixed amount of the denominated highly liquid, publicly traded physical commodity; and

“(ii) custody or cause to be custodied, for the benefit of the holders of the payment stablecoin, an amount of the physical commodity equal to or greater than the total amount of outstanding payment stablecoins, for the purpose of converting, redeeming, or repurchasing the digital asset; and

“(D) that is not—

“(i) a security issued by—

“(I) an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a-8(a)); or

“(II) a person that would be an investment company under the Investment Company Act of 1940 but for paragraphs (1) and (7) of section 3(c) of that Act (15 U.S.C. 80a-3(c));

“(ii) a deposit (as defined under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)), regardless of the technology used to record such deposit;

“(iii) an account (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)), regardless of the technology used to record such account; or

“(iv) an interest or participation in a commodity pool (as defined in section 1a(10) of the Commodity Exchange Act (7 U.S.C. 1a)).

“(2) COMMODITY-BACKED PAYMENT STABLECOIN ISSUER.—The term ‘commodity-

backed payment stablecoin issuer’ means—

“(A) an entity that issues a commodity-backed payment stablecoin; and

“(B) an entity that is approved to issue such commodity-backed payment stablecoins by a State commodity-backed payment stablecoin regulator.

“(3) PHYSICAL COMMODITY.—The term ‘physical commodity’ means any exempt commodity (as defined in section 1a(21) of the Commodity Exchange Act (7 U.S.C. 1a)) which can be physically delivered.

“(4) STATE COMMODITY-BACKED PAYMENT STABLECOIN REGULATOR.—The term ‘State commodity-backed payment stablecoin regulator’ means a State agency that has primary regulatory and supervisory authority over entities that issue commodity-backed payment stablecoins in such State.

#### “SEC. 22. PROTECTION OF SELF-CUSTODY.

“(a) IN GENERAL.—A United States individual shall retain the right to—

“(1) maintain a hardware wallet or software wallet for the purpose of facilitating the individual’s own lawful custody of digital assets; and

“(2) engage in direct, peer-to-peer transactions in digital assets with another individual or entity for the individual’s own lawful purposes using a hardware wallet or software wallet, if—

“(A) such other individual or entity is not a financial institution (as defined in section 5312 of title 31, United States Code); and

“(B) the transactions do not involve any property or interests in property that are blocked pursuant to, or are otherwise prohibited by, United States sanctions.

“(b) APPLICATION.—This section—

“(1) applies solely to personal use by individuals; and

“(2) does not apply to individuals acting in a custodial or fiduciary capacity for others.

“(c) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to limit the authority of the Secretary of the Treasury, the Securities and Exchange Commission, the Commodity Futures Trading Commission, or the primary Federal payment stablecoin regulators to carry out

any enforcement action or special measure authorized under applicable law, including—

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

“(2) any other law relating to illicit finance, money laundering, terrorism financing, or United States sanctions.”.

The SPEAKER pro tempore. The bill shall be debatable for 1 hour, equally divided among and controlled by the chair and ranking minority member of the Committee on Agriculture or their respective designees, and the chair and ranking minority member of the Committee on Financial Services or their respective designees.

After 1 hour of debate, it shall be in order to consider the further amendment printed in part C of House Report 119-199, if offered by the Member designated in the report, which shall be considered read, shall be separately debatable for the time specified in the report equally divided and controlled by the proponent and an opponent, and shall not be subject to a demand for a division of the question.

The gentleman from Pennsylvania (Mr. THOMPSON), the gentlewoman from Minnesota (Ms. CRAIG), the gentleman from Arkansas (Mr. HILL) and the gentlewoman from California (Ms. WATERS) each will control 15 minutes.

The Chair recognizes the gentleman from Arkansas.

#### GENERAL LEAVE

Mr. HILL of Arkansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on this bill in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. HILL of Arkansas. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support this morning of the CLARITY Act. We have been here before, Mr. Speaker. Just last year, we passed landmark legislation, FIT21, with an overwhelming bipartisan majority to apply strong Federal standards to digital asset markets.

For more than 5 years, our committee has heard from dozens and dozens of experts, held numerous roundtables and hearings with market participants of all sizes in all segments of the market to learn more about the emerging digital asset ecosystem.

We learned about the value proposition and relevant risks associated with digital assets and the use of blockchain technology. We have heard time and time again from market participants and regulators about the need for clear regulatory guardrails.

We have talked about the need to fill those regulatory gaps that have left millions participating in crypto markets vulnerable. In fact, Mr. Speaker, both President Biden in his Executive Order 14067, and President Trump in his Executive Order 14178, identified those

market regulatory gaps, asking Congress to act to fill those gaps.

In 2022, we certainly witnessed consumer harm when the Financial Services Committee heard unprecedented testimony from an expert called in to clean up the failed digital asset crypto firm FTX and the mess it left behind. In his words, never had he seen such an utter failure in corporate controls.

In its wake, then-Chairwoman WATERS wisely stated: “We need legislative action to ensure that digital assets entities cannot operate in the shadows outside of robust Federal oversight and clear rules of the road.”

If we needed actions then, we certainly need it now. We risk history repeating itself, and that is why we gather today on the House floor.

After years of bipartisan work and numerous iterations, this bill would apply rigorous rules to digital asset firms, prohibiting commingling of customer funds, and requiring capital recordkeeping and conflict of interest mitigation standards.

Importantly, the bill recognizes that decentralized finance, or DeFi, developers do not take custody of user assets nor do they control user assets. Therefore, we should not treat them in the same way that we treat centralized actors who do have custody and who do have control over assets.

It is important to note that in an Agriculture Committee hearing, the former general counsel of FTX USA himself testified: Had we the regulatory structure provided for in CLARITY applied to FTX, its story—and he goes on to say—would almost certainly have had a much different ending.

Let’s ensure that we learn from the past, Mr. Speaker, the digital asset ecosystem is evolving at a remarkable pace, enabling real-time settlement of peer-to-peer transactions, initiating a renaissance in applied cryptography and laying the groundwork for the next generation of the internet.

The United States has long had the most innovative financial and technology sectors and the deepest and most liquid capital markets, but while other jurisdictions are building frameworks for the future of finance to be on-chain and digitally native, our great country, with those great characteristics, is lagging.

For too long our digital asset regime has been the worst of both worlds: regulation by enforcement, which has pushed good actors to leave the United States, and the regulatory gaps that I talked about identified in both President Biden and President Trump’s executive orders that have left consumers unprotected from the bad actors.

Now, today, we have an opportunity to reverse course and reestablish the United States as the global hub for digital innovation. To do so, we must close the regulatory gaps with commonsense rules.

□ 0930

Mr. Speaker, the CLARITY Act does just that by leveraging the expertise of

our two market regulators, the Securities and Exchange Commission and the Commodity Futures Trading Commission, to ensure wraparound oversight of digital asset markets, from initial sales, raising capital, to daily trading, it provides clarity for banks engaging in this ecosystem.

As we said in the last Congress, Mr. Speaker, these rules need to be fit for purpose for the digital ecosystem. All of us on this House floor know that the status quo is simply unacceptable. We all know American consumers and innovators deserve this clarity. They deserve better. They deserve rules of the road.

The choice before us is whether to lead in the financial markets of the future or watch the next FTX fail while we are left saying once again: Well, we have been here before.

Mr. Speaker, I urge all my colleagues to join me on both sides of the aisle and support the CLARITY Act. Let’s fill these regulatory gaps with the proper Federal oversight. Let’s create a competitive digital ecosystem. I support this bill, and I urge my colleagues to.

