

1 Title: To provide for responsible financial innovation and to bring digital assets within the  
2 regulatory perimeter.  
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4

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

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

8 (a) Short Title.—This Act may be cited as the “Lummis-Gillibrand Responsible Financial  
9 Innovation Act”.

10 (b) Table of Contents.—The table of contents for this Act is as follows:

11 Sec.1.Short title; table of contents.

12 Sec.2.Definitions.

## 13 TITLE I—DEFINITIONS

14 Sec.101.Definitions.

## 15 TITLE II—RESPONSIBLE TAXATION OF DIGITAL 16 ASSETS

17 Sec.201.Gain from disposition of digital assets.

18 Sec.202.Information reporting requirements imposed on brokers with respect to digital assets.

19 Sec.203.Sources of income.

20 Sec.204.Decentralized autonomous organizations.

21 Sec.205.Tax treatment of digital asset lending agreements and related matters.

22 Sec.206.Implementing effective IRS guidance.

23 Sec.207.Analysis of retirement investing in digital assets.

24 Sec.208.Digital asset mining and staking.

25 Sec.209.Conforming amendments.

## 26 TITLE III—RESPONSIBLE SECURITIES INNOVATION

27 Sec.301.Securities offerings involving certain intangible assets.

28 Sec.302.Termination of specified periodic disclosure requirements.

29 Sec.303.Guidance relating to satisfactory control location.

30 Sec.304.Custody and customer protection rules.

## 31 TITLE IV—RESPONSIBLE COMMODITIES INNOVATION

32 Sec.401.Definitions.

- 1 Sec.402.Reporting and recordkeeping; standards and examinations.
- 2 Sec.403.CFTC jurisdiction over digital asset transactions.
- 3 Sec.404.Registration of digital asset exchanges.
- 4 Sec.405.Violations.
- 5 Sec.406.Market reports.
- 6 Sec.407.Bankruptcy treatment of digital assets.
- 7 Sec.408.Identified banking products.
- 8 Sec.409.Financial institutions definition.
- 9 Sec.410.Offsetting the costs of digital asset regulation.

## 10 TITLE V—RESPONSIBLE CONSUMER PROTECTION

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

## 17 TITLE VI—RESPONSIBLE PAYMENTS INNOVATION

- 18 Sec.601.Depository institution issuance of payment stablecoins.
- 19 Sec.602.Sanctions compliance responsibilities of payment stablecoin issuers.
- 20 Sec.603.Use of the official digital currency of the People’s Republic of China on government
- 21 devices.
- 22 Sec.604.Certificate of authority to commence banking.
- 23 Sec.605.Holding company supervision of covered depository institutions.
- 24 Sec.606.Implementation rules to preserve adequate competition in payment stablecoins.
- 25 Sec.607.Financial Crimes Enforcement Network Innovation Laboratory.

## 26 TITLE VII—RESPONSIBLE BANKING INNOVATION

- 27 Sec.701.Study on use of distributed ledger technology for reduction of risk in depository
- 28 institutions.
- 29 Sec.702.Eligibility for Federal Reserve services to depository institutions.
- 30 Sec.703.Routing transit number issuance.
- 31 Sec.704.Clarifying application review times with respect to the Federal banking agencies.
- 32 Sec.705.Examination standards for digital asset activities.

- 1 Sec.706.Asset custody for depository institutions and certain other entities.
- 2 Sec.707.Reputation risk; requirements for account termination requests and orders.
- 3 Sec.708.Conforming amendments.

## 4 TITLE VIII—RESPONSIBLE INTERAGENCY 5 COORDINATION

- 6 Sec.801.Timeline for interpretive guidance issued by Federal financial agencies; interstate
- 7 sandbox activities.
- 8 Sec.802.Interstate sandbox activities.
- 9 Sec.803.State money transmission coordination relating to digital assets.
- 10 Sec.804.Information sharing among federal and state financial regulators
- 11 Sec.805.Analysis of decentralized finance markets and technologies.
- 12 Sec.806.Analysis of energy consumption in digital asset markets.
- 13 Sec.807.Analysis of self-regulatory organizations for digital assets
- 14 Sec.808.Cybersecurity standards for digital asset intermediaries
- 15 Sec.809.Advisory committee on financial innovation.

## 16 SEC. 2. DEFINITIONS.

17 In this Act:

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

20 (2) DIGITAL ASSET; DIGITAL ASSET INTERMEDIARY; DISTRIBUTED LEDGER TECHNOLOGY;  
21 PAYMENT STABLECOIN; SMART CONTRACT; VIRTUAL CURRENCY.—The terms “digital asset”,  
22 “digital asset intermediary”, “distributed ledger technology”, “payment stablecoin”, “smart  
23 contract”, and “virtual currency” have the meanings given the terms in section 9801 of title  
24 31, United States Code, as added by section 101 of this Act.

25 (3) SECURITY.—Except as otherwise expressly provided, the term “security” has the  
26 meaning given the term in section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C.  
27 78c(a)).

## 28 TITLE I—DEFINITIONS

### 29 SEC. 101. DEFINITIONS.

30 (a) In General.—Subtitle VI of title 31, United States Code, is amended by adding after  
31 chapter 97 the following:

#### 32 “CHAPTER 98—DIGITAL ASSETS

33 “Sec.

1 “9801. Definitions.

2 “9801. Definitions

3 “In this chapter:

4 “(1) DEPOSITORY INSTITUTION.—The term ‘depository institution’ has the meaning given  
5 the term in section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)).

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

7 “(A) means a natively electronic asset that—

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

9 “(ii) is recorded using cryptographically secured distributed ledger technology,  
10 or any similar analogue; and

11 “(B) includes:

12 “(i) virtual currency and ancillary assets, consistent with section 2(c)(2)(F) of  
13 the Commodity Exchange Act;

14 “(ii) payment stablecoins, consistent with 7 USC 27a; and

15 “(iii) other securities and commodities, subject to subparagraph (A).

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

17 “(A) means a person who holds a license, registration, or other similar authorization,  
18 as specified by this chapter, the Commodity Exchange Act (7 U.S.C. 1 et seq.), the  
19 Securities Act of 1933 (15 U.S.C. 77a et seq.), the Corporation of Foreign Bondholders  
20 Act, 1933 (15 U.S.C. 77bb et seq.), the Trust Indenture Act of 1939 (15 U.S.C. 77aaa  
21 et seq.), the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.), the Securities  
22 Investor Protection Act of 1970 (15 U.S.C. 78aaa et seq.), the Investment Company  
23 Act of 1940 (15 U.S.C. 80a-1 et seq.), the Investment Advisers Act of 1940 (15 U.S.C.  
24 80b-1), and the Omnibus Small Business Capital Formation Act of 1980 (15 U.S.C.  
25 80c), that may conduct market activities relating in digital assets, or a person who is  
26 required by law to hold such a license, registration or other similar authorization; and

27 “(B) include a person who holds a license, registration, or other similar  
28 authorization under State or Federal law that issues a payment stablecoin, or person  
29 who is required by law to hold such a license, registration or other similar  
30 authorization; and

31 “(C) does not include a depository institution.

32 “(4) DISTRIBUTED LEDGER TECHNOLOGY.—The term ‘distributed ledger technology’  
33 means technology that enables the operation and use of a ledger that—

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

36 “(B) is synchronized between the nodes;

37 “(C) has data appended to the ledger by following the specified consensus  
38 mechanism of the ledger;

1 “(D) may be accessible to anyone or restricted to a subset of participants; and

2 “(E) may require participants to have authorization to perform certain actions or  
3 require no authorization.

4 “(5) PAYMENT STABLECOIN.—The term ‘payment stablecoin’ means a digital asset that  
5 is—

6 “(A) redeemable, on demand, on a one-to-one basis for instruments denominated in  
7 United States dollars and defined as legal tender under 31 USC 5103 or for instruments  
8 defined as legal tender under the laws of a foreign country (excluding digital assets  
9 defined as legal tender under the laws of a foreign country);

10 “(B) issued by a business entity;

11 “(C) accompanied by a statement from the issuer that the asset is redeemable as  
12 specified in subparagraph (A) from the issuer or another identified person;

13 “(D) backed by 1 or more financial assets (excluding other digital assets), consistent  
14 with subparagraph (A); and

15 “(E) intended to be used as a medium of exchange.

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

18 “(A) a digital asset intermediary;

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

21 “(C) any other person conducting digital asset activities pursuant to a Federal or  
22 State charter, license, registration, or other similar authorization, or a person who is  
23 required by law to hold such a license, registration or other similar authorization.

24 “(7) SECURITY.—The term ‘security’ has the meaning given the term in section 3(a) of  
25 the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)).

26 “(8) SMART CONTRACT.—The term ‘smart contract’—

27 “(A) means—

28 “(i) computer code deployed to a distributed ledger technology network that  
29 executes an instruction based on the occurrence or nonoccurrence of specified  
30 conditions; or

31 “(ii) any similar analogue; and

32 “(B) may include taking possession or control of a digital asset and transferring the  
33 asset or issuing executable instructions for these actions.

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

35 “(A) means the source code version comprising a digital asset; and

36 “(B) does not include software used to manage or facilitate transactions in a digital  
37 asset.

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

2 “(A) means a digital asset that—

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

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

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

8 “(B) includes a digital asset, consistent with subparagraph (A) that is accompanied  
9 by a statement from the issuer, or the reasonable expectation of users, that a  
10 denominated or pegged value will be maintained and be available upon redemption  
11 from the issuer or other identified person, based solely on a smart contract.”.

12 (b) Technical and Conforming Amendment.—The table of contents for subtitle VI of title 31,  
13 United States Code, is amended by adding at the end the following:

14 “98.Digital assets  
15 9801”.

16 **TITLE II—RESPONSIBLE TAXATION OF DIGITAL**  
17 **ASSETS**

18 **SEC. 201. GAIN FROM DISPOSITION OF DIGITAL**  
19 **ASSETS.**

20 (a) In General.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is  
21 amended by inserting after section 139I the following new section:

22 **“SEC. 139J. GAIN FROM DISPOSITION OF VIRTUAL**  
23 **CURRENCY.**

24 Insert HR 3708 (115th), with the following changes:

- 25 • Cannot exceed \$100
- 26 • Inflation adjustment begins in 2023
- 27 • December 31, 2022 applicability
- 28 • Only applies to payment personal transactions for goods and services, does not apply  
29 digital assets to cash, digital assets to digital assets or digital assets to other financial  
30 assets

31  
32 **SEC. 202. INFORMATION REPORTING REQUIREMENTS**  
33 **IMPOSED ON BROKERS WITH RESPECT TO DIGITAL**  
34 **ASSETS.**

1 (a) Clarification of Definition of Broker.—Section 6045(c)(1)(D) of the Internal Revenue  
2 Code of 1986 is amended to read as follows:

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

5 (b) Reporting of Digital Assets.—

6 (1) BROKERS.—

7 (A) DEFINITION OF DIGITAL ASSET.—Section 6045(g)(3)(D) of the Internal Revenue  
8 Code of 1986 is amended to read as follows:

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

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

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

15 (2) FURNISHING OF INFORMATION.—Section 6045A(d) of such Code is amended to read  
16 as follows:

17 “(d) Return Requirement for Certain Transfers of Digital Assets Not Otherwise Subject to  
18 Reporting.—Any broker, with respect to any transfer (which is not part of a sale or exchange  
19 executed by such broker) during a calendar year of a covered security which is a digital asset  
20 from an account wholly controlled and maintained by such broker to an account which is not  
21 maintained by, or an address not associated with, a person that such broker knows or has reason  
22 to know is also a broker, shall make a return for such calendar year, in such form as determined  
23 by the Secretary, showing the information otherwise required to be furnished with respect to  
24 transfers subject to subsection (a). Information reported by brokers under this section shall be  
25 limited to customer information that is voluntarily provided by the customer and held by the  
26 broker for a legitimate business purpose.”.

27 (c) Effective Dates.—The amendments made by this section shall apply to returns required to  
28 be filed and statements required to be furnished after December 31, 2025.

## 29 SEC. 203. SOURCES OF INCOME.

30 (a) In General.—Paragraph (2) of section 864(b) of the Internal Revenue Code of 1986 is  
31 amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after  
32 subparagraph (B) the following new subparagraph:

33 “(C) DIGITAL ASSETS.—

34 “(i) IN GENERAL.—Trading in digital assets through a resident broker,  
35 commission agent, custodian, digital asset exchange, or other independent agent.

36 “(ii) TRADING FOR TAXPAYER’S OWN ACCOUNT.—Trading in digital assets for  
37 the taxpayer’s own account, whether by the taxpayer or the taxpayer’s employees  
38 or through a resident broker, commission agent, custodian, digital asset exchange,  
39 or other agent, and whether or not any such employee or agent has discretionary

1 authority to make decisions in effecting the transactions. This clause shall not  
2 apply in the case of a dealer in digital assets.

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

4 “(I) DIGITAL ASSET EXCHANGE.—The term ‘digital asset exchange’ means  
5 a centralized or decentralized platform which facilitates the transfer of digital  
6 assets.

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

9 “(iv) LIMITATION.—This subparagraph shall apply only if the digital assets are  
10 of a kind customarily dealt in on a digital asset exchange and if the transaction is  
11 of a kind customarily consummated at such exchange.”.

12 (b) Conforming Amendment.—Subparagraph (D) of section 864(b)(2) of the Internal Revenue  
13 Code of 1986, as redesignated by subsection (a), is amended by striking “(A)(i) and (B)(i)” and  
14 inserting “(A)(i), (B)(i), and (C)(i)”.

15 (c) Effective Date.—The amendments made by this section shall apply to sales and exchanges  
16 after December 31, 2022.

## 17 SEC. 204. DECENTRALIZED AUTONOMOUS 18 ORGANIZATIONS.

19 (a) In General.—Section 7701(a) of the Internal Revenue Code of 1986 is amended by adding  
20 at the end the following new paragraph:

21 “(51) DECENTRALIZED AUTONOMOUS ORGANIZATIONS.—

22 “(A) IN GENERAL.—The default classification of a decentralized autonomous  
23 organization shall be as a business entity which is not a disregarded entity.

24 “(B) CLASSIFICATION OF OTHER ACTIVITIES.—The following shall not be considered  
25 a business activity of such organization for purposes of determining whether such  
26 organization is described in section 501(c)(7):

27 “(i) Treasury management, including mining and staking of digital assets (as  
28 defined in section 9801 of title 31, United States Code).

29 “(ii) Raising funds for a charitable purpose.

30 “(C) DECENTRALIZED AUTONOMOUS ORGANIZATION.—The term ‘decentralized  
31 autonomous organization’ means an organization—

32 “(i) which utilizes smart contracts (as defined in section 9801 of title 31, United  
33 States Code) to effectuate collective action for a business, commercial, charitable,  
34 or similar entity,

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

36 “(iii) which is properly incorporated or organized under the laws of a State or  
37 foreign jurisdiction as a decentralized autonomous organization, cooperative,  
38 foundation or any similar entity.”.



(b) Effective Date.—Except as provided by subsection (c), the amendments made by this section shall apply to taxable years beginning after December 31, 2022.

## SEC. 205. TAX TREATMENT OF DIGITAL ASSET LENDING AGREEMENTS AND RELATED MATTERS.

(a) In General.—Subsection (a) of section 1058 of the Internal Revenue Code of 1986 is amended by striking “(as defined in section 1236(c))”.

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

(c) Basis.—Subsection (c) of section 1058 of the Internal Revenue Code of 1986 is amended by adding at the end the following: “All appropriate basis adjustments to an agreement under subsection (b) shall be made, as determined by the Secretary, including upon the return of the lent securities to the taxpayer.”.

(d) Securities.—Section 1058 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsections:

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

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

(e) Rule of Construction.—Nothing in this section shall be construed to create any inference with respect to the classification of any digital asset as security under the Securities Act of 1933 (15 U.S.C. 77a et seq.) or the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

(f) Rulemaking Authority.—The Secretary of the Treasury (or the Secretary’s delegate) may adopt rules to implement this section, including the application of this section to forks, airdrops, and similar subsidiary value.

(g) Effective Date.—The amendments made by this section shall apply to sales and exchanges after December 31, 2022.

## SEC. 206. IMPLEMENTING EFFECTIVE IRS GUIDANCE.

(a) In General.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury (or the Secretary’s delegate) shall adopt guidance relating to the following:

(1) Classification of forks, airdrops, and similar subsidiary value as taxable, contingent upon the affirmative claim and disposition of the subsidiary value by a taxpayer. Such guidance shall also permit a taxpayer to provide notification through an annual return or other appropriate means to the Internal Revenue Service relating to the exercise of dominion and control over, or disclaimer of, subsidiary value.

(2) Merchant acceptance of digital assets and the tax treatment of payments and receipts,

1 consistent with the amendments made by section 80603 of the Infrastructure Investment and  
2 Jobs Act, as amended by section 203.

3 (3) Treatment of digital asset mining and staking, including mining and staking rewards,  
4 in which income is not realized until disposition of the assets produced or received in  
5 connection with such activity, in accordance with section 451(l) of the Internal Revenue  
6 Code of 1986 (as added by this Act).

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

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

13 (b) Effective Date.—The guidance adopted under this section shall be applicable on a  
14 prospective basis for taxable years beginning after December 31, 2023.

## 16 SEC. 207. ANALYSIS OF RETIREMENT INVESTING IN 17 DIGITAL ASSETS.

18 (a) Not later than March 1, 2023, the Comptroller General of the United States shall  
19 conduct a study and provide a report to the entities specified by subsection (b) regarding the  
20 following issues relating to retirement investing in digital assets:

21 (i) Potential benefits to diversification and return of an investor's retirement  
22 portfolio;

23 (ii) Appropriate asset allocations, including among other alternative  
24 investments;

25 (iii) Consumer education, financial literacy and investment adviser training  
26 relating to digital assets;

27 (iv) Risk;

28 (v) Legal and operational barriers to effective retirement investing in digital  
29 assets; and

30 (vi) Any other topic determined to be material by the Comptroller General  
31 relating to retirement investing in digital assets.

32 (b) The Comptroller General shall provide the report specified by subsection (a) of  
33 this section to the following:

34 (i) The Committee on Banking, Housing and Urban Affairs of the Senate;

35 (ii) The Committee on Finance of the Senate;

36 (iii) The Committee on Health, Labor and Pensions of the Senate;

37 (iv) The Committee on Financial Services of the House of Representatives;

- (v) The Committee on Ways and Means of the House of Representatives;
- (vi) The Committee on Education and Labor of the House of Representatives;
- (vii) The Secretary of the Treasury; and
- (viii) The Secretary of Labor.

## SEC. 208. DIGITAL ASSET MINING AND STAKING.

### (a) Internal Revenue Code of 1986—

(1) TAXABLE YEAR OF INCLUSION.—Section 451 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

“(l) Deferral of Income Recognition for Digital Asset Activities.—In the case of a taxpayer who conducts digital asset mining or staking activities, the amount of income relating to such activities shall not be included in the gross income of the taxpayer until the taxable year of the disposition of the assets produced or received in connection with the mining or staking activities.”.

## SEC. 209. CONFORMING AMENDMENTS.

### (a) Conforming Amendments.--

(1) CHARITABLE CONTRIBUTIONS.—Subclause (D) of section 170(f)(11)(A)(ii) of the Internal Revenue Code of 1986 is amended by inserting “, digital assets (as defined in section 9801 of title 31, United States Code)” after “6050L(a)(2)(B))”.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2022.

### (b) Other Conforming Amendments—

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

(A) in section 5312(a)(2)—

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

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

“(A) means—”;

(iii) in clause (xxvi), as so designated, by striking the period at the end and inserting “; and”; and

(iv) by adding at the end the following:

“(B) does not include a decentralized autonomous organization, as defined in section 7701(a) of the Internal Revenue Code of 1986.”; and

(B) in section 5336(a)(11)(B)(2)—

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

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

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

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

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

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

“(Y) a person engaged in the trade of antiquities, including an advisor, consultant, or any other person who engages as a business in the solicitation or the sale of antiquities, subject to regulations prescribed by the Secretary;’.”.

## TITLE III—RESPONSIBLE SECURITIES INNOVATION

### SEC. 301. Securities offerings involving certain intangible assets.

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. 41. SECURITIES OFFERINGS INVOLVING CERTAIN INTANGIBLE ASSETS.

“(a) Definitions.—In this section:

“(1) ANCILLARY ASSET.—

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

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

“(i) Voting rights with respect to ownership of that entity.

“(ii) Rights to interest, dividend payments, or profits with respect to that entity.

“(iii) A debt or equity interest in that entity.

“(iv) Liquidation rights with respect to that entity.

(v) A profit or revenue share derived solely from the managerial efforts of others.

“(vi) Any other financial interest in that entity.”

1           “(2) FOREIGN PRIVATE ISSUER.—The term ‘foreign private issuer’ means a foreign issuer,  
2 other than a foreign government, except that the term does not include a foreign issuer that,  
3 as of the last business day of the most recently completed fiscal quarter of the issuer,  
4 satisfies the following conditions:

5                   “(A) More than 50 percent of the outstanding voting securities of the issuer are  
6 directly or indirectly owned by residents of the United States.

7                   “(B) Any of the following:

8                           “(i) The majority of the executive officers or directors of the issuer are citizens  
9 or residents of the United States.

10                           “(ii) More than 50 percent of the assets of the issuer are located in the United  
11 States.

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

13           “(b) Disclosure Requirements.—

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

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

29                           “(B) during the 180-day period described in subparagraph (A), the issuer, or any  
30 person owning not less than 10 percent of any class of equity securities of the issuer,  
31 engaged in entrepreneurial or managerial efforts that primarily determined the value of  
32 the ancillary asset.

33                   “(2) ONGOING COMPLIANCE WITH SPECIFIED PERIODIC DISCLOSURE REQUIREMENTS.—  
34 Subject to paragraphs (4) and (5), an issuer that is engaged in business in or affecting  
35 interstate commerce, or that is organized outside of the United States and is not a foreign  
36 private issuer, that offers, sells, or otherwise provides a security through an arrangement or  
37 scheme that constitutes an investment contract, as that term is used in section 2(a)(1) of the  
38 Securities Act of 1933 (15 U.S.C. 77b(a)(1)), and that provides the holder of the security  
39 with an ancillary asset in connection with the acquisition of the security, shall be subject to  
40 the periodic disclosure requirements under subsection (c) for a given fiscal year of that  
41 issuer, if, in the immediately preceding fiscal year of the issuer (or any portion thereof)—

1 “(A) the average daily aggregate value of all trading in the ancillary asset in all spot  
2 markets open to the public in the United States was greater than \$5,000,000, based on  
3 the knowledge of the issuer after due inquiry; and

4 “(B) the issuer, or any person owning not less than 10 percent of any class of equity  
5 securities of the issuer, engaged in entrepreneurial or managerial efforts that primarily  
6 determined the value of the ancillary asset.

7 “(3) TRANSITION RULE.—Subject to paragraphs (4) and (5), an issuer that is engaged in  
8 business in or affecting interstate commerce, or that is organized outside of the United  
9 States and is not a foreign private issuer, that offers, sells, or otherwise provides a security  
10 through an arrangement or scheme that constitutes an investment contract, as that term is  
11 used in section 2(a)(1) of the Securities Act of 1933 (15 U.S.C. 77b(a)(1)), and that  
12 provides the holder of the security with an ancillary asset before January 1, 2023, in  
13 connection with the acquisition of the security shall be subject to the periodic disclosure  
14 requirements under subsection (c) beginning in the first fiscal year of the issuer that begins  
15 on or after that date, if, in the immediately preceding fiscal year of the issuer—

16 “(A) the average daily aggregate value of trading in the ancillary asset in all spot  
17 markets open to the public for which trading volume is generally available was greater  
18 than \$5,000,000, based on the knowledge of the issuer after due inquiry; and

19 “(B) the issuer, or any person owning not less than 10 percent of any class of equity  
20 securities of the issuer, engaged in entrepreneurial or managerial efforts that primarily  
21 determined the value of the ancillary asset.

22 “(4) TREATMENT OF ANCILLARY ASSETS.—

23 “(A) IN GENERAL.—Notwithstanding any other provision of law, if an issuer issues a  
24 security through an arrangement or scheme that constitutes an investment contract, as  
25 that term is used in section 2(a)(1) of the Securities Act of 1933 (15 U.S.C. 77b(a)(1)),  
26 is subject to paragraph (1), (2), or (3), and is in compliance with the periodic disclosure  
27 requirements under subsection (c), an ancillary asset provided directly or indirectly by  
28 the issuer shall be presumed to be a commodity, consistent with section 2(c)(2)(F) of  
29 the Commodity Exchange Act, and not to be a security under—

30 “(i) section 3(a);

31 “(ii) such section 2(a)(1);

32 “(iii) section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–  
33 2(a));

34 “(iv) section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–  
35 2(a)); or

36 “(v) any applicable provision of State law.

37 “(B) OTHER PERSONS.—A person who is not an issuer, an entity controlled by the  
38 issuer (including a person that acquires an ancillary asset from such an issuer for the  
39 purpose of resale or distribution of the ancillary asset), or a person acting at the  
40 direction or on the behalf of such an issuer, shall be not required to treat an ancillary  
41 asset provided by such an issuer as a security under this Act or any provision of law

1 described in subparagraph (A).

2 “(C) EXCEPTION.—Subparagraph (A) shall not apply if a court of the United States  
3 of competent jurisdiction, after an appropriate proceeding, issues an order finding that  
4 there is not a substantial basis for the presumption that an ancillary asset is a  
5 commodity and not a security under subparagraph (A). This subparagraph shall not  
6 preclude the Commission from entering into a settlement agreement relating to  
7 violations or alleged violations of this section. Compliance under this section shall not  
8 be used in any administrative or judicial proceeding that an ancillary asset is a security.

9 “(5) CALCULATION.—For the purposes of paragraphs (1), (2), and (3), the calculation of  
10 daily aggregate value shall be based on data disclosed by spot markets or otherwise  
11 available to the public for inspection.

12 “(c) Specified Periodic Disclosure Requirements.—If an issuer is subject to paragraph (1), (2),  
13 or (3) of subsection (b), the issuer shall furnish, or cause the relevant affiliate to furnish, to the  
14 Commission, on a semi-annual basis, information that the Commission may by rule, require  
15 relating to the issuer and any relevant ancillary asset, as necessary or appropriate in the public  
16 interest or for the protection of investors, which shall be exclusively comprised of the following:

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

18 “(A) The experience of the issuer in developing assets similar to the ancillary asset.

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

22 “(C) The activities that the issuer has taken in the relevant disclosure period, and is  
23 projecting to take in the 1-year period following the submission of the disclosure, with  
24 respect to promoting the use, value, or resale of the ancillary asset (including any  
25 activity to facilitate the creation or maintenance of a trading market for the ancillary  
26 asset and any network or system that utilizes the ancillary asset).

27 “(D) The anticipated cost of the activities of the issuer in subparagraph (D) and  
28 whether the issuer has unencumbered, liquid funds equal to that amount.

29 “(E) To the extent the ancillary asset involves the use of a particular technology, the  
30 experience of the issuer with the use of that technology.

31 “(F) The backgrounds of the board of directors (or equivalent body), senior  
32 management, and key employees of the issuer, the experience or functions of whom  
33 are material to the value of the ancillary asset, as well as any personnel changes  
34 relating to the issuer during the period covered by the disclosure.

35 “(G) A description of the assets and liabilities of the issuer, to the extent material to  
36 the value of the ancillary asset.

37 “(H) A description of any legal proceedings in which the issuer is engaged  
38 (including inquiries by governmental agencies into the activities of the issuer), to the  
39 extent material to the value of the ancillary asset.

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

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

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

4 “(ii) the management of the issuer.

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

7 “(L) Recent sales or similar dispositions of ancillary assets by the issuer and  
8 affiliates of the issuer.

9 “(M) Purchases or similar dispositions of ancillary assets by the issuer and affiliates  
10 of the issuer.

11 “(N) A going concern statement from the chief financial officer of the issuer or  
12 equivalent official, signed under penalty of perjury, stating whether the issuer  
13 maintains the financial resources to continue business as a going concern for the 1-year  
14 period following the submission of the disclosure, absent a material change in  
15 circumstances.

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

17 “(A) A general description of the ancillary asset, including the standard unit of  
18 measure with respect to the ancillary asset, the intended or known functionality and  
19 uses of the ancillary asset, the market for the ancillary asset, other assets or services  
20 that may compete with the ancillary asset, and the total supply of the ancillary asset or  
21 the manner and rate of the ongoing production or creation of the ancillary asset.

22 “(B) If ancillary assets have been offered, sold, or otherwise provided by the issuer  
23 to investors, intermediaries, or resellers, a description of the amount of assets offered,  
24 sold, or provided, the terms of each such transaction, and any contractual or other  
25 restrictions on the resale of the assets by intermediaries.

26 “(C) If ancillary assets were distributed without charge, a description of each  
27 distribution, including the identity of any recipient that received more than 5 percent of  
28 the total amount of the ancillary assets in any such distribution.

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

30 “(E) For the 1-year period following the submission of the disclosure, a description  
31 of the plans of the issuer to support (or to cease supporting) the use or development of  
32 the ancillary asset, including markets for the ancillary asset and each platform or  
33 system that uses the ancillary asset.

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

36 “(G) Risk factors known to the issuer that may limit demand for, or interest in, the  
37 ancillary asset.

38 “(H) The names and locations of the markets in which the ancillary asset is known  
39 by the issuer to be available for sale or purchase.

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



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

3 “(J) If applicable, information relating to any external audit of the code and  
4 functionality of the ancillary asset, including the entity performing the audit and the  
5 experience of the entity in conducting similar audits.

6 “(K) If applicable, any third-party valuation report or economic analysis regarding  
7 the ancillary asset or the projected market of the ancillary asset, which shall include the  
8 entity performing the valuation or analysis and the experience of the entity in  
9 conducting similar reports or analyses.

10 “(L) If the ancillary asset is tangible, information relating to the cost and availability  
11 of storage and transportation for the ancillary asset, pending use.

12 “(M) If the ancillary asset is intangible, information relating to custody by the owner  
13 of the ancillary asset or a third party.

14 “(N) Information on intellectual property rights claimed or disputed relating to the  
15 ancillary asset.

16 “(O) A description of the technology underlying the ancillary asset.

17 “(P) Any material tax considerations applicable to owning, storing, using, or trading  
18 the ancillary asset.

19 “(Q) Any material legal or regulatory considerations applicable to owning, storing,  
20 using, or trading the ancillary asset, including any legal proceeding that may impact  
21 the value of the ancillary asset.

22 “(R) Any other material factor or information that may impact the value of the  
23 ancillary asset and about which the issuer is reasonably aware.

24 “(d) Application to Successor Entities and Certain Affiliates.—

25 “(1) IN GENERAL.—If an issuer would otherwise be subject to specified periodic  
26 disclosure requirements under subsection (c) and is no longer in operation, any successor  
27 entity that directly or indirectly received not less than 50 percent of the proceeds raised by  
28 the sale of the related securities of that issuer, and that is engaged in entrepreneurial or  
29 managerial efforts that primarily determine the value of the applicable ancillary asset, shall  
30 furnish, or cause to be furnished, to the Commission the information required under that  
31 subsection.

32 “(2) CERTAIN AFFILIATES.—If an entity controlled by the issuer is subject to specified  
33 periodic disclosure requirements under subsection (c) is engaged in entrepreneurial or  
34 managerial efforts that primarily determine the value of an ancillary asset, then such entity  
35 may furnish to the Commission the information required under that subsection.

36 “(e) Voluntary Disclosure.—An issuer that is not subject to the specified periodic disclosure  
37 requirements under subsection (c) and that offers or sells a security through an arrangement or  
38 scheme that constitutes an investment contract, as that term is used in section 2(a)(1) of the  
39 Securities Act of 1933 (15 U.S.C. 77b(a)(1)), and that provides the holder of that security with an  
40 ancillary asset in connection with the acquisition of the security may voluntarily furnish to the  
41 Commission the information required under that subsection if the issuer believes that it is

1 reasonably likely that the issuer will become subject to those requirements in the future.

2 “(f) Exemptions.—The Commission may, by order, exempt an ancillary asset from the  
3 specified periodic disclosure requirements under subsection (c) if the Commission determines  
4 that the public policy goals of disclosure and consumer protection are not satisfied by requiring  
5 disclosures relating to an ancillary asset.

6 “(g) Rule of Construction.—If an issuer fails to comply with a provision of this section, an  
7 ancillary asset provided by the issuer shall not be presumed to be a security under a provision of  
8 law described in subsection (b)(4)(A), solely because of such failure.

9 “(h) Rules.—The Commission may adopt rules and guidance to implement this section,  
10 consistent with the statutory intent of this section.

## 11 SEC. 302. TERMINATION OF SPECIFIED PERIODIC 12 DISCLOSURE REQUIREMENTS.

13 Section 41 of the Securities Exchange Act of 1934, as added by section 301 of this Act, is  
14 amended by adding at the end the following:

15 “(f) Termination of Specified Periodic Disclosure Requirements.—

16 “(1) IN GENERAL.—The obligation of an issuer to furnish the information required under  
17 subsection (c) shall terminate on the date that is 90 days, or such shorter period as the  
18 Commission may determine, after the date on which the issuer files a certification described  
19 in paragraph (2).

