



# The Digital Commodities Consumer Protection Act Closes Regulatory Gaps

**This bipartisan bill by Chairwoman Stabenow and Ranking Member Boozman gives the CFTC the tools and authorities it needs to protect consumers, prevent fraud and abuse, and create transparency and accountability in the digital commodity marketplace.**

## Background

Bitcoin was introduced in 2008 as a way for people to send money to one another without using a bank. It allows users to transact directly on a blockchain—an online digital ledger where transactions are recorded and visible to the public. Since the creation of Bitcoin, thousands of digital assets have sprung up and now represent about a trillion dollars in wealth. Digital assets are traded on financial markets and depending on their design, may be characterized as commodities, securities, derivatives, or other financial products.

One in five Americans have used or traded digital assets and that number goes up for historically underserved communities.

## Current Risks

While digital assets were designed to make our financial system more accessible, their prices have been volatile, and hacks and other abuses on trading platforms have resulted in billions of dollars in losses. Some of the most widely traded digital assets, like Bitcoin and Ether, are considered commodities and are largely bought and sold on trading platforms not subject to federal regulation.

As a result, these markets can lack the transparency and fairness that Americans expect from our financial system. Without appropriate oversight, customers will continue to be vulnerable to fraud and manipulation and market participants will lack the regulatory certainty necessary to innovate and grow.

## The Digital Commodities Consumer Protection Act Closes Regulatory Gaps

This bill provides the Commodity Futures Trading Commission (CFTC) with the authority to regulate the trading of digital commodities—mandating consistent, rigorous rules for all market participants. These rules hold digital commodity platforms to the same standards as traditional financial institutions. They are designed to protect consumers and empower them to make more informed trading decisions.

By requiring all digital commodity platforms register with the CFTC, this bill sets a uniform national standard and enhances coordination with international regulators. It also provides the CFTC with the necessary visibility into the marketplace, enabling it to respond to emerging risks and protect consumers.

### Specifically, the bill:

- Closes regulatory gaps by requiring all digital commodity platforms—including trading facilities, brokers, dealers, and custodians—to register with the CFTC.
- Requires digital commodity platforms to prohibit abusive trading practices, eliminate or disclose conflicts of interest, maintain sufficient financial resources, have strong cybersecurity programs, protect customer assets, and report suspicious transactions.
- Requires digital commodity platforms to adhere to advertising standards and disclose information about digital commodities and their risks, bringing greater transparency and accountability to the marketplace.
- Authorizes the CFTC to impose user fees on digital commodity platforms to fully fund its oversight of the digital commodity market.
- Directs the CFTC to examine racial, ethnic, and gender demographics of customers participating in digital commodity markets and use that information to inform its rulemaking and provide outreach to customers.
- Recognizes that other financial agencies have a role in regulating digital assets that are not commodities, but function more like securities or forms of payment.