

117TH CONGRESS  
2D SESSION

S.

To provide for responsible financial innovation and to bring digital assets  
within the regulatory perimeter.

IN THE SENATE OF THE UNITED STATES

Ms. LUMMIS (for herself and Mrs. GILLIBRAND) introduced the following bill;  
which was read twice and referred to the Committee on

To provide for responsible financial innovation and to bring  
digital assets within the regulatory perimeter.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Lummis-Gillibrand Responsible Financial Innovation  
6 Act”.

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

Sec. 1. Short title; table of contents.  
Sec. 2. Definitions.

TITLE I—DEFINITIONS

Sec. 101. Definitions.

## TITLE II—RESPONSIBLE TAXATION OF DIGITAL ASSETS

Sec. 201. Gain from disposition of digital assets.

Sec. 202. Information reporting requirements imposed on brokers with respect

to digital assets.

Sec. 203. Sources of income.

Sec. 204. Decentralized autonomous organizations.

Sec. 205. Tax treatment of digital asset lending agreements and related mat-

ters.

Sec. 206. Implementing effective IRS guidance.

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

Sec. 208. Digital asset mining and staking.

Sec. 209. Conforming amendments.

## TITLE III—RESPONSIBLE SECURITIES INNOVATION

Sec. 301. Securities offerings involving certain intangible assets.

Sec. 302. Termination of specified periodic disclosure requirements.

Sec. 303. Guidance relating to satisfactory control location.

Sec. 304. Custody and customer protection rules.

## TITLE IV—RESPONSIBLE COMMODITIES INNOVATION

Sec. 401. Definitions.

Sec. 402. Reporting and recordkeeping.

Sec. 403. CFTC jurisdiction over digital asset transactions.

Sec. 404. Registration of digital asset exchanges.

Sec. 405. Violations.

Sec. 406. Market reports.

Sec. 407. Bankruptcy treatment of digital assets.

Sec. 408. Identified banking products.

Sec. 409. Financial institutions definition.

Sec. 410. Offsetting the costs of digital asset regulation.

## TITLE V—RESPONSIBLE CONSUMER PROTECTION

Sec. 501. Responsible consumer protection.

Sec. 502. Source code version of digital assets.

Sec. 503. Settlement finality.

Sec. 504. Notice to customers; enforcement.

Sec. 505. Right to individual management of digital assets.

Sec. 506. Technical and conforming amendments.

## TITLE VI—RESPONSIBLE PAYMENTS INNOVATION

Sec. 601. Issuance of payment stablecoins.

Sec. 602. Sanctions compliance responsibilities of payment stablecoin issuers.

Sec. 603. Use of the official digital currency of the People's Republic of China

on Government devices.

Sec. 604. Certificate of authority to commence banking.

Sec. 605. Holding company supervision of covered depository institutions.

Sec. 606. Implementation rules to preserve adequate competition in payment

stablecoins.

Sec. 607. Financial Crimes Enforcement Network Innovation Laboratory.

## TITLE VII—RESPONSIBLE BANKING INNOVATION

14	added by section 101 of this Act.
13	section 9801 of title 31, United States Code, as
12	tual currency” have the meanings given the terms in
11	“payment stablecoin”, “smart contract”, and “vir-
10	asset intermediary”, “distributed ledger technology”,
9	CURRENCY.—The terms “digital asset”, “digital
8	MENT STABLECOIN; SMART CONTRACT; VIRTUAL
7	MEDIARY; DISTRIBUTED LEDGER TECHNOLOGY; PAY-
6	(2) DIGITAL ASSET; DIGITAL ASSET INTER-
5	Commodity Exchange Act (7 U.S.C. 1a).
4	the meaning given the term in section 1a of the
3	(1) COMMODITY.—The term “commodity” has
2	In this Act:

**1 SEC. 2. DEFINITIONS.**

Sec. 809.	Advisory Committee on Financial Innovation.
Sec. 808.	Cybersecurity standards for digital asset intermediaries.
Sec. 807.	Analysis of self-regulation and registered digital asset associations.
Sec. 806.	Analysis of energy consumption in digital asset markets.
Sec. 805.	Analysis of decentralized finance markets and technologies.
Sec. 804.	Information sharing among Federal and State financial regulators.
Sec. 803.	State money transmission coordination relating to digital assets.
Sec. 802.	Interstate sandbox activities.
Sec. 801.	Timeline for interpretive guidance issued by Federal financial agen-
	ties.
TITLE VIII—RESPONSIBLE INTERAGENCY COORDINATION	
Sec. 708.	Confirming amendments.
Sec. 707.	Reputation risk; requirements for account termination requests and
Sec. 706.	Asset custody for depository institutions and certain other entities.
Sec. 705.	Examination standards for digital asset activities.
Sec. 704.	Clarifying application review times with respect to the Federal bank-
Sec. 703.	Routing transit number issuance.
Sec. 702.	Eligibility for Federal Reserve services to depository institutions.
Sec. 701.	Study on use of distributed ledger technology for reduction of risk in
	depository institutions.

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

## 5 TITLE I—DEFINITIONS

### 6 SEC. 101. DEFINITIONS.

7 (a) IN GENERAL.—Subtitle VI of title 31, United  
8 States Code, is amended by adding after chapter 97 the  
9 following:

## 10 “CHAPTER 98—DIGITAL ASSETS

“Sec.  
“9801. Definitions.

### 11 “§ 9801. Definitions

12 “In this chapter:  
13 “(1) DEPOSITORY INSTITUTION.—The term ‘de-  
14 pository institution’ has the meaning given the term  
15 in section 19(b)(1) of the Federal Reserve Act (12  
16 U.S.C. 461(b)(1)).

17 “(2) DIGITAL ASSET.—The term ‘digital asset’  
18 “(A) means a natively electronic asset  
19 that—

20 “(i) confers economic, proprietary, or  
21 access rights or powers; and  
22 “(ii) is recorded using cryptographic-  
23 ally secured distributed ledger technology,  
24 or any similar analogue; and

“(B) includes—

“(i) virtual currency and ancillary as-

sets in accordance with section 2(c)(2)(F)

of the Commodity Exchange Act;

“(ii) payment stablecoins in accord-

ance with section 403 of the Commodity

Futures Modernization Act of 2000 (7

U.S.C. 27a); and

“(iii) any other security or commodity

that meets the requirements of subpara-

graph (A).

“(3) DIGITAL ASSET INTERMEDIARY.—The

term ‘digital asset intermediary’—

“(A) means—

“(i) a person who holds a license, reg-

istration, or other similar authorization, as

specified by this chapter, the Commodity

Exchange Act (7 U.S.C. 1 et seq.), the Se-

curities Act of 1933 (15 U.S.C. 77a et

seq.), the Corporation of Foreign Bond-

holders Act, 1933 (15 U.S.C. 77bb et

seq.), the Trust Indenture Act of 1939 (15

U.S.C. 77aaa et seq.), the Securities Ex-

change Act of 1934 (15 U.S.C. 78a et

seq.), the Securities Investor Protection

1 Act of 1970 (15 U.S.C. 78aaa et seq.), the  
2 Investment Company Act of 1940 (15  
3 U.S.C. 80a-1 et seq.), the Investment Ad-  
4 visers Act of 1940 (15 U.S.C. 80b-1), and  
5 the Omnibus Small Business Capital For-  
6 mation Act of 1980 (15 U.S.C. 80c), that  
7 may conduct market activities relating in  
8 digital assets; or  
9 “(ii) a person who is required by law  
10 to hold a license, registration, or other  
11 similar authorization described in clause  
12 (i); and  
13 “(B) includes—  
14 “(i) a person who holds a license, reg-  
15 istration, or other similar authorization  
16 under State or Federal law that issues a  
17 payment stablecoin; and  
18 “(ii) a person who is required by law  
19 to hold a license, registration, or other  
20 similar authorization described in clause  
21 (i); and  
22 “(C) does not include a depository institu-  
23 tion.  
24 “(4) DISTRIBUTED LEDGER TECHNOLOGY.—  
25 The term ‘distributed ledger technology’ means tech-

1 nology that enables the operation and use of a ledger  
2 that—

3 “(A) is shared across a set of distributed  
4 nodes that participate in a network and store a  
5 complete or partial replica of the ledger;  
6 “(B) is synchronized between the nodes;

7 “(C) has data appended to the ledger by  
8 following the specified consensus mechanism of  
9 the ledger;

10 “(D) may be accessible to anyone or re-  
11 stricted to a subset of participants; and  
12 “(E) may require participants to have au-

13 thorization to perform certain actions or require  
14 no authorization.  
15 “(5) PAYMENT STABLECOIN.—The term ‘pay-  
16 ment stablecoin’ means a digital asset that is—

17 “(A) redeemable, on demand, on a 1-to-1  
18 basis for instruments denominated in United  
19 States dollars;

20 “(B) defined as legal tender under section  
21 5103 or under the laws of a foreign country  
22 (excluding digital assets);

23 “(C) issued by a business entity;

24 “(D) accompanied by a statement from the

25 issuer that the asset is redeemable, as specified

1 in subparagraph (A), from the issuer or another  
2 identified person;  
3 “(E) backed by 1 or more financial assets  
4 (excluding other digital assets), consistent with  
5 subparagraph (A); and  
6 “(F) intended to be used as a medium of  
7 exchange.  
8 “(6) PERSON WHO PROVIDES DIGITAL ASSET  
9 SERVICES.—The term ‘person who provides digital  
10 asset services’ means—  
11 “(A) a digital asset intermediary;  
12 “(B) a financial institution, as defined in  
13 section 1a of the Commodity Exchange Act (7  
14 U.S.C. 1a);  
15 “(C) any other person conducting digital  
16 asset activities pursuant to a Federal or State  
17 charter, license, registration, or other similar  
18 authorization; and  
19 “(D) any person who is required by law to  
20 hold a license, registration, or other similar au-  
21 thorization described in subparagraph (C).  
22 “(7) SECURITY.—The term ‘security’ has the  
23 meaning given the term in section 3(a) of the Secu-  
24 rities Exchange Act of 1934 (15 U.S.C. 78c(a)).



1	“(8) SMART CONTRACT.—The term ‘smart con-	1
2	tract’—	2
3	“(A) means—	3
4	“(i) computer code deployed to a dis-	4
5	tributed ledger technology network that	5
6	executes an instruction based on the occur-	6
7	rence or nonoccurrence of specified condi-	7
8	tions; or	8
9	“(ii) any similar analogue; and	9
10	“(B) includes taking possession or control	10
11	of a digital asset and transferring the asset or	11
12	issuing executable instructions for these actions.	12
13	“(9) SOURCE CODE VERSION.—The term	13
14	‘source code version’—	14
15	“(A) means the source code version com-	15
16	prising a digital asset; and	16
17	“(B) does not include software used to	17
18	manage or facilitate transactions in a digital	18
19	asset.	19
20	“(10) VIRTUAL CURRENCY.—The term ‘virtual	20
21	currency’—	21
22	“(A) means a digital asset that—	22
23	“(i) is used primarily as a medium of	23
24	exchange, unit of account, store of value,	24
25	or any combination of such functions;	25

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

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

6       “(B) includes a digital asset, consistent  
7       with subparagraph (A) that is accompanied by  
8       a statement from the issuer that a denominated  
9       or pegged value will be maintained and be avail-  
10      able upon redemption from the issuer or other  
11      identified person, based solely on a smart con-  
12      tract.”.

13      (b) TECHNICAL AND CONFORMING AMENDMENT.—  
14      The table of contents for subtitle VI of title 31, United  
15      States Code, is amended by adding at the end the fol-  
16      lowing:

“98. Digital assets ..... 9801”.

## 17                   **TITLE II—RESPONSIBLE** 18                   **TAXATION OF DIGITAL ASSETS**

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

20                   (a) IN GENERAL.—Part III of subchapter B of chap-  
21      ter 1 of the Internal Revenue Code of 1986 is amended  
22      by inserting after section 1391 the following new section:

1 **“SEC. 139J. GAIN OR LOSS FROM SALE OR EXCHANGE OF**2 **VIRTUAL CURRENCY.**3 **“(a) IN GENERAL.**—Gross income shall not include

4 gain or loss from the sale or exchange of virtual currency

5 in a personal transaction (as defined in section 988(e)(3))

6 for goods and services.

7 **“(b) LIMITATION.**—8 **“(1) IN GENERAL.**—The amount of gain or loss

9 excluded from gross income under subsection (a)

10 with respect to a sale or exchange shall not exceed

11 \$200.

12 **“(2) AGGREGATION RULE.**—For purposes of

13 this subsection, all sales or exchanges which are part

14 of the same transaction (or a series of related trans-

15 actions) shall be treated as one sale or exchange.

16 **“(c) OTHER SALES OR EXCHANGES.**—Subsection (a)

17 shall not apply to sales or exchanges in which virtual cur-

18 rency is sold or exchanged for cash, cash equivalents, digi-

19 tal assets (as defined in section 9801 of title 31, United

20 States Code), or other securities or commodities.

21 **“(d) VIRTUAL CURRENCY.**—For purposes of this sec-

22 tion, the term ‘virtual currency’ has the meaning given

23 such term in section 9801 of title 31, United States Code.

24 **“(e) INFLATION ADJUSTMENT.**—In the case of any

25 taxable year beginning in a calendar year after 2023, the

1 dollar amount in subsection (b) shall be increased by an  
2 amount equal to—

3 “(1) such dollar amount, multiplied by

4 “(2) the cost-of-living adjustment determined

5 under section 1(f)(3) for the calendar year in which

6 the taxable year begins, determined by substituting

7 ‘calendar year 2022’ for ‘calendar year 2016’ in sub-

8 paragraph (A)(ii) thereof.

9 Any increase determined under the preceding sentence

10 shall be rounded to the nearest multiple of \$50.”.

11 (b) CLERICAL AMENDMENT.—The table of sections

12 for part III of subchapter B of chapter 1 of the Internal

13 Revenue Code of 1986 is amended by inserting after the

14 item relating to section 139I the following new item:

“Sec. 139J. Gain or loss from sale or exchange of virtual currency.”.

15 (c) REPORTING OF GAINS OR LOSSES.—The Sec-

16 retary shall issue regulations providing for information re-

17 turns on virtual currency transactions for which gain or

18 loss is recognized.

19 (d) EFFECTIVE DATE.—The amendments made by

20 this section shall apply to transactions entered into after

21 December 31, 2022.

1 SEC. 202. INFORMATION REPORTING REQUIREMENTS IM-

2 POSED ON BROKERS WITH RESPECT TO DIG-

3 ITAL ASSETS.

4 (a) CLARIFICATION OF DEFINITION OF BROKER.—

5 Section 6045(c)(1)(D) of the Internal Revenue Code of  
6 1986 is amended to read as follows:

7 “(D) any person who (for consideration)

8 stands ready in the ordinary course of a trade

9 or business to effect sales of digital assets at

10 the direction of their customers.”.

11 (b) REPORTING OF DIGITAL ASSETS.—

12 (1) BROKERS.—

13 (A) DEFINITION OF DIGITAL ASSET.—Sec-

14 tion 6045(g)(3)(D) of the Internal Revenue

15 Code of 1986 is amended to read as follows:

16 “(D) DIGITAL ASSET.—The term ‘digital

17 asset’ has the meaning given such term in sec-

18 tion 9801 of title 31, United States Code.”.

19 (B) APPLICABLE DATE.—Section

20 6045(g)(3)(C)(iii) of such Code is amended to

21 read as follows:

22 “(iii) January 1, 2025, in the case of

23 any specified security which is a digital

24 asset, and”.