20 “(2) CERTIFICATION.—

21 “(A) IN GENERAL.—A certification filed under paragraph (1) shall be supported by  
22 reasonable evidence, based on the knowledge of the issuer filing the certification, after  
23 due inquiry, that—

24 “(i) the average daily aggregate value of all trading in the applicable ancillary  
25 asset in all spot markets open to the public in the United States in the 12-month  
26 period preceding the date on which the certification is filed was not greater than  
27 \$5,000,000; or

28 “(ii) during the 12-month period preceding the date on which the certification is  
29 filed, neither the applicable issuer, nor any entity controlled by the issuer,  
30 engaged in entrepreneurial or managerial efforts that primarily determined the  
31 value of the ancillary asset.

32 “(B) DENIAL.—

33 “(i) IN GENERAL.—Subject to subparagraph (C)(ii), the Commission, may, by  
34 majority vote, after notice and opportunity for hearing, deny a certification filed  
35 under paragraph (1) if the Commission finds that the certification is not supported  
36 by substantial evidence.

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

39 “(I) shall terminate the certification so filed; and

1 “(II) shall not prevent the applicable issuer from filing another  
2 certification under paragraph (1), if the re-filed certification is filed not  
3 earlier than 180 days after the date on which the original certification is  
4 denied.

5 “(C) PENDING STATUS.—

6 “(i) IN GENERAL.—Termination of the disclosure requirements described in  
7 paragraph (1) applicable to an issuer that has filed a certification under that  
8 paragraph shall be deferred pending review by the Commission of the evidence  
9 supporting the certification.

10 “(ii) EFFECT OF DELAY.—If, as of the date that is 90 days after receiving a  
11 certification filed under paragraph (1), the Commission has not requested  
12 additional evidence with respect to the certification from the applicable issuer, the  
13 disclosure obligations that are the subject of the certification shall terminate.”.

## 14 SEC. 303. GUIDANCE RELATING TO SATISFACTORY 15 CONTROL LOCATION.

16 Not later than 180 days after the date of the enactment of this Act, the Securities and Exchange  
17 Commission (referred to in this title as the “Commission”) shall issue guidance relating to  
18 section 240.15c3-3 of title 17, Code of Federal Regulations, or any successor regulation,  
19 providing that the requirement to designate a satisfactory control location for a digital asset that  
20 is, or may represent ownership of, a security may be satisfied by protecting the digital asset  
21 through commercially reasonable cybersecurity practices to maintain control of sufficient private  
22 key material to transfer control of the digital asset to another person, or to cause another person  
23 to obtain control of the digital asset, including by means of a smart contract that generates  
24 private key material without the involvement of a natural person.

## 25 SEC. 304. CUSTODY AND CUSTOMER PROTECTION 26 RULES.

27 (a) In General.—

28 (1) MODERNIZATION OF EXISTING RULES AND ADOPTION OF NEW RULES.—Not later than  
29 18 months after the date of enactment of this Act, the Commission shall—

30 (A) complete the multi-year study of the Commission with respect to the  
31 modernization of the rules of the Commission relating to customer protection (section  
32 240.15c3-3 of title 17, Code of Federal Regulations) and custody of securities, digital  
33 assets, and client funds (section 275.206(4)-2 of title 17, Code of Federal  
34 Regulations); and

35 (B) consistent with the results of the study described in subparagraph (A), adopt  
36 final rules relating to the issues described in paragraph (2).

37 (2) CONTENTS.—The final rules adopted under paragraph (1)(B) shall address the  
38 following concepts:

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

1 (B) Digital assets, distributed ledger technology, and use of collaborative custody or  
2 multi-signature arrangements, including distribution of private key material and  
3 resulting obligations.

4 (C) Changes in market structure and asset characteristics, including disuse of  
5 physical securities and assets and appropriate custodial methods for electronically  
6 native assets.

7 (D) Reduction of regulatory burden.

8 (E) Use of technology to facilitate regulatory compliance and risk management.

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

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

15 (H) Specification of the digital assets which constitute customer funds under section  
16 275.206(4)-2 of title 17, Code of Federal Regulations

17 (b) Digital Assets and Securities.—Not later than 270 days after the date of enactment of this  
18 Act, the Commission shall adopt final guidance permitting, for the purposes of section 240.15c3-  
19 3(b) of title 17, Code of Federal Regulations, a broker or a dealer to perform, within the same  
20 legal entity, both trading and custodial activities relating to fully-paid and excess margin digital  
21 assets, including virtual currency and digital assets that are securities or may represent ownership  
22 of securities, in addition to traditional securities, client funds, and other assets permitted by the  
23 Commission to be within the control of a broker or dealer.

## 24 TITLE IV—RESPONSIBLE COMMODITIES INNOVATION

### 25 SEC. 401. DEFINITIONS.

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

27 (1) in paragraph (9) by striking “and frozen concentrated orange juice” and inserting  
28 “frozen concentrated orange juice, and a digital asset (consistent with section 2(c)(2)(F))”;

29 (2) by inserting after paragraph (15) the following:

30 “(15A) DIGITAL ASSET.—

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

34 “(B) EXCLUSION.—The term ‘digital asset’ does not include an asset that provides  
35 the holder of the asset with any of the following rights in a business entity:

36 “(i) a debt or equity interest in that entity.

37 “(ii) a profit or revenue share derived from that entity.

38 “(iii) an entitlement to an interest or dividend payment from that entity.

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

3 (4) in paragraph (28)(A)(i)—

4 (A) in subclause (I)—

5 (i) in item (aa)—

6 (I) in subitem (EE), by striking “or” at the end; and

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

8 “(GG) the purchase or sale of a digital asset that is traded on or  
9 subject to the rules of a registered entity;”;

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

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

12 “(cc) acting as a counterparty to any cash or spot agreement, contract,  
13 or transaction involving a digital asset with a person who is not an  
14 eligible contract participant, unless the activity is—

15 “(AA) conducted in compliance with the laws of the State in which  
16 the activity occurs;

17 “(BB) subject to regulation by another Federal authority; or

18 “(CC) separately regulated under this Act; and”;

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

21 (5) by inserting after paragraph (39) the following:

22 “(39A) REGISTERED DIGITAL ASSET EXCHANGE.—The term ‘registered digital asset  
23 exchange’ means a digital asset exchange registered under section 5i.”; and

24 (6) in paragraph (40)—

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

26 (B) by redesignating subparagraph (F) as subparagraph (G); and

27 (C) by inserting after subparagraph (E) the following:

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

## 29 SEC. 402. REPORTING AND RECORDKEEPING; 30 STANDARDS AND EXAMINATIONS.

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

32 (1) in subsection (a), by inserting “digital assets or” before “commodities”; and

33 (2) in subsection (d), in the second sentence, by striking “commodity futures.” and  
34 inserting “commodities.”.

1 SEC. 403. CFTC JURISDICTION OVER DIGITAL ASSET  
2 TRANSACTIONS.

3 (a) Commission Jurisdiction Over Retail Digital Asset Transactions.—

4 (1) IN GENERAL.—Section 2(c)(2) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)) is  
5 amended—

6 (A) in subparagraph (D)(ii)—

7 (i) in subclause (III), in the matter preceding item (aa), by inserting “of a  
8 commodity, other than a digital asset,” before “that”;

9 (ii) by redesignating subclauses (IV) and (V) as subclauses (V) and (VI),  
10 respectively; and

11 (iii) by inserting after subclause (III) the following

12 “(IV) a contract of sale of a digital asset that—

13 “(aa) results in actual delivery within 2 days or such other period as  
14 the Commission may determine by rule based upon the typical  
15 commercial practice in cash or spot markets for the digital asset  
16 involved; or

17 “(bb) is executed on or subject to the rules of a registered digital asset  
18 exchange or with a registered futures commission merchant;”; and

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

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

21 “(i) IN GENERAL.—

22 “(I) JURISDICTION.—Subject to sections 6d, 12(e) and 7 USC 27a, the  
23 Commission shall have exclusive jurisdiction over any agreement, contract,  
24 or transaction involving a contract of sale of a digital asset in interstate  
25 commerce, including ancillary assets (consistent with section 41(b)(4) of the  
26 Securities Exchange Act of 1934), except that specified periodic reporting  
27 requirements made by an issuer under that section and the security that  
28 constitutes an investment contract (within the meaning of section 2(a)(1) of  
29 the Securities Act of 1933 (15 U.S.C. 77b(a)(1))) that provided the holder of  
30 the security with the ancillary asset, shall remain within the jurisdiction of  
31 the Securities and Exchange Commission.

32 “(II) FUNGIBILITY REQUIREMENT.—The Commission shall only exercise  
33 jurisdiction over an agreement, contract, or transaction involving a contract  
34 of sale of a digital asset that is fungible, which shall not include digital  
35 collectibles and other unique digital assets.

36 “(ii) WITHHOLDING OF RULEMAKING AUTHORITY OVER CERTAIN  
37 TRANSACTIONS.—Notwithstanding clause (i), this subparagraph shall not be  
38 interpreted to permit the Commission to issue any rule regarding any agreement,  
39 contract, or transaction that is not offered, solicited, traded, facilitated, executed,

1 cleared, reported, or otherwise dealt in—

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

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

4 “(iii) LIMITATION.—Clause (i) shall not apply with respect to custodial  
5 activities with respect to a digital asset of an entity supervised or regulated by a  
6 State or other Federal regulatory agency.”.

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

10 (b) Segregation of Digital Assets.—Section 4d of the Commodity Exchange Act (7 U.S.C. 6d)  
11 is amended by adding at the end the following:

12 “(i) Segregation of Digital Assets.—

13 “(1) HOLDING OF CUSTOMER ASSETS.—

14 “(A) IN GENERAL.—Each futures commission merchant shall hold customer money,  
15 assets, and property in a manner to minimize the customer’s risk of loss of, or  
16 unreasonable delay in the access to, the money, assets, and property.

17 “(B) CUSTODIAN.—A futures commission merchant shall hold the property of a  
18 customer of the futures commission merchant with an licensed, chartered or registered  
19 entity subject to regulation by 1 of the following agencies:

20 “(i) The Commission.

21 “(ii) The Securities and Exchange Commission.

22 “(iii) An appropriate Federal banking agency (as defined in section 3 of the  
23 Federal Deposit Insurance Act (12 U.S.C. 1813)).

24 “(iv) A State bank supervisor (as defined in that section).

25 “(v) An appropriate foreign governmental authority in the home country of the  
26 custodian.

27 “(2) SEGREGATION OF FUNDS.—

28 “(A) DEFINITION OF DIGITAL ASSET CUSTOMER.—In this paragraph, the term ‘digital  
29 asset customer’ means a customer involved in a cash or spot, leveraged, margined, or  
30 financed digital asset transaction in which the futures commission merchant is acting  
31 as the counterparty.

32 “(B) REQUIREMENTS.—

33 “(i) IN GENERAL.—A futures commission merchant shall treat and deal with all  
34 money, assets, and property of any digital asset customer received as belonging to  
35 the customer.

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

38 “(I) shall be separately accounted for; and

1 “(II) shall not be—

2 “(aa) commingled with the funds of the futures commission  
3 merchant; or

4 “(bb) used to margin, secure, or guarantee any trades or accounts of  
5 any customer or person other than the person for whom the money,  
6 assets, or property are held.

7 “(C) EXCEPTIONS.—

8 “(i) USE OF FUNDS.—

9 “(I) IN GENERAL.—Notwithstanding subparagraph (B), money, assets, and  
10 property of a digital asset customer may, for convenience, be commingled  
11 and deposited in the same account or accounts with an entity described in  
12 paragraph (1)(B).

13 “(II) WITHDRAWAL.—Notwithstanding subparagraph (B), the share of the  
14 money, assets, and property described in subclause (I) as in the normal  
15 course of business is necessary to margin, guarantee, secure, transfer, adjust,  
16 or settle a digital asset transaction with a registered entity may be withdrawn  
17 and applied to those purposes, including the payment of commissions,  
18 brokerage, interest, taxes, storage, and other charges, lawfully accruing in  
19 connection with the digital asset transaction.

20 “(ii) COMMISSION ACTION.—Notwithstanding subparagraph (B), in accordance  
21 with such terms and conditions as the Commission may prescribe by rule or order,  
22 any money, assets, or property of a digital asset customer may be commingled  
23 and deposited in customer accounts with any other money, assets, or property  
24 received by the futures commission merchant and required by the Commission to  
25 be separately accounted for and treated and dealt with as belonging to the digital  
26 asset customer.

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

29 “(i) in—

30 “(I) obligations of the United States;

31 “(II) general obligations of any State or of any political subdivision of a  
32 State;

33 “(III) obligations fully guaranteed as to principal and interest by the  
34 United States; or

35 “(IV) any other investment that the Commission may by rule prescribe;  
36 and

37 “(ii) in accordance with such rules and subject to such conditions as the  
38 Commission may prescribe.

39 “(E) PROHIBITION.—It shall be unlawful for any person, including any derivatives  
40 clearing organization or depository institution, that has received any money, assets, or



1 property for deposit in a separate account or accounts as required by subparagraph (B)  
2 to hold, dispose of, or use any of the money, assets, or property that belongs to the  
3 depositing futures commission merchant or any person other than the digital asset  
4 customer of the futures commission merchant.

5 “(3) CUSTOMER RIGHT TO OPT OUT.—

6 “(A) IN GENERAL.—A customer shall have the right to waive any requirement under  
7 this subsection by affirmatively electing, in writing to the futures commission  
8 merchant, to waive the requirement.

9 “(B) LIMITATIONS.—The Commission may, by rule, establish notice and disclosure  
10 requirements, segregation requirements, investment limitations, and other rules relating  
11 to the waiving of any requirement under this subsection that are reasonably necessary  
12 to protect customers, including eligible contract participants, non-eligible contract  
13 participants, and any other class of customers.”.

14 (c) Limitation on Futures Commission Merchants Acting as a Counterparty in Digital Asset  
15 Transactions.—Section 4d of the Commodity Exchange Act (7 U.S.C. 6d) (as amended by  
16 subsection (b)) is amended by adding at the end the following:

17 “(j) Limitation on Futures Commission Merchants Acting as a Counterparty in Digital Asset  
18 Transactions.—A registered futures commission merchant shall not act as a counterparty in any  
19 agreement, contract, or transaction involving a digital asset that has not been listed for trading on  
20 a registered digital asset exchange.”.

21 (d) Common Provisions Applicable to Registered Entities.—Section 5c of the Commodity  
22 Exchange Act (7 U.S.C. 7a-2) is amended—

23 (1) in subsection (a)(1), by striking “5(d) and 5b(c)(2)” and inserting “5(d), 5b(c)(2), and  
24 5i(c)”;

25 (2) in subsection (b), by inserting “digital asset exchange,” before “derivatives” each  
26 place it appears; and

27 (3) in subsection (c)—

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

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

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

31 “(D) SPECIAL RULES FOR THE LISTING OF CERTAIN DIGITAL ASSETS.—

32 “(i) IN GENERAL.—In the case of listing for trading a digital asset that has not  
33 previously been listed for trading on another registered entity—

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

35 “(II) paragraph (2) shall be applied by substituting ‘20 business days’ for  
36 ‘10 business days’.

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

1           “(iii) CONSIDERATION OF COMMENTS.—In conducting a review under clause (i),  
2           the Commission shall consider any comments provided by the Securities and  
3           Exchange Commission with respect to the legal classification of a digital asset.”.

## 4   SEC. 404. REGISTRATION OF DIGITAL ASSET 5   EXCHANGES.

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

### 8   “SEC. 5i. REGISTRATION OF DIGITAL ASSET 9   EXCHANGES.

10       “(a) Definition of Customer.—In this section, the term ‘customer’ means any person that  
11       maintains an account for the trading of digital assets directly with a digital asset exchange (other  
12       than a person that is owned or controlled, directly or indirectly, by the digital asset exchange) on  
13       behalf of the person or any other person.

14       “(b) Registration.—

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

20           “(2) DEEMED REGISTRATION.—A registered designated contract market or registered swap  
21           execution facility that fulfills the requirements of this section may elect to be considered a  
22           registered digital asset exchange in such form and manner as the Commission shall prescribe.

23           “(3) ADDITIONAL REGISTRATION.—A registered digital asset exchange shall be registered  
24           with the Secretary of the Treasury as a money services business.

25       “(c) Trading.—

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

28           “(2) RULES GOVERNING MARGINED OR LEVERAGED TRADING.—The Commission may  
29           make, promulgate, and enforce such additional rules governing margined, leveraged, or  
30           financed transactions as are reasonably necessary to protect market participants and  
31           promote the orderly settlement of transactions with respect to—

32               “(A) disclosure;

33               “(B) recordkeeping;

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

35               “(D) reporting;

36               “(E) business conduct;

37               “(F) documentation; and

1 “(G) such other matters as the Commission determines to be necessary.

2 “(3) PROHIBITION ON TRADING DERIVATIVES PRODUCTS.—Registration as a digital asset  
3 exchange shall not permit a trading facility to offer any contract of sale of a commodity for  
4 future delivery, option, or swap for trading without also being registered as a designated  
5 contract market or swap execution facility.

6 “(d) Core Principles for Digital Asset Exchanges.—

7 “(1) COMPLIANCE WITH CORE PRINCIPLES.—

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

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

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

13 “(B) REASONABLE DISCRETION OF DIGITAL ASSET EXCHANGE.—Unless otherwise  
14 determined by the Commission by rule, a digital asset exchange described in  
15 subparagraph (A) shall have reasonable discretion in establishing the manner in which  
16 the digital asset exchange complies with the core principles described in this  
17 subsection.

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

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

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

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

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

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

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

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

32 “(3) DIGITAL ASSETS NOT READILY SUSCEPTIBLE TO MANIPULATION.—

33 “(A) IN GENERAL.—A digital asset exchange shall permit trading only in assets that  
34 are not readily susceptible to manipulation.

35 “(B) LISTING RESTRICTIONS.—A digital asset exchange shall not permit trading in a  
36 digital asset, if it is reasonably likely that the—

37 “(i) transaction history of the digital asset can be fraudulently altered by any  
38 person or group of persons acting collectively; or

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

3 “(C) CONSIDERATIONS.—In assessing a digital asset under this paragraph, a digital  
4 asset exchange shall consider—

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

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

7 “(iii) the consensus mechanism of the digital asset;

8 “(iv) the governance structure of the digital asset;

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

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

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

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

13 “(4) TREATMENT OF CUSTOMER ASSETS.—

14 “(A) REQUIRED STANDARDS AND PROCEDURES.—A digital asset exchange shall  
15 establish standards and procedures that are designed to protect and ensure the safety of  
16 customer money, assets, and property.

17 “(B) HOLDING OF CUSTOMER ASSETS.—

18 “(i) IN GENERAL.—A digital asset exchange shall hold customer money, assets,  
19 and property in a manner to minimize the customer’s risk of loss of, or  
20 unreasonable delay in the access to, the money, assets, and property.

21 “(ii) SEGREGATION OF FUNDS.—

22 “(I) IN GENERAL.—A digital asset exchange shall treat and deal with all  
23 money, assets, and property of any customer received as belonging to the  
24 customer

25 “(II) COMMINGLING PROHIBITED.—Money, assets, and property of a  
26 customer described in subclause (I)—

27 “(aa) shall be separately accounted for; and

28 “(bb) shall not be—

29 “(AA) commingled with the funds of the digital asset exchange; or

30 “(BB) used to margin, secure, or guarantee any trades or accounts  
31 of any customer or person other than the person for whom the money,  
32 assets, or property are held.

33 “(iii) EXCEPTIONS.—

34 “(I) USE OF FUNDS.—

35 “(aa) IN GENERAL.—Notwithstanding clause (ii), money, assets, and  
36 property of customers of a digital asset exchange may, for convenience,

1 be commingled and deposited with an entity described in section  
2 4d(i)(1)(B).

3 “(bb) WITHDRAWAL.—Notwithstanding clause (ii), the share of the  
4 money, assets, and property described in item (aa) as in the normal  
5 course of business is necessary to margin, guarantee, secure, transfer,  
6 adjust, or settle a digital asset transaction with a registered entity may  
7 be withdrawn and applied to those purposes, including the payment of  
8 commissions, brokerage, interest, taxes, storage, and other charges,  
9 lawfully accruing in connection with the digital asset transaction.

10 “(II) COMMISSION ACTION.—Notwithstanding clause (ii), in accordance  
11 with such terms and conditions as the Commission may prescribe by rule or  
12 order, any money, assets, or property of the customers of a digital asset  
13 exchange may be commingled and deposited in customer accounts with any  
14 other money, assets, or property received by the digital asset exchange and  
15 required by the Commission to be separately accounted for and treated and  
16 dealt with as belonging to the customer of the digital asset exchange.

17 “(C) PERMITTED INVESTMENTS.—Money described in subparagraph (B)(ii)(I) may  
18 be invested—

19 “(i) in—

20 “(I) obligations of the United States;

21 “(II) general obligations of any State or of any political subdivision of a  
22 State;

23 “(III) obligations fully guaranteed as to principal and interest by the  
24 United States; or

25 “(IV) any other investment that the Commission may by rule prescribe;  
26 and

27 “(ii) in accordance with such rules and subject to such conditions as the  
28 Commission may prescribe.

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

30 “(i) for any digital asset exchange that has received any customer money,  
31 assets, or property for custody to dispose of, or use any of the money, assets, or  
32 property as belonging to the digital asset exchange; or

33 “(ii) for any other person, including any other digital asset exchange or  
34 custodian that has received any customer money, assets, or property for  
35 safekeeping, to hold, dispose of, or use any of the money, assets, or property as  
36 belonging to—

37 “(I) the digital asset exchange that provided the money, assets, or  
38 property; or

39 “(II) any person other than the customers of the digital asset exchange.

40 “(E) CUSTOMER RIGHT TO OPT OUT.—

1           “(i) IN GENERAL.—A customer shall have the right to waive any requirement  
2 under subparagraph (B) by affirmatively electing, in writing to the digital asset  
3 exchange, to waive the requirement.

4           “(ii) LIMITATIONS.—The Commission may, by rule, establish notice and  
5 disclosure requirements, segregation requirements, investment limitations, and  
6 other rules relating to the waiving of any requirement under this paragraph that is  
7 reasonably necessary to protect customers, including eligible contract participants,  
8 non-eligible contract participants, or any other class of customers.

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

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

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

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

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

19           “(C) PROCEDURES AND MONITORING.—A digital asset exchange shall—

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

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

24           “(II) procedures for trade processing of digital assets on or through the  
25 facilities of the digital asset exchange; and

26           “(ii) monitor trading in digital assets to prevent manipulation, price distortion,  
27 and disruptions of the delivery or cash settlement process through surveillance,  
28 and compliance, including methods for conducting real-time monitoring of  
29 trading and comprehensive and accurate trade reconstructions.

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

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

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

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

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

1 “(8) REPORTING REQUIREMENTS.—

2 “(A) IN GENERAL.—A digital asset exchange shall provide to the Commission  
3 information that is determined by the Commission to be necessary to perform any  
4 responsibility of the Commission under this Act.

5 “(B) TIMELY PUBLICATION OF TRADING INFORMATION.—

6 “(i) IN GENERAL.—

7 “(I) PUBLICATION.—A digital asset exchange shall make public timely  
8 information on price, trading volume, and other trading data on digital assets  
9 to the extent prescribed by the Commission.

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

12 “(ii) CAPACITY OF DIGITAL ASSET EXCHANGE.—A digital asset exchange shall  
13 be required to have the capacity to electronically capture and transmit trade  
14 information with respect to transactions executed on the digital asset exchange.

15 “(9) RECORDKEEPING AND REPORTING.—

16 “(A) IN GENERAL.—A digital asset exchange shall—

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

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

24 “(iii) keep any record of digital assets that relate to a security open to  
25 inspection and examination by the Securities and Exchange Commission.

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

28 “(i) a self-regulatory organization;

29 “(ii) the Securities and Exchange Commission;

30 “(iii) an appropriate Federal banking agency (as defined in section 3 of the  
31 Federal Deposit Insurance Act (12 U.S.C. 1813));

32 “(iv) a State bank supervisor (as defined in that section);

33 “(v) a State securities or commodities regulator;

34 “(vi) the Financial Stability Oversight Council;

35 “(vii) the Department of Justice; and

36 “(viii) any other person that the Commission determines to be appropriate,  
37 including—

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

2 “(II) foreign central banks; and

3 “(III) foreign ministries.

4 “(C) CONFIDENTIALITY AGREEMENT.—Before the Commission may share  
5 information with any entity described in subparagraph (B), the Commission shall  
6 receive a written agreement from each entity stating that the entity shall abide by the  
7 confidentiality requirements described in section 8 relating to the information on  
8 digital asset transactions that is provided.

9 “(D) PROVIDING INFORMATION.—Each digital asset exchange shall provide to the  
10 Commission (including any designee of the Commission) information under  
11 subparagraph (A) in such form and at such frequency as is required by the  
12 Commission.

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

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

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

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

19 “(A) establish and enforce rules to minimize conflicts of interest in the  
20 decisionmaking process of the digital asset exchange; and

21 “(B) establish a process for resolving conflicts of interest described in subparagraph  
22 (A).

23 “(12) FINANCIAL RESOURCES—

24 “(A) IN GENERAL.—A digital asset exchange shall have adequate financial,  
25 operational, and managerial resources, as determined by the Commission, to discharge  
26 each responsibility of the digital asset exchange.

27 “(B) MINIMUM AMOUNT OF FINANCIAL RESOURCES.—A digital asset exchange shall  
28 possess financial resources that, at a minimum, exceed the total amount that would  
29 enable the digital asset exchange to conduct an orderly wind-down of the activities of  
30 the digital asset exchange.

31 “(C) ADDITIONAL FINANCIAL RESOURCES FOR LEVERAGE TRADING.—The  
32 Commission may require such additional financial resources as are necessary to enable  
33 a digital asset exchange that offers margined, leveraged, or financed transactions to  
34 fulfill the customer obligations of the digital asset exchange.

35 “(13) GOVERNANCE FITNESS STANDARDS.—

36 “(A) GOVERNANCE ARRANGEMENTS.—A digital asset exchange shall establish  
37 governance arrangements that are transparent to fulfill public interest requirements.

38 “(B) FITNESS STANDARDS.—A digital asset exchange shall establish and enforce  
39 appropriate fitness standards for—



1 “(i) directors;

2 “(ii) any individual or entity with direct access to the settlement activities of the  
3 digital asset exchange;

4 “(iii) any individual or entity with direct access to any custodian affiliated with  
5 the digital asset exchange;

6 “(iv) any entity offering affiliated services for the digital asset exchange; and

7 “(v) any party affiliated with any individual or entity described in clauses (i)  
8 through (iv).

9 “(14) SYSTEM SAFEGUARDS.—A digital asset exchange shall—

10 “(A) establish and maintain a program of risk analysis and oversight to identify and  
11 minimize sources of operational and security risks, through the development of  
12 appropriate controls and procedures and automated systems that—

13 “(i) are reliable and secure; and

14 “(ii) have adequate scalable capacity;

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

17 “(i) the timely recovery and resumption of operations; and

18 “(ii) the fulfillment of the responsibilities and obligations of the digital asset  
19 exchange; and

20 “(C) periodically conduct tests to verify that the backup resources of the digital asset  
21 exchange are sufficient to ensure continued—

22 “(i) order processing and trade matching;

23 “(ii) price reporting;

24 “(iii) market surveillance; and

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

26 “(e) Appointment of Trustee.—

27 “(1) IN GENERAL.—If a proceeding under section 5e results in the suspension or  
28 revocation of the registration of a digital asset exchange, or if a digital asset exchange  
29 withdraws from registration, the Commission, after providing notice to the digital asset  
30 exchange, may apply to the district court of the United States for the judicial district in  
31 which the digital asset exchange is located for the appointment of a trustee.

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

34 “(A) the court may take exclusive jurisdiction over—

35 “(i) the digital asset exchange; and

36 “(ii) the records and assets of the digital asset exchange, wherever those records  
37 and assets are located; and

1 “(B) if the court takes jurisdiction under subparagraph (A), the court shall appoint  
2 the Commission, or a person designated by the Commission, as trustee with power to  
3 take possession and continue to operate or terminate the operations of the digital asset  
4 exchange in an orderly manner for the protection of customers, subject to such terms  
5 and conditions as the court may prescribe.

6 “(f) Custodian.—A digital asset exchange shall hold for safekeeping with an entity described  
7 in section 4d(i)(1)(B) each digital asset that is—

8 “(1) the property of a customer of the digital asset exchange;

9 “(2) required to be held by the digital asset exchange under subsection (c)(2) or (d)(12);  
10 or

11 “(3) otherwise required by the Commission to be so held to reasonably protect customers  
12 or promote the public interest.

13 “(g) Exemptions.—

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

19 “(A) the exemption—

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

21 “(ii) will not have a material adverse effect on the ability of the Commission or  
22 the digital asset exchange to discharge duties under this Act; or

23 “(B) the digital asset exchange is subject to comparable, comprehensive regulation  
24 by the appropriate government authorities in the home country of the digital asset  
25 exchange.

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

27 “(A) on the initiative of the Commission; or

28 “(B) after receiving an application for the exemption by the registered digital asset  
29 exchange.

30 “(h) Jurisdiction.—Notwithstanding any other provision of law, the Commission shall  
31 have exclusive jurisdiction over the regulation and all other activities of a registered digital asset  
32 exchange.

33 “(i) Implementation.—The Commission may prescribe rules to implement this section.”.

34 (b) Certain Digital Asset Exchange Functions Not Sufficient to Trigger Requirement to  
35 Register as Futures Commission Merchant.—Section 4f(c) of the Commodity Exchange Act (7  
36 U.S.C. 6f(c)) is amended by adding at the end the following:

37 “(12) Clarification of Scope of Registration Requirement.—A registered digital asset exchange  
38 shall not be required to register as a futures commission merchant for any activity for which the  
39 exchange is regulated under section 5i.”.

## 1 SEC. 405. VIOLATIONS.

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

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

5 (2) in subsection (e)—

6 (A) in paragraph (1), by inserting “contracts for the sale of digital assets,” after  
7 “options thereon,”; and

8 (B) in paragraph (2), by inserting “or contracts for the sale of digital assets” after  
9 “options thereon”.

## 10 SEC. 406. MARKET REPORTS.

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

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

14 (2) in the second sentence, by striking “futures markets.” and inserting “markets under  
15 the jurisdiction of the Commission.”.

## 16 SEC. 407. BANKRUPTCY TREATMENT OF DIGITAL 17 ASSETS.

18 (a) In General.—Section 20(a) of the Commodity Exchange Act (7 U.S.C. 24(a)) is amended  
19 in paragraphs (1) and (2) by inserting “digital assets,” after “securities,” each place it appears.

20 (b) Commodity Broker Definition.—Section 101 of title 11, United States Code, is amended in  
21 paragraph (6), by inserting “digital asset exchange, as defined in section 1a of the Commodity  
22 Exchange Act,” after “futures commission merchant,”.

23 (c) Commodities Contracts.—Section 556 of title 11, United States Code, is amended by  
24 inserting “a digital asset exchange, as defined in section 1a of the Commodity Exchange Act,”  
25 after “a contract market designated under the Commodity Exchange Act,”.

26 (d) Contractual Rights.—Section 561 of title 11, United States Code, is amended—

27 (1) in subsections (b) and (c), by inserting “digital asset exchange, as defined in  
28 section 1a of the Commodity Exchange Act,” after “contract market designated under the  
29 Commodity Exchange Act” wherever it appears.

30 (e) Definitions.—Section 761 of title 11, United States Code, is amended—

31 (1) in paragraph (4)—

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

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

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

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

1 “(K) a contract for the sale of a digital asset by a registered digital asset exchange;”  
2 and

3 (2) in paragraph (10)—

4 (A) in the matter preceding subparagraph (A)—

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

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

7 (B) in subparagraph (A)—

8 (i) in clause (vi), by inserting “a digital asset,” after “a security;” and

9 (ii) in clause (vii)—

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

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

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

13 (C) in subparagraph (B)—

14 (i) by striking “not including property” and inserting “not including—  
15 “(i) property”;

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

17 (iii) by adding at the end the following:

18 “(ii) money, assets, or property with respect to which any requirement under  
19 subsection (i) of section 4d of the Commodity Exchange Act (7 U.S.C. 6d) is  
20 waived pursuant to paragraph (3) of that subsection, or any requirement under  
21 subparagraph (B) of paragraph (4) of section 5i(d) of that Act is waived pursuant  
22 to subparagraph (E) of that paragraph;”.

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

25 (g) Treatment of Customer Property.—Section 766 of title 11, United States Code, is  
26 amended—

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

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

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

33 (4) in subsection (f)—

34 (A) in striking “and other property” and inserting “digital assets, and other  
35 property”; and

36 (B) by striking “or property” and inserting “, digital assets, or property”;

1 (5) in subsection (g), by striking “security or property” and inserting “security, digital  
2 asset, or property”; and

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

## 4 SEC. 408. IDENTIFIED BANKING PRODUCTS.

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

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

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

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

9 “(7) a payment stablecoin issued by a depository institution under section 4810, title 12,  
10 United States Code.”.

## 11 SEC. 409. FINANCIAL INSTITUTIONS DEFINITION.

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

14 “(B) A registered digital asset exchange, as defined in section 1a of the Commodity  
15 Exchange Act.”.

## 16 SEC. 410. OFFSETTING THE COSTS OF DIGITAL ASSET 17 REGULATION.

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

## 20 “SEC. 24. OFFSETTING THE COSTS OF DIGITAL ASSET 21 REGULATION.

22 “(a) Recovery of Certain Costs of Annual Appropriation.—

23 “(1) IN GENERAL.—Effective beginning on October 1, 2023, the Commission may, by  
24 rule, collect fees—

25 “(A) to fund expenses relating to regulation of digital asset cash and spot markets;  
26 and

27 “(B) that are designed to recover the costs to the Federal Government of the annual  
28 appropriation to the Commission by Congress.

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

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

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

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

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

1 “(B) be reduced for newly registered entities with less than \$100,000,000 in daily  
2 trading volume; and

3 “(C)(i) minimize negative impacts on market liquidity; and

4 “(ii) maintain the efficiency, competitiveness, and financial integrity of digital asset  
5 markets.

6 “(4) COLLECTION OF FEES.—The Commission shall collect fees under this subsection in  
7 such manner and within such time as may be specified by the Commission by rule.

8 “(b) Fee Rate Orders.—

9 “(1) IN GENERAL.—Not later than 60 days after the date on which a law providing a  
10 regular appropriation to the Commission for a fiscal year is enacted, the Commission shall  
11 adopt an order setting rates for fees to be collected under subsection (a) for that fiscal year.

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

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

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

16 “(c) Deposit of Fees.—

17 “(1) OFFSETTING COLLECTIONS.—Fees collected under subsection (a) for any fiscal  
18 year—

19 “(A) shall be deposited and credited as offsetting collections to the account  
20 providing appropriations to the Commission; and

21 “(B) shall not be collected or available for obligation for any fiscal year except to  
22 the extent provided in advance in appropriation Acts.

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

25 “(d) Lapse of Appropriations.—If a regular appropriation to the Commission has not been  
26 enacted on the first day of a fiscal year, the Commission shall continue to collect fees under this  
27 section at the rates in effect on September 30 of the preceding fiscal year.

28 “(e) Limitations.—

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

32 “(2) OTHER APPROPRIATIONS.—Notwithstanding any other provision of law, the  
33 Commission may use appropriations otherwise made available by law to fund expenses  
34 relating to the regulation of digital asset cash and spot markets.

35 “(f) Ceiling on Fees.—Unless otherwise provided by law, fees collected under this section  
36 shall not exceed \$30,000,000.

37 “(g) Authorization Required.—The authority under this section to impose and collect fees  
38 shall only be in effect during a period that a legislative authorization of the Commission is in

1 effect, as otherwise provided by law.”.

## 2 TITLE V—RESPONSIBLE CONSUMER PROTECTION

### 3 SEC. 501. RESPONSIBLE CONSUMER PROTECTION.

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

#### 6 “9802. Consumer protection standards for digital assets

7 “(a) In General.—A person or protocol that provides digital asset services shall ensure that the  
8 scope of permissible transactions that may be undertaken with customer digital assets is  
9 disclosed clearly in a customer agreement.

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

12 “(1) Prior to the implementation of any updates, material source code version changes  
13 relating to digital assets, except in emergencies, which may include security vulnerabilities.

14 “(2) Whether customer digital assets are segregated from other customer assets and the  
15 manner of segregation.

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

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

20 “(5) Applicable fees.

21 “(6) The dispute resolution process of the person.

22 “(c) Subsidiary Proceeds.—

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

24 “(A) SUBSIDIARY PROCEEDS.—The term ‘subsidiary proceeds’ includes forks,  
25 airdrops, staking and other gains that accrue to a digital asset through market  
26 transactions, use as a financial asset, or being held in custody or safekeeping by a  
27 person who provides digital asset services.

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

30 “(2) ACCRUAL TO CUSTOMER.—Except as otherwise specified by an agreement with a  
31 customer, all ancillary or subsidiary proceeds relating to digital asset services provided to a  
32 customer shall accrue to the benefit of the customer in accordance with paragraph (3).

33 “(3) ELECTION.—A person who provides digital asset services may elect not to collect  
34 certain subsidiary proceeds if the election is disclosed in an agreement with the customer.

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

1 “(5) AGREEMENT.—A person who provides digital asset services shall enter into an  
2 agreement with a customer, if desired by the customer, regarding the manner in which to  
3 invest subsidiary proceeds or other gains attributable to the digital assets of the customer.

4 “(d) Lending Arrangements.—A person who provides digital asset services shall ensure any  
5 lending arrangements relating to digital assets are—

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

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

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

9 “(4) accompanied by full disclosures of applicable terms and risks, yield, and the manner  
10 in which the yield is calculated;

11 “(5) accompanied by appropriate disclosures relating to collateral requirements and  
12 policies, including—

13 “(A) haircuts and overcollateralization requirements;

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

16 “(C) whether customer collateral is commingled with the collateral of other  
17 customers or of the person; and

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

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

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

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

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

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

30 “(e) Rehypothecation.—

31 “(1) DEFINITION.—In this subsection, the term ‘rehypothecation’ means the pledging of  
32 an asset as collateral for a financial transaction by a person after the pledging of the asset as  
33 collateral by a customer of that person.

34 “(2) REHYPOTHECATION.—Before rehypothecating a digital asset, a person who provides  
35 digital asset services to a customer shall clearly disclose policies on rehypothecation to  
36 customers, including a clear definition of rehypothecation that is accessible to consumers.  
37 The person who provides digital asset services to a customer shall obtain affirmative  
38 consent and consider the following factors to appropriately mitigate risk relating to  
39 rehypothecation:



1 “(A) The liquidity and volatility of a digital asset.

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

3 “(C) Concentration risk.

4 “(D) Whether an issuer or lender of last resort relating to a digital asset exists,  
5 including for virtual currency with a finite supply.

6 “(E) The capital, leverage and market position of the person.

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

## 9 SEC. 502. SOURCE CODE VERSION OF DIGITAL ASSETS.

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

### 12 “9803. Source code version of digital assets

13 “(a) In General.—A customer and a person who provides digital asset services shall, at the  
14 initiation of a contractual relationship, agree in writing regarding the source code version the  
15 person will use for each digital asset and the treatment of each asset under the law, including  
16 securities and commodities laws and the Uniform Commercial Code applicable to the  
17 transaction.

18 “(b) Determination.—A person who provides digital asset services—

19 “(1) may periodically determine whether to implement a source code version that uses  
20 validation rules different than those of the source code version specified in a customer  
21 agreement, including in circumstances where is not possible to predict in advance whether  
22 utilization of the different source code version will be in the best interests of the customer;

23 “(2) shall consider the nature of proposed changes to source code versions with potential  
24 effects resulting from third party actors that may create different source code versions  
25 resulting in new networks that could create economic value for customers;

26 “(3) shall not be required to support digital assets and source code versions that the  
27 person has not entered into an agreement with customers to support; and

28 “(4) shall not capriciously redefine a digital asset or the corresponding source code or  
29 alter customer agreements with respect to this subsection.

30 “(c) Standards.—A person who provides digital asset services—

31 “(1) shall adopt and maintain standards for changes to digital asset source code versions  
32 that use differing validation rules than those of the source code version specified in the  
33 customer agreement, which shall include customer notice and approval, as appropriate  
34 based on the circumstances; and

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

## 37 SEC. 503. SETTLEMENT FINALITY.

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

### 3 “9804. Settlement finality

4 “To promote legal certainty and customer protection, a person who provides digital asset  
5 services and a customer shall agree on the terms of settlement finality for all transactions,  
6 including the following:

7 “(1) The conditions under which a digital asset may be deemed fully transferred,  
8 provided that these legal conditions may diverge from operational conditions under which  
9 digital assets are considered transferred, owing to the distributed and probabilistic nature of  
10 digital assets.

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

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

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

### 14 SEC. 504. NOTICE TO CUSTOMERS; ENFORCEMENT.

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

### 17 “9805. Notice to customers; enforcement

18 “(a) In General.—In providing disclosures and carrying out other duties under this chapter, a  
19 person who provides digital asset services in or affecting interstate commerce shall have a duty  
20 to provide higher standards of customer notice and acknowledgment if there is likely to be a  
21 material impact on the economic value of the digital asset of a customer.

22 “(b) Enforcement of Standards.—The standards under this chapter—

23 “(1) shall be enforced in an appropriate manner, commensurate with other customer  
24 protection standards—

25 “(A) in the case of a digital asset intermediary, by the Federal or State licensing,  
26 registration or chartering authority of the intermediary; and

27 “(B) in the case of a depository institution or other financial institution, by the  
28 appropriate State or Federal banking supervisor.

### 29 SEC. 505. RIGHT TO INDIVIDUAL MANAGEMENT OF 30 DIGITAL ASSETS.

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

### 33 “9806. Right to individual management of digital assets

34 “(a) In General.—Except as otherwise required by law, no person shall be required to use an  
35 intermediary for the safekeeping of digital assets legally owned, and possessed or controlled, by  
36 that person.

1 “(b) Rule of Construction.—This section shall not be construed to—

2 “(1) permit a person to engage in market activity for which authorization is required  
3 under Federal or State law; or

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

## 6 SEC. 506. TECHNICAL AND CONFORMING 7 AMENDMENTS.

8 The table of sections of chapter 98, as added by section 101(a) of this Act, is amended by  
9 adding at the end the following:

10 “9802. Consumer protection standards for digital assets.

11 “9803. Source code version of digital assets.

12 “9804. Settlement finality.

13 “9805. Notice to customers; enforcement.

14 “9806. Right to individual management of digital assets.”.

## 15 TITLE VI—RESPONSIBLE PAYMENTS INNOVATION

### 16 SEC. 601. DEPOSITORY INSTITUTION ISSUANCE OF 17 PAYMENT STABLECOINS

#### 18 **New 12 USC 4810:**

### 19 “4810. DEPOSITORY INSTITUTION ISSUANCE OF 20 PAYMENT STABLECOINS.

21 “(a) In General.—A depository institution may issue, redeem and conduct all incidental  
22 activities relating to payment stablecoins, as provided by this section.

23 “(b) Required Payment Stablecoin Assets.—A depository institution shall maintain high-  
24 quality liquid assets under this section equal to not less than 100 percent of the face amount of  
25 the liabilities of the institution on payment stablecoins issued by the institution. In the case of an  
26 insured depository institution described in subsection (m)(1)(A) that engages in on-balance sheet  
27 lending activities, assets under this subsection shall equal not less than 100 percent of the face  
28 amount of the liabilities of the institution on payment stablecoins issued by the institution and the  
29 assets shall be held in balances at a Federal Reserve bank, which may include a segregated  
30 balance account, or, in the case of foreign withdrawable reserves, at a foreign central bank, in a  
31 special, custodial or trust account, other off-balance sheet account, or in another equivalent  
32 manner that ensures the segregation of the assets in the event of receivership. An insured  
33 depository institution may segregate the issuance and management of payment stablecoins into a  
34 separate depository institution affiliate under the same holding company structure. Eligible high-  
35 quality liquid assets under this section shall be comprised of the following:

36 “(1) United States coins and currency and any other instrument defined as legal tender (as

1 defined by 31 U.S.C. 5103);

2 “(2) Demand deposits at a depository institution, except that deposits in an insured  
3 depository institution shall not exceed the limit of deposit or share insurance available for  
4 that account, which may passthrough insurance, or shall be maintained in a special,  
5 custodial or trust account or other off-balance sheet account held by the insured depository  
6 institution;

7 “(3) Balances held at a Federal Reserve bank, which may be held in a master account or  
8 segregated balance account.

9 “(4) Foreign withdrawable reserves, as defined in 12 C.F.R. 249.3, consistent with any  
10 foreign unit of account in which the payment stablecoin is denominated or pegged.

11 “(5) A security that is issued by, or unconditionally guaranteed as to the timely payment  
12 of principal and interest by, the Department of the Treasury, with an original maturity of 1-  
13 year or less.

14 “(6) A reserve repurchase agreement relating to a security specified by paragraph (5);

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

18 “(c) Disclosures.—A depository institution shall disclose, in a publicly accessible manner, a  
19 summary description of the assets backing the payment stablecoin, the value of these assets and  
20 the number of outstanding payment stablecoins, not more than 10 business days after the end of  
21 each month, as of the last day of that month. Such explanation shall be filed with the appropriate  
22 Federal banking agency or State banking supervisor and shall be filed under penalty of perjury  
23 by the chief financial officer of the institution. The depository institution shall also report on the  
24 summary description any instances in which the institution failed to comply with any  
25 requirement of subsection (b). As applicable, the appropriate Federal banking agency or State  
26 banking supervisor shall, as part of a regular examination of the depository institution, at the  
27 frequency otherwise required by law, verify the composition of the assets and the accuracy of the  
28 summary descriptions made under this subsection and reports under subsection (d).

29 “(d) Call Report.—As applicable, the appropriate Federal banking agency or State banking  
30 supervisor shall require a depository institution that issues a payment stablecoin to report, in  
31 detail, on the composition of the assets in each periodic report of condition, or in an alternative  
32 format approved by the Federal Financial Institutions Examination Council, at the frequency  
33 otherwise required by law.

34 “(e) Permission.—A depository institution shall, as applicable, obtain permission from the  
35 appropriate Federal banking agency or State bank supervisor, with an application submitted not  
36 less than 6 months before intended issuance of the payment stablecoin, but which may be  
37 submitted as part of a charter application. As part of an application under this section, a  
38 depository institution shall develop a tailored recovery and resolution plan, consistent with the  
39 standards adopted under subsection (j)(6), that would permit the orderly resumption of a safe and  
40 sound operation or the orderly wind-down of operations in the event of distress, including the  
41 redemption of all outstanding payment stablecoins. The application shall also contain a draft  
42 customer agreement, flow of funds explanation, a robust information technology plan and  
43 operational design of the payment stablecoin. As applicable, the appropriate Federal banking

1 agency or State banking supervisor shall render a decision on the application within 4 months of  
2 the date of filing, and shall approve the application unless:

3 “(1) The payment stablecoin activities are not likely to be able to operate in a safe and  
4 sound manner;

5 “(2) The depository institution does not have the required resources and expertise to  
6 manage the operation of the payment stablecoin, commensurate with the size and scale of  
7 projected operations; or

8 “(3) The depository institution does not have required policies and procedures relating to  
9 material areas of the operation of the payment stablecoin activities.

10 “(f) Redemption of Payment Stablecoins.—Upon the demand of a customer, a depository  
11 institution shall redeem an outstanding payment stablecoin at par in the coins, currency or other  
12 instruments defined as legal tender under 31 USC 5103 or the similar laws of the jurisdiction of  
13 the unit of account in which the payment stablecoin is denominated or to which its value is  
14 pegged. A depository institution may redeem a payment stablecoin issued by another depository  
15 institution at par, upon demand. The Board of Governors of the Federal Reserve System, through  
16 the Federal Reserve banks, shall provide for the clearing and settlement of payment stablecoin  
17 liabilities among depository institutions under this section and shall ensure competitive equality  
18 in all clearing, settlement and related services. A depository institution shall also assess its ability  
19 to fulfill large redemptions without placing downward pressure on the market value of the  
20 payment stablecoin.

21 “(g) Collateral Availability in the Capital Markets.—The appropriate Federal banking  
22 agencies, in consultation with State bank supervisors, the Securities and Exchange Commission  
23 and Commodity Futures Trading Commission, shall monitor use of the high-quality liquid assets  
24 authorized under subsection (b) and the impact on collateral availability and the efficient  
25 functioning of the capital markets.

26 “(h) Applicability of Gramm-Leach-Bliley Data Privacy Provisions.—Title V of the Gramm-  
27 Leach-Bliley Act (12 U.S.C. 6801 et seq.) shall apply to the payment stablecoin activities of a  
28 depository institution under this section.

29 “(i) Receivership Priority.—In the event of the receivership of a depository institution that has  
30 issued a payment stablecoin under this section, a person that has a valid claim on a payment  
31 stablecoin issued by that institution shall have priority over all other claims on the institution  
32 with respect to any required payment stablecoin assets, including claims in respect of insured  
33 deposits, other than administrative costs incurred by the appropriate Federal banking agency or  
34 State banking supervisor, as applicable, relating to the receivership of the institution, if  
35 applicable. Consistent with subsection (f) of this section, a depository institution which redeems  
36 a payment stablecoin issued by a depository institution in receivership shall be considered to  
37 have a valid claim, with corresponding priority under this subsection, on a payment stablecoin  
38 issued by the institution in receivership.

39 “(j) Incidental Activities.—A depository institution may conduct all incidental activities  
40 relating to the issuance and redemption of payment stablecoins, which shall include the  
41 following:

- 42 (1) Management of required payment stablecoin assets, consistent with subsection (b)  
43 of this section;

- 1 (2) Making a market in payment stablecoins;
- 2 (3) Custodial services;
- 3 (4) Settlement and clearing;
- 4 (5) Post-trade services; and
- 5 (6) All other activities consistent with a safe and sound operation, as determined by
- 6 the appropriate Federal banking agency or State banking supervisor.

7 (k) Rules.—

8 (1) The appropriate Federal banking agencies, in consultation with State banking  
9 supervisors, shall adopt rules to implement this section, including—

10 “(A) capital treatment for depository institutions described in subsection (m)(1),  
11 consistent with paragraph (2);

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

13 “(C) third-party service provider activities—

14 “(i) including custodial wallet providers; and

15 “(ii) not including licensing or capital requirements for third-party service providers;

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

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

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

19 “(G) any other material topic.

20 (2) In determining capital and leverage requirements applicable to a depository  
21 institution that has no material assets other than required payment stablecoin assets under this  
22 section, such a depository institution shall not be subject to section 171 of the Dodd-Frank Wall  
23 Street Reform and Consumer Protection Act (12 USC 5371) and the appropriate Federal banking  
24 agencies shall take into account the significant differences between the risks of the assets of the  
25 institution and those of depository institutions whose assets consist primarily of commercial or  
26 consumer loans.

27 “(l) Non-Depository Institution Payment Stablecoin Issuers.—Nothing in this section shall be  
28 construed to prohibit an entity operating under a state or Federal charter or license that is not a  
29 depository institution from issuing and redeeming a payment stablecoin and conducting all  
30 activities related to the management of such payment stablecoin consistent with a safe and sound  
31 operation, as determined by the appropriate regulator of the entity. The entity shall be subject to  
32 the requirements of subsections (b) and (c) of this section and shall redeem an outstanding payment  
33 stablecoin at par in the coins, currency or other instruments defined as legal tender under 31 USC  
34 5103 or the similar laws of the jurisdiction of the unit of account in which the payment stablecoin  
35 is denominated or to which its value is pegged.

36 “(m) Definitions.—In this section:

37 “(1) DEPOSITORY INSTITUTION.—The term ‘depository institution’ has the meaning given  
38 the term in section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)) and  
39 includes—

40 “(A) an insured depository institution; or

1 “(B) a depository institution operating under subsection (c) of section 5169 of the  
2 Revised Statutes (12 U.S.C. 27), or a substantially similar State law, exclusively  
3 engaged in issuing payment stablecoins, providing safekeeping, trust or custodial  
4 services, or activities incidental to the foregoing under subsection (c) of section 5169  
5 of the Revised Statutes (12 U.S.C. 27), or a substantially similar State law.

6 “(2) PAYMENT STABLECOIN.—The term ‘payment stablecoin’ has the meaning given the  
7 term in section 9801 of title 31, United States Code.”.

8 “(3) SEGREGATED BALANCE ACCOUNT.—The term ‘segregated balance account’ includes  
9 an account of a depository institution with a Federal Reserve bank or a foreign central bank  
10 to which only required payment stablecoin assets are credited.

## 11 SEC. 602. SANCTIONS COMPLIANCE RESPONSIBILITIES 12 OF PAYMENT STABLECOIN ISSUERS.

13 Not later than 120 days after the date of the enactment of this Act, the Secretary of the  
14 Treasury shall adopt final guidance clarifying the sanctions compliance responsibilities and  
15 liability of an issuer of a payment stablecoin with respect to downstream transactions relating to  
16 the stablecoin that take place after the stablecoin is first provided to a customer of the issuer.

## 17 SEC. 603. USE OF THE OFFICIAL DIGITAL CURRENCY 18 OF THE PEOPLE’S REPUBLIC OF CHINA ON 19 GOVERNMENT DEVICES

20 (a) Definitions.—In this section—

21 (1) the term “digital yuan” means the official central bank digital currency of the People’s  
22 Republic of China;

23 (2) the term “executive agency” has the meaning given that term in section 133 of title  
24 41, United States Code; and

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

27 (b) Use of Digital Yuan.—Not later than 60 days after the date of enactment of this Act, the  
28 Director of the Office of Management and Budget, in consultation with the Administrator of  
29 General Services, the Director of the Cybersecurity and Infrastructure Security Agency, the  
30 Director of National Intelligence, and the Secretary of Defense, and consistent with the  
31 information security requirements under subchapter II of chapter 35 of title 44, United States  
32 Code, shall develop standards and guidelines for executive agencies which require adequate  
33 security measures for use of the digital yuan on government information technology devices.

## 34 SEC. 604. CERTIFICATE OF AUTHORITY TO COMMENCE 35 BANKING.

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

37 (1) in subsection (a), in the third sentence, by striking “to those of a trust company and

1 activities related thereto.” and inserting the following: “to—

2 “(1) those of a trust company and fiduciary activities related thereto; or

3 “(2) those of a depository institution required to maintain assets valued at not less than  
4 100 percent of the deposits of the institution, for the purposes of issuing a payment  
5 stablecoin (as defined in section 9801, title 31, United States Code) and activities related  
6 thereto, consistent with subsection (c) of this section and without the requirement to  
7 maintain deposit insurance under the Federal Deposit Insurance Act (12 U.S.C. 1811 et  
8 seq.)”; and

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

10 “(c)(1) Notwithstanding any other provision of law, a National Bank Association described in  
11 subsection (a)(2) may not engage in maturity transformation or facilitate consumer lending  
12 through third parties.

13 “(2) Restrictions on affiliate transactions applicable for insured depository institutions shall  
14 apply to such depository institutions.

15 “(3) The Comptroller of the Currency, in close consultation with the Board of Governors of  
16 the Federal Reserve System and State banking supervisors, shall develop the following:

17 “(A) A simplified capital framework, taking into account the following factors:

18 “(i) Payment system risk.

19 “(ii) The greater of—

20 “(I) all projected costs of receivership; or

21 “(II) 3 years of projected operating expenses.

22 “(B) Appropriate standards for the depository institution to develop a community  
23 contribution plan, which may include consumer education, financial literacy, charitable  
24 donations, volunteerism, job training and internships or similar involvement.

25 “(C) A tailored recovery and resolution plan that would permit the orderly resumption of  
26 a safe and sound operation or the orderly wind-down of operations relating to a payment  
27 stablecoin in the event of distress.

28 “(D) Tailored holding company supervision, as specified by section 15 of the Bank  
29 Holding Company Act of 1956.

30 “(4) In designing the simplified capital framework required by subsection (c)(3)(A), the  
31 Comptroller of the Currency:

32 (A) shall not subject depository institutions to the standards of section 171 of the Dodd-  
33 Frank Wall Street Reform and Consumer Protection Act (12 USC 5371); and

34 (B) shall take into account the significant differences between the risks of the assets of  
35 the institution and those of depository institutions whose assets consist primarily of commercial or  
36 consumer loans.

37 “(d) The Comptroller of the Currency may promulgate rules to carry out this section.”.

## 38 SEC. 605. HOLDING COMPANY SUPERVISION OF



## COVERED DEPOSITORY INSTITUTIONS.

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

(1) in section 2(c) (12 U.S.C. 1841(c)), strike paragraph (2) and insert the following:

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

(2) by adding at the end the following:

### “SEC. 15. TAILORED HOLDING COMPANY SUPERVISION FOR COVERED DEPOSITORY INSTITUTIONS.

“(a) Definitions.—In this section:

“(1) APPROPRIATE BANKING SUPERVISOR.—The term ‘appropriate banking supervisor’ means the Comptroller of the Currency, a State banking supervisor, in the case of a State member bank, the Board, or in the case of an insured bank, the Federal Deposit Insurance Corporation, as applicable.

“(2) CONTROLLING INTEREST.—The term ‘controlling interest’ means a circumstance when a person, directly or indirectly, or acting through or in concert with 1 or more persons—

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

“(B) controls in any manner the election of a majority of the directors of the covered depository institution; or

“(C) has the power to exercise a controlling influence over the management or policies of the covered depository institution.

“(3) COVERED DEPOSITORY INSTITUTION.—The term ‘covered depository institution’ means a depository institution, other than a depository institution as defined in section 3 of the Bank Holding Company Act (12 USC 1842) or an insured depository institution as defined in section 3 of the Federal Deposit Insurance Act (12 USC 1813), exclusively engaged in issuing payment stablecoins, providing safekeeping, trust or custodial services, or activities incidental to the foregoing under subsection (c) of section 5169 of the Revised Statutes (12 U.S.C. 27), or a substantially similar State law.

“(b) Controlling Interest.—A person with a controlling interest in a covered depository institution shall—

“(1) submit annual audited financial statements and other information as otherwise reasonably required by the appropriate banking supervisor; and

“(2) provide a description of all affiliated or parent entities and their relationships with the institution, including annual updates.

“(c) Tax Allocation Agreement.—The appropriate banking supervisor may require a legal entity with a controlling interest in a covered depository institution to execute a tax allocation agreement with the institution that—

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

5 “(2) may provide that the amount and timing of any payments or refunds to the institution  
6 by the person should be no less favorable than if the institution were a separate taxpayer.

7 “(d) Prohibition on Controlling Interests.—A person that is a commercial firm, as defined in  
8 section 602 of the Bank and Savings Association Holding Company and Depository Institution  
9 Regulatory Improvements Act of 2010 (12 U.S.C. 1815 note), may not obtain a controlling  
10 interest in a covered depository institution.

11 “(e) Public Interest.—If the appropriate banking supervisor finds that it is in the public interest  
12 and has reasonable cause to believe it is necessary to protect the customers of a covered  
13 depository institution, the supervisor may—

14 “(1) conduct an examination of a legal entity with a controlling interest in a covered  
15 depository institution or otherwise require information from the person; and

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

## 19 SEC. 606. IMPLEMENTATION RULES TO PRESERVE 20 ADEQUATE COMPETITION IN PAYMENT 21 STABLECOINS.

22 (a) In General.—The application of a non-depository trust company or the holder of a State  
23 license that only persons engaged in digital asset activities may obtain, which was chartered or  
24 issued under the laws of a State or the National Bank Act before the date of enactment of this  
25 Act, to receive a charter as a depository institution and to operate under subsection (c) of section  
26 5169 of the Revised Statutes (12 U.S.C. 27), as added by section 604 of this Act, shall be  
27 decided upon by the Comptroller of the Currency before an application for a charter to operate  
28 under that section from another entity that is filed on or after the date of enactment of this Act.

29 (b) Application.—The application of a covered depository institution, as defined in section  
30 15(a) of the Bank Holding Company Act of 1956 (12 U.S.C. 1853(a)), chartered before the date  
31 of enactment of this Act to become a State member bank in the Federal Reserve System or for  
32 access to Federal Reserve services under section 11A of the Federal Reserve Act (12 U.S.C.  
33 248a) shall be decided upon by the Board of Governors of the Federal Reserve System, or a  
34 Federal Reserve bank, as applicable, before any application to become a State member bank or  
35 for Federal Reserve services from any other entity which seeks to operate as a covered  
36 depository institution and which is filed on or after the date of enactment of this Act.

37 (c) Decision.—The applications described in subsections (a) and (b) of this section shall be  
38 decided upon by the appropriate Federal banking agency (as defined in section 3 of the Federal  
39 Deposit Insurance Act (12 U.S.C. 1813) or Federal Reserve bank, as applicable, before an  
40 insured depository institution in operation before the enactment date of this Act may issue a  
41 payment stablecoin under section 601 of this Act.

## 1 SEC. 607. FINANCIAL CRIMES ENFORCEMENT 2 NETWORK INNOVATION LABORATORY.

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

4 “(m) Innovation Laboratory.—

5 “(1) IN GENERAL.—There is established within the Financial Crimes Enforcement  
6 Network an Innovation Laboratory to promote regulatory dialogue, data sharing between  
7 the Financial Crimes Enforcement Network and financial companies, and an assessment of  
8 potential changes in law, rules, or policies to facilitate the appropriate supervision of  
9 financial technology and the laws under the jurisdiction of the agency.

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

13 “(3) DUTIES.—The Innovation Laboratory, as appropriate, shall study changes in  
14 financial technology and make recommendations to Congress, the Secretary, and the  
15 Director for appropriate changes in laws, rules, or policies that can more effectively  
16 facilitate the supervision of financial technology with respect to the laws under the  
17 jurisdiction of the Financial Crimes Enforcement Network, including digital assets,  
18 distributed ledger technology and decentralized finance.

19 “(4) PILOT PROJECTS.—The Innovation Laboratory, as appropriate, shall conduct pilot  
20 projects with financial companies to more effectively facilitate the supervision of financial  
21 technology, consistent with applicable law.”

## 22 TITLE VII—RESPONSIBLE BANKING INNOVATION 23 SEC. 701. STUDY ON USE OF DISTRIBUTED LEDGER 24 TECHNOLOGY FOR REDUCTION OF RISK IN 25 DEPOSITORY INSTITUTIONS.

26 Not later than 180 days after the date of enactment of this Act, the Board of Governors of the  
27 Federal Reserve System shall complete a study and submit to the Committee on Housing,  
28 Banking, and Urban Affairs of the Senate and the Committee on Financial Services of the House  
29 of Representatives a report regarding the manner in which distributed ledger technology may  
30 reduce risk for depository institutions, as defined in section 19(b)(1) of the Federal Reserve Act  
31 (12 U.S.C. 461(b)(1)), including settlement risk, operational risk and capital requirements.

## 32 SEC. 702. ELIGIBILITY FOR FEDERAL RESERVE 33 SERVICES TO DEPOSITORY INSTITUTIONS.

34 (a) Findings.—Congress finds the following:

35 (1) Final settlement of transactions in central bank money reduces risk in the financial  
36 system, including through the reduction of counterparty exposure.

37 (2) Digital assets settle with finality in seconds or minutes, whereas traditional financial

1 transactions may take days to settle.

2 (3) This mismatch in the settlement window of digital assets and traditional financial  
3 assets creates risk in the economy that may be reduced through the ability of depository  
4 institutions to simultaneously conduct digital asset transactions and settle, with finality, the  
5 United States dollar component of these transactions.

6 (4) The Federal Reserve Act specifies that a depository institution, as defined in section  
7 19(b)(1) of that Act (12 U.S.C. 461(b)(1)), upon receiving a charter from the Office of the  
8 Comptroller of the Currency, National Credit Union Administration or state banking  
9 supervisor, is required to be made available services from Federal Reserve banks under the  
10 Federal Reserve Act (12 USC 248a), including currency and coin services, wire transfer  
11 services, automated clearinghouse services and settlement services.

12 (5) Numerous Federal courts have found that the provision of services to depository  
13 institutions under section 11A of the Federal Reserve Act (12 U.S.C. 248a) is a ministerial  
14 duty imposed by Congress with respect to all depository institutions.

15 (6) The Board of Governors of the Federal Reserve System has long interpreted the  
16 Federal Reserve Act to mean that the Federal Reserve banks must provide services to all  
17 depository institutions, noting that it has a duty “to ensure the provision of payment services  
18 to all depository institutions on an equitable basis, and to do so in an atmosphere of  
19 competitive fairness”.

20 (7) The Federal Reserve banks have, on occasion, provided services to non-depository,  
21 non-FDIC insured institutions without appropriate statutory authority.

22 (8) Certain novel legal positions that conflict with or frustrate these precedents are not in  
23 the best traditions of the Federal Reserve Act, our dual banking system, and the imperatives  
24 of Congress.

25 (9) The statutory independence of the Board of Governors and the Federal Reserve banks  
26 under the Constitution of the United States is properly rooted in absolute fidelity to the laws  
27 enacted by Congress.

28 (10) It is appropriate for Congress to reaffirm its existing statutory intent to ensure that all  
29 depository institutions may access services under the Federal Reserve Act “on an equitable  
30 basis, and to do so in an atmosphere of competitive fairness”.

31 (b) Pricing of Services.—Section 11A of the Federal Reserve Act (12 U.S.C. 248a) is  
32 amended by adding at the end the following:

33 “(f) The Federal Reserve banks shall provide a segregated balance account to a depository  
34 institution upon the request of any institution which receives services under this section.”.

35 (c) Deposits; Exchange and Collection; Member and Nonmember Banks or Other Depository  
36 Institutions; Charges.—Section 13 of the Federal Reserve Act (12 U.S.C. 342) is amended to  
37 read as follows:

38 “(1) “Any Federal Reserve bank shall receive from any of its member banks or other  
39 depository institutions, and from the United States, deposits of current funds in lawful  
40 money, national-bank notes, Federal reserve notes, or checks, and drafts, payable upon  
41 presentation or other items, and also, for collection, maturing notes and bills; or, solely for

1 purposes of exchange or of collection, shall receive from other Federal Reserve banks  
2 deposits of current funds in lawful money, national-bank notes, or checks upon other  
3 Federal Reserve banks, and checks and drafts, payable upon presentation within its district  
4 or other items, and maturing notes and bills payable within its district; or, solely for the  
5 purposes of exchange or of collection, shall receive from any non-member bank or trust  
6 company or other depository institution deposits of current funds in lawful money, national-  
7 bank notes, Federal reserve notes, checks and drafts payable upon presentation or other  
8 items, or maturing notes and bills: Provided, Such nonmember bank or trust company or  
9 other depository institutions maintains with the Federal Reserve bank of its district a  
10 balance in such amount as the Board determines taking into account items in transit,  
11 services provided by the Federal Reserve bank, and other factors as the Board may deem  
12 appropriate: Provided further, That nothing in this or any other section of this Act shall be  
13 construed as prohibiting a member or nonmember bank or other depository institution from  
14 making reasonable charges, to be determined and regulated by the Board of Governors, but  
15 in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and  
16 drafts presented at any one time, for collection or payment of checks and drafts and  
17 remission therefor by exchange or otherwise; but no such charges shall be made against the  
18 Federal Reserve banks.”.

### 19 SEC. 703. ROUTING TRANSIT NUMBER ISSUANCE.

20 Not later than 2 years after the date of enactment of this Act, the Board of Governors of the  
21 Federal Reserve System shall assume responsibility for issuing routing transit numbers to  
22 depository institutions for all purposes relating to the clearing of transactions and the services  
23 required to be made available to all depository institutions under section 11A of the Federal  
24 Reserve Act (12 U.S.C. 248a).

### 25 SEC. 704. CLARIFYING APPLICATION REVIEW TIMES 26 WITH RESPECT TO THE FEDERAL BANKING AGENCIES.

27 Section 343 of the Riegle Community Development and Regulatory Improvement Act of 1994  
28 (12 U.S.C. 4807) is amended by striking subsection (a) and inserting the following:

29 “(a) Final Action.—

30 “(1) DEFINITION.—In this subsection, the term ‘completed application’—

31 “(A) means the information requested by the Federal banking agency at the outset of  
32 an application through application forms or similar means; and

33 “(B) does not include supplemental information requested by the agency after filing  
34 of an application.

35 “(2) ACTION.—Each Federal banking agency, including Federal Reserve banks, shall take  
36 final action on any application to the agency before the end of the 1-year period beginning  
37 on the date on which a completed application is received by the agency.

38 “(b) Report.—Each Federal banking agency, including the Federal Reserve banks, shall  
39 annually report to Congress a list of the applications that have been pending for 9 months or  
40 longer since the date of the initial application filed by an applicant. Such list—

1 “(1) shall disclose the reason why the application has not yet been approved or denied by  
2 the Federal banking agency; and

3 “(2) shall not contain confidential supervisory information.”.

## 4 SEC. 705. EXAMINATION STANDARDS FOR DIGITAL 5 ASSET ACTIVITIES.

6 (a) In General.—Not later than 18 months after the date of enactment of this Act, the Federal  
7 Financial Institutions Examination Council, in consultation with the Financial Crimes  
8 Enforcement Network, shall publish final guidance and examiner handbooks for depository  
9 institutions, as defined in section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)), on  
10 the following topics related to digital assets:

11 (1) Anti-money laundering, customer identification, beneficial ownership, and sanctions  
12 compliance, including with respect to payment stablecoin activities and subsidiary value (as  
13 defined in section 9802(c) of title 31, United States Code).

14 (2) Custody.

15 (3) Fiduciary and capital markets activities.

16 (4) Information technology standards.

17 (5) Payment system risk.

18 (6) Consumer protection.

19 (b) Final Guidance.—Not later than 18 months after the date of enactment of this Act,  
20 Securities and Exchange Commission and Commodity Futures Trading Commission, in  
21 consultation with the Financial Crimes Enforcement Network, shall publish final guidance and  
22 examiner handbooks relating to digital asset intermediaries regarding the topics described in  
23 paragraphs (1) and (4) of subsection (a)

## 24 SEC. 706. ASSET CUSTODY FOR DEPOSITORY 25 INSTITUTIONS AND CERTAIN OTHER ENTITIES.

26 (a) Findings.—Congress finds the following:

27 (1) The laws surrounding custody of financial assets is largely customary, uncodified, and  
28 poorly understood.

29 (2) Lack of uniformity amongst various jurisdictions’ laws relating to custody has largely  
30 not been addressed by regulators, can contribute to risk, and is producing uncertainty for  
31 innovators.

32 (3) Codifying basic principles around custody of financial assets will reduce systemic  
33 risk, clearly define the rights and duties of both custodian and customer, and contribute to a  
34 more uniform and effective banking system.

35 (b) Definition.—In this section, the term “custody” means the safekeeping, servicing and  
36 management of customer financial assets, including currency, securities and commodities, on an  
37 off-balance sheet basis.

1 (c) Custody.—

2 (1) IN GENERAL.—Except as provided in paragraph (2), custody of financial assets is  
3 accomplished by a bailment and established by a written customer agreement. Custody shall  
4 not be a fiduciary or trust activity unless the custodian is providing substantial discretionary  
5 services with respect to an account, including through investment advice or investment  
6 discretion, and the custodian owes a customer a higher standard of care or duty with respect  
7 to the customer of that account.

8 (2) EXCEPTION.—A custodian and customer may establish a legal relationship other than  
9 a bailment pursuant to a written customer agreement.

10 (d) Proper Documentation.—A custodial account shall be properly documented in a customer  
11 agreement, with a clearly defined legal relationship between the custodian and customer.  
12 Custodial assets shall be properly identified and segregated from the assets of the custodian, with  
13 proper documentation of asset segregation.

14 (e) Not Assets or Liabilities.—Assets properly held in a custodial account under this section  
15 are not assets or liabilities of the custodian and shall be maintained on an off-balance sheet basis,  
16 including for the purpose of accounting treatment for the custodian and the customers of the  
17 custodian, notwithstanding the form in which the assets are maintained.

18 (f) Applicability.—This section shall apply to depository institutions, as defined in section  
19 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)), and non-depository trust companies  
20 chartered under section 5169 of the Revised Statutes (12 U.S.C. 27).

21 **SEC. 707. REPUTATION RISK; REQUIREMENTS FOR**  
22 **ACCOUNT TERMINATION REQUESTS AND ORDERS.**

23 (a) Reputation Risk.—An appropriate Federal banking agency may not formally or informally  
24 request or order a depository institution to terminate a specific customer account or group of  
25 customer accounts unless the agency has a valid reason for such request or order, consistent with  
26 subsections (b) and (c).

27 (b) No Restriction.—An appropriate Federal banking agency shall not restrict or discourage a  
28 depository institution from entering into or maintaining a banking relationship with a specific  
29 customer or group of customers based on reputation risk, including through the examinations and  
30 ratings of the depository institution.

31 (c) Treatment of National Security Threats.—If an appropriate Federal banking agency  
32 believes a specific customer or group of customers is, or acting as a conduit for, an entity  
33 which—

34 (1) poses a threat to national security;

35 (2) is involved in terrorist financing;

36 (3) is an agency of the Government of Iran, North Korea, Syria, or any country listed  
37 from time to time on the State Sponsors of Terrorism list;

38 (4) is located in, or is subject to the jurisdiction of, any country specified in paragraph  
39 (3); or

1 (5) does business with any entity described in paragraph (3) or (4), unless the appropriate  
2 Federal banking agency determines that the customer or group of customers has used due  
3 diligence to avoid doing business with that entity, such belief shall satisfy the requirement  
4 under subsection (a).

5 (d) Notice Requirement.—

6 (1) IN GENERAL.—If an appropriate Federal banking agency formally requests or orders a  
7 depository institution to terminate a specific customer account or a group of customer  
8 accounts, the agency shall—

9 (A) provide such request or order to the institution in writing; and

10 (B) accompany such request or order with a written justification for why such  
11 termination is needed, including any specific laws or rules the agency believes are  
12 being violated by the customer or group of customers.

13 (2) JUSTIFICATION REQUIREMENT.—Consistent with subsection (b), the justification  
14 described in paragraph (1)(B) may not be based on reputation risk to the depository  
15 institution.

16 (e) Customer Notice.—

17 (1) NOTICE REQUIRED.—Except as provided under paragraph (2) or as otherwise  
18 prohibited from being disclosed by law, if an appropriate Federal banking agency orders a  
19 depository institution to terminate a specific customer account or a group of customer  
20 accounts, the depository institution shall inform the specific customer or group of customers  
21 of the justification for the customer's account termination described under subsection (b).

22 (2) NOTICE PROHIBITED.—

23 (A) NOTICE PROHIBITED IN CASES OF NATIONAL SECURITY.—If an appropriate  
24 Federal banking agency requests or orders a depository institution to terminate a  
25 specific customer account or a group of customer accounts based on a belief that the  
26 customer or customers pose a threat to national security, or are otherwise described  
27 under subsection (a)(2), neither the depository institution nor the appropriate Federal  
28 banking agency may inform the customer or customers of the justification for the  
29 customer's account termination.

30 (B) NOTICE PROHIBITED IN OTHER CASES.—If an appropriate Federal banking agency  
31 determines that the notice required under paragraph (1) may interfere with an  
32 authorized criminal investigation, neither the depository institution nor the appropriate  
33 Federal banking agency may inform the specific customer or group of customers of the  
34 justification for the customer's account termination.

35 (f) Reporting Requirement.—Each appropriate Federal banking agency shall issue an annual  
36 report to Congress stating—

37 (1) the aggregate number of specific customer accounts that the agency requested or  
38 ordered a depository institution to terminate during the previous year; and

39 (2) the legal authority on which the agency relied in making such requests and orders and  
40 the frequency on which the agency relied on each such authority.



1 (g) Definitions.—In this section:

2 (1) APPROPRIATE FEDERAL BANKING AGENCY.—The term “appropriate Federal banking  
3 agency” means—

4 (A) the appropriate Federal banking agency, as defined in section 3 of the Federal  
5 Deposit Insurance Act (12 U.S.C. 1813); and

6 (B) the National Credit Union Administration, in the case of an insured credit union.

7 (2) DEPOSITORY INSTITUTION.—The term “depository institution” has the meaning given  
8 the term in section 19(b)(1) of the Federal Reserve Act (12 U.S.C. 461(b)(1)(A)).

## 9 SEC. 708. CONFORMING AMENDMENTS.

10 (a) Federal Deposit Insurance Act.—Section 12 of the Federal Deposit Insurance Act (12  
11 U.S.C. 1822) is amended by adding at the end the following:

12 “(g) Appointment of Receiver.—

13 “(1) DEFINITION.—In this subsection, the term ‘covered depository institution’ has the  
14 meaning given the term in section 15(a) of the Bank Holding Company Act of 1956.

15 “(2) APPOINTMENT.—The Corporation may be appointed as receiver of a covered  
16 depository institution, as defined in section 15(a) of the Bank Holding Company Act of  
17 1956.

18 “(3) PREMIUMS.—A covered depository institution may not be charged deposit insurance  
19 premiums for the purpose of this subsection, but the Corporation may use the capital of the  
20 covered depository institution to fund the costs of the receivership.

21 “(4) REGULATIONS.—The Corporation may promulgate regulations to carry out this  
22 subsection, which shall—

23 “(A) be substantially consistent with the rules for receivership of an insured  
24 depository institution; and

25 “(B) account for the limited activities, capital, and the required tailored recovery and  
26 resolution plan of the covered depository institution.”

27 (b) Federal Reserve Act.—The Federal Reserve Act (12 U.S.C. 221 et seq.) is amended—

28 (1) in section 19(b)(1)(A) (12 U.S.C. 461(b)(1)(A))—

29 (A) in clause (vi), by striking “and” at the end;

30 (B) in clause (vii), by striking the period at the end and inserting “; and”; and

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

32 “(viii) a covered depository institution, as defined in section 15(a) of the Bank  
33 Holding Company Act of 1956.”; and

34 (2) in the first undesignated paragraph of section 9 (12 U.S.C. 321), in the first sentence,  
35 by inserting “, covered depository institutions, as defined in section 15(a) of the Bank  
36 Holding Company Act of 1956 (12 U.S.C. 1853(a)),” after “Plan banks”.

1 TITLE VIII—RESPONSIBLE INTERAGENCY  
2 COORDINATION

3 SEC. 801. TIMELINE FOR INTERPRETIVE GUIDANCE  
4 ISSUED BY FEDERAL FINANCIAL AGENCIES;  
5 INTERSTATE SANDBOX ACTIVITIES.

6 (a) In General.—Title 31, United States Code, is amended by adding after chapter 98, as added  
7 by section 101(a) of this Act, the following:

8 “CHAPTER 99—RESPONSIBLE INTERAGENCY  
9 COORDINATION

10 “Sec.

11 “9901. Timeline for interpretive guidance issues by Federal financial agencies.

12 “9902. Interstate sandbox activities.

13 “9901. Timeline for interpretive guidance issues by Federal  
14 financial agencies

15 “(a) In General.—In this section:

16 “(1) FEDERAL FINANCIAL REGULATOR.—The term ‘Federal financial regulator’ means—

17 “(A) Board of Governors of the Federal Reserve System and the Federal Reserve  
18 banks;

19 “(B) Commodity Futures Trading Commission;

20 “(C) Department of the Treasury;

21 “(D) Federal Deposit Insurance Corporation;

22 “(E) Federal Housing Finance Agency;

23 “(F) National Credit Union Administration;

24 “(G) Office of the Comptroller of the Currency;

25 “(H) Consumer Financial Protection Bureau; and

26 “(I) Securities and Exchange Commission.

27 “(2) REQUESTING PERSON.—The term ‘requesting person’—

28 “(A) means any entity that is required to be chartered, licensed, supervised or  
29 registered by that agency; and

30 “(B) includes State agencies and self-regulatory organizations.

31 “(b) Response.—Not later than 180 days after filing a written request for individualized  
32 interpretive guidance with respect to the application of a statute, rule or policy under the

1 jurisdiction of a Federal financial regulator, the agency shall provide a final, complete and  
2 written response to the requesting person. This subsection shall not apply to requests for  
3 guidance that the Federal financial regulator determine lack substance.

4 “(c) Other Matters.—With respect to matters delegated or otherwise under the jurisdiction of  
5 self-regulatory organizations, including national securities exchanges, boards of trade, and  
6 similar entities, the self-regulatory organization shall be subject to the same requirements as a  
7 Federal financial regulator under this section.”.

## 8 SEC. 802. INTERSTATE SANDBOX ACTIVITIES.

9 (a) In General.—Chapter 99 of title 31, United States Code, as added by section 701 of this  
10 Act, is amended by adding at the end the following:

### 11 “9902. Interstate sandbox activities

12 “(a) Definitions.—In this section:

13 “(1) FEDERAL FINANCIAL REGULATOR.—The term ‘Federal financial regulator’ means the  
14 Federal agency described in section 9901(a)(1) that would typically exercise jurisdiction  
15 over the product or service made available in the State financial regulatory sandbox, or the  
16 Department of the Treasury, in the case of a matter only within the jurisdiction of a State.

17 “(2) FINANCIAL COMPANY.—The term ‘financial company’ means a business entity  
18 primarily engaged in activities that are financial in nature, as described in section 4(k)(4) of  
19 the Bank Holding Company Act of 1956 (12 U.S.C. 1843(k)(4)).

20 “(3) HOST STATE.—The term ‘host State’ means a State in which a financial company is  
21 not operating in the State financial regulatory sandbox of that State.

22 “(4) INNOVATIVE.—The term ‘innovative’ means new or emerging technology, or new  
23 uses of existing technology, that—

24 “(A) provides a financial product, service, business model, or delivery mechanism to  
25 the public; and

26 “(B) has no substantially comparable, widely available analogue in common use in  
27 the United States

28 “(5) STATE FINANCIAL REGULATOR.—The term ‘State financial regulator’ includes State  
29 agencies that regulate, supervise, or license banks, trust companies, credit unions, consumer  
30 credit, consumer protection, money transmission, securities, commodities, and similar areas.

31 “(6) STATE FINANCIAL REGULATORY SANDBOX.—The term ‘State financial regulator  
32 sandbox’ means a program created under State law that allows a financial company to make  
33 an innovative financial product or service available to customers within that State during a  
34 defined period in order to permit regulatory dialogue, data sharing amongst regulators and  
35 financial companies, and to promote an assessment of potential changes in law, rule, or  
36 policy to facilitate the appropriate supervision of financial technology.

37 “(b) Business Conducted.—Upon joint approval under subsection (d), a financial company in  
38 good standing in a State financial regulatory sandbox and operating for not less than 6 months in  
39 that sandbox program, may do business nationally under the standards of this section. If

1 approved, the state financial regulator and the Federal financial regulator may agree upon  
2 reasonable adjustments to the number of customers that may be served, increased bonding or  
3 collateral requirements, and similar conditions which may be appropriate for conducting business  
4 nationally.

5 “(c) State Sandbox Requirements.—A State financial regulatory sandbox shall contain the  
6 following components for financial companies to be eligible to do business nationally under this  
7 section:

8 “(1) A limited sandbox period of not more than 24 months.

9 “(2) Consumer protection requirements, which may include disclosures, bonding,  
10 insurance requirements and financial literacy programs for specified consumers;

11 “(3) Authority to conduct examinations of the financial company.

12 “(4) A background investigation of the financial company and its officers, directors,  
13 members, managers and key employees, prior to commencing business

14 “(d) Decision.—Upon submission of an application by a financial company to conduct  
15 business nationally under subsection (b), the State financial regulator and Federal financial  
16 regulator shall jointly issue a decision within 120 days with respect to that application,  
17 irrespective of any supplemental information with respect to the application that may be  
18 requested after initial filing. The Federal financial regulator shall have the authority to conduct a  
19 joint examination of any financial company doing business nationally under this section.

20 “(e) Factors.—The State financial regulator and Federal financial regulator shall consider the  
21 following factors in rendering a decision on the application:

22 “(1) Whether the product or service offered may be offered in a safe and sound manner  
23 on a national scale.

24 “(2) Whether the management and capital of the financial company is commensurate with  
25 national scale.

26 “(3) Risk management plans of the financial company.

27 “(4) Conduct of the financial company to date in the State regulatory sandbox, and any  
28 past regulatory actions, including actions against officers, directors, members, managers and  
29 key employees.

30 “(5) Plans for consumer education and financial literacy, including partnerships with local  
31 educational institutions and community colleges to provide financial literacy classes or  
32 resources.

33 “(6) Other factors determined by the State and Federal financial regulators to be material.

34 “(f) Election.—A host State may elect not to permit financial companies operating under this  
35 section to do business in their State through issuance of an executive order by the Governor of  
36 that State.

37 “(g) Innovative.—A product or service made available nationally under this section through a  
38 State financial regulatory sandbox shall be innovative.

39 “(h) Rules of Construction.—This section shall not be construed to extend to permit—

1 “(1) a financial company to engage in any activities for which a charter, license,  
2 registration or for which permission would be required under Federal or State law but for  
3 the innovative financial product or service being offered by the company, except to the  
4 extent the financial company would be required to obtain a charter, license or other  
5 authorization required in a host State;

6 “(2) failure to comply with any applicable portion of State law required by the State  
7 financial regulatory sandbox, or failure to comply with any applicable portion of Federal  
8 law, unless authorized on a limited basis by the Federal financial regulator to achieve the  
9 purposes of this section and the State financial regulatory sandbox; or

10 “(3) lending activities in excess of the maximum statutory rate of interest permissible in a  
11 State.”.

12 (b) Technical and Conforming Amendment.—The table of contents for subtitle VI of title 31,  
13 United States Code, as amended by section 101(b) of this Act, is amended by adding at the end  
14 the following:

15 “99.Responsible interagency coordination  
16 9901”.

## 18 SEC. 803. STATE MONEY TRANSMISSION 19 COORDINATION RELATING TO DIGITAL ASSETS.

20 Reinsert section 802 (state money transmission coordination) from SIL22382.

## 22 SEC. 804. INFORMATION SHARING AMONG FEDERAL 23 AND STATE FINANCIAL REGULATORS.

24 (a) Confidentiality.—Notwithstanding any other provision of law, any requirement under  
25 Federal or State law regarding the privacy or confidentiality of any information or materials  
26 exchanged among financial regulators and any privilege arising under Federal or State law  
27 (including the rules of any Federal or State court) with respect to such information or material,  
28 shall continue to apply to such information or material after the information or material has been  
29 disclosed to any State or Federal financial regulator.

30 (b) Non Applicability of Certain Requirements.—Information or material that is subject to  
31 privilege or confidentiality under subsection (a) shall not be subject to—

32 (1) disclosure under any Federal or State law governing the disclosure to the public of  
33 information held by an officer or an agency of the Federal Government or the respective  
34 State; or

35 (2) subpoena or discovery, or admission into evidence, in any private civil action or  
36 administrative process, unless with respect to any privilege held by the Nationwide  
37 Mortgage Licensing System and Registry or the Director with respect to such information  
38 or material, the person to whom such information or material pertains waives that privilege,

1 in whole or in part, based on the discretion of such person.

2 (c) Coordination With Other Law.—Any State or Federal law, including any State open  
3 records law, relating to the disclosure of confidential supervisory information or any information  
4 or material described in subsection (a) that is inconsistent with subsection (a) shall be superseded  
5 by the requirements of such provision to the extent the State or Federal law provides less  
6 confidentiality or a weaker privilege.

7 (d) Conference of State Bank Supervisors.—The Conference of State Bank Supervisors shall  
8 be considered the agent of the State financial regulators for the purposes of sharing information  
9 under this provision.

10 (e) Definition.—In this section, the term “financial regulator” means—

11 (1) the Board of Governors of the Federal Reserve System and the Federal Reserve  
12 banks;

13 (2) the Commodity Futures Trading Commission;

14 (3) the Department of the Treasury, including the Financial Crimes Enforcement Network  
15 and Office of Foreign Assets Control;

16 (4) the Federal Deposit Insurance Corporation;

17 (5) the Federal Housing Finance Agency;

18 (6) the National Credit Union Administration;

19 (7) the Office of the Comptroller of the Currency;

20 (8) the Bureau of Consumer Financial Protection;

21 (9) the Securities and Exchange Commission; and

22 (10) State agencies that regulate, supervise, or license banks, trust companies, credit  
23 unions, consumer credit, consumer protection, money transmission, securities, commodities,  
24 and similar areas.

## 25 SEC. 805. ANALYSIS OF DECENTRALIZED FINANCE 26 MARKETS AND TECHNOLOGIES.

27 Not later than 1 year after the date of enactment of this Act, the Secretary of the Treasury, in  
28 consultation with the Commodity Futures Trading Commission, Securities and Exchange  
29 Commission, and private sector developers and participants in decentralized protocols, digital  
30 assets, and digital asset exchanges, shall—

31 (1) analyze the market position of decentralized finance technologies with respect to  
32 digital assets; and

33 (2) submit to the Committee on Banking, Housing, and Urban Affairs and the Committee  
34 on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Financial  
35 Services and the Committee on Agriculture of the House of Representatives a report on—

36 (A) current development and use of decentralized finance protocols in the United  
37 States and other countries;

1 (B) opportunities, benefits, and challenges relating to decentralized finance  
2 protocols and self-custody of digital assets;

3 (C) a comparison of operational friction, fees, liquidity and trading opportunities in  
4 decentralized finance protocols, digital asset markets, and traditional markets;

5 (D) transparency, prevention of manipulation, and customer protection;

6 (E) Cybersecurity and resiliency; and

7 (F) ensuring the accuracy of information regarding the underlying smart contracts of  
8 a decentralized finance protocol and the transactions facilitated by such contracts, as  
9 the information appears on a website or other similar means relating to the protocol.

## 10 SEC. 806. ANALYSIS OF ENERGY CONSUMPTION IN 11 DIGITAL ASSET MARKETS.

12 (a) In General.—Each year, the Federal Energy Regulatory Commission, in consultation with  
13 the Commodity Futures Trading Commission and Securities and Exchange Commission, shall  
14 analyze the following topics with respect to digital asset markets:

15 (1) Energy consumption for mining and staking of digital asset transactions.

16 (2) The effect of energy consumption described in paragraph (1) on national, regional,  
17 and local energy prices.

18 (3) The effects of mining and staking of digital asset transactions on baseload power  
19 levels.

20 (4) The use of renewable energy sources, including use of nonrenewable sources that  
21 would otherwise be wasted, and a comparison of digital asset market energy consumption  
22 with the financial services industry and economy as a whole.

23 (5) The sources and reliability of the data used under this subsection.

24 (b) Report.—Not later than December 31 of each year, the Federal Energy Regulatory  
25 Commission shall submit to the Committee on Energy and Natural Resources and the Committee  
26 on Environment and Public Works of the Senate and the Committee on Energy and Commerce  
27 and the Committee on Natural Resources of the House of Representatives a report containing the  
28 analysis required by subsection (a).

## 29 SEC. 807. ANALYSIS OF SELF-REGULATION AND 30 REGISTERED DIGITAL ASSET ASSOCIATIONS.

31 (a) Not later than six months after the date of enactment of this Act, the Commodity  
32 Futures Trading Commission and Securities and Exchange Commission, in consultation with  
33 digital asset intermediaries (as defined in section 9801, title 31 United States Code) and standard-  
34 setting associations representing the digital asset industry, shall conduct a study and issue a report  
35 to the committees specified by subsection (b) of this section setting forth principles for self-  
36 regulation for digital asset markets and a proposal for the establishment of a self-regulatory  
37 organization for digital asset markets based on joint delegated authority from the Commodity  
38 Futures Trading Commission and Securities and Exchange Commission to facilitate innovative,

1 efficient and orderly markets for digital assets, consistent with the standards established by Titles  
2 II, III, IV and V of this Act:

- 3 (i) Standard setting, corporate transparency requirements, and rulemaking relating to  
4 digital asset market conduct;
- 5 (ii) Regular consultation among the Commodity Futures Trading Commission and  
6 Securities and Exchange Commission with respect to rules governing digital asset  
7 market conduct and the governance of registered digital asset associations;
- 8 (iii) Appropriate investigatory and disciplinary powers of registered digital asset  
9 associations and registered digital asset exchanges, respectively;
- 10 (iv) Authority of digital asset intermediaries to conduct activities relating to traditional  
11 assets;
- 12 (v) Consumer education and financial literacy;
- 13 (vi) Professional accreditation and education;
- 14 (vii) Market surveillance and oversight, including use of technology to facilitate shared  
15 trade practices and market surveillance;
- 16 (viii) Risk-based examination authority;
- 17 (ix) Dispute resolution and arbitration;
- 18 (x) Membership of registered digital asset association members in other self-regulatory  
19 organizations, mutual recognition and acceptance of rules and examination reports  
20 amongst self-regulatory organizations;
- 21 (xi) Voluntary and compulsory membership structures;
- 22 (xii) Initial determination of the legal classification of a digital asset by a registered  
23 digital asset association, subject to oversight by the Commodity Futures Trading  
24 Commission and Securities and Exchange Commission; and
- 25 (xiii) Funding of registered digital asset associations based on fees.

26 (b) The report required by subsection (a) of this section shall be submitted to the  
27 Committees on Banking, Housing, and Urban Affairs and Agriculture, Nutrition and Forestry of  
28 the Senate and the Committees on Financial Services and Agriculture of the House of  
29 Representatives.

30 (c) Not later than August 1, 2022, the Commodity Futures Trading Commission and  
31 Securities and Exchange Commission shall jointly adopt an interim final rule specifying the scope  
32 of the study under subsection (a), including topics of discussion and questions for digital asset  
33 intermediaries and associations representing the digital asset industry, and setting forth not fewer  
34 than three public meetings for Commodity Futures Trading Commission and Securities and  
35 Exchange Commission staff to receive public comment. The interim final rule shall also establish  
36 a comment period of not less than 120 days prior to publication of the report under subsection (a)  
37 and contain draft legislative text for the creation of a registered digital asset association.

## 38 SEC. 808. CYBERSECURITY STANDARDS FOR DIGITAL 39 ASSET INTERMEDIARIES.

40 (a) Definition.—In this section, the term “digital asset intermediary” has the meaning given  
41 the term in section 9801 of title 31, United States Code, as added by section 101 of this Act.

42 (b) Requirement.—Not later than 18 months after the date of enactment of this Act, the  
43 Commodity Futures Trading Commission, the Securities and Exchange Commission in



1 consultation with the Secretary of the Treasury and Director of the National Institute of  
2 Standards and Technology, shall develop comprehensive, principles-based guidance relating to  
3 cybersecurity for digital asset intermediaries that account for, with respect to such a digital asset  
4 intermediary—

5 (1) the internal governance, and organizational culture, of the cybersecurity program of  
6 the digital asset intermediary;

7 (2) security operations of the digital asset intermediary, including threat identification,  
8 incident response, and mitigation;

9 (3) risk identification and measurement by the digital asset intermediary;

10 (4) the mitigation of risk by the digital asset intermediary, including policies of the digital  
11 asset intermediary, controls implemented by the digital asset intermediary, change  
12 management with respect to the digital asset intermediary, and the supply chain integrity of  
13 the digital asset intermediary; and

14 (5) assurance provided by, and testing conducted by, the digital asset intermediary,  
15 including penetration testing and independent audits so conducted.

16 (6) potential for digital asset intermediaries to be used to facilitate illicit activities  
17 including sanctions avoidance.

## 18 SEC. 809. ADVISORY COMMITTEE ON FINANCIAL 19 INNOVATION.

20 (a) Establishment.—There is established the Advisory Committee on Financial Innovation (in  
21 this Act referred to as the “Committee”).

22 (b) Membership.—

23 (1) COMPOSITION.—The Committee shall be composed of 10 members, as follows:

24 (A) 2 members appointed by the President from the financial technology industry.

25 (B) 4 members appointed by the President with specializations in consumer  
26 protection, consumer education, financial literacy or financial inclusion.

27 (C) A commissioner from the Securities and Exchange Commission, as designated  
28 by the Chair of the Commission.

29 (D) A commissioner from the Commodity Futures Trading Commission, as  
30 designated by the Chair of the Commission.

31 (E) A member of the Board of Governors of the Federal Reserve System, as  
32 designated by the Chair of the Board.

33 (F) A State financial regulator, as jointly designated by the National Association of  
34 State Securities Administrators and the Conference of State Bank Supervisors.

35 (2) POLITICAL AFFILIATION.—Not more than 4 of the members of the Committee shall be  
36 from the same political party.

37 (3) APPOINTMENT DATE.—The appointments of the members of the Committee shall be  
38 made not later than 60 days after the date of enactment of this Act.

1 (4) PERIOD OF APPOINTMENT; VACANCIES.—

2 (A) IN GENERAL.—A member of the Committee shall be appointed for a term of four  
3 years.

4 (B) VACANCIES.—A vacancy in the Committee—

5 (i) shall not affect the powers of the Committee; and

6 (ii) shall be filled in the same manner as the original appointment.

7 (5) MEETINGS.—

8 (A) INITIAL MEETING.—Not later than 60 days after the date on which all members  
9 of the Committee have been appointed, the Committee shall hold the first meeting of  
10 the Committee.

11 (B) FREQUENCY.—The Committee shall meet at the call of the Chair.

12 (C) QUORUM.—A majority of the members of the Committee shall constitute a  
13 quorum, but a lesser number of members may hold hearings.

14 (6) CHAIRPERSON.—The members described in subparagraphs (C) and (D) of paragraph  
15 (1) shall alternate, on a yearly basis, as Chair of the Committee, with the member from the  
16 Commodity Futures Trading Commission serving as the Chair for the 1-year period  
17 following establishment of the Committee.

18 (c) Duties.—

19 (1) MATTERS STUDIED.—The matters studied by the Committee shall include—

20 (A) digital assets;

21 (B) consumer education and financial literacy;

22 (C) market structure in the securities and commodities markets;

23 (D) banking, payments and settlement;

24 (E) consumer credit;

25 (F) financial inclusion, including reducing the cost of financial services for all  
26 people of the United States and promoting access to those services;

27 (G) efficiency in the financial system;

28 (H) reduction of systemic risk;

29 (I) competition in financial services;

30 (J) the State-Federal partnership in financial services regulation; and

31  
32 (2) REPORT.—On an annual basis, or as otherwise determined necessary by the  
33 Chairperson of the Committee, the Committee shall report to the President and to Congress  
34 on, and provide recommendations for legislation, regulation, and supervision relating to  
35 innovation in, the matters studied under paragraph (1).

36 (d) Powers.—

1 (1) HEARINGS.—The Committee shall hold not less than 2 hearings per calendar year to  
2 hear from interested parties and to discuss the work of the Committee.

3 (2) INFORMATION FROM FEDERAL AGENCIES.—

4 (A) IN GENERAL.—The Committee may secure directly from a Federal department or  
5 agency such information as the Committee considers necessary to carry out this Act.

6 (B) FURNISHING INFORMATION.—On request of the Chair of the Committee, the head  
7 of the department or agency shall furnish the information to the Committee.

8 (3) POSTAL SERVICES.—The Committee may use the United States mails in the same  
9 manner and under the same conditions as other departments and agencies of the Federal  
10 Government.

11 (e) Compensation.—All members of the Committee shall serve without compensation in  
12 addition to that received for their services as officers or employees of the United States, and all  
13 other members of the Committee shall serve without compensation, but may receive per diem for  
14 travel expenses.

15 (f) Staff.—[Do you want to include language re: staff and detail of govt employees or the  
16 procurement of temporary and intermittent services?]  
17

EMBARGOED