Mr. Speaker, I reserve the balance of my time.

Ms. WATERS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, crypto week has been going so well, hasn’t it? Mr. Speaker, that is because bailing out billionaires is hard work.

I look at how hard Republicans worked to strip healthcare from 17 million Americans, shutter rural hospitals, and take food assistance from 12 million people just to hand the richest 1 percent of Americans a tax break they don’t need. No one should be surprised that the Republicans’ next order of business is a billion-dollar handout to the President himself.

In just 6 months, President Trump has enriched himself and his family to the tune of \$1.2 billion, and that is just the beginning.

President Trump used to call crypto a scam. In 2021, Trump said: “Bitcoin, it just seems like a scam . . . I don’t like it because it is another currency competing against the dollar.”

Melania was actually the first to get involved in the crypto ecosystem. In January 2022, she announced an auction of her non-fungible token, or NFT, collection. Trump then followed suit in December 2022, launching his own NFT collection, ditching his concerns about crypto because he saw it as a way to pad his pockets.

During the campaign trail, Trump ramped up his crypto involvement. In September 2024, he and his family launched World Liberty Financial, a crypto trading platform. Days before the Inauguration, Trump launched his memecoin which he later used to offer access to the White House to the highest bidder, foreign or domestic.

His family’s crypto empire hasn’t stopped there. World Liberty Financial launched a stablecoin called USD1.

Shortly after that, the Abu Dhabi-backed investment firm, MGX, bought \$2 billion worth of Trump's coin to make an investment in Binance. Trump's family has also launched a bitcoin mining operation and multiple crypto exchange-traded funds, or ETFs.

All of this comes at the same time that the Trump administration has taken away the independence of the financial regulators like the Securities and Exchange Commission.

He issued Executive Order 14255 which now requires all rules written by the financial regulators to be reviewed and approved by the White House budget office. This means this bill would hand over to the President the ability to write the rules he wants to advance his crypto operations.

Not only that, under the Trump administration, the SEC has said that memecoins, stablecoins, and bitcoin mining all do not fall under their oversight. Can my colleagues imagine that?

Do these assets sound familiar? Oh, yes, they do because these are all ven-

tures that Trump and his family are pursuing now with no oversight by Wall Street's cop on the beat—that is the SEC.

Surely, each of my colleagues can see how this is a blatant conflict of interest. Democrats do. It is why I introduced the Stop Trump and Crypto Act to ban the President, Vice President, and all the Members of Congress from crypto corruption.

If we do not ban elected officials, including the President or Vice President, from this crypto corruption in H.R. 3633, each of us will be complicit. Yet, even if we included language to stop the crypto con, this bill, which should be called the calamity act, is bad public policy. That is plain and simple.

The bill would lead to increased investor harm, plant the seeds for the next financial crisis, and endanger our national security.

Just last week, the former chairman of the Commodity Futures Trading Commission warned that this bill

would allow traditional companies, like Apple or Google, to evade securities laws. They could walk away from the disclosure, antifraud, liability, and corporate governance protections that investors have relied on for 90 years. The bill blocks our State regulators from protecting seniors against fraud in crypto.

Additionally, the calamity act does not address illicit finance and other crimes commonly seen in the crypto space. It does not provide nearly enough direction to agencies, which would be required to match the level of financial crimes and noncompliance seen in the industry. It also does not provide sufficient funds for Federal agencies to examine and enforce these laws.

Mr. Speaker, for all of these reasons, I strongly, strongly oppose this bill, and I reserve the balance of my time.

Mr. HILL of Arkansas. Mr. Speaker, I include in the RECORD the CBO estimate for this bill.

ESTIMATED BUDGETARY EFFECTS OF H.R. 3633, THE CLARITY ACT OF 2025, AS POSTED ON THE WEBSITE OF THE HOUSE COMMITTEE ON RULES ON JULY 2, 2025

	By fiscal year, millions of dollars—														
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2025–2030	2025–2035		
INCREASES IN DIRECT SPENDING															
Estimated Budget Authority .....	*	2	2	1	1	1	1	1	1	1	1	7	12		
Estimated Outlays .....	*	1	2	1	1	1	1	1	1	1	1	6	11		
INCREASES OR DECREASES (–) IN REVENUES															
Estimated Revenues .....	*	*	*	*	1	–4	*	*	*	*	14	–3	11		
NET INCREASE OR DECREASE (–) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES															
Effect on the Deficit .....	*	1	2	1	*	5	1	1	1	1	–13	9	0		

AA\* = between –\$500,000 and \$500,000.  
CBO has not completed an estimate of the effects of the bill on spending subject to appropriation.

Basis of estimate: For this estimate, CBO assumes that the legislation will be enacted in summer 2025.

Direct spending: The bill would require the Commodity Futures Trading Commission (CFTC) to share information that it collects from digital commodity exchanges with the Federal Deposit Insurance Corporation (FDIC), the Financial Stability Oversight Council (FSOC), the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC), upon request. The bill also would require those agencies to regulate additional entities that are subject to federal anti-money-laundering rules and to issue regulations that set capital requirements for agreements that combine multiple financial transactions.

The expenditures of the FDIC, FSOC, NCUA, and OCC are classified in the budget as direct spending. Both the NCUA and the OCC collect fees from financial institutions to offset their operating costs; those fees are recorded in the budget as offsetting receipts (that is, as reductions in direct spending). After accounting for fees collected by the NCUA and OCC, CBO estimates that, on net, enacting H.R. 3633 would increase direct spending for those four agencies by \$11 million over the 2025–2035 period.

Revenues: H.R. 3633 would require the CFTC to share information with the Federal Reserve upon request. The bill also would direct the Federal Reserve to regulate additional entities that are subject to federal anti-money-laundering regulations and to issue rules for the capital requirements described above. CBO estimates that those activities would cost the Federal Reserve \$7 million over the 2025–2035 period. Costs in-

curred by the Federal Reserve reduce remittances, which are recorded in the budget as revenues. Changes in costs for the Federal Reserve banks have historically resulted in changes to remittances during the same year. However, since fiscal year 2023, the central bank has recorded a deferred asset to account for accrued net losses from expenses in excess of income. As a result, remittances largely have been suspended. In CBO's projections, remittances from the Federal Reserve will generally be suspended until 2030, and until they resume, most changes in costs incurred by the system will not be recorded as changes in remittances.

The FSOC is authorized to assess fees on bank holding companies and nonbank financial institutions; those fees are recorded in the budget as revenues. CBO estimates that under the bill the FSOC would collect \$3 million in additional fees over the 2025–2035 period to cover operating costs.

Finally, section 315 would reduce the size of the Federal Reserve's surplus fund. CBO estimates that enacting that provision would increase remittances to the Treasury by \$15 million in 2035.

CBO estimates that enacting H.R. 3633 would increase revenues by \$11 million, on net, over the 2025–2035 period.

Spending subject to appropriation: In addition to effects on direct spending and revenues as noted in the table, the bill also contains provisions that would affect spending subject to appropriation. CBO has not estimated those effects.

Uncertainty: CBO did not estimate any budgetary effects arising from changes to the banking system or financial markets as a result of enacting H.R. 3633. Depending on

their individual design and extent of adoption, virtual currencies could enhance the efficiency of the system, cause disruption, or reduce bank deposits. Those effects are uncertain and, given their potential range, CBO cannot currently estimate their direction or magnitude.

Increase in long-term net direct spending and deficits: CBO estimates that enacting H.R. 3633 would not increase net direct spending by more than \$2.5 billion in any of the four consecutive 10-year periods beginning in 2036.

CBO estimates that enacting H.R. 3633 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2036.

Mandates: H.R. 3633 would impose private-sector and intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of the mandates would exceed the private-sector threshold but fall below the intergovernmental threshold established in UMRA (\$206 million and \$103 million in 2025, respectively, adjusted annually for inflation).

Private-Sector mandates: The bill would impose regulatory requirements on some entities involved in digital commodities and assets, such as large multinational businesses with market capitalizations in the hundreds of billions of dollars and with millions of U.S. consumers. Using publicly available information and information from industry sources, CBO estimates that the aggregate cost of the mandate would greatly exceed the private-sector threshold established in UMRA.

In addition, if federal financial regulators increase fees to offset the costs associated



with implementing the bill, H.R. 3633 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the annual cost of the mandate would be in the millions of dollars.

Intergovernmental mandates: The bill would expand existing preemptions of state laws governing the registration of digital assets as securities. Although it would limit the application of state laws, H.R. 3633 would impose no duty on states that would result in additional spending or loss of revenue.

PHILLIP L. SWAGEL,

*Director, Congressional Budget Office.*

Mr. HILL of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Wisconsin (Mr. STEIL).

Mr. Speaker, the gentleman is an essential leader in our committee and also the chairman of our Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence.

Mr. STEIL. Mr. Speaker, I thank Chairman HILL for all of his hard work on this.

Mr. Speaker, I rise in strong support of the CLARITY Act. I think two things are clear. First, the digital asset and blockchain technology are leading the next wave of financial innovation. We need to make sure that innovation is occurring here in the United States of America.

Second, under the previous administration, the United States failed to enact a regulatory framework that is aligned with the realities of the technology and adequately protects consumers.

Today, the House has an opportunity to meaningfully improve the status quo that for too long has been marred by uncertainty and regulatory enforcement. The CLARITY Act establishes a workable, forward-looking framework. The CLARITY Act provides and ensures that markets operate with transparency, accountability, and strong consumer protections.

Today, our laws leave digital asset developers guessing which regulator has jurisdiction and what compliance even looks like.

□ 0940

It is not only bad for business. It is bad for consumers and bad for U.S. competitiveness.

Without action, we will continue to see innovation move overseas to jurisdictions that are providing the legal clarity that we thus far in the United States have failed to deliver.

Mr. Speaker, what we want is innovation in developing, not occurring in boardrooms and law firms in the United States, but in basements and dorm rooms.

Ensuring the United States leads the Web3 revolution isn't a partisan issue. It is an American issue.

The CLARITY Act legislates in a thoughtful way in a rapidly evolving space. The CLARITY Act protects consumers and fosters innovation.

Today, we can lead not by accident but by design. Let's send a message that America intends to lead in the golden age of digital assets.

Mr. Speaker, I support the CLARITY Act, and I encourage my colleagues to vote "yes."

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from Massachusetts (Mr. LYNCH), who is also the ranking member of the Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence.

Mr. LYNCH. Mr. Speaker, I thank the gentlewoman from California for her leadership on this issue.

I rise in strong opposition to H.R. 3633, the so-called CLARITY Act. I believe this misguided legislation will have devastating impacts on our financial stability, national security, and investor protection.

While my Republican friends claim that this bill will regulate crypto market structure, in reality, it eviscerates the longstanding history of investor protections that have made our markets the envy of the world.

Most importantly, this bill, this push for crypto, will not end well for the U.S. taxpayer. This bill will lead to the next financial crisis, and the largest crypto donors who wrote this bill will walk away unharmed because the worst aspect of this bill is that Republicans have repeatedly refused to include a single amendment preventing a Federal taxpayer bailout of the crypto industry.

That is what this bill does.

Additionally, this bill includes zero provisions to prevent the President, who has a \$620-million conflict of interest, from continuing his ability to accept emoluments from foreign governments like Abu Dhabi.

Mr. Speaker, I urge my colleagues to vote "no" and protect the American taxpayer.

Mr. HILL of Arkansas. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. EMMER), who is our majority whip and who has been an absolute, essential early focus policymaker in the digital asset space.

Mr. EMMER. Mr. Speaker, the United States stands at the forefront of the next digital renaissance, a transformative shift toward a decentralized peer-to-peer digital economy.

For many years, innovators and investors were forced to operate in a legal gray zone while agencies jostled for regulatory superiority over the digital asset ecosystem, leaving blockchain developers to pack up and move abroad.

The CLARITY Act fixes this by creating regulatory guardrails tailored to the unique attributes of blockchain technology while giving users and developers the confidence to engage and innovate in this ecosystem.

Gone are the days of arbitrary enforcement actions and regulatory turf wars that only hindered the development of this groundbreaking technology and drove capital overseas.

This bill gives market participants the confidence to build, invest, and grow right here in the United States of America.

We are proud to have the Securities Clarity Act included in this legislation. This provision provides market certainty for innovators and clear jurisdictional boundaries for regulators.

Subsequently, elements of the Blockchain Regulatory Certainty Act were included, clarifying, once and for all, that digital asset developers and service providers who do not custody consumer funds are not considered money transmitters.

Importantly, the CLARITY Act will help further decentralize our financial system so that Americans can forgo intermediaries and transact directly with each other.

Having this choice will fundamentally transform the digital economy and unlock new opportunities for innovators, investors, and consumers around the globe.

Mr. Speaker, I thank Chairman HILL and Chairman THOMPSON for their leadership and for working with us to include our two bills in the CLARITY Act.

The United States has the opportunity to lead and deliver on President Trump's promise to make America the crypto capital of the world. We cannot and will not fail.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. CASTEN), who is also the vice ranking member of the Financial Services Committee.

Mr. CASTEN. Mr. Speaker, the only thing you need to know about the CLARITY Act is that it is designed to destroy U.S. capital markets.

U.S. capital markets are the envy of the world because investors like putting their money in them. They are the envy of the world because we provide robust investor protections when people put their money in them, because of the Securities and Exchange Commission. Yet, the CLARITY Act would allow companies to raise up to \$200 million over 4 years without any disclosure and without any transparency, just by tokenizing their security.

Let's be clear. Putting a security on the blockchain doesn't make investors safe. It might make money for the crypto industry. Mr. Speaker, I know you all like that. It might make it possible for the companies to temporarily raise more money from dumb investors because they don't get that protection. If we stop protecting investors, then why would investors put their money in the stock market? They will abandon the U.S. to go to places with a better risk-reward.

I understand we have a lot of fraud and grift in the White House. I understand Republicans are big fans of fraud and grift in the White House, but we don't need any more.

Let's protect Americans' hard-earned savings. Let's protect markets and not just make crypto bros richer. I urge a resounding hell no.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. HUIZENGA), who is the

vice chairman of our full committee and who is a longtime advocate for reform in the digital markets.

Mr. HUIZENGA. Mr. Speaker, I appreciate those remarks from the chair.

The digital asset ecosystem currently operates in a fragmented regulatory environment that lends itself to significant challenges for both businesses and, more importantly, investors.

The ambiguity in classifying a digital asset, either as a security or a commodity, has led to confusion, legal uncertainty, and, ultimately, consumer harm.

American innovation is a critical element in job creation and economic opportunity here in the United States. Congress must look to preserve this competitive advantage and not let it leave our shores.

By passing a comprehensive market structure framework, responsible actors will now have greater certainty and consumers greater protection from bad actors.

This bill establishes a regulatory framework for digital assets that aligns with our existing financial markets while accounting for the unique characteristics of digital assets.

Mr. Speaker, our markets are the envy of the world. American innovation is a critical element of job creation and economic opportunity here in the United States. Congress must not cede its responsibility.

Mr. Speaker, I urge all of my colleagues to support this important legislation.

Ms. WATERS. Mr. Speaker, I yield 1¼ minutes to the gentleman from California (Mr. SHERMAN), who is also the ranking member of the Subcommittee on Capital Markets.

Mr. SHERMAN. Mr. Speaker, I submitted many amendments to Rules, as did other Democrats. They made only one in order. I will not be offering it because in the absence of the other amendments, it is really not useful.

This bill is an attack on working families, which is why the AFL-CIO says no, and they are scoring it.

This bill prohibits Congress Members from sponsoring cryptocurrencies because of the obvious corruption and conflict of interest, but it allows the President to create electronic Monopoly money.

Who is buying? Abu Dhabi is buying \$2 billion of Trump stablecoin while the Chinese interests behind TikTok are buying \$300 million worth of Trump coin, and that is just what we know about. There is a lot we don't know about because cryptocurrency literally means hidden money.

It allows for bailouts under section 13(3) of the Federal Reserve Act. Jay Powell won't do it, but the next guy will.

Congress won't stop him because crypto spends more in super-PAC than any other industry by far, five times more than the combination of Big Oil and Big Pharma.

It allows for the purchase of bitcoin and Trump coin, and Trump has announced that he is going to do just that with our tax dollars going into his crypto.

The SPEAKER pro tempore. The time of the gentleman has expired.

Ms. WATERS. Mr. Speaker, I yield an additional 15 seconds to the gentleman from California.

Mr. SHERMAN. Finally, this creates the perfect financial tool for drug dealers and for tax evaders because every time a billionaire cheats on his taxes, a member of the Freedom Caucus earns his wings.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. DAVIDSON), who is the chairman of our Subcommittee on National Security, Illicit Finance, and International Financial Institutions and a longtime policy advocate for reform in our digital markets.

□ 0950

Mr. DAVIDSON. Mr. Speaker, the ability to move payment or digital tokens that represent other assets person to person, without a third party or intermediary, across any space digitally at the speed of light is part of the reason this industry was created.

What do those tokens represent? Either securities, commodities or real world assets? We have needed a bright-line test since this market began to decide who regulates them.

I introduced the first piece of legislation on this back in 2018 called the Token Taxonomy Act. Think of the harm that could have been prevented if we had that bright-line test all this time.

The other essential component is self-custody, the ability to control your own assets. You can't go person to person if you have to go through an intermediary without a permission.

It does that. It does just what we need it to do, just like cash. We finally have market structure in place with this bill. I hope the Senate delivers the same structure soon, and we get the certainty the markets need.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from New York (Ms. VELÁZQUEZ), who is also the ranking member of the Small Business Committee.

Ms. VELÁZQUEZ. Mr. Speaker, I rise today in strong opposition to this bill. It is ironic we are debating a bill called the CLARITY Act when it offers no clarity on one of the biggest issues in crypto, the blatant conflicts of interest inside our own government.

Since returning to office, President Trump has turned the Presidency into a crypto cash machine. It is now estimated that crypto makes up the majority of Donald Trump's net worth.

Foreign investors, some under Federal investigation, are pouring millions into these ventures, buying access, influence, and favorable treatment.

So I ask: What are we doing here?

With this bill, not only are we continuing to allow President Trump to

issue his cryptocurrency, but we are allowing him and his cronies to be in charge of the regulators overseeing that venture and compromising the stability of capital markets in our country.

Mr. Speaker, I urge my colleagues to vote "no."

Mr. HILL of Arkansas. Mr. Speaker, may I inquire as to the time remaining.

The SPEAKER pro tempore. The gentleman from Arkansas has 2½ minutes remaining.

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Nebraska (Mr. FLOOD), the chair of our Subcommittee on Housing and Insurance.

Mr. FLOOD. Mr. Speaker, I will be brief. It has been a longer wait than expected, but I am excited that the CLARITY Act has finally made it to the House floor for debate.

The CLARITY Act is not just about digital assets like bitcoin. This bill will usher in a new age of blockchain innovation that will go well beyond the tokens that we know well today.

Chris Dixon's book titled: "Read Write Own" talks about a future where blockchain technology enables a new generation of the internet which he terms "Web 3.0."

Technologies like NFTs can be used as tickets to events, identity verification tools, and serve other real-world uses that will change our digital economy.

I urge my colleagues to see the bigger picture. The vote today is not just about cryptocurrency as we know it. It is about enabling the next generation of innovation enabled by blockchain.

This is a good, bipartisan product that builds on years of work from Chairman HILL, Subcommittee Chairman STEEL, the Financial Services Committee, and the Agriculture Committee.

Mr. Speaker, I urge my colleagues to support the bill.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. FOSTER), who is also the ranking member of the Subcommittee on Financial Institutions.

Mr. FOSTER. Mr. Speaker, I rise in opposition to the CLARITY Act, which claims to bring digital assets under a regulatory umbrella but fails in two major areas.

First, it fails because it has no KYC—know your customer—requirements for self-hosted wallets. It allows anonymous trading on DeFi exchanges and the dark web, which means there is no way to prevent wash trading, front running, corruption, ransomware, extortion and kidnapping payoffs, and all the parade of horrors that unregulated crypto has unleashed upon the world.

This legislation simply applies a patina of regulation while codifying loopholes that leave large parts of the industry, including the President's own meme coin schemes, completely unregulated.

Secondly, the CLARITY Act also lacks the basic investor protections present in the securities laws. For example, firms are not required to serve the best interests of their investors or to separate critical market functions and many other basic protections.

Now, I am not ideologically opposed to crypto, and both of these flaws are fixable, but in CLARITY they have not been fixed.

Mr. Speaker, I oppose this bill, and I urge my colleagues to vote “no.”

Mr. HILL of Arkansas. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. FITZGERALD).

Mr. FITZGERALD. Mr. Speaker, I rise today in support of the bipartisan CLARITY Act, commonsense legislation that finally gives digital asset markets the regulatory certainty they need to grow responsibly right here in the United States.

For too long, innovators have been stuck in a regulatory gray zone caught between agencies and overlapping authority and subject to enforcement instead of clear rules.

The uncertainty has driven jobs, investment, and innovation offshore while leaving American consumers exposed.

The CLARITY Act fixes this. It establishes clear, functional rules for digital assets, drawing a bright line between the SEC and the CFTC and creating strong, enforceable protections for consumers.

It ensures the digital assets developers and consumer-facing firms play by the rules, disclosing who owns what, segregating customer funds, and avoiding conflicts of interest.

It is long overdue, and I commend the chairmen for bringing this bill to the floor today.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from Massachusetts (Ms. PRESSLEY), an unapologetic leader for justice.

Ms. PRESSLEY. Mr. Speaker, I rise in vigorous opposition to the CLARITY Act. This bill gives a green light to self-enriching crypto schemes where officials at the highest levels of power, including in the White House, have generated hundreds of billions of dollars in personal profit.

We need legislation that stops financial abuse, not encourages it, especially during a time when the SEC has dropped enforcement actions against major crypto firms and undermined investor safety.

Across our country, millions of working families are battling rising costs, our elders are targeted by financial scams, and investors are trying to recover from volatile markets. Republicans are ignoring all of that to prioritize the crypto industry’s wish list.

To be clear, the people deserve crypto legislation that is fair, transparent, and accountable, not a bill that opens the floodgates to conflicts of interest and weakens investor protections.

The CLARITY Act fails that test. Republicans need some clarity all right:

moral and legislative. I agree with Ranking Member WATERS that this is really the calamity act.

Mr. Speaker, I urge my colleagues to oppose this bill.

Mr. HILL of Arkansas. Mr. Speaker, I yield myself the balance of my time.

We are here today, Mr. Speaker, because of the exceptional work by the House Financial Services Committee over a 5-year period, including under the leadership of then-Chairwoman MAXINE WATERS and former Chairman Patrick McHenry, gathering feedback from experts, looking at market participants, analyzing the markets, and talking to regulators. That is how we got the CLARITY Act on the floor today. It is built on the backs of that hard work.

This Chamber passed a similar bill in the last Congress with exceedingly strong, bipartisan support. Since then, the CLARITY Act has only been further refined and strengthened in terms of legal certainty and consumer protection.

This bill, Mr. Speaker, as we have demonstrated over that period of time, would prevent consumer harm like FTX.

Mr. Speaker, I support the bill. I urge my colleagues to support the bill, and I yield back the balance of my time.

Ms. WATERS. Mr. Speaker, may I inquire as to the time remaining.

The SPEAKER pro tempore. The gentlewoman from California has 2 minutes remaining.

Ms. WATERS. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. KAMLAGER-DOVE).

□ 1000

Ms. KAMLAGER-DOVE. Mr. Speaker, I rise in opposition to the so-called CLARITY Act.

Let me be clear: I support the growth of digital assets, blockchain innovation, and the promise that crypto holds for expanding financial access and economic justice, but this bill is not clarity. It is confusion cloaked in legislation. It picks winners and losers, and the biggest winner is the President of the United States.

Why is that office exempt from all of the rules? It undermines the SEC’s ability to protect consumers and fast-tracks deregulatory loopholes without addressing core issues like transparency, fraud prevention, or equity and access. The SEC doesn’t even like this bill.

We need comprehensive, thoughtful regulation, not rushed frameworks driven by the people who will gain the most who ignore the voices of everyday investors, builders, and communities left behind.

Crypto deserves rules that are smart, fair, and future-facing. The CLARITY Act is none of these things because, if it was, Republicans would have had the votes much earlier.

Mr. Speaker, I urge my colleagues to vote “no.”

Ms. WATERS. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, let me reiterate: A vote for H.R. 3633 is a vote to give Trump the pen to write the rules that would put more money into his family’s pockets. A vote for H.R. 3633 is a vote for increased investor harm. A vote for H.R. 3633 is a vote to plant the seeds for the next financial crisis. A vote for H.R. 3633 is a vote to endanger our national security.

That is why I am voting “no” on H.R. 3633, the calamity act, and I urge all Members to not give a vote to Trump to own crypto and not to give a vote to the Vice President. They are the only two elected officials in this bill who can own crypto businesses.

I want to see all of the Cabinet, the President, the Vice President, and all Members of Congress unable to own crypto businesses.

Mr. Speaker, I urge all Members to vote no, no, no, on this bill, and I yield back the balance of my time.

The SPEAKER pro tempore. All time for Financial Services debate has expired.

The gentleman from Pennsylvania (Mr. THOMPSON) and the gentlewoman from Minnesota (Ms. CRAIG) each will control 15 minutes.

The Chair recognizes the gentleman from Pennsylvania.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I am incredibly proud today to stand before you to share my support for the CLARITY Act. This is legislation that we have been working on in the Agriculture Committee for 7 years. This is an improvement over the legislation that fulfilled the very same purpose of what we are addressing today that passed last Congress with over 300 votes, including 71 Democrats, and it was a great bipartisan bill. This is an improvement on that bill.

The CLARITY Act is about three related ideas: certainty, protection, and innovation. I will talk about why each of these ideas is important.

First, the CLARITY Act provides regulatory certainty for all corners of the digital asset ecosystem, including issuers; exchanges; intermediaries; builders; software developers; and, most importantly, users of digital assets.

This regulatory certainty means that all parts of the ecosystem can engage with digital assets with confidence. It promotes healthy markets by establishing commonsense requirements to protect consumers. Those are all built on the existing requirements in the financial services markets.

Secondly, the CLARITY Act protects good actors from government overreach. By establishing clear rules, we limit the government’s ability to subjectively enforce vague statutes. These protections are important to those entities like exchanges, brokers, and dealers, who we require to register. Yet, in many cases, they are more important to entities which Congress is not seeking to register.

Third, and most importantly, the CLARITY Act supports innovation across the economy, not just the crypto economy.

At the House Agriculture Committee, we heard testimony from numerous stakeholders about innovative ways in which developers and entrepreneurs are leveraging blockchain to build projects and services using blockchains and digital assets.

The certainty and protections provided through the CLARITY Act will lead to the development of a new generation of services, tools, and systems. I am excited for that future to happen here in the United States of America.

Mr. Speaker, Congress has a historic opportunity here today to act. With the CLARITY Act, we can pass legislation that protects consumers and ensures that the United States remains at the forefront of technological innovation. These are not mutually exclusive goals. They are mutually reinforcing goals.

By supporting the CLARITY Act, we can create a safer, more transparent, and more accessible environment for digital assets.

Mr. Speaker, I urge all of my colleagues to support this bill, and I reserve the balance of my time.

Ms. CRAIG. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today on behalf of nearly 44 million American consumers who have invested in, traded, or used digital assets. That is one in five Americans. The public interest in these markets is already here, and it is not going away.

Under the status quo, there is a gap in regulation for the digital commodity asset market. Our work here today could begin to provide the protections that American investors are accustomed to in traditional financial markets that are regulated by the CFTC.

Regardless of whether Congress acts, these markets will continue to grow. The only question is whether we will begin the hard work of developing regulation or refuse to begin.

The CLARITY Act would put consumer protections in place for the first time for this industry. Consumers will finally be protected by the same sort of guardrails that protect investors in other sectors of the economy: segregation of customer deposits, consumer disclosures, mandatory recordkeeping, and examination by regulators. We do not want another FTX.

The 2022 collapse of the world's third largest cryptocurrency exchange wiped out an estimated \$8 billion to \$10 billion in value, leaving American consumers holding the bag. The CLARITY Act would have largely mitigated or avoided this crisis entirely.

Former Biden administration CFTC Chairman Russ Behnam testified yesterday before the Senate Agriculture Committee:

“ . . . inaction will only result in greater risk to our financial markets

and investors, through lack of market transparency, fraud, market manipulation, corruption, and conflicts of interest.”

That is lack of action.

Mr. Speaker, let me address the elephant in the room: the First Family's involvement with digital assets and personally profiting from them.

It has rightfully raised questions of impropriety and alarmed government ethics watchdogs. The First Family's personal financial involvement in other sectors, such as telecoms, should ring alarm bells, as well, loud and clear as it comes to ethics in our country.

There is a time and place for holding the powerful accountable, and that must happen. We should address executive branch corruption independently, and it should apply to all sectors.

Today, we must focus on regulation and protections for consumers because, today, one in five Americans, and growing, lack those protections and lack any guardrails. It is our job to start putting them in place.

Is this bill perfect? No. Can it be improved upon? Absolutely, and I encourage my Senate colleagues to keep working on those outstanding issues.

This bill deserves our support, and I urge my colleagues to vote “yes.”

Mr. Speaker, I reserve the balance of my time.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I was remiss with my opening comments not to thank my Agriculture Committee partner, Ranking Member ANGIE CRAIG, for her leadership and for working together with me on this issue, but also our Financial Services Committee Chair FRENCH HILL; my good friend, DON DAVIS; WHIP EMMER; BRYAN STEIL, and so many more. There was just such a strong bipartisan leadership partner team.

Mr. Speaker, I yield 1½ minutes to the gentleman from Iowa (Mr. FEENSTRA), a member of the House Agriculture Committee.

Mr. FEENSTRA. Mr. Speaker, I thank Chairman THOMPSON for bringing this bill forward. It is an amazing bill.

Mr. Speaker, I rise today in strong support of the CLARITY Act. The increasing adoption of digital assets and the use of blockchain technologies can grow our economy and provide American families with a new opportunity to grow wealth.

□ 1010

However, under President Biden, digital assets were attacked, which crushed innovation and created uncertainty for businesses.

Fortunately, President Trump is working to make America the crypto capital of the world. We want digital asset innovation to happen in America and crypto jobs to be created in America without ceding ground to foreign countries.

That is why we must pass the CLARITY Act, to spur innovation and support economic growth by providing

clear rules of the road for digital assets in the United States.

This bill establishes clear roles for the SEC and CFTC, which prevents agencies from overreach and confusion. It provides consumer protections through greater transparency and accountability in the marketplace. It fosters innovation by providing a pathway for digital asset firms to operate legally and with confidence, encouraging digital asset innovation to remain in the U.S. The CLARITY Act unlocks economic growth, global competitiveness, and financial opportunity for all.

Mr. Speaker, I urge my colleagues to support this bill and put America first in the race to lead the global digital asset marketplace for our country.

Ms. CRAIG. Mr. Speaker, I yield 3 minutes to the gentleman from North Carolina (Mr. DAVIS), my distinguished colleague and the ranking member of the House Agriculture Subcommittee on Commodity Markets, Digital Assets, and Rural Development.

Mr. DAVIS of North Carolina. Mr. Speaker, I rise in support of H.R. 3633, known as the CLARITY Act.

I am honored to serve as a co-lead on this legislation, alongside Chairman THOMPSON, Chairman HILL, Ranking Member CRAIG, Subcommittee Chair JOHNSON, and so many others who came to the table in good faith to get this done.

Let me also take a moment to thank the staff, both the majority and the minority staff. They put in so many hours working on this. I know I was up late one night. It was probably midnight. I really commend the team. They helped work on a very complex issue here that is before us and to help shape a bipartisan product that reflects the seriousness of the moment.

This bill reflects compromise, collaboration, and months of work to craft the regulatory framework that meets the moment, because the truth is, we can't afford to fall behind.

Right now we are at a crossroad. The digital asset industry is growing, evolving, changing the way people around the world engage with financial markets and emerging technologies. Without a clear regulatory structure in place, we are seeing innovation move overseas not because our talent isn't here, but because the rules aren't here.

The CLARITY Act provides us with an opportunity then to change that, to lead, to establish thoughtful and balanced guardrails that support innovation, protect consumers, and foster confidence in our markets.

You see disclosures and reports dealing with so many provisions, antifraud, manipulation. You can't commingle funds.

But let me be clear: The bill isn't perfect. I have been vocal about that, too.

I remain concerned about the absence of meaningful conflict-of-interest provisions dealing with the executive branch. It doesn't matter who occupies the White House. The bottom line is,

whoever is in the White House, we need clear standards that ensure public trust is never compromised.

I also remain concerned about adequate resources for the CFTC. Yes, I acknowledge this bill provides more flexibility to deal with hiring, but we also need to see more resources because we are asking the CFTC to take on a major role here.

The Speaker pro tempore. The time of the gentleman has expired.

Ms. CRAIG. Mr. Speaker, I yield an additional 30 seconds to the gentleman from North Carolina.

Mr. DAVIS of North Carolina. In the 118th Congress, we passed FIT21 with overwhelming bipartisan support. The CLARITY Act builds on this work. Let's pass the CLARITY Act and send a strong message to the American people and the world that the United States will lead in building a forward-looking digital economy.

Mr. Speaker, I urge my colleagues to support this legislation.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. NUNN), a member of the Commodity Markets, Digital Assets, and Rural Development Subcommittee.

Mr. NUNN of Iowa. Mr. Speaker, I thank Chairman THOMPSON, as well as Ranking Member CRAIG for leading a truly bipartisan opportunity to help America deliver as a crypto capital for the entire planet.

As a member of both the Agriculture Committee and the Financial Services Committee, I have been able to see this issue on both sides: commodities versus securities, CFTC versus the SEC.

In my home State of rural Iowa, we know commodities: corn, soybeans, hogs. The CFTC does this very well. In downtown Des Moines and on the Main Streets of hometowns across Iowa, our banks handle stocks and bonds, securities, those handled by the SEC.

That level of clarity works, but when it comes to digital assets, the lines become blurred, confused, and overly burdensome. That regulatory uncertainty doesn't just cost dollars. It costs jobs, innovation, and America's global leadership.

The CLARITY Act is exactly what America needs now to drive toward the future to ensure the next generation of financial internet technology and blockchain success is built in America, that our innovators come from the U.S., and that we have a future going forward. Mr. Speaker, I endorse the CLARITY Act.

Ms. CRAIG. Mr. Speaker, I yield 2 minutes to the gentlewoman from Michigan (Ms. McDONALD RIVET), my distinguished colleague who serves on the House Agriculture Subcommittee on Commodity Markets, Digital Assets, and Rural Development.

Ms. McDONALD RIVET. Mr. Speaker, I rise today to voice support for the CLARITY Act. While there is still work to be done, it is an important step in providing crucial and clear reg-

ulatory framework to the crypto industry.

Let's break it down. Today, one in six U.S. adults, 17 percent of the population, are invested in or use cryptocurrency. That is 55 million Americans. There is more than \$3 trillion invested in the industry. It is dangerous and irresponsible that a market of this size and scope is currently operating without a clear regulatory framework. For consumers, innovators, and the stability of our Nation's economy, the CLARITY Act is an important first step forward.

It protects consumers and equips assigned agencies with the appropriate authority to provide efficient and thorough oversight over digital asset markets. It also provides desperately needed certainty so that businesses can grow and evolve.

I will be clear: If the CLARITY Act had been in place, the FTX market crash that caused their customers to lose \$8 billion would not have happened.

This bill strengthens our national security by giving regulators the tools they need to track cross-border transactions and stop digital assets from being used to evade sanctions or fund our adversaries.

The bill is not perfect, and it does not resolve every issue. Like many of my colleagues, I am deeply concerned about the Trump family's potential conflicts of interest in using crypto to profit from the Office of the Presidency. That is why I voted for amendments to impose guardrails to stop elected officials from improperly profiting off trades, and I will continue to push strongly for solutions to this problem.

However, we cannot let the perfect be the enemy of the good. We stand at a critical moment where market structure is critical for our consumers, economy, and security, and the CLARITY Act moves us meaningfully forward.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I will expand for a minute on the important protections included in the CLARITY Act. The CLARITY Act includes strong protections for the developers of software. Sections 309 and 409 make it clear that neither the CFTC nor the SEC have the authority to require a person to register just because that person is developing, publishing, or distributing software. This is a critical protection, rooted in our First Amendment, that should be read expansively by the commissions.

□ 1020

The creation of new decentralized finance protocols is also an important development that the CLARITY Act seeks to protect. Both the CFTC and the SEC must carefully examine and understand DeFi, which is why we are requiring both Commissions to undertake a robust study on the unique benefits and risks of DeFi.

Through the CLARITY Act, Congress is making an unambiguous statement

that DeFi is different, and it should be treated differently from the centralized custodial intermediaries. Protecting this emerging technology is an essential purpose of the CLARITY Act.

Now, Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. MESSMER), a member of the Committee on Agriculture and a member of the Commodity Markets, Digital Assets, and Rural Development Subcommittee.

Mr. MESSMER. Mr. Speaker, I rise today in support of the CLARITY Act.

America's innovative ecosystem has made our Nation an investment magnet and development hub, but thus far, our regulatory system has failed the digital assets industry. Under the current framework, fraudsters go unpunished, consumers remain unprotected, and the best and brightest minds in the industry have picked up and left for other countries.

The CLARITY Act finally establishes distinct jurisdictional boundaries between the Securities and Exchange Commission and the Commodity Futures Trading Commission, while also creating guardrails to incentivize and safeguard investment.

The bill not only expands opportunities for Wall Street and Silicon Valley, but it also provides great opportunities for Hoosier farmers by opening a new frontier for rural innovators and expanding access to capital in agricultural communities.

The digital asset markets are in dire need of regulation, and the CLARITY Act is the solution. I look forward to witnessing a new era of economic prosperity and technological advancement that this bill will bring to America.

Ms. CRAIG. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama (Mr. FIGURES), my distinguished colleague.

Mr. FIGURES. Mr. Speaker, I have listened to many of my colleagues' views on the issues before us today. I respect them all, and I respect their views. I don't disagree with many of the points that my colleagues who are in opposition are making, especially as it relates to executive conflict of interest concerns.

Here is what I know. I know that the United States is lagging behind the rest of the world in regulating this industry. I know that the regulations in the CLARITY Act are better than none at all in this industry. I know that consumers will be better protected the day after this goes into effect than they were the day before.

Now, is there more work to be done? Absolutely. We should do that. We cannot allow subjective ideas of perfection to override what are objectively steps in the right direction.

The CLARITY Act is one act that I support, and this is an important first step. As we move forward, however, we must continue to make the necessary investments so that everyone can participate. Those are investments in technical training and education so that people have the knowledge and

skills to actually understand and participate in a digital economy.

This is also a time to commit ourselves to ensuring that we do not leave underserved and rural communities behind. I represent a district that is geographically predominantly rural. We still struggle with issues like not having access to the internet in many counties that I represent.

You cannot participate in or leverage the benefits of a digital economy if you can't get on the internet. That is a fact. We must stand up for these communities and bring broadband and internet expansion resources to every community that we possibly can.

Let's keep moving forward. Let's keep making sure that we are bringing everyone along with us.

Mr. Speaker, I urge my colleagues to support this bill.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I thank the gentleman who just spoke for his remarks concerning the need for high-speed broadband. My pledge, as the chairman of the Committee on Agriculture, is that when we are back in September, we will have farm bill 2.0, which includes rural economic development and rural broadband. We have to get that done.

I yield to the gentleman from Georgia (Mr. CARTER), a cosponsor of the CLARITY Act, for 1 minute.

Mr. CARTER of Georgia. Mr. Speaker, I rise today to voice my support for the CLARITY Act.

The CLARITY Act is a bill that will make clear laws to help better regulate digital assets and blockchain technology. This bill will ensure that future innovations in the financial world will happen here in the United States and not in foreign countries.

We cannot allow our adversaries, such as China, to control the digital economy. The CLARITY Act will help modernize financial laws to make innovation possible and clear up many opaque and sometimes contradictory laws.

This bill delivers on President Trump's commitment to make the United States the crypto capital of the world, and I am proud that we are paving the path toward American dominance in the digital future.

Today, I again would like to give my support for the CLARITY Act, as it cements America as a hub for the world's financial innovation.

Ms. CRAIG. Mr. Speaker, I yield 2 minutes to the gentleman from New Jersey (Mr. GOTTHEIMER), my distinguished colleague who serves on the House Financial Services Committee.

Mr. GOTTHEIMER. Mr. Speaker, I thank Chairwoman CRAIG for her excellent leadership.

Mr. Speaker, I rise in support of the bipartisan CLARITY Act. This bill was made possible through a bipartisan effort that I was very proud to help lead with Chairman HILL and Congressman STEIL. It is an important one because one-fifth of Americans own crypto. My

State, New Jersey, proportionally ranks second nationwide in ownership of cryptocurrency.

While cryptocurrency has tremendous economic potential, we desperately need rules of the road to protect consumers, ensure the success of American entrepreneurs, and ensure that America leads the way, not other nations around the world, but that America leads the way in this growing space.

The CLARITY Act takes commonsense steps to make crypto work for everyday users, including measures to stop snake oil salesmen, fraudsters, and hucksters, and puts the Trump family's coins under regulation.

This legislation supports American-led innovation by encouraging developers and entrepreneurs to build, invest, and create jobs in our country.

Finally, this bill gives clarity to the SEC's and CFTC's roles in crypto to work together efficiently and to crack down on scammers and criminal activity. After years of uncertainty, it finally says who should oversee what, so that people in this space understand the direction it is going in and understand who is going to oversee what, so that consumers can be protected. I can't say that enough.

Do we want this to continue to be the Wild West with uncertainty, or do we want to have clear rules of the road to protect consumers? Do we want to do something or nothing? Is it perfect? As you have heard today, no, it is not perfect. Few pieces of legislation we bring here are.

The questions are: Will it do good? Will it make sure that we look after people who are involved in this space? Will it ensure that America succeeds and grows? Those are the questions.

To do nothing means that we will ensure that Trump's coin has no oversight. Why would we want that? We will ensure that no consumer is protected if we do nothing. We want to protect American consumers. That is our job. This legislation does that.

Mr. Speaker, I urge my colleagues to support this critical commonsense, bipartisan legislation.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, may I ask how much time is remaining.

The SPEAKER pro tempore (Mr. MURPHY). The gentleman from Pennsylvania has 5½ minutes remaining. The gentleman from Minnesota has 2½ minutes remaining.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. ROSE), the vice chair of the Commodity Markets, Digital Assets, and Rural Development Subcommittee and also a member of the House Financial Services Committee. He is a very busy man.

Mr. ROSE. Mr. Speaker, I rise in support of the CLARITY Act, which provides long-overdue updates aimed at protecting the future of digital assets, encouraging growth, and protecting American consumers.

The days of stifling this emerging industry through litigation and rogue rulemaking must end. The Securities and Exchange Commission under former Chair Gary Gensler went far outside the agency's statutory mandate in many ways, especially with cryptocurrencies.

The CLARITY Act will strengthen transparency and accountability for consumers. It will require developers to provide accurate disclosures with details about the asset project's operation, ownership, and structure. It requires brokers and dealers to disclose important information to investors, to hold their own funds separate from their customers' funds, and to report any conflicts of interest.

This bill ensures Americans know where they are putting their money, and it gets government out of the way of growth and innovation.

Let's pass the CLARITY Act for the good of this country.

□ 1030

Ms. CRAIG. Mr. Speaker, I have no other speakers at the moment. I continue to reserve the balance of my time.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield 3 minutes to the gentleman from South Dakota (Mr. JOHNSON), the chairman of the Commodity Markets, Digital Assets, and Rural Development Subcommittee.

Mr. JOHNSON of South Dakota. Mr. Speaker, it has been such an honor to work with G.T., FRENCH, ANGIE, DON, BRIAN, and so many others on something that is real.

It is sometimes hard to separate the real from the fake in this town. That is certainly true for digital assets, NFTs, and memecoins. These generate tremendous attention, and they can pull our gaze away from what really matters.

Here is what matters: Blockchain technology, Web3, will transform every single industry in the same way that the internet has transformed every single industry over the last 30 years. That transformation will happen much faster than people realize if we can keep government from continuing to screw this up.

This is not about buying bubble gum with bitcoin. This is about blockchain innovation happening here rather than overseas, about more liquid capital markets, about small businesses creating new services and products, about removing friction from transactions for every single American, and about protecting consumers so the debacles like the FTX meltdown never happen again.

We tend to overstate the impact of what we do in this town. Everything is historic, even when it is not. However, this is different. This is huge.

Before I came to Congress, I was in the broadband industry, and the Telecommunications Act of 1996 provided the regulatory certainty needed to launch the internet era. That was a watershed victory for this country. Mr. Speaker, we are here again.



The regulatory certainty provided by this incredible bipartisan work product will launch a golden age of innovation and the golden age of digital assets. Today, now, this moment, this is a watershed victory for this country. Today we do something real.

Ms. CRAIG. Mr. Speaker, I am prepared to close, and I reserve the balance of my time.

Mr. THOMPSON of Pennsylvania. Mr. Speaker, I yield myself the balance of my time for the purpose of closing.

Mr. Speaker, I thank the gentleman from South Dakota for his remarks and, quite frankly, I couldn't agree more. I also thank, again, my Agriculture partner, Ranking Member ANGIE CRAIG with the Agriculture Committee, and DON DAVIS and our leadership and all those who have the foresight to see that this is about the future. Well, it is about today because, you know, companies are struggling with this, but more importantly, it is about the future of both the financial sector and the technological sector.

A vote for the CLARITY Act is a vote for America's future and America's leadership. I urge all my colleagues to vote "yes" on the CLARITY Act. I yield back the balance of my time.

Ms. CRAIG. Mr. Speaker, I yield myself the balance of my time to close.

Mr. Speaker, I, too, would like to thank the gentleman from Pennsylvania, Chairman G.T. THOMPSON, and his team for working on this consumer protection legislation in a bipartisan manner.

I believe bipartisan legislation is always preferable to partisan legislation. It is stronger. It is harder to undo when it has broad support and leadership changes overnight.

I heard my chairman talk about the farm bill. I regret that it wasn't a bipartisan path through reconciliation for farm bill provisions, but I am optimistic that we can work together in many other areas.

While I wait to see what the gentleman has in store for us for farm programs left behind, I, too, agree that rural development is incredibly important, Mr. Speaker. I hope that the bipartisanism shown through the CLARITY Act process can act as a reminder that we accomplish more and we go further when we work together.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. All time for debate on the bill has expired.

The Chair understands that amendment No. 1 will not be offered.

The SPEAKER pro tempore. Pursuant to the rule, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Ms. CRAIG. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

#### GUIDING AND ESTABLISHING NATIONAL INNOVATION FOR U.S. STABLECOINS ACT

Mr. HILL of Arkansas. Mr. Speaker, pursuant to House Resolution 580, I call up the bill (S. 1582) to provide for the regulation of payment stablecoins, and for other purposes, and ask for its immediate consideration in the House.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 580, the bill is considered read.

The text of the bill is as follows:

S. 1582

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Guiding and Establishing National Innovation for U.S. Stablecoins Act" or the "GENIUS Act".

#### SEC. 2. DEFINITIONS.

In this Act:

(1) **APPROPRIATE FEDERAL BANKING AGENCY.**—The term "appropriate Federal banking agency" has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(2) **BANK SECRECY ACT.**—The term "Bank Secrecy Act" means—

(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

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

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

(3) **BOARD.**—The term "Board" means the Board of Governors of the Federal Reserve System.

(4) **COMPTROLLER.**—The term "Comptroller" means the Office of the Comptroller of the Currency.

(5) **CORPORATION.**—The term "Corporation" means the Federal Deposit Insurance Corporation.

(6) **DIGITAL ASSET.**—The term "digital asset" means any digital representation of value that is recorded on a cryptographically secured distributed ledger.

(7) **DIGITAL ASSET SERVICE PROVIDER.**—The term "digital asset service provider"—

(A) means a person that, for compensation or profit, engages in the business in the United States (including on behalf of customers or users in the United States) of—

(i) exchanging digital assets for monetary value;

(ii) exchanging digital assets for other digital assets;

(iii) transferring digital assets to a third party;

(iv) acting as a digital asset custodian; or

(v) participating in financial services relating to digital asset issuance; and

(B) does not include—

(i) a distributed ledger protocol;

(ii) developing, operating, or engaging in the business of developing distributed ledger protocols or self-custodial software interfaces;

(iii) an immutable and self-custodial software interface;

(iv) developing, operating, or engaging in the business of validating transactions or operating a distributed ledger; or

(v) participating in a liquidity pool or other similar mechanism for the provisioning of liquidity for peer-to-peer transactions.

(8) **DISTRIBUTED LEDGER.**—The term "distributed ledger" means technology in which data is shared across a network that creates a public digital ledger of verified transactions or information among network participants and cryptography is used to link the data to maintain the integrity of the public ledger and execute other functions.

(9) **DISTRIBUTED LEDGER PROTOCOL.**—The term "distributed ledger protocol" means publicly available and accessible executable software deployed to a distributed ledger, including smart contracts or networks of smart contracts.

(10) **FEDERAL BRANCH.**—The term "Federal branch" has the meaning given that term in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(11) **FEDERAL QUALIFIED PAYMENT STABLECOIN ISSUER.**—The term "Federal qualified payment stablecoin issuer" means—

(A) a nonbank entity, other than a State qualified payment stablecoin issuer, approved by the Comptroller, pursuant to section 5, to issue payment stablecoins;

(B) an uninsured national bank—

(i) that is chartered by the Comptroller, pursuant to title LXII of the Revised Statutes; and

(ii) that is approved by the Comptroller, pursuant to section 5, to issue payment stablecoins; and

(C) a Federal branch that is approved by the Comptroller, pursuant to section 5, to issue payment stablecoins.

(12) **FOREIGN PAYMENT STABLECOIN ISSUER.**—The term "foreign payment stablecoin issuer" means an issuer of a payment stablecoin that is—

(A) organized under the laws of or domiciled in a foreign country, a territory of the United States, Puerto Rico, Guam, American Samoa, or the Virgin Islands; and

(B) not a permitted payment stablecoin issuer.

(13) **INSTITUTION-AFFILIATED PARTY.**—With respect to a permitted payment stablecoin issuer, the term "institution-affiliated party" means any director, officer, employee, or controlling stockholder of the permitted payment stablecoin issuer.

(14) **INSURED CREDIT UNION.**—The term "insured credit union" has the meaning given that term in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(15) **INSURED DEPOSITORY INSTITUTION.**—The term "insured depository institution" means—

(A) an insured depository institution, as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813); and

(B) an insured credit union.

(16) **LAWFUL ORDER.**—The term "lawful order" means any final and valid writ, process, order, rule, decree, command, or other requirement issued or promulgated under Federal law, issued by a court of competent jurisdiction or by an authorized Federal agency pursuant to its statutory authority, that—

(A) requires a person to seize, freeze, burn, or prevent the transfer of payment stablecoins issued by the person;

(B) specifies the payment stablecoins or accounts subject to blocking with reasonable particularity; and

(C) is subject to judicial or administrative review or appeal as provided by law.

(17) **MONETARY VALUE.**—The term "monetary value" means a national currency or deposit (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) denominated in a national currency.