1 (2) FURNISHING OF INFORMATION.—Section  
2 6045A(d) of such Code is amended to read as fol-  
3 lows:  
4 “(d) RETURN REQUIREMENT FOR CERTAIN TRANS-  
5 FERS OF DIGITAL ASSETS NOT OTHERWISE SUBJECT TO  
6 REPORTING.—Any broker, with respect to any transfer  
7 (which is not part of a sale or exchange executed by such  
8 broker) during a calendar year of a covered security which  
9 is a digital asset from an account wholly controlled and  
10 maintained by such broker to an account which is not  
11 maintained by, or an address not associated with, a person  
12 that such broker knows or has reason to know is also a  
13 broker, shall make a return for such calendar year, in such  
14 form as determined by the Secretary, showing the infor-  
15 mation otherwise required to be furnished with respect to  
16 transfers subject to subsection (a). Information reported  
17 by brokers under this section shall be limited to customer  
18 information that is voluntarily provided by the customer  
19 and held by the broker for a legitimate business purpose.”  
20 (e) EFFECTIVE DATES.—The amendments made by  
21 this section shall apply to returns required to be filed and  
22 statements required to be furnished after December 31,  
23 2025.

**1 SEC. 203. SOURCES OF INCOME.**

2 (a) IN GENERAL.—Paragraph (2) of section 864(b)

3 of the Internal Revenue Code of 1986 is amended by re-

4 designating subparagraph (C) as subparagraph (D) and

5 by inserting after subparagraph (B) the following new

6 subparagraph:

7 “(C) DIGITAL ASSETS.—

8 “(i) IN GENERAL.—Trading in digital

9 assets through a resident broker, commis-

10 sion agent, custodian, digital asset ex-

11 change, or other independent agent.

12 “(ii) TRADING FOR TAXPAYER’S OWN

13 ACCOUNT.—Trading in digital assets for

14 the taxpayer’s own account, whether by the

15 taxpayer or the taxpayer’s employees or

16 through a resident broker, commission

17 agent, custodian, digital asset exchange, or

18 other agent, and whether or not any such

19 employee or agent has discretionary au-

20 thority to make decisions in effecting the

21 transactions. This clause shall not apply in

22 the case of a dealer in digital assets.

23 “(iii) DEFINITIONS.—For purposes of

24 this subparagraph—

25 “(I) DIGITAL ASSET EX-

26 CHANGE.—The term ‘digital asset ex-

change' means a centralized or decen-

tralized platform which facilitates the

transfer of digital assets.

“(II) DIGITAL ASSET.—The term

‘digital asset’ has the meaning given

such term in section 9801 of title 31,

United States Code.

“(iv) LIMITATION.—This subpara-

graph shall apply only if the digital assets

are of a kind customarily dealt in on a dig-

ital asset exchange and if the transaction

is of a kind customarily consummated at

such exchange.”.

(b) CONFORMING AMENDMENT.—Subparagraph (D)

of section 864(b)(2) of the Internal Revenue Code of

1986, as redesignated by subsection (a), is amended by

striking “(A)(i) and (B)(i)” and inserting “(A)(i), (B)(i),

and (C)(i)”..

(c) EFFECTIVE DATE.—The amendments made by

this section shall apply to sales and exchanges after De-

cember 31, 2022.

**SEC. 204. DECENTRALIZED AUTONOMOUS ORGANIZATIONS.**

(a) IN GENERAL.—Section 7701(a) of the Internal

Revenue Code of 1986 is amended by adding at the end

the following new paragraph:



1	“(51) DECENTRALIZED AUTONOMOUS ORGAN-
2	ZATIONS.—
3	“(A) IN GENERAL.—The default classifica-
4	tion of a decentralized autonomous organization
5	shall be as a business entity which is not a dis-
6	regarded entity.
7	“(B) CLASSIFICATION OF OTHER ACTIVI-
8	TIES.—The following shall not be considered a
9	business activity of such organization for pur-
10	poses of determining whether such organization
11	is described in section 501(c)(7):
12	“(i) Treasury management, including
13	mining and staking of digital assets (as de-
14	fined in section 9801 of title 31, United
15	States Code).
16	“(ii) Raising funds for a charitable
17	purpose.
18	“(C) DECENTRALIZED AUTONOMOUS OR-
19	GANIZATION.—The term ‘decentralized autono-
20	mous organization’ means an organization—
21	“(i) which utilizes smart contracts (as
22	defined in section 9801 of title 31, United
23	States Code) to effectuate collective action
24	for a business, commercial, charitable, or
25	similar entity,

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

3 “(iii) which is properly incorporated  
4 or organized under the laws of a State or  
5 foreign jurisdiction as a decentralized au-  
6 tonomous organization, cooperative, foun-  
7 dation, or any similar entity.”.

8 (b) EFFECTIVE DATE.—Except as provided by sub-  
9 section (c), the amendments made by this section shall  
10 apply to taxable years beginning after December 31, 2022.  
11 **SEC. 205. TAX TREATMENT OF DIGITAL ASSET LENDING**  
12 **AGREEMENTS AND RELATED MATTERS.**

13 (a) IN GENERAL.—Subsection (a) of section 1058 of  
14 the Internal Revenue Code of 1986 is amended by striking  
15 “(as defined in section 1236(c))”.

16 (b) FIXED TERM.—Paragraph (1) of subsection (b)  
17 of section 1058 of the Internal Revenue Code of 1986 is  
18 amended by inserting “, including a fixed-term transfer  
19 that occurs in the ordinary course of a securities lending  
20 or investment management business” after “transferred”.  
21 (c) BASIS.—Subsection (c) of section 1058 of the In-  
22 ternal Revenue Code of 1986 is amended by adding at the  
23 end the following: “All appropriate basis adjustments to  
24 an agreement under subsection (b) shall be made, as de-

1 terminated by the Secretary, including upon the return of  
2 the lent securities to the taxpayer.”.  
3 (d) SECURITIES.—Section 1058 of the Internal Rev-  
4 nue Code of 1986 is amended by adding at the end the  
5 following new subsections:  
6 “(d) SECURITIES.—For purposes of this section, the  
7 term ‘securities’ has the meaning given such term by sec-  
8 tion 1236(c), except that such term includes any digital  
9 asset (as defined in section 9801 of title 31, United States  
10 Code) and, with respect to a digital asset, does not require  
11 a call option.  
12 “(e) INCOME.—An amount equal to the income which  
13 would otherwise accrue to the lender but for a lending  
14 transaction under this section shall be included in gross  
15 income of the lender.”.  
16 (e) RULE OF CONSTRUCTION.—Nothing in this sec-  
17 tion shall be construed to create any inference with respect  
18 to the classification of any digital asset as security under  
19 the Securities Act of 1933 (15 U.S.C. 77a et seq.) or the  
20 Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).  
21 (f) RULEMAKING AUTHORITY.—The Secretary of the  
22 Treasury (or the Secretary’s delegate) may adopt rules to  
23 implement this section, including the application of this  
24 section to forks, airdrops, and similar subsidiary value.

1 (g) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to sales and exchanges after De-  
3 cember 31, 2022.

4 **SEC. 206. IMPLEMENTING EFFECTIVE IRS GUIDANCE.**

5 (a) IN GENERAL.—Not later than 1 year after the  
6 date of the enactment of this Act, the Secretary of the  
7 Treasury (or the Secretary's delegate) shall adopt guid-  
8 ance relating to the following:

9 (1) Classification of forks, airdrops, and similar  
10 subsidiary value as taxable, contingent upon the af-  
11 firmative claim and disposition of the subsidiary  
12 value by a taxpayer. Such guidance shall also permit  
13 a taxpayer to provide notification through an annual  
14 return or other appropriate means to the Internal  
15 Revenue Service relating to claim and disposition of,  
16 or disclaimer of, subsidiary value.

17 (2) Merchant acceptance of digital assets and  
18 the tax treatment of payments and receipts, con-  
19 sistent with the amendments made by section 80603  
20 of the Infrastructure Investment and Jobs Act, as  
21 amended by section 203.

22 (3) Treatment of digital asset mining and stak-  
23 ing, including mining and staking rewards, in which  
24 income is not realized until disposition of the assets  
25 produced or received in connection with such activ-

1 ity, in accordance with section 451(l) of the Internal  
2 Revenue Code of 1986 (as added by this Act).

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

10 (5) Characterization of payment stablecoins (as  
11 defined in section 9801 of title 31, United States  
12 Code) as indebtedness.  
13 (b) EFFECTIVE DATE.—The guidance adopted under  
14 this section shall be applicable on a prospective basis for  
15 taxable years beginning after December 31, 2023.

16 **SEC. 207. ANALYSIS OF RETIREMENT INVESTING IN DIG-**  
17 **ITAL ASSETS.**

18 (a) Not later than March 1, 2023, the Comptroller  
19 General of the United States shall conduct a study and  
20 provide a report to the entities specified in subsection (b)  
21 regarding the following issues relating to retirement in-  
22 vesting in digital assets:  
23 (1) Potential benefits to diversification and re-  
24 turn of an investor's retirement portfolio.

1	(2) Appropriate asset allocations, including
2	among other alternative investments.
3	(3) Consumer education, financial literacy and
4	investment advisor training relating to digital assets.
5	(4) Risk.
6	(5) Legal and operational barriers to effective
7	retirement investing in digital assets.
8	(6) Any other topic determined to be material
9	by the Comptroller General relating to retirement in-
10	vesting in digital assets.
11	(b) The Comptroller General shall provide the report
12	required by subsection (a) to the following:
13	(1) The Committee on Banking, Housing, and
14	Urban Affairs of the Senate.
15	(2) The Committee on Finance of the Senate.
16	(3) The Committee on Health, Education,
17	Labor, and Pensions of the Senate.
18	(4) The Committee on Financial Services of the
19	House of Representatives.
20	(5) The Committee on Ways and Means of the
21	House of Representatives.
22	(6) The Committee on Education and Labor of
23	the House of Representatives.
24	(7) The Secretary of the Treasury.
25	(8) The Secretary of Labor.

**1 SEC. 208. DIGITAL ASSET MINING AND STAKING.**

**2 (a) IN GENERAL.**—Section 451 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

**3 “(1) DEFERRAL OF INCOME RECOGNITION FOR DIGITAL ASSET ACTIVITIES.**—In the case of a taxpayer who  
**4 conducts digital asset mining or staking activities, the amount of income relating to such activities shall not be**  
**5 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.”.**

**6 (b) EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after December 31, 2022.

**7 SEC. 209. CONFORMING AMENDMENTS.**

**8 (a) CHARITABLE CONTRIBUTIONS.**—

**9 (1) IN GENERAL.**—Subclause (I) 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))”.

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

**11 (b) OTHER CONFORMING AMENDMENTS.**—

1	(1) IN GENERAL.—Title 31, United States
2	Code, is amended—
3	(A) in section 5312(a)(2)—
4	(i) by redesignating subparagraphs
5	(A) through (Z) as clauses (i) through
6	(xxvi), respectively;
7	(ii) in the matter preceding clause (i),
8	as so designated, by striking “‘institution’
9	means—” and inserting “‘institution—
10	“(A) means—”;
11	(iii) in clause (xxvi), as so designated,
12	by striking the period at the end and in-
13	serting “; and”;
14	(iv) by adding at the end the fol-
15	lowing:
16	“(B) does not include a decentralized au-
17	tonomous organization, as defined in section
18	7701(a) of the Internal Revenue Code of
19	1986.”; and
20	(B) in section 5336(a)(11)(B)(2)—
21	(i) by redesignating clause (xxv) as
22	clause (xxvi); and
23	(ii) by adding after clause (xxv) the
24	following:



1           “(xxv) A decentralized autonomous  
2           organization, as defined in section 7701(a)  
3           of the Internal Revenue Code of 1986;  
4           and”.  
5           (2) ANTI-MONEY LAUNDERING ACT OF 2020.—  
6           Section 6110(a) of the Anti-Money Laundering Act  
7           of 2020 (division F of Public Law 116–283) is  
8           amended by striking paragraph (1) and inserting the  
9           following:  
10          “(A) by redesignating clauses (xxv) and  
11          (xxvi) as clauses (xxvi) and (xxvii), respectively,  
12          and adjust the margins accordingly; and  
13          “(B) by inserting after clause (xxiv) the  
14          following:  
15          “(Y) a person engaged in the trade of an-  
16          tiquities, including an advisor, consultant, or  
17          any other person who engages as a business in  
18          the solicitation or the sale of antiquities, subject  
19          to regulations prescribed by the Secretary;.”.

1	<b>TITLE III—RESPONSIBLE</b>
2	<b>SECURITIES INNOVATION</b>
3	<b>SEC. 301. SECURITIES OFFERINGS INVOLVING CERTAIN IN-</b>
4	<b>TANGIBLE ASSETS.</b>
5	Title I of the Securities Exchange Act of 1934 (15
6	U.S.C. 78a et seq.) is amended by adding at the end the
7	following:
8	<b>“SEC. 41. SECURITIES OFFERINGS INVOLVING CERTAIN IN-</b>
9	<b>TANGIBLE ASSETS.</b>
10	<b>“(a) DEFINITIONS.—In this section:</b>
11	<b>“(1) ANGULAR ASSET.—</b>
12	<b>“(A) IN GENERAL.—The term ‘angular</b>
13	<b>asset’ means an intangible, fungible asset that</b>
14	<b>is offered, sold, or otherwise provided to a per-</b>
15	<b>son in connection with the purchase and sale of</b>
16	<b>a security through an arrangement or scheme</b>
17	<b>that constitutes an investment contract, as that</b>
18	<b>term is used in section 2(a)(1) of the Securities</b>
19	<b>Act of 1933 (15 U.S.C. 77b(a)(1)).</b>
20	<b>“(B) EXCLUSION.—The term ‘angular</b>
21	<b>asset’ does not include an asset that provides</b>
22	<b>the holder of the asset with any of the following</b>
23	<b>rights in a business entity:</b>
24	<b>“(i) A debt or equity interest in that</b>
25	<b>entity.</b>

1	“(ii) Liquidation rights with respect
2	to that entity.
3	“(iii) An entitlement to an interest or
4	dividend payment from that entity.
5	“(iv) A profit or revenue share in that
6	entity solely from the entrepreneurial or
7	managerial efforts of others.
8	“(v) Any other financial interest in
9	that entity.
10	“(2) FOREIGN PRIVATE ISSUER.—The term
11	‘foreign private issuer’ means a foreign issuer, other
12	than a foreign government, except that the term
13	does not include a foreign issuer that, as of the last
14	business day of the most recently completed fiscal
15	quarter of the issuer, satisfies the following condi-
16	tions:
17	“(A) More than 50 percent of the out-
18	standing voting securities of the issuer are di-
19	rectly or indirectly owned by residents of the
20	United States.
21	“(B) Any of the following:
22	“(i) The majority of the executive offi-
23	cers or directors of the issuer are citizens
24	or residents of the United States.

1 “(ii) More than 50 percent of the as-

2 sets of the issuer are located in the United

3 States.

4 “(iii) The business of the issuer is

5 principally administered in the United

6 States.

7 “(b) DISCLOSURE REQUIREMENTS.—

8 “(1) INITIAL COMPLIANCE WITH SPECIFIED

9 PERIODIC DISCLOSURE REQUIREMENTS.—Subject to

10 paragraphs (4) and (5), an issuer engaged in busi-

11 ness in or affecting interstate commerce, or that is

12 organized outside of the United States and is not a

13 foreign private issuer, that offers, sells, or otherwise

14 provides a security through an arrangement or

15 scheme that constitutes an investment contract, as

16 that term is used in section 2(a)(1) of the Securities

17 Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-

18 vides or proposes to provide any holder of the secu-

19 rity with an ancillary asset, shall be subject to the

20 periodic disclosure requirements under subsection (c)

21 for the 1-year period beginning on the date that is

22 180 days after the first date on which the security

23 is offered, sold, or otherwise provided by the issuer,

24 if—

1 “(A) the average daily aggregate value of

2 all ancillary assets offered, sold, or otherwise

3 provided by the issuer in relation to the offer,

4 sale, or provision of the security in all spot

5 markets open to the public in the United States

6 (based on the knowledge of the issuer after due

7 inquiry) is greater than \$5,000,000 for the

8 180-day period immediately succeeding the date

9 of that first offer, sale, or provision; and

10 “(B) during the 180-day period described

11 in subparagraph (A), the issuer, or any person

12 owning not less than 10 percent of any class of

13 equity securities of the issuer, engaged in entre-

14 preneurial or managerial efforts that primarily

15 determined the value of the ancillary asset.

16 “(2) ONGOING COMPLIANCE WITH SPECIFIED

17 PERIODIC DISCLOSURE REQUIREMENTS.—Subject to

18 paragraphs (4) and (5), an issuer that is engaged in

19 business in or affecting interstate commerce, or that

20 is organized outside of the United States and is not

21 a foreign private issuer, that offers, sells, or other-

22 wise provides a security through an arrangement or

23 scheme that constitutes an investment contract, as

24 that term is used in section 2(a)(1) of the Securities

25 Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-

1 vides the holder of the security with an ancillary  
2 asset in connection with the acquisition of the secu-  
3 rity, shall be subject to the periodic disclosure re-  
4 quirements under subsection (c) for a given fiscal  
5 year of that issuer, if, in the immediately preceding  
6 fiscal year of the issuer (or any portion thereof)—  
7 “(A) the average daily aggregate value of  
8 all trading in the ancillary asset in all spot mar-  
9 kets open to the public in the United States  
10 was greater than \$5,000,000, based on the  
11 knowledge of the issuer after due inquiry; and  
12 “(B) the issuer, or any person owning not  
13 less than 10 percent of any class of equity secu-  
14 rities of the issuer, engaged in entrepreneurial  
15 or managerial efforts that primarily determined  
16 the value of the ancillary asset.  
17 “(3) TRANSITION RULE.—Subject to para-  
18 graphs (4) and (5), an issuer that is engaged in  
19 business in or affecting interstate commerce, or that  
20 is organized outside of the United States and is not  
21 a foreign private issuer, that offers, sells, or other-  
22 wise provides a security through an arrangement or  
23 scheme that constitutes an investment contract, as  
24 that term is used in section 2(a)(1) of the Securities  
25 Act of 1933 (15 U.S.C. 77b(a)(1)), and that pro-

1 provides the holder of the security with an ancillary  
2 asset before January 1, 2023, in connection with the  
3 acquisition of the security shall be subject to the  
4 periodic disclosure requirements under subsection (c)  
5 beginning in the first fiscal year of the issuer that  
6 begins on or after that date, if, in the immediately  
7 preceding fiscal year of the issuer—

8 “(A) the average daily aggregate value of  
9 trading in the ancillary asset in all spot mar-  
10 kets open to the public for which trading vol-  
11 ume is generally available was greater than  
12 \$5,000,000, based on the knowledge of the  
13 issuer after due inquiry; and

14 “(B) the issuer, or any person owning not  
15 less than 10 percent of any class of equity secu-  
16 rities of the issuer, engaged in entrepreneurial  
17 or managerial efforts that primarily determined  
18 the value of the ancillary asset.

19 “(4) TREATMENT OF ANCILLARY ASSETS.—

20 “(A) IN GENERAL.—Notwithstanding any  
21 other provision of law, if an issuer issues a se-  
22 curity through an arrangement or scheme that  
23 constitutes an investment contract, as that term  
24 is used in section 2(a)(1) of the Securities Act  
25 of 1933 (15 U.S.C. 77b(a)(1)), is subject to

1 paragraph (1), (2), or (3), and is in compliance  
2 with the periodic disclosure requirements under  
3 subsection (c), an ancillary asset provided di-  
4 rectly or indirectly by the issuer shall be pre-  
5 sumed—  
6 “(i) to be a commodity, consistent  
7 with section 2(e)(2)(F) of the Commodity  
8 Exchange Act (7 U.S.C. 2(e)(2)(F)); and  
9 “(ii) not to be a security under—  
10 “(I) section 3(a);  
11 “(II) such section 2(a)(1);  
12 “(III) section 2(a) of the Invest-  
13 ment Company Act of 1940 (15  
14 U.S.C. 80a-2(a));  
15 “(IV) section 202(a) of the In-  
16 vestment Advisers Act of 1940 (15  
17 U.S.C. 80b-2(a)); or  
18 “(V) any applicable provision of  
19 State law.  
20 “(B) OTHER PERSONS.—A person who is  
21 not an issuer, an entity controlled by an issuer  
22 (including a person that acquires an ancillary  
23 asset from such an issuer for the purpose of re-  
24 sale or distribution of the ancillary asset), or a  
25 person acting at the direction or on the behalf



of an issuer shall be not required to treat an

ancillary asset provided by an issuer as a secu-

rity under this Act or any provision of law de-

scribed in subparagraph (A)(ii).

“(C) EXCEPTION.—

“(i) IN GENERAL.—Subparagraph (A)

shall not apply to an ancillary asset if a

court of the United States of competent ju-

risdiction, after an appropriate proceeding,

issues an order finding that there is not a

substantial basis for the presumption that

the ancillary asset is a commodity and not

a security under subparagraph (A).

“(ii) RULES OF CONSTRUCTION.—

Nothing in this subparagraph shall be con-

strued to preclude the Commission from

entering into a settlement agreement relat-

ing to violations or alleged violations of

this section. Compliance under this section

shall not be used in any administrative or

judicial proceeding that an ancillary asset

is a security.

“(5) CALCULATION.—For the purposes of para-

graphs (1), (2), and (3), the calculation of daily ag-

gregate value shall be based on data disclosed by

1 spot markets or otherwise available to the public for  
2 inspection.  
3 “(c) SPECIFIED PERIODIC DISCLOSURE REQUIRE-  
4 MENTS.—If an issuer is subject to paragraph (1), (2), or  
5 (3) of subsection (b), the issuer shall furnish, or cause  
6 the relevant affiliate to furnish, to the Commission, on a  
7 semi-annual basis, information that the Commission may,  
8 by rule, require relating to the issuer and any relevant  
9 ancillary asset, as necessary or appropriate in the public  
10 interest or for the protection of investors, which shall be  
11 exclusively comprised of the following:  
12 “(1) Basic corporate information regarding the  
13 issuer, including the following:  
14 “(A) The experience of the issuer in devel-  
15 oping assets similar to the ancillary asset.  
16 “(B) If the issuer has previously provided  
17 ancillary assets to purchasers of securities, in-  
18 formation on the subsequent history of those  
19 previously provided ancillary assets, including  
20 price history, if the information is publicly  
21 available.  
22 “(C) The activities that the issuer has  
23 taken in the relevant disclosure period, and is  
24 projecting to take in the 1-year period following  
25 the submission of the disclosure, with respect to

1 promoting the use, value, or resale of the ancillary asset (including any activity to facilitate the creation or maintenance of a trading market for the ancillary asset and any network or system that utilizes the ancillary asset).

2  
3  
4  
5  
6 “(D) The anticipated cost of the activities of the issuer in subparagraph (C) and whether the issuer has unencumbered, liquid funds equal to that amount.

7  
8  
9  
10 “(E) To the extent the ancillary asset involves the use of a particular technology, the experience of the issuer with the use of that technology.

11  
12  
13  
14 “(F) The backgrounds of the board of directors (or equivalent body), senior management, and key employees of the issuer, the experience or functions of whom are material to the value of the ancillary asset, as well as any personnel changes relating to the issuer during the period covered by the disclosure.

15  
16  
17  
18  
19  
20  
21 “(G) A description of the assets and liabilities of the issuer, to the extent material to the value of the ancillary asset.

22  
23  
24 “(H) A description of any legal proceedings in which the issuer is engaged (including

25

1	ing inquiries by governmental agencies into the
2	activities of the issuer), to the extent material
3	to the value of the ancillary asset.
4	“(I) Risk factors relating to the impact of
5	the issuer on, or unique knowledge relating to,
6	the value of the ancillary asset.
7	“(J) Information relating to ownership of
8	the ancillary asset by—
9	“(i) persons owning not less than 10
10	percent of any class of equity security of
11	the issuer; and
12	“(ii) the management of the issuer.
13	“(K) Information relating to transactions
14	involving the ancillary asset by the issuer with
15	related persons, promoters, and control persons.
16	“(L) Recent sales or similar dispositions of
17	ancillary assets by the issuer and affiliates of
18	the issuer.
19	“(M) Purchases or similar dispositions of
20	ancillary assets by the issuer and affiliates of
21	the issuer.
22	“(N) A going concern statement from the
23	chief financial officer of the issuer or equivalent
24	official, signed under penalty of perjury, stating
25	whether the issuer maintains the financial re-

1 sources to continue business as a going concern  
2 for the 1-year period following the submission  
3 of the disclosure, absent a material change in  
4 circumstances.

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

7 “(A) A general description of the ancillary  
8 asset, including the standard unit of measure  
9 with respect to the ancillary asset, the intended  
10 or known functionality and uses of the ancillary  
11 asset, the market for the ancillary asset, other  
12 assets or services that may compete with the  
13 ancillary asset, and the total supply of the an-  
14 cillary asset or the manner and rate of the on-  
15 going production or creation of the ancillary  
16 asset.

17 “(B) If ancillary assets have been offered,  
18 sold, or otherwise provided by the issuer to in-  
19 vestors, intermediaries, or resellers, a descrip-  
20 tion of the amount of assets offered, sold, or  
21 provided, the terms of each such transaction,  
22 and any contractual or other restrictions on the  
23 resale of the assets by intermediaries.

24 “(C) If ancillary assets were distributed  
25 without charge, a description of each distribu-

1 tion, including the identity of any recipient that  
2 received more than 5 percent of the total  
3 amount of the ancillary assets in any such dis-  
4 tribution.  
5 “(D) The amount of ancillary assets owned  
6 by the issuer.  
7 “(E) For the 1-year period following the  
8 submission of the disclosure, a description of  
9 the plans of the issuer to support (or to cease  
10 supporting) the use or development of the ancil-  
11 lary asset, including markets for the ancillary  
12 asset and each platform or system that uses the  
13 ancillary asset.  
14 “(F) Each third party not affiliated with  
15 the issuer, the activities of which may have a  
16 material impact on the value of the ancillary  
17 asset.  
18 “(G) Risk factors known to the issuer that  
19 may limit demand for, or interest in, the ancil-  
20 lary asset.  
21 “(H) The names and locations of the mar-  
22 kets in which the ancillary asset is known by  
23 the issuer to be available for sale or purchase.  
24 “(I) To the extent available to the issuer,  
25 the average daily price for a constant unit of

1	value of the ancillary asset during the relevant
2	reporting period, as well as the 12-month high
3	and low prices for the ancillary asset.
4	“(J) If applicable, information relating to
5	any external audit of the code and functionality
6	of the ancillary asset, including the entity per-
7	forming the audit and the experience of the en-
8	tity in conducting similar audits.
9	“(K) If applicable, any third-party valu-
10	ation report or economic analysis regarding the
11	ancillary asset or the projected market of the
12	ancillary asset, which shall include the entity
13	performing the valuation or analysis and the ex-
14	perience of the entity in conducting similar re-
15	ports or analyses.
16	“(L) If the ancillary asset is intangible, in-
17	formation relating to custody by the owner of
18	the ancillary asset or a third party.
19	“(M) Information on intellectual property
20	rights claimed or disputed relating to the ancil-
21	lary asset.
22	“(N) A description of the technology un-
23	derlying the ancillary asset.

“(O) Any material tax considerations ap-

plicable to owning, storing, using, or trading

the ancillary asset.

“(P) Any material legal or regulatory con-

siderations applicable to owning, storing, using,

or trading the ancillary asset, including any

legal proceeding that may impact the value of

the ancillary asset.

“(Q) Any other material factor or informa-

tion that may impact the value of the ancillary

asset and about which the issuer is reasonably

aware.

“(d) APPLICATION TO SUCCESSOR ENTITIES AND

CERTAIN AFFILIATES.—

“(1) IN GENERAL.—If an issuer would other-

wise be subject to specified periodic disclosure re-

quirements under subsection (c) and is no longer in

operation, any successor entity that directly or indi-

rectly received not less than 50 percent of the pro-

ceeds raised by the sale of the related securities of

that issuer, and that is engaged in entrepreneurial

or managerial efforts that primarily determine the

value of the applicable ancillary asset, shall furnish,

or cause to be furnished, to the Commission the in-

formation required under that subsection.



1 “(2) CERTAIN AFFILIATES.—If an entity con-

2 trolled by an issuer is subject to specified periodic

3 disclosure requirements under subsection (c) and is

4 engaged in entrepreneurial or managerial efforts

5 that primarily determine the value of an ancillary

6 asset, the entity may furnish to the Commission the

7 information required under that subsection.

8 “(e) VOLUNTARY DISCLOSURE.—An issuer that is

9 not subject to the specified periodic disclosure require-

10 ments under subsection (c) and that offers or sells a secu-

11 rity through an arrangement or scheme that constitutes

12 an investment contract, as that term is used in section

13 2(a)(1) of the Securities Act of 1933 (15 U.S.C.

14 77b(a)(1)), and that provides the holder of that security

15 with an ancillary asset in connection with the acquisition

16 of the security may voluntarily furnish to the Commission

17 the information required under that subsection if the

18 issuer believes that it is reasonably likely that the issuer

19 will become subject to those requirements in the future.

20 “(f) EXEMPTIONS.—The Commission may, by order,

21 exempt an ancillary asset from the specified periodic dis-

22 closure requirements under subsection (c) if the Commis-

23 sion determines that the public policy goals of disclosure

24 and consumer protection are not satisfied by requiring dis-

25 closures relating to an ancillary asset.

1 “(g) RULE OF CONSTRUCTION.—If an issuer fails to  
 2 comply with a provision of this section, an ancillary asset  
 3 provided by the issuer shall not be presumed to be a secu-  
 4 rity under a provision of law described in subsection  
 5 (b)(4)(A)(ii), solely because of such failure.

6 “(h) RULES.—The Commission may adopt rules and  
 7 guidance to implement this section, consistent with the  
 8 statutory intent of this section.”.

9 **SEC. 302. TERMINATION OF SPECIFIED PERIODIC DISCLO-**  
 10 **SURE REQUIREMENTS.**

11 Section 41 of the Securities Exchange Act of 1934,  
 12 as added by section 301 of this Act, is amended by adding  
 13 at the end the following:  
 14 “(i) TERMINATION OF SPECIFIED PERIODIC DISCLO-  
 15 SURE REQUIREMENTS.—

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

22 “(2) CERTIFICATION.—

23 “(A) IN GENERAL.—A certification filed  
 24 under paragraph (1) shall be supported by rea-  
 25 sonable evidence, based on the knowledge of the

1 issuer filing the certification, after due inquiry,

2 that—

3 “(i) the average daily aggregate value

4 of all trading in the applicable ancillary

5 asset in all spot markets open to the public

6 in the United States in the 12-month pe-

7 riod preceding the date on which the cer-

8 tification is filed was not greater than

9 \$5,000,000; or

10 “(ii) during the 12-month period pre-

11 ceding the date on which the certification

12 is filed, neither the applicable issuer, nor

13 any entity controlled by the applicable

14 issuer, engaged in entrepreneurial or man-

15 agerial efforts that primarily determined

16 the value of the ancillary asset.

17 “(B) DENIAL.—

18 “(i) IN GENERAL.—Subject to sub-

19 paragraph (C)(ii), the Commission may, by

20 majority vote and after notice and oppor-

21 tunity for hearing, deny a certification filed

22 under paragraph (1) if the Commission

23 finds that the certification is not supported

24 by substantial evidence.

1       “(ii) EFFECT.—The denial, under

2       clause (i), of a certification filed under

3       paragraph (1)—

4       “(I) shall terminate the certifi-

5       cation so filed; and

6       “(II) shall not prevent the appli-

7       cable issuer from filing another cer-

8       tification under paragraph (1), if the

9       re-filed certification is filed not earlier

10      than 180 days after the date on which

11      the original certification is denied.

12      “(C) PENDING STATUS.—

13      “(i) IN GENERAL.—Termination of

14      the disclosure requirements described in

15      paragraph (1) applicable to an issuer that

16      has filed a certification under that para-

17      graph shall be deferred pending review by

18      the Commission of the evidence supporting

19      the certification.

20      “(ii) EFFECT OF DELAY.—If, as of

21      the date that is 90 days after receiving a

22      certification filed under paragraph (1), the

23      Commission has not requested additional

24      evidence with respect to the certification

25      from the applicable issuer, the disclosure

obligations that are the subject of the certification shall terminate.”.

### **SEC. 303. GUIDANCE RELATING TO SATISFACTORY CON-**

#### **TROL LOCATION.**

Not later than 180 days after the date of the enact-

ment of this Act, the Securities and Exchange Commission (referred to in this title as the “Commission”) shall issue

guidance relating to section 240.15c3-3 of title 17, Code

of Federal Regulations, or any successor regulation, pro-

viding that the requirement to designate a satisfactory

control location for a digital asset that is, or may rep-

resent ownership of, a security may be satisfied by pro-

tecting the digital asset through commercially reasonable

cybersecurity practices to maintain control of sufficient

private key material to transfer control of the digital asset

to another person, or to cause another person to obtain

control of the digital asset, including by means of a smart

contract that generates private key material without the

involvement of a natural person.

### **SEC. 304. CUSTODY AND CUSTOMER PROTECTION RULES.**

(a) IN GENERAL.—

(1) MODERNIZATION OF EXISTING RULES AND

ADOPTION OF NEW RULES.—Not later than 18

months after the date of enactment of this Act, the

Commission shall—

1	(A) complete the multi-year study of the
2	Commission with respect to the modernization
3	of the rules of the Commission relating to cus-
4	tomers protection (section 240.15c3-3 of title
5	17, Code of Federal Regulations) and custody
6	of securities, digital assets, and client funds
7	(section 275.206(4)-2 of title 17, Code of Fed-
8	eral Regulations); and
9	(B) consistent with the results of the study
10	described in subparagraph (A), adopt final rules
11	relating to the issues described in paragraph
12	(2).
13	(2) CONTENTS.—The final rules adopted under
14	paragraph (1)(B) shall address the following con-
15	cepts:
16	(A) Investor protection and education with
17	respect to digital assets.
18	(B) Digital assets, distributed ledger tech-
19	nology, and use of collaborative custody or
20	multi-signature arrangements, including dis-
21	tribution of private key material and resulting
22	obligations.
23	(C) Changes in market structure and asset
24	characteristics, including disuse of physical se-

1 curities and assets and appropriate custodial  
2 methods for electronically native assets.

3 (D) Reduction of regulatory burden.

4 (E) Use of technology to facilitate regu-  
5 latory compliance and risk management.

6 (F) Parity of State- and nationally-char-

7 tered banks, as defined in section 202(a) of the  
8 Investment Advisers Act of 1940 (15 U.S.C.

9 80b-2(a)), with respect to asset custody in a  
10 manner consistent with that Act (15 U.S.C.

11 80b-1 et seq.) and other existing law.

12 (G) Standards under which an issuer of an

13 unregistered digital asset that is, or may rep-  
14 resent ownership of, a security is not required

15 to utilize a registered transfer agent.

16 (H) Specification of the digital assets  
17 which constitute client funds under section

18 275.206(4)-2 of title 17, Code of Federal Reg-  
19 ulations.

20 (b) DIGITAL ASSETS AND SECURITIES.—Not later

21 than 270 days after the date of enactment of this Act,  
22 the Commission shall adopt final guidance permitting, for

23 the purposes of section 240.15c3-3(b) of title 17, Code  
24 of Federal Regulations, a broker or a dealer to perform,

25 within the same legal entity, both trading and custodial

1 activities relating to fully-paid and excess margin digital  
2 assets, including virtual currency and digital assets that  
3 are securities or may represent ownership of securities, in  
4 addition to traditional securities, client funds, and other  
5 assets permitted by the Commission to be within the con-  
6 trol of a broker or dealer.

## 7 TITLE IV—RESPONSIBLE 8 COMMODITIES INNOVATION

### 9 SEC. 401. DEFINITIONS.

10 Section 1a of the Commodity Exchange Act (7 U.S.C.  
11 1a) is amended—

12 (1) in paragraph (9), by striking “and frozen  
13 concentrated orange juice” and inserting “frozen  
14 concentrated orange juice, and a digital asset (con-  
15 sistent with section 2(c)(2)(F))”;

16 (2) by inserting after paragraph (15) the fol-  
17 lowing:

18 “(15A) DIGITAL ASSET.—

19 “(A) IN GENERAL.—Except as provided in

20 subparagraph (B), the term ‘digital asset’ has

21 the meaning given the term in section 9801 of

22 title 31, United States Code.

23 “(B) EXCLUSION.—The term ‘digital

24 asset’ does not include an asset that provides



the holder of the asset with any of the following

rights in a business entity:

“(i) A debt or equity interest in that

entity.

“(ii) Liquidation rights with respect

to that entity.

“(iii) An entitlement to an interest or

dividend payment from that entity.

“(iv) A profit or revenue share in that

entity derived solely from the entrepre-

neurial or managerial efforts of others.

“(v) Any other financial interest in

that entity.

“(15B) DIGITAL ASSET EXCHANGE.—The term

‘digital asset exchange’ means a trading facility that

lists for trading at least 1 digital asset.”;

(3) in paragraph (28)(A)(i)—

(A) in subclause (I)—

(i) in item (aa)—

(I) in subitem (BE), by striking

“or” at the end; and

(II) by adding at the end the fol-

lowing:

“(GG) the purchase or

sale of a digital asset that is

1	traded on or subject to the
2	rules of a registered entity;";
3	(ii) in item (bb), by striking "and"
4	and inserting "or"; and
5	(iii) by adding at the end the fol-
6	lowing:
7	"(cc) acting as a
8	counterparty to any cash or spot
9	agreement, contract, or trans-
10	action involving a digital asset
11	with a person who is not an eligi-
12	ble contract participant, unless
13	the activity is—
14	"(AA) conducted in
15	compliance with the laws of
16	the State in which the activ-
17	ity occurs;
18	"(BB) subject to regu-
19	lation by another Federal
20	authority; or
21	"(CC) separately regu-
22	lated under this Act; and";
23	and

1 (B) in subclause (II), by striking “items  
2 (aa) or (bb)” and inserting “item (aa), (bb), or  
3 (cc)”;  
4 (4) by inserting after paragraph (39) the fol-  
5 lowing:  
6 “(39A) REGISTERED DIGITAL ASSET EX-  
7 CHANGE.—The term ‘registered digital asset ex-  
8 change’ means a digital asset exchange registered  
9 under section 5i.”; and  
10 (5) in paragraph (40)—  
11 (A) in subparagraph (E), by striking  
12 “and” at the end;  
13 (B) by redesignating subparagraph (F) as  
14 subparagraph (G); and  
15 (C) by inserting after subparagraph (E)  
16 the following:  
17 “(F) a registered digital asset exchange;  
18 and”.  
19 **SEC. 402. REPORTING AND RECORDKEEPING.**  
20 Section 4g of the Commodity Exchange Act (7 U.S.C.  
21 6g) is amended—  
22 (1) in subsection (a), by inserting “digital as-  
23 sets or” before “commodities”; and

1 (2) in subsection (d), in the second sentence, by  
2 striking “commodity futures,” and inserting “com-  
3 modities.”.

4 **SEC. 403. CFTC JURISDICTION OVER DIGITAL ASSET**  
5 **TRANSACTIONS.**

6 (a) COMMISSION JURISDICTION OVER RETAIL DIG-  
7 ITAL ASSET TRANSACTIONS.—

8 (1) IN GENERAL.—Section 2(e)(2) of the Com-  
9 modity Exchange Act (7 U.S.C. 2(e)(2)) is amend-  
10 ed—

11 (A) in subparagraph (D)(ii)—  
12 (i) in subclause (III), in the matter  
13 preceding item (aa), by inserting “of a  
14 commodity, other than a digital asset,” be-  
15 fore “that”;

16 (ii) by redesignating subclauses (IV)  
17 and (V) as subclauses (V) and (VI), re-  
18 spectively; and  
19 (iii) by inserting after subclause (III)  
20 the following:

21 “(IV) a contract of sale of a dig-  
22 ital asset that—  
23 “(aa) results in actual deliv-  
24 ery within 2 days or such other  
25 period as the Commission may

determine by rule based upon the  
typical commercial practice in  
cash or spot markets for the dig-  
ital asset involved; or  
“(bb) is executed on or sub-  
ject to the rules of a registered  
digital asset exchange or with a  
registered futures commission  
merchant;” and  
(B) by adding at the end the following:  
“(F) COMMISSION JURISDICTION OVER  
DIGITAL ASSET TRANSACTIONS.—  
“(i) IN GENERAL.—  
“(I) JURISDICTION.—Subject to  
sections 6d and 12(e) and section 403  
of the Commodity Futures Moderniza-  
tion Act of 2000 (7 U.S.C. 27a), the  
Commission shall have exclusive juris-  
diction over any agreement, contract,  
or transaction involving a contract of  
sale of a digital asset in interstate  
commerce, including ancillary assets  
(consistent with section 41(b)(4) of  
the Securities Exchange Act of 1934),  
except that specified periodic report-

1 ing requirements made by an issuer  
2 which provided the holder of the secu-  
3 rity with an ancillary asset under that  
4 section, and the security that con-  
5 stitutes an investment contract (with-  
6 in the meaning of section 2(a)(1) of  
7 the Securities Act of 1933 (15 U.S.C.  
8 77b(a)(1))), shall remain within the  
9 jurisdiction of the Securities and Ex-  
10 change Commission.  
11 “(II) FUNGIBILITY REQUIRE-  
12 MENT.—The Commission shall only  
13 exercise jurisdiction over an agree-  
14 ment, contract, or transaction involv-  
15 ing a contract of sale of a digital asset  
16 that is fungible, which shall not in-  
17 clude digital collectibles and other  
18 unique digital assets.  
19 “(ii) WITHHOLDING OF RULEMAKING  
20 AUTHORITY OVER CERTAIN TRANS-  
21 ACTIONS.—Notwithstanding clause (i), this  
22 subparagraph shall not be interpreted to  
23 permit the Commission to issue any rule  
24 regarding any agreement, contract, or  
25 transaction that is not offered, solicited,

1 traded, facilitated, executed, cleared, re-

2 ported, or otherwise dealt in—

3 “(I) on or subject to the rules of

4 a registered entity; or

5 “(II) by any other entity reg-

6 istered by the Commission.

7 “(iii) LIMITATION.—Clause (i) shall

8 not apply to custodial activities with re-

9 spect to a digital asset of an entity super-

10 vised or regulated by a State or other Fed-

11 eral regulatory agency.”.

12 (2) CONFORMING AMENDMENT.—Section

13 2(a)(1)(A) of the Commodity Exchange Act (7

14 U.S.C. 2(a)(1)(A)) is amended, in the first sentence,

15 by striking “section 19 of this Act” and inserting

16 “subsection (c)(2)(F) or section 19”.

17 (b) SEGREGATION OF DIGITAL ASSETS.—Section 4d

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

19 by adding at the end the following:

20 “(i) SEGREGATION OF DIGITAL ASSETS.—

21 “(1) HOLDING OF CUSTOMER ASSETS.—

22 “(A) IN GENERAL.—Each futures commis-

23 sion merchant shall hold customer money, as-

24 sets, and property in a manner to minimize the

25 customer’s risk of loss of, or unreasonable delay

1 in the access to, the money, assets, and prop-  
2 erty.

3 “(B) CUSTODIAN.—A futures commission  
4 merchant shall hold the property of a customer  
5 of the futures commission merchant with a li-  
6 censed, chartered, or registered entity subject to  
7 regulation by 1 of the following agencies:

8 “(i) The Commission.  
9 “(ii) The Securities and Exchange  
10 Commission.

11 “(iii) An appropriate Federal banking  
12 agency (as defined in section 3 of the Fed-  
13 eral Deposit Insurance Act (12 U.S.C.  
14 1813)).  
15 “(iv) A State bank supervisor (as de-  
16 fined in that section).

17 “(v) An appropriate foreign govern-  
18 mental authority in the home country of  
19 the custodian.

20 “(2) SEGREGATION OF FUNDS.—  
21 “(A) DEFINITION OF DIGITAL ASSET CUS-  
22 TOMER.—In this paragraph, the term ‘digital  
23 asset customer’ means a customer involved in a  
24 cash or spot, leveraged, margined, or financed  
25 digital asset transaction in which the futures



1 commission merchant is acting as the  
2 counterparty.

3 “(B) REQUIREMENTS.—

4 “(i) IN GENERAL.—A futures commis-

5 sion merchant shall treat and deal with all

6 money, assets, and property of any digital

7 asset customer received as belonging to the

8 customer.

9 “(ii) COMINGLING PROHIBITED.—

10 Money, assets, and property of a digital

11 asset customer described in clause (i)—

12 “(I) shall be separately accounted

13 for; and

14 “(II) shall not be—

15 “(aa) commingled with the

16 funds of the futures commission

17 merchant; or

18 “(bb) used to margin, se-

19 cure, or guarantee any trades or

20 accounts of any customer or per-

21 son other than the person for

22 whom the money, assets, or prop-

23 erty are held.

24 “(C) EXCEPTIONS.—

25 “(i) USE OF FUNDS.—

1 “(I) IN GENERAL.—Notwith-  
2 standing subparagraph (B), money,  
3 assets, and property of a digital asset  
4 customer may, for convenience, be  
5 commingled and deposited in the same  
6 account or accounts with an entity de-  
7 scribed in paragraph (1)(B).  
8 “(II) WITHDRAWAL.—Notwith-  
9 standing subparagraph (B), the share  
10 of the money, assets, and property de-  
11 scribed in subclause (I) as in the nor-  
12 mal course of business is necessary to  
13 margin, guarantee, secure, transfer,  
14 adjust, or settle a digital asset trans-  
15 action with a registered entity may be  
16 withdrawn and applied to those pur-  
17 poses, including the payment of com-  
18 missions, brokerage, interest, taxes,  
19 storage, and other charges, lawfully  
20 accruing in connection with the digital  
21 asset transaction.  
22 “(iii) COMMISSION ACTION.—Notwith-  
23 standing subparagraph (B), in accordance  
24 with such terms and conditions as the  
25 Commission may prescribe by rule or

1	order, any money, assets, or property of a
2	digital asset customer may be commingled
3	and deposited in customer accounts with
4	any other money, assets, or property re-
5	ceived by the futures commission merchant
6	and required by the Commission to be sep-
7	arately accounted for and treated and dealt
8	with as belonging to the digital asset cus-
9	tomers.
10	“(D) PERMITTED INVESTMENTS.—Money
11	of a digital asset customer may be invested—
12	“(i) in—
13	“(I) obligations of the United
14	States;
15	“(II) general obligations of any
16	State or of any political subdivision of
17	a State;
18	“(III) obligations fully guaran-
19	teed as to principal and interest by
20	the United States; or
21	“(IV) any other investment that
22	the Commission may by rule pre-
23	scribe; and

“(ii) in accordance with such rules

and subject to such conditions as the Com-

mission may prescribe.

“(E) PROHIBITION.—It shall be unlawful

for any person, including any derivatives clear-

ing organization or depository institution, that

has received any money, assets, or property for

deposit in a separate account or accounts as re-

quired by subparagraph (B) to hold, dispose of,

or use any of the money, assets, or property

that belongs to the depositing futures commis-

sion merchant or any person other than the dig-

ital asset customer of the futures commission

merchant.

“(3) CUSTOMER RIGHT TO OPT OUT.—

“(A) IN GENERAL.—A customer shall have

the right to waive any requirement under this

subsection by affirmatively electing, in writing

to the futures commission merchant, to waive

the requirement.

“(B) LIMITATIONS.—The Commission

may, by rule, establish notice and disclosure re-

quirements, segregation requirements, invest-

ment limitations, and other rules relating to the

waiving of any requirement under this sub-

1 section that are reasonably necessary to protect  
2 customers, including eligible contract parti-  
3 pants, non-eligible contract participants, and  
4 any other class of customers.”.

5 (e) LIMITATION ON FUTURES COMMISSION MER-  
6 CHANTS ACTING AS A COUNTERPARTY IN DIGITAL ASSET  
7 TRANSACTIONS.—Section 4d of the Commodity Exchange  
8 Act (7 U.S.C. 6d) (as amended by subsection (b)) is  
9 amended by adding at the end the following:

10 “(j) LIMITATION ON FUTURES COMMISSION MER-  
11 CHANTS ACTING AS A COUNTERPARTY IN DIGITAL ASSET  
12 TRANSACTIONS.—A registered futures commission mer-  
13 chant shall not act as a counterparty in any agreement,  
14 contract, or transaction involving a digital asset that has  
15 not been listed for trading on a registered digital asset  
16 exchange.”.

17 (d) COMMON PROVISIONS APPLICABLE TO REG-  
18 ISTERED ENTITIES.—Section 5c of the Commodity Ex-  
19 change Act (7 U.S.C. 7a–2) is amended—

20 (1) in subsection (a)(1), by striking “5(d) and  
21 5b(e)(2)” and inserting “5(d), 5b(e)(2), and 5i(e)”;  
22 (2) in subsection (b), by inserting “registered  
23 digital asset exchange,” before “derivatives” each  
24 place it appears; and  
25 (3) in subsection (c)—

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

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

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

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

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

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

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

“(ii) TRANSITIONAL EXTENSION.—

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

“(iii) CONSIDERATION OF COM-

MENTS.—In conducting a review under

1 clause (i), the Commission shall consider  
 2 any comments provided by the Securities  
 3 and Exchange Commission with respect to  
 4 the legal classification of a digital asset.”.

**5 SEC. 404. REGISTRATION OF DIGITAL ASSET EXCHANGES.**

6 (a) IN GENERAL.—The Commodity Exchange Act (7  
 7 U.S.C. 1 et seq.) is amended by inserting after section  
 8 5h the following:

**9 “SEC. 5i. REGISTRATION OF DIGITAL ASSET EXCHANGES.**

10 “(a) DEFINITION OF CUSTOMER.—In this section,  
 11 the term ‘customer’ means any person that maintains an  
 12 account for the trading of digital assets directly with a  
 13 registered digital asset exchange (other than a person that  
 14 is owned or controlled, directly or indirectly, by the reg-  
 15 istered digital asset exchange) on behalf of the person or  
 16 any other person.

17 “(b) REGISTRATION.—

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

1       “(2) DEEMED REGISTRATION.—A registered  
2       designated contract market or registered swap ex-  
3       change facility that fulfills the requirements of this  
4       section may elect to be considered a registered dig-  
5       ital asset exchange, in such form and manner as the  
6       Commission shall prescribe.  
7       “(3) ADDITIONAL REGISTRATION.—A registered  
8       digital asset exchange shall be registered with the  
9       Secretary of the Treasury as a money services busi-  
10       ness.  
11       “(c) TRADING.—  
12       “(1) IN GENERAL.—A registered digital asset  
13       exchange may make available for trading any digital  
14       asset that is not readily susceptible to manipulation,  
15       subject to this subsection.  
16       “(2) RULES GOVERNING MARGINED OR LEVER-  
17       AGED TRADING.—The Commission may make, pro-  
18       mulate, and enforce such additional rules governing  
19       margined, leveraged, or financed transactions as are  
20       reasonably necessary to protect market participants  
21       and promote the orderly settlement of transactions  
22       with respect to—  
23       “(A) disclosure;  
24       “(B) recordkeeping;



1	“(C) capital, margin, and other financial resources;
2	
3	“(D) reporting;
4	“(E) business conduct;
5	“(F) documentation; and
6	“(G) such other matters as the Commis-
7	sion determines to be necessary.
8	“(3) PROHIBITION ON TRADING DERIVATIVES
9	PRODUCTS.—Registration as a digital asset exchange
10	shall not permit a trading facility to offer any con-
11	tract of sale of a commodity for future delivery, op-
12	tion, or swap for trading without also being reg-
13	istered as a designated contract market or swap exe-
14	cution facility.
15	“(d) CORE PRINCIPLES FOR DIGITAL ASSET EX-
16	CHANGES.—
17	“(1) COMPLIANCE WITH CORE PRINCIPLES.—
18	“(A) IN GENERAL.—To be registered, and
19	maintain registration, as a digital asset ex-
20	change, the registered digital asset exchange
21	shall comply with—
22	“(i) the core principles described in
23	this subsection; and

1 “(ii) any requirement that the Com-

2 mission may impose by rule pursuant to

3 section 8a(5).

4 “(B) REASONABLE DISCRETION OF DIG-

5 ITAL ASSET EXCHANGE.—Unless otherwise de-

6 termined by the Commission by rule, a reg-

7 istered digital asset exchange described in sub-

8 paragraph (A) shall have reasonable discretion

9 in establishing the manner in which the reg-

10 istered digital asset exchange complies with the

11 core principles described in this subsection.

12 “(2) COMPLIANCE WITH RULES.—A registered

13 digital asset exchange shall—

14 “(A) establish and enforce compliance with

15 1 or more rules of the registered digital asset

16 exchange, including—

17 “(i) the terms and conditions of the

18 trades traded or processed on or through

19 the registered digital asset exchange; and

20 “(ii) any limitation on access to the

21 registered digital asset exchange;

22 “(B) establish and enforce compliance with

23 trading, trade processing, and participation

24 rules that will deter abuses and have the capac-

ity to detect, investigate, and enforce violations

of those rules, including means—

“(i) to provide market participants

with impartial access to the market; and

“(ii) to capture information that may

be used in establishing whether rule viola-

tions have occurred; and

“(C) establish rules governing the oper-

ation of the registered digital asset exchange,

including rules specifying trading procedures to

be used in entering and executing orders traded

or posted on the registered digital asset ex-

change.

“(3) DIGITAL ASSETS NOT READILY SUSCEP-

TABLE TO MANIPULATION.—

“(A) IN GENERAL.—A registered digital

asset exchange shall permit trading only in as-

sets that are not readily susceptible to manipu-

lation.

“(B) LISTING RESTRICTIONS.—A reg-

istered digital asset exchange shall not permit

trading in a digital asset if it is reasonably like-

ly that—

“(i) the transaction history of the dig-

ital asset can be fraudulently altered by

1	any person or group of persons acting col-
2	lectively; or
3	“(ii) the functionality or operation of
4	the digital asset can be materially altered
5	by any person or group of persons under
6	common control.
7	“(C) CONSIDERATIONS.—In assessing a
8	digital asset under this paragraph, a registered
9	digital asset exchange shall consider—
10	“(i) the purpose and use of the digital
11	asset;
12	“(ii) the creation or release process of
13	the digital asset;
14	“(iii) the consensus mechanism of the
15	digital asset;
16	“(iv) the governance structure of the
17	digital asset;
18	“(v) the participation and distribution
19	of the digital asset;
20	“(vi) the current and proposed
21	functionality of the digital asset;
22	“(vii) the legal classification of the
23	digital asset; and
24	“(viii) any other factor required by
25	the Commission.

1	“(4) TREATMENT OF CUSTOMER ASSETS.—
2	“(A) REQUIRED STANDARDS AND PROC-
3	DURES.—A registered digital asset exchange
4	shall establish standards and procedures that
5	are designed to protect and ensure the safety of
6	customer money, assets, and property.
7	“(B) HOLDING OF CUSTOMER ASSETS.—
8	“(i) IN GENERAL.—A registered dig-
9	ital asset exchange shall hold customer
10	money, assets, and property in a manner
11	to minimize the customer’s risk of loss of,
12	or unreasonable delay in the access to, the
13	money, assets, and property.
14	“(ii) SEGREGATION OF FUNDS.—
15	“(I) IN GENERAL.—A registered
16	digital asset exchange shall treat and
17	deal with all money, assets, and prop-
18	erty of any customer received as be-
19	longing to the customer.
20	“(II) COMMINGLING PROHIB-
21	ITED.—Money, assets, and property of
22	a customer described in subclause
23	(I)—
24	“(aa) shall be separately ac-
25	counted for; and

“(bb) shall not be—

“(AA) commingled with

the funds of the registered

digital asset exchange; or

“(BB) used to margin,

secure, or guarantee any

trades or accounts of any

customer or person other

than the person for whom

the money, assets, or prop-

erty are held.

“(iii) EXCEPTIONS.—

“(I) USE OF FUNDS.—

“(aa) IN GENERAL.—Not-

withstanding clause (ii), money,

assets, and property of customers

of a registered digital asset ex-

change may, for convenience, be

commingled and deposited with

an entity described in section

4d(i)(1)(B).

“(bb) WITHDRAWAL.—Not-

withstanding clause (ii), the

share of the money, assets, and

property described in item (aa)

1 as in the normal course of busi-  
2 ness is necessary to margin, ad-  
3 guarantee, secure, transfer, asset  
4 just, or settle a digital asset  
5 transaction with a registered en-  
6 tity may be withdrawn and ap-  
7 plied to those purposes, including  
8 the payment of commissions, bro-  
9 kerage, interest, taxes, storage,  
10 and other charges, lawfully ac-  
11 cruing in connection with the dig-  
12 ital asset transaction.  
13 “(II) COMMISSION ACTION.—  
14 Notwithstanding clause (ii), in accord-  
15 ance with such terms and conditions  
16 as the Commission may prescribe by  
17 rule or order, any money, assets, or  
18 property of the customers of a reg-  
19 istered digital asset exchange may be  
20 commingled and deposited in cus-  
21 tomer accounts with any other money,  
22 assets, or property received by the  
23 registered digital asset exchange and  
24 required by the Commission to be sep-  
25 arately accounted for and treated and

1 dealt with as belonging to the cus-

2 tomer of the registered digital asset

3 exchange.

4 “(C) PERMITTED INVESTMENTS.—Money

5 described in subparagraph (B)(ii)(I) may be in-

6 vested—

7 “(i) in—

8 “(I) obligations of the United

9 States;

10 “(II) general obligations of any

11 State or of any political subdivision of

12 a State;

13 “(III) obligations fully guaran-

14 teed as to principal and interest by

15 the United States; or

16 “(IV) any other investment that

17 the Commission may by rule pre-

18 scribe; and

19 “(ii) in accordance with such rules

20 and subject to such conditions as the Com-

21 mission may prescribe.

22 “(D) MISUSE OF CUSTOMER PROPERTY.—

23 It shall be unlawful—

24 “(i) for any registered digital asset ex-

25 change that has received any customer



1 money, assets, or property for custody to  
2 dispose of, or use any of the money, assets,  
3 or property as belonging to the registered  
4 digital asset exchange; or  
5 “(ii) for any other person, including  
6 any other registered digital asset exchange  
7 or custodian that has received any cus-  
8 tomer money, assets, or property for de-  
9 posit, to hold, dispose of, or use any of the  
10 money, assets, or property as belonging  
11 to—

12 “(I) the registered digital asset  
13 exchange that deposited the money,  
14 assets, or property; or  
15 “(II) any person other than the  
16 customers of the registered digital  
17 asset exchange.

18 “(E) CUSTOMER RIGHT TO OPT OUT.—

19 “(i) IN GENERAL.—A customer shall  
20 have the right to waive any requirement  
21 under subparagraph (B) by affirmatively  
22 electing, in writing to the registered digital  
23 asset exchange, to waive the requirement.  
24 “(ii) LIMITATIONS.—The Commission  
25 may, by rule, establish notice and dislo-

1 sure requirements, segregation require-  
2 ments, investment limitations, and other  
3 rules relating to the waiving of any re-  
4 quirement under this paragraph that is  
5 reasonably necessary to protect customers,  
6 including eligible contract participants,  
7 non-eligible contract participants, or any  
8 other class of customers.

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

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

17 “(B) PROTECTION OF MARKETS AND MAR-  
18 KET PARTICIPANTS.—A registered digital asset  
19 exchange shall establish and enforce compliance  
20 with rules—

21 “(i) to protect markets and market  
22 participants from abusive practices com-  
23 mitted by any party, including abusive  
24 practices committed by a party acting as  
25 an agent for a participant; and

1 “(ii) to promote fair and equitable

2 trading on the registered digital asset ex-

3 change.

4 “(C) PROCEDURES AND MONITORING.—A

5 registered digital asset exchange shall—

6 “(i) establish and enforce compliance

7 with rules or terms and conditions defin-

8 ing, or specifications detailing—

9 “(I) trading procedures to be

10 used in entering and executing orders

11 traded on or through the facilities of

12 the registered digital asset exchange;

13 and

14 “(II) procedures for trade proc-

15 essing of digital assets on or through

16 the facilities of the registered digital

17 asset exchange; and

18 “(ii) monitor trading in digital assets

19 to prevent manipulation, price distortion,

20 and disruptions of the delivery or cash set-

21 tlement process through surveillance, and

22 compliance, including methods for con-

23 ducting real-time monitoring of trading

24 and comprehensive and accurate trade re-

25 constructions.

“(6) ABILITY TO OBTAIN INFORMATION.—A

registered digital asset exchange shall—

“(A) establish and enforce rules that will

allow the registered digital asset exchange to

obtain any necessary information to perform

any of the functions described in this section;

“(B) provide the information to the Com-

mission on request; and

“(C) have the capacity to carry out such

international information-sharing agreements as

the Commission may require.

“(7) EMERGENCY AUTHORITY.—A registered

digital asset exchange shall adopt rules to provide

for the exercise of emergency authority, in consulta-

tion or cooperation with the Commission or a reg-

istered entity, as is necessary and appropriate, in-

cluding the authority to facilitate the liquidation or

transfer of open positions in any digital asset or to

suspend or curtail trading in a digital asset.

“(8) REPORTING REQUIREMENTS.—

“(A) IN GENERAL.—A registered digital

asset exchange shall provide to the Commission

information that is determined by the Commis-

sion to be necessary to perform any responsi-

bility of the Commission under this Act.

1	“(B) TIMELY PUBLICATION OF TRADING	1
2	INFORMATION.—	2
3	“(I) IN GENERAL.—	3
4	“(I) PUBLICATION.—A registered	4
5	digital asset exchange shall make pub-	5
6	lic timely information on price, trad-	6
7	ing volume, and other trading data on	7
8	digital assets to the extent prescribed	8
9	by the Commission.	9
10	“(II) ACCESSIBILITY.—A reg-	10
11	istered digital asset exchange may	11
12	make trading data freely accessible to	12
13	the public under rules established by	13
14	the Commission.	14
15	“(ii) CAPACITY OF DIGITAL ASSET EX-	15
16	CHANGE.—A registered digital asset ex-	16
17	change shall be required to have the capac-	17
18	ity to electronically capture and transmit	18
19	trade information with respect to trans-	19
20	actions executed on the registered digital	20
21	asset exchange.	21
22	“(9) RECORDKEEPING AND REPORTING.—	22
23	“(A) IN GENERAL.—A registered digital	23
24	asset exchange shall—	24

1 “(i) maintain records of all activities  
2 relating to the business of the registered  
3 digital asset exchange, including a com-  
4 plete audit trail, in a form and manner ac-  
5 ceptable to the Commission for a period of  
6 5 years;  
7 “(ii) report to the Commission, in a  
8 form and manner acceptable to the Com-  
9 mission, such information as the Commis-  
10 sion determines to be necessary or appro-  
11 priate for the Commission to perform the  
12 duties of the Commission under this Act;  
13 and  
14 “(iii) keep any records relating to an-  
15 cillary assets open to inspection and exam-  
16 ination by the Securities and Exchange  
17 Commission.  
18 “(B) INFORMATION-SHARING.—Subject to  
19 section 8, and on request, the Commission shall  
20 share information collected under subparagraph  
21 (A) with—  
22 “(i) a self-regulatory organization;  
23 “(ii) the Securities and Exchange  
24 Commission;

1       “(iii) an appropriate Federal banking  
2       agency (as defined in section 3 of the Fed-  
3       eral Deposit Insurance Act (12 U.S.C.  
4       1813));  
5       “(iv) a State bank supervisor (as de-  
6       fined in that section);  
7       “(v) a State securities or commodities  
8       regulator;  
9       “(vi) the Financial Stability Oversight  
10      Council;  
11      “(vii) the Department of Justice; and  
12      “(viii) any other person that the Com-  
13      mission determines to be appropriate, in-  
14      cluding—  
15      “(I) foreign financial supervisors  
16      (including foreign futures authorities);  
17      “(II) foreign central banks; and  
18      “(III) foreign ministries.  
19      “(C) CONFIDENTIALITY AGREEMENT.—Be-  
20      fore the Commission may share information  
21      with any entity described in subparagraph (B),  
22      the Commission shall receive a written agree-  
23      ment from each entity stating that the entity  
24      shall abide by the confidentiality requirements  
25      described in section 8 relating to the informa-

tion on digital asset transactions that is provided.

“(D) PROVIDING INFORMATION.—Each

registered digital asset exchange shall provide

to the Commission (including any designee of

the Commission) information under subpara-

graph (A) in such form and at such frequency

as is required by the Commission.

“(10) ANTI-TRUST CONSIDERATIONS.—Unless

necessary or appropriate to achieve the purposes of

this Act, a registered digital asset exchange shall

not—

“(A) adopt any rules or take any actions

that result in any unreasonable restraint of

trade; or

“(B) impose any material anticompetitive

burden on trading.

“(11) CONFLICTS OF INTEREST.—A registered

digital asset exchange shall—

“(A) establish and enforce rules to mini-

mize conflicts of interest in the decisionmaking

process of the registered digital asset exchange;

and

“(B) establish a process for resolving con-

licts of interest described in subparagraph (A).



1           “(12) FINANCIAL RESOURCES.—

2           “(A) IN GENERAL.—A registered digital

3           asset exchange shall have adequate financial,

4           operational, and managerial resources, as deter-

5           mined by the Commission, to discharge each re-

6           sponsibility of the registered digital asset ex-

7           change.

8           “(B) MINIMUM AMOUNT OF FINANCIAL RE-

9           SOURCES.—A registered digital asset exchange

10          shall possess financial resources that, at a min-

11          imum, exceed the total amount that would en-

12          able the registered digital asset exchange to

13          conduct an orderly wind-down of the activities

14          of the registered digital asset exchange.

15          “(C) ADDITIONAL FINANCIAL RESOURCES

16          FOR LEVERAGE TRADING.—The Commission

17          may require such additional financial resources

18          as are necessary to enable a registered digital

19          asset exchange that offers margined, leveraged,

20          or financed transactions to fulfill the customer

21          obligations of the registered digital asset ex-

22          change.

23          “(13) GOVERNANCE FITNESS STANDARDS.—

24          “(A) GOVERNANCE ARRANGEMENTS.—A

25          registered digital asset exchange shall establish

1 governance arrangements that are transparent

2 to fulfill public interest requirements.

3 “(B) FITNESS STANDARDS.—A registered

4 digital asset exchange shall establish and en-

5 force appropriate fitness standards for—

6 “(i) directors;

7 “(ii) any individual or entity with di-

8 rect access to the settlement activities of

9 the registered digital asset exchange;

10 “(iii) any individual or entity with di-

11 rect access to any custodian affiliated with

12 the registered digital asset exchange;

13 “(iv) any entity offering affiliated

14 services for the registered digital asset ex-

15 change; and

16 “(v) any party affiliated with any in-

17 dividual or entity described in clauses (i)

18 through (iv).

19 “(14) SYSTEM SAFEGUARDS.—A registered dig-

20 ital asset exchange shall—

21 “(A) establish and maintain a program of

22 risk analysis and oversight to identify and mini-

23 mize sources of operational and security risks,

24 through the development of appropriate controls

25 and procedures and automated systems that—

1	“(i) are reliable and secure; and
2	“(ii) have adequate scalable capacity;
3	“(B) establish and maintain emergency
4	procedures, backup facilities, and a plan for dis-
5	aster recovery that allow for—
6	“(i) the timely recovery and resump-
7	tion of operations; and
8	“(ii) the fulfillment of the responsibil-
9	ities and obligations of the registered dig-
10	ital asset exchange; and
11	“(C) periodically conduct tests to verify
12	that the backup resources of the registered dig-
13	ital asset exchange are sufficient to ensure con-
14	tinued—
15	“(i) order processing and trade
16	matching;
17	“(ii) price reporting;
18	“(iii) market surveillance; and
19	“(iv) maintenance of a comprehensive
20	and accurate audit trail.
21	“(e) APPOINTMENT OF TRUSTEE.—
22	“(1) IN GENERAL.—If a proceeding under sec-
23	tion 5e results in the suspension or revocation of the
24	registration of a digital asset exchange, or if a dig-
25	ital asset exchange withdraws from registration, the

1 Commission, after providing notice to the digital  
2 asset exchange, may apply to the district court of  
3 the United States for the judicial district in which  
4 the digital asset exchange is located for the appoint-  
5 ment of a trustee.  
6 “(2) ASSUMPTION OF JURISDICTION.—If the  
7 Commission applies to a court for appointment of a  
8 trustee under paragraph (1)—  
9 “(A) the court may take exclusive jurisdic-  
10 tion over—  
11 “(i) the digital asset exchange; and  
12 “(ii) the records and assets of the dig-  
13 ital asset exchange, wherever those records  
14 and assets are located; and  
15 “(B) if the court takes jurisdiction under  
16 subparagraph (A), the court shall appoint the  
17 Commission, or a person designated by the  
18 Commission, as trustee with power to take pos-  
19 session and continue to operate or terminate  
20 the operations of the digital asset exchange in  
21 an orderly manner for the protection of cus-  
22 tomers, subject to such terms and conditions as  
23 the court may prescribe.

1 “(f) CUSTODIAN.—A registered digital asset ex-

2 change shall deposit with an entity described in section

3 4d(i)(1)(B) each digital asset that is—

4 “(1) the property of a customer of the reg-

5 istered digital asset exchange;

6 “(2) required to be held by the registered dig-

7 ital asset exchange under subsection (c)(2) or

8 (d)(12); or

9 “(3) otherwise required by the Commission to

10 be so held to reasonably protect customers or pro-

11 mote the public interest.

12 “(g) EXEMPTIONS.—

13 “(1) IN GENERAL.—To promote responsible

14 economic or financial innovation and fair competi-

15 tion, or protect customers, the Commission may ex-

16 empt, either unconditionally or on stated terms or

17 conditions or for stated periods, and retroactively,

18 prospectively, or both, a registered digital asset ex-

19 change from the requirements of this section, if the

20 Commission determines that—

21 “(A) the exemption—

22 “(i) will be consistent with the public

23 interest and the purposes of this Act; and

24 “(ii) will not have a material adverse

25 effect on the ability of the Commission or

1 the registered digital asset exchange to dis-  
 2 charge duties under this Act; or

3 “(B) the registered digital asset exchange  
 4 is subject to comparable, comprehensive regula-  
 5 tion by the appropriate government authorities  
 6 in the home country of the registered digital  
 7 asset exchange.

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

10 “(A) on the initiative of the Commission;  
 11 or  
 12 “(B) after receiving an application for the  
 13 exemption by the registered digital asset ex-  
 14 change.

15 “(h) JURISDICTION.—Notwithstanding any other  
 16 provision of law, the Commission shall have exclusive ju-  
 17 risdiction over the regulation and all other activities of a  
 18 registered digital asset exchange.

19 “(i) IMPLEMENTATION.—The Commission may pre-  
 20 scribe rules to implement this section.”.

21 (b) CERTAIN DIGITAL ASSET EXCHANGE FUNCTIONS  
 22 NOT SUFFICIENT TO TRIGGER REQUIREMENT TO REG-  
 23 ISTER AS FUTURES COMMISSION MERCHANT.—Section  
 24 4f(c) of the Commodity Exchange Act ( 7 U.S.C. 6f(c))  
 25 is amended by adding at the end the following:

1       “(12) CLARIFICATION OF SCOPE OF REGISTRATION  
2 REQUIREMENT.—A registered digital asset exchange shall  
3 not be required to register as a futures commission mer-  
4 chant for any activity for which the registered digital asset  
5 exchange is regulated under section 5i.”.

6       **SEC. 405. VIOLATIONS.**

7       Section 9 of the Commodity Exchange Act (7 U.S.C.  
8 13) is amended—  
9       (1) in subsection (a)(2), by striking “subsection  
10 4e” and inserting “section 4e”; and

11       (2) in subsection (e)—  
12       (A) in paragraph (1), by inserting “con-  
13 tracts for the sale of digital assets,” after “op-  
14 tions thereon”; and  
15       (B) in paragraph (2), by inserting “or con-  
16 tracts for the sale of digital assets” after “op-  
17 tions thereon”.

18       **SEC. 406. MARKET REPORTS.**

19       Section 16(a) of the Commodity Exchange Act (7  
20 U.S.C. 20(a)) is amended—  
21       (1) in the first sentence, by striking “which are  
22 the subject of futures contracts,” and inserting  
23 “under the jurisdiction of the Commission,”; and

1 (2) in the second sentence, by striking “futures  
2 markets.” and inserting “markets under the juris-  
3 diction of the Commission.”.

4 **SEC. 407. BANKRUPTCY TREATMENT OF DIGITAL ASSETS.**

5 (a) IN GENERAL.—Section 20(a) of the Commodity  
6 Exchange Act (7 U.S.C. 24(a)) is amended in paragraphs  
7 (1) and (2) by inserting “digital assets,” after “securi-  
8 ties,” each place it appears.

9 (b) COMMODITY BROKER DEFINITION.—Section  
10 101(6) of title 11, United States Code, is amended by in-  
11 serting “registered digital asset exchange, as defined in  
12 section 1a of the Commodity Exchange Act,” before “for-  
13 eign”.

14 (c) COMMODITIES CONTRACTS.—Section 556 of title  
15 11, United States Code, is amended by inserting “a reg-  
16 istered digital asset exchange, as defined in section 1a of  
17 the Commodity Exchange Act,” before “a contract”.

18 (d) CONTRACTUAL RIGHTS.—Section 561 of title 11,  
19 United States Code, is amended by inserting “registered  
20 digital asset exchange, as defined in section 1a of the  
21 Commodity Exchange Act,” after “designated under the  
22 Commodity Exchange Act” each place it appears.

23 (e) DEFINITIONS.—Section 761 of title 11, United  
24 States Code, is amended—  
25 (1) in paragraph (4)—



1	(A) in subparagraph (A), by inserting
2	“digital asset or a” before “commodity”;
3	(B) in subparagraph (I), by striking “or”
4	at the end;
5	(C) in subparagraph (J), by adding “or”
6	at the end; and
7	(D) by adding at the end the following:
8	“(K) a contract for the sale of a digital
9	asset by a registered digital asset exchange;”;
10	and
11	(2) in paragraph (10)—
12	(A) in the matter preceding subparagraph
13	(A)—
14	(i) by inserting “a digital asset,” after
15	“a security,”; and
16	(ii) by inserting “digital asset,” after
17	“cash, security,”;
18	(B) in subparagraph (A)—
19	(i) in clause (vi), by inserting “a dig-
20	ital asset,” after “a security,”; and
21	(ii) in clause (vii)—
22	(I) by inserting “or a digital
23	asset” before “held as property”;
24	(II) by inserting “or digital
25	asset” after “such security”; and

(III) by inserting “or digital

asset” after “based on a security”;

and

(C) in subparagraph (B)—

(i) by striking “not including prop-

erty” and inserting “not including—

“(i) property”;

(ii) in clause (i), as so designated, by

adding “and” at the end; and

(iii) by adding at the end the fol-

lowing:

“(ii) money, assets, or property with

respect to which any requirement under

subsection (i) of section 4d of the Com-

modity Exchange Act (7 U.S.C. 6d) is

waived pursuant to paragraph (3) of that

subsection, or any requirement under sub-

paragraph (B) of paragraph (4) of section

5i(d) of that Act is waived pursuant to

subparagraph (E) of that paragraph.”.

(f) VOIDABLE TRANSFERS.—Section 764(b)(1) of

title 11, United States Code, is amended by inserting “,

digital assets” before “, or other property”.

(g) TREATMENT OF CUSTOMER PROPERTY.—Section

766 of title 11, United States Code, is amended—

1 (1) in subsection (b)(1), by striking “physical  
2 commodity underlying” and inserting “commodity  
3 underlying”;  
4 (2) in subsection (c), by inserting “digital  
5 asset,” before “or commodity contract” each place  
6 the term appears;  
7 (3) in subsection (d), by inserting “digital  
8 asset,” before “or commodity contract” each place  
9 the term appears;  
10 (4) in subsection (f)—  
11 (A) in striking “and other property” and  
12 inserting “digital assets, and other property”;  
13 and  
14 (B) by striking “or property” and insert-  
15 ing “, digital assets, or property”;  
16 (5) in subsection (g), by striking “security or  
17 property” and inserting “security, digital asset, or  
18 property”; and  
19 (6) in subsection (h)(2), by inserting “digital  
20 assets,” after “customer securities,”.  
21 **SEC. 408. IDENTIFIED BANKING PRODUCTS.**  
22 Section 206(a) of the Gramm-Leach-Bliley Act (15  
23 U.S.C. 78c note) is amended—  
24 (1) in paragraph (5)(B)(ii), by striking “or” at  
25 the end;

1 (2) in paragraph (6), by striking the period at  
2 the end and inserting “; or”; and  
3 (3) by adding at the end the following:  
4 “(7) a payment stablecoin issued by a deposi-  
5 tory institution under section 722A.”.

6 **SEC. 409. FINANCIAL INSTITUTIONS DEFINITION.**  
7 Section 5312(c)(1) of title 31, United States Code,  
8 is amended by adding at the end the following:  
9 “(B) A registered digital asset exchange,  
10 as defined in section 1a of the Commodity Ex-  
11 change Act.”.

12 **SEC. 410. OFFSETTING THE COSTS OF DIGITAL ASSET REG-**  
13 **ULATION.**  
14 The Commodity Exchange Act (7 U.S.C. 1 et seq.)  
15 is amended by adding at the end the following:  
16 **“SEC. 24. OFFSETTING THE COSTS OF DIGITAL ASSET REG-**  
17 **ULATION.**  
18 “(a) RECOVERY OF CERTAIN COSTS OF ANNUAL AP-  
19 PROPRIATION.—  
20 “(1) IN GENERAL.—Effective beginning Octo-  
21 ber 1, 2023, the Commission may, by rule, collect  
22 fees—  
23 “(A) to fund expenses relating to regula-  
24 tion of digital asset cash and spot markets; and

1	“(B) that are designed to recover the costs
2	to the Federal Government of the annual ap-
3	propriation to the Commission by Congress.
4	“(2) REGISTERED ENTITIES.—Fees under
5	paragraph (1) shall only be imposed—
6	“(A) on registered entities engaged in cash
7	or spot digital asset activities; and
8	“(B) in relation to the regulation of those
9	activities under this Act.
10	“(3) FEE RATES.—Fees under paragraph (1)
11	shall—
12	“(A) be strictly related to the cost to the
13	Commission of the regulation of digital asset
14	cash and spot markets;
15	“(B) be reduced for newly registered enti-
16	ties with less than \$100,000,000 in daily trad-
17	ing volume; and
18	“(C)(i) minimize negative impacts on mar-
19	ket liquidity; and
20	“(ii) maintain the efficiency, competitive-
21	ness, and financial integrity of digital asset
22	markets.
23	“(4) COLLECTION OF FEES.—The Commission
24	shall collect fees under this subsection in such man-

ner and within such time as may be specified by the  
Commission by rule.

“(b) FEE RATE ORDERS.—

“(1) IN GENERAL.—Not later than 60 days

after the date on which a law providing a regular

appropriation to the Commission for a fiscal year is

enacted, the Commission shall adopt an order set-

ting rates for fees to be collected under subsection

(a) for that fiscal year.

“(2) PUBLICATION.—The Commission shall

publish in the Federal Register the order adopted

under paragraph (1), including—

“(A) projections on which the fees are

based; and

“(B) an explanation of the method used

for calculating applicable fee rates.

“(c) DEPOSIT OF FEES.—

“(1) OFFSETTING COLLECTIONS.—Fees col-

lected under subsection (a) for any fiscal year—

“(A) shall be deposited and credited as off-

setting collections to the account providing ap-

propriations to the Commission; and

“(B) shall not be collected or available for

obligation for any fiscal year except to the ex-

tent provided in advance in appropriation Acts.

1       “(2) GENERAL REVENUES PROHIBITED.—No

2       fees collected under subsection (a) shall be deposited

3       and credited as general revenue of the Treasury.

4       “(d) LAPSE OF APPROPRIATIONS.—If a regular ap-

5       propriation to the Commission has not been enacted on

6       the first day of a fiscal year, the Commission shall con-

7       tinue to collect fees under this section at the rates in effect

8       on September 30 of the preceding fiscal year.

9       “(e) LIMITATIONS.—

10      “(1) LEVERAGED, MARGINED, OR FINANCED

11      TRANSACTIONS.—Nothing in this section authorizes

12      the imposition of fees on a registered entity relating

13      to leveraged, margined, or financed transactions

14      under this Act, including those activities relating to

15      digital assets.

16      “(2) OTHER APPROPRIATIONS.—Notwith-

17      standing any other provision of law, the Commission

18      may use appropriations otherwise made available by

19      law to fund expenses relating to the regulation of

20      digital asset cash and spot markets.

21      “(f) CEILING ON FEES.—Unless otherwise provided

22      by law, fees collected under this section shall not exceed

23      \$30,000,000.

24      “(g) AUTHORIZATION REQUIRED.—The authority

25      under this section to impose and collect fees shall only be

1 in effect during a period that a legislative authorization  
2 of the Commission is in effect, as otherwise provided by  
3 law.”.

4 **TITLE V—RESPONSIBLE**  
5 **CONSUMER PROTECTION**

6 **SEC. 501. RESPONSIBLE CONSUMER PROTECTION.**

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

10 **“§ 9802. Consumer protection standards for digital**  
11 **assets**

12 **“(a) IN GENERAL.—**A person or protocol that pro-  
13 vides digital asset services shall ensure that the scope of  
14 permissible transactions that may be undertaken with cus-  
15 tomer digital assets is disclosed clearly in a customer  
16 agreement.

17 **“(b) NOTICE.—**A person who provides digital asset  
18 services shall provide clear notice to each customer, and  
19 require acknowledgment, of the following:

20 **“(1) Prior to the implementation of any up-**  
21 **dates, material source code version changes relating**  
22 **to digital assets, except in emergencies, which may**  
23 **include security vulnerabilities.**



1	“(2) Whether customer digital assets are seg-
2	regated from other customer assets and the manner
3	of segregation.
4	“(3) How the assets of the customer would be
5	treated in a bankruptcy or insolvency scenario and
6	the risks of loss.
7	“(4) The time period and manner in which the
8	person is obligated to return the digital asset of the
9	customer upon the request of the customer.
10	“(5) Applicable fees.
11	“(6) The dispute resolution process of the per-
12	son.
13	“(c) SUBSIDIARY PROCEEDS.—
14	“(1) DEFINITIONS.—In this subsection:
15	“(A) SUBSIDIARY PROCEEDS.—The term
16	‘subsidiary proceeds’ includes forks, airdrops,
17	staking, and other gains that accrue to a digital
18	asset through market transactions, use as a fi-
19	nanacial asset, or being held in custody or safe-
20	keeping by a person who provides digital asset
21	services.
22	“(B) TERMS OF SERVICE.—The term
23	‘agreement’ includes the standard terms of
24	service of the person who provides digital asset
25	services.

1           “(2) ACCRUAL TO CUSTOMER.—Except as oth-  
2           erwise specified by an agreement with a customer,  
3           all ancillary or subsidiary proceeds relating to digital  
4           asset services provided to a customer shall accrue to  
5           the benefit of the customer in accordance with para-  
6           graph (3).  
7           “(3) ELICTION.—A person who provides digital  
8           asset services may elect not to collect certain sub-  
9           sidiary proceeds if the election is disclosed in an  
10          agreement with the customer.  
11          “(4) WITHDRAWAL.—A customer may withdraw  
12          digital assets in a method that permits the collection  
13          of the subsidiary proceeds.  
14          “(5) AGREEMENT.—A person who provides dig-  
15          ital asset services shall enter into an agreement with  
16          a customer, if desired by the customer, regarding  
17          the manner in which to invest subsidiary proceeds or  
18          other gains attributable to the digital assets of the  
19          customer.  
20          “(d) LENDING ARRANGEMENTS.—A person who pro-  
21          vides digital asset services shall ensure any lending ar-  
22          rangements relating to digital assets are—  
23          “(1) clearly disclosed to customers before any  
24          lending services take place;

1	“(2) subject to the affirmative consent of the
2	customer;
3	“(3) fully enforceable as a matter of commercial
4	law;
5	“(4) accompanied by full disclosures of applica-
6	ble terms and risks, yield, and the manner in which
7	the yield is calculated;
8	“(5) accompanied by appropriate disclosures re-
9	lating to collateral requirements and policies, includ-
10	ing—
11	“(A) haircuts and overcollateralization re-
12	quirements;
13	“(B) collateral the person accepts when
14	calling for additional collateral from a cus-
15	tomers, including collateral substitution;
16	“(C) whether customer collateral is com-
17	mingled with the collateral of other customers
18	or of the person; and
19	“(D) how customer collateral is invested,
20	and whether the yield belongs to the customer
21	or to the person;
22	“(6) accompanied by disclosures of mark-to-
23	market and monitoring arrangements, including—

1 “(A) the frequency of mark-to-market

2 monitoring and how frequently the person will

3 call for additional collateral from a customer;

4 “(B) the time period in which the customer

5 must supply additional collateral to the person

6 after a collateral call; and

7 “(C) whether the person permits failures

8 to deliver such collateral, and in the event of a

9 failure to deliver the period of time in which the

10 customer must cure the failure to deliver before

11 the customer’s position is closed; and

12 “(7) compliant with all applicable Federal and

13 State laws.

14 “(e) REHYPOTHECATION.—

15 “(1) DEFINITION.—In this subsection, the term

16 ‘rehypothecation’ means the pledging of an asset as

17 collateral for a financial transaction by a person

18 after the pledging of the asset as collateral by a cus-

19 tomer of that person.

20 “(2) REHYPOTHECATION.—Before rehypoth-

21 ecating a digital asset, a person who provides digital

22 asset services to a customer shall clearly disclose

23 policies on rehypothecation to customers, including a

24 clear definition of rehypothecation that is accessible

25 to consumers. The person who provides digital asset

1 services to a customer shall obtain affirmative con-  
2 sent and consider the following factors to appro-  
3 priately mitigate risk relating to rehypothecation:  
4 “(A) The liquidity and volatility of a dig-  
5 ital asset.  
6 “(B) Past failures to deliver a particular  
7 digital asset.  
8 “(C) Concentration risk.  
9 “(D) Whether an issuer or lender of last  
10 resort relating to a digital asset exists, includ-  
11 ing for virtual currency with a finite supply.  
12 “(E) The capital, leverage and market po-  
13 sition of the person.  
14 “(F) The legal obligations of the person to  
15 customers and other persons in the market who  
16 provide digital asset services.”.

17 **SEC. 502. SOURCE CODE VERSION OF DIGITAL ASSETS.**  
18 Chapter 98 of title 31, United States Code, as  
19 amended by section 501 of this Act, is amended by adding  
20 at the end the following:  
21 **“§ 9803. Source code version of digital assets**  
22 “(a) IN GENERAL.—A customer and a person who  
23 provides digital asset services shall, at the initiation of a  
24 contractual relationship, agree in writing regarding the  
25 source code version the person will use for each digital

1 asset and the treatment of each asset under the law, in-  
2 cluding securities and commodities laws and the Uniform  
3 Commercial Code applicable to the transaction.

4 “(b) DETERMINATION.—A person who provides dig-  
5 ital asset services—

6 “(1) may periodically determine whether to im-  
7 plement a source code version that uses validation  
8 rules different than those of the source code version  
9 specified in a customer agreement, including in cir-  
10 cumstances where it is not possible to predict in ad-  
11 vance whether utilization of the different source code  
12 version will be in the best interests of the customer;

13 “(2) shall consider the nature of proposed  
14 changes to source code versions with potential ef-  
15 fects resulting from third-party actors that may cre-  
16 ate different source code versions resulting in new  
17 networks that could create economic value for cus-  
18 tomers;

19 “(3) shall not be required to support digital as-  
20 sets and source code versions that the person has  
21 not entered into an agreement with customers to  
22 support; and

23 “(4) shall not capriciously redefine a digital  
24 asset or the corresponding source code or alter cus-  
25 tomer agreements with respect to this subsection.

1       “(c) STANDARDS.— A person who provides digital  
2       asset services—

3       “(1) shall adopt and maintain standards for  
4       changes to digital asset source code versions that  
5       use differing validation rules than those of the  
6       source code version specified in the customer agree-  
7       ment, which shall include customer notice and ap-  
8       proval, as appropriate based on the circumstances;  
9       and

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

13       **SEC. 503. SETTLEMENT FINALITY.**

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

17       **“§ 9804. Settlement finality**

18      “To promote legal certainty and customer protection,  
19      a person who provides digital asset services and a cus-  
20      tomer shall agree on the terms of settlement finality for  
21      all transactions, including the following:

22      “(1) The conditions under which a digital asset  
23      may be deemed fully transferred, provided that these  
24      legal conditions may diverge from operational condi-  
25      tions under which digital assets are considered

1 transferred, based on the distributed and prob-  
2 abilistic nature of digital assets.

3 “(2) The exact moment of transfer of a digital  
4 asset.  
5 “(3) The discharge of any obligations upon  
6 transfer of a digital asset.

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

9 **SEC. 504. NOTICE TO CUSTOMERS; ENFORCEMENT.**

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

13 **“§ 9805. Notice to customers; enforcement**

14 “(a) IN GENERAL.—In providing disclosures and car-  
15 rying out other duties under this chapter, a person who  
16 provides digital asset services in or affecting interstate  
17 commerce shall have a duty to provide higher standards  
18 of customer notice and acknowledgment if there is likely  
19 to be a material impact on the economic value of the dig-  
20 ital asset of a customer.

21 “(b) ENFORCEMENT OF STANDARDS.—The stand-  
22 ards under this chapter shall be enforced in an appropriate  
23 manner, commensurate with other customer protection  
24 standards—



1 “(1) in the case of a digital asset intermediary,  
2 by the Federal or State licensing, registration, or  
3 chartering authority of the intermediary; and  
4 “(2) in the case of a depository institution or  
5 other financial institution, by the appropriate State  
6 or Federal banking supervisor.”.

7 **SEC. 505. RIGHT TO INDIVIDUAL MANAGEMENT OF DIGITAL**

8 **ASSETS.**

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

12 **“§ 9806. Right to individual management of digital as-**  
13 **sets**

14 “(a) IN GENERAL.—Except as otherwise required by  
15 law, no person shall be required to use an intermediary  
16 for the safekeeping of digital assets legally owned, and  
17 possessed or controlled, by that person.

18 “(b) RULE OF CONSTRUCTION.—This section shall  
19 not be construed to—

20 “(1) permit a person to engage in market activ-  
21 ity for which authorization is required under Federal  
22 or State law; or  
23 “(2) restrict a person from freely entering into  
24 an agreement for digital asset services with a third  
25 party.”.

1 SEC. 506. TECHNICAL AND CONFORMING AMENDMENTS.

2 The table of sections of chapter 98, as added by sec-  
3 tion 101(a) of this Act, is amended by adding at the end  
4 the following:

- “9802. Consumer protection standards for digital assets.
- “9803. Source code version of digital assets.
- “9804. Settlement finality.
- “9805. Notice to customers; enforcement.
- “9806. Right to individual management of digital assets.”.

5 **TITLE VI—RESPONSIBLE**  
6 **PAYMENTS INNOVATION**

7 SEC. 601. ISSUANCE OF PAYMENT STABLECOINS.

8 Subtitle C of title VII of the Gramm-Leach Bliley Act  
9 (Public Law 106–102; 113 Stat. 1470) is amended by  
10 adding at the end the following:

11 **“SEC. 722A. ISSUANCE OF PAYMENT STABLECOINS.**

12 “(a) IN GENERAL.—A depository institution may  
13 issue, redeem, and conduct all incidental activities relating  
14 to payment stablecoins in accordance with this section.

15 “(b) REQUIRED PAYMENT STABLECOIN ASSETS.—A

16 depository institution shall maintain high-quality liquid  
17 assets under this section equal to not less than 100 per-  
18 cent of the face amount of the liabilities of the institution  
19 on payment stablecoins issued by the institution. In the  
20 case of an insured depository institution described in sub-  
21 section (m)(1)(A) that engages in on-balance sheet lending  
22 activities, assets under this subsection shall equal not less  
23 than 100 percent of the face amount of the liabilities of

1 the institution on payment stablecoins issued by the institution, with the assets held in balances at a Federal Reserve bank (which may include a segregated balance account), or, in the case of foreign withdrawable reserves, at a foreign central bank, in a special, custodial, or trust account, other off-balance sheet account, or in another equivalent manner that ensures the segregation of the assets in the event of receivership. An insured depository institution may segregate the issuance and management of payment stablecoins into a separate depository institution affiliate under the same holding company structure. Eligible high-quality liquid assets under this section shall be comprised of the following:

14 “(1) United States coins and currency and any other instrument that is legal tender, as defined in section 5103 of title 31, United States Code.

17 “(2) Demand deposits at a depository institution, except that deposits in an insured depository institution shall not exceed the limit of deposit or share insurance available for that account, which may include pass through insurance, or shall be maintained in a special, custodial, or trust account or other off-balance sheet account held by the insured depository institution.

1 “(3) Balances held at a Federal Reserve bank,  
2 which may be held in a master account or seg-  
3 regated balance account.  
4 “(4) Foreign withdrawable reserves, as defined  
5 in section 249.3 of title 12, Code of Federal Regula-  
6 tions, consistent with any foreign unit of account in  
7 which the payment stablecoin is denominated or  
8 pegged.  
9 “(5) A security that is issued by, or uncondi-  
10 tionally guaranteed as to the timely payment of prin-  
11 cipal and interest by, the Department of the Treas-  
12 ury, with an original maturity of 1 year or less.  
13 “(6) A reserve repurchase agreement relating to  
14 a security described in paragraph (5).  
15 “(7) Any other high-quality, liquid asset deter-  
16 mined to be consistent with safe and sound banking  
17 practices, as determined by the appropriate Federal  
18 banking agency or State bank supervisor.  
19 “(c) DISCLOSURES.—Not later than 10 business days  
20 after the end of each month, a depository institution shall  
21 disclose, in a publicly accessible manner, a summary de-  
22 scription of the assets backing the payment stablecoin, the  
23 value of the assets, and the number of outstanding pay-  
24 ment stablecoins, as of the last day of the month. Such  
25 explanation shall be filed with the appropriate Federal

1 banking agency or State bank supervisor under penalty  
2 of perjury by the chief financial officer of the institution.  
3 The depository institution shall also report on the sum-  
4 mary description any instances in which the institution  
5 failed to comply with any requirement of subsection (b).  
6 As applicable, the appropriate Federal banking agency or  
7 State bank supervisor shall, as part of a regular examina-  
8 tion of the depository institution, at the frequency other-  
9 wise required by law, verify the composition of the assets  
10 and the accuracy of the summary descriptions made under  
11 this subsection and reports under subsection (d).  
12 “(d) CALL REPORT.—As applicable, the appropriate  
13 Federal banking agency or State bank supervisor shall re-  
14 quire a depository institution that issues a payment  
15 stablecoin to report, in detail, on the composition of the  
16 assets in each periodic report of condition, or in an alter-  
17 native format approved by the Federal Financial Institu-  
18 tions Examination Council, at the frequency otherwise re-  
19 quired by law.  
20 “(e) PERMISSION.—A depository institution shall, as  
21 applicable, obtain permission from the appropriate Fed-  
22 eral banking agency or State bank supervisor, with an ap-  
23 plication submitted not less than 6 months before intended  
24 issuance of the payment stablecoin, but which may be sub-  
25 mitted as part of a charter application. As part of an ap-

1 plication under this section, a depository institution shall  
2 develop a tailored recovery and resolution plan, consistent  
3 with the standards adopted under subsection (k)(1)(F),  
4 that would permit the orderly resumption of a safe and  
5 sound operation or the orderly wind-down of operations  
6 in the event of distress, including the redemption of all  
7 outstanding payment stablecoins. The application shall  
8 also contain a draft customer agreement, flow of funds  
9 explanation, a robust information technology plan and  
10 operational design of the payment stablecoin. As applica-  
11 ble, the appropriate Federal banking agency or State bank  
12 supervisor shall render a decision on the application within  
13 4 months of the date of filing, and shall approve the appli-  
14 cation unless—  
15 “(1) the payment stablecoin activities are not  
16 likely to be able to operate in a safe and sound man-  
17 ner;  
18 “(2) the depository institution does not have  
19 the required resources and expertise to manage the  
20 operation of the payment stablecoin, commensurate  
21 with the size and scale of projected operations; or  
22 “(3) the depository institution does not have re-  
23 quired policies and procedures relating to material  
24 areas of the operation of the payment stablecoin ac-  
25 tivities.

1       “(f) REDEMPTION OF PAYMENT STABLECOINS.—

2       Upon the demand of a customer, a depository institution

3       shall redeem an outstanding payment stablecoin at par in

4       the coins, currency, or other instruments that are legal

5       tender, as defined in section 5103 of title 31, United

6       States Code, or the similar laws of the jurisdiction of the

7       unit of account in which the payment stablecoin is denomi-

8       nated or to which the value of the payment stablecoin is

9       pegged. A depository institution may redeem a payment

10      stablecoin issued by another depository institution at par,

11      upon demand. The Board of Governors of the Federal Re-

12      serve System, through the Federal Reserve banks, shall

13      provide for the clearing and settlement of payment

14      stablecoin liabilities among depository institutions under

15      this section and shall ensure competitive equality in all

16      clearing, settlement and related services. A depository in-

17      stitution shall also assess its ability to fulfill large redemp-

18      tions without placing downward pressure on the market

19      value of the payment stablecoin.

20      “(g) COLLATERAL AVAILABILITY IN THE CAPITAL

21      MARKETS.—The appropriate Federal banking agencies, in

22      consultation with State bank supervisors, the Securities

23      and Exchange Commission, and Commodity Futures

24      Trading Commission, shall monitor use of the high-quality

25      liquid assets authorized under subsection (b) and the im-

1 pact on collateral availability and the efficient functioning  
2 of the capital markets.

3 “(h) RECEIVERSHIP PRIORITY.—In the event of the

4 receivership of a depository institution that has issued a

5 payment stablecoin under this section, a person that has

6 a valid claim on a payment stablecoin issued by that insti-

7 tution shall have priority over all other claims on the insti-

8 tution with respect to any required payment stablecoin as-

9 sets, including claims with respect to insured deposits,

10 other than administrative costs incurred by the appro-

11 priate Federal banking agency or State bank supervisor,

12 as applicable, relating to the receivership of the institu-

13 tion, if applicable. Consistent with subsection (f), a deposi-

14 tory institution that redeems a payment stablecoin issued

15 by a depository institution in receivership shall be consid-

16 ered to have a valid claim, with corresponding priority

17 under this subsection, on a payment stablecoin issued by

18 the institution in receivership.

19 “(i) INCIDENTAL ACTIVITIES.—A depository institu-

20 tion may conduct all incidental activities relating to the

21 issuance and redemption of payment stablecoins, which

22 shall include the following:

23 “(1) Management of required payment

24 stablecoin assets in accordance with subsection (b).

25 “(2) Making a market in payment stablecoins.



1	“(3) Custodial services.
2	“(4) Settlement and clearing.
3	“(5) Post-trade services.
4	“(6) All other activities consistent with a safe
5	and sound operation, as determined by the appro-
6	private Federal banking agency or State bank super-
7	visor.
8	“(j) APPLICABILITY OF GRAMM-LEACH-BLILEY DATA
9	PRIVACY PROVISIONS.—Title V of the Gramm-Leach-Bli-
10	ley Act (12 U.S.C. 6801 et seq.) shall apply to the pay-
11	ment stablecoin activities of a depository institution under
12	this section.
13	“(k) RULES.—
14	“(1) IN GENERAL.—The appropriate Federal
15	banking agencies, in consultation with State bank
16	supervisors, shall adopt rules to implement this sec-
17	tion, including—
18	“(A) capital treatment for depository insti-
19	tutions described in subsection (m)(1) in ac-
20	cordance with paragraph (2);
21	“(B) liquidity, leverage, and interest rate
22	risk;
23	“(C) third-party service provider activi-
24	ties—

1 “(i) including custodial wallet pro-

2 viders; and

3 “(ii) not including licensing or capital

4 requirements for third-party service pro-

5 viders;

6 “(D) management practices with respect to

7 required payment stablecoin assets;

8 “(E) appropriate operational, compliance,

9 and information technology risk management;

10 “(F) tailored recovery and resolution

11 standards relating to payment stablecoins; and

12 “(G) any other material topic.

13 “(2) SIGNIFICANT DIFFERENCES.—In accord-

14 ance with section 5169(g)(3)(A) of the Revised Stat-

15 utes, in determining capital and leverage require-

16 ments applicable to a depository institution that has

17 no material assets other than required payment

18 stablecoin assets under this section—

19 “(A) the depository institution shall not be

20 subject to section 171 of the Financial Stability

21 Act of 2010 (12 U.S.C. 5371); and

22 “(B) the appropriate Federal banking

23 agencies shall take into account the significant

24 differences between the risks of the assets of

25 the institution and those of depository institu-

1 tions with assets that consist primarily of com-  
2 mercial or consumer loans.

3 “(1) NON-DEPOSITORY INSTITUTION PAYMENT

4 STABLECOIN ISSUERS.—Nothing in this section shall be

5 construed to prohibit an entity operating under a state

6 or Federal charter or license that is not a depository insti-

7 tution from issuing and redeeming a payment stablecoin

8 and conducting all activities related to the management

9 of such payment stablecoin consistent with a safe and

10 sound operation, as determined by the appropriate regu-

11 lator of the entity. The entity shall—

12 “(1) be subject to the requirements of sub-

13 sections (b) and (c); and

14 “(2) redeem an outstanding payment stablecoin

15 at par in the coins, currency, or other instruments

16 that are legal tender, as defined in section 5103, or

17 the similar laws of the jurisdiction of the unit of ac-

18 count in which the payment stablecoin is denomi-

19 nated or to which the value of the payment

20 stablecoin is pegged.

21 “(m) DEFINITIONS.—In this section:

22 “(1) DEPOSITORY INSTITUTION.—The term ‘de-

23 pository institution’ has the meaning given the term

24 in section 19(b)(1) of the Federal Reserve Act (12

25 U.S.C. 461(b)(1)) and includes—

“(A) an insured depository institution; or

“(B) a depository institution operating

under subsection (c) of section 5169 of the Re-

vised Statutes (12 U.S.C. 27), or a substan-

tially similar State law, which is exclusively en-

gaged in issuing payment stablecoins, providing

safekeeping, trust or custodial services, or ac-

tivities incidental to the foregoing.

“(2) PAYMENT STABLECOIN.—The term ‘pay-

ment stablecoin’ has the meaning given the term in

section 9801 of title 31, United States Code.

“(3) SEGREGATED BALANCE ACCOUNT.—The

term ‘segregated balance account’ includes an ac-

count of a depository institution with a Federal Re-

serve bank or a foreign central bank to which only

required payment stablecoin assets are credited.”.

## **SEC. 602. SANCTIONS COMPLIANCE RESPONSIBILITIES OF**

### **PAYMENT STABLECOIN ISSUERS.**

Not later than 120 days after the date of the enact-

ment of this Act, the Secretary of the Treasury shall adopt

final guidance clarifying the sanctions compliance respon-

sibilities and liability of an issuer of a payment stablecoin

with respect to downstream transactions relating to the

stablecoin that take place after the stablecoin is first pro-

vided to a customer of the issuer.

1 SEC. 603. USE OF THE OFFICIAL DIGITAL CURRENCY OF

2 THE PEOPLE'S REPUBLIC OF CHINA ON GOV-

3 ERNMENT DEVICES.

4 (a) DEFINITIONS.—In this section—

5 (1) the term “digital yuan” means the official

6 central bank digital currency of the People's Repub-

7 lic of China;

8 (2) the term “executive agency” has the mean-

9 ing given that term in section 133 of title 41, United

10 States Code; and

11 (3) the term “information technology” has the

12 meaning given that term in section 11101 of title

13 40, United States Code.

14 (b) USE OF DIGITAL YUAN.—Not later than 60 days

15 after the date of enactment of this Act, the Director of

16 the Office of Management and Budget, in consultation

17 with the Administrator of General Services, the Director

18 of the Cybersecurity and Infrastructure Security Agency,

19 the Director of National Intelligence, and the Secretary

20 of Defense, and consistent with the information security

21 requirements under subchapter II of chapter 35 of title

22 44, United States Code, shall develop standards and

23 guidelines for executive agencies which require adequate

24 security measures for use of the digital yuan on Govern-

25 ment information technology devices.

1 SEC. 604. CERTIFICATE OF AUTHORITY TO COMMENCE

2 BANKING.

3 Section 5169 of the Revised Statutes (12 U.S.C. 27)

4 is amended—

5 (1) in subsection (a), in the third sentence, by

6 striking “to those of a trust company and activities

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

8 “(1) those of a trust company and fiduciary ac-

9 tivities related thereto; or

10 “(2) those of a depository institution required

11 to maintain assets valued at not less than 100 per-

12 cent of the deposits of the institution, for the pur-

13 poses of issuing a payment stablecoin (as defined in

14 section 9801 of title 31, United States Code) and

15 activities related thereto consistent with subsection

16 (c) of this section and without the requirement to

17 maintain deposit insurance under the Federal De-

18 posit Insurance Act (12 U.S.C. 1811 et seq.); and

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

20 “(c)(1) Notwithstanding any other provision of law,

21 a National Bank Association described in subsection (a)

22 may not engage in maturity transformation or facilitate

23 consumer lending through third parties.

24 “(2) Restrictions on affiliate transactions applicable

25 for insured depository institutions shall apply to such de-

26 pository institutions.

1       “(3) The Comptroller of the Currency, in close con-  
2       sultation with the Board of Governors of the Federal Re-  
3       serve System and State bank supervisors, shall develop the  
4       following:

5       “(A) A simplified capital framework based on  
6       the following:

7       “(i) Payment system risk.

8       “(ii) The greater of—

9       “(I) all projected costs of receivership;  
10      or

11     “(II) 3 years of projected operating  
12     expenses.

13     “(B) Appropriate standards for the depository  
14     institution to develop a community contribution  
15     plan, which may include consumer education, finan-  
16     cial literacy, charitable donations, volunteerism, job  
17     training and internships or similar involvement.

18     “(C) A tailored recovery and resolution plan  
19     that would permit the orderly resumption of a safe  
20     and sound operation or the orderly wind-down of op-  
21     erations relating to a payment stablecoin in the  
22     event of distress.

23     “(D) Tailored holding company supervision, as  
24     specified by section 15 of the Bank Holding Com-  
25     pany Act of 1956.

“(A) I shall not subvert the depositary institution-

Financial Stability Act of 2010 (12 U.S.C. 5371);

“(B) shall take into account the significant

the institution and those of depositary institu-

meria] or consumer.

gate rules to carry out this section.”

## DEPOSITORY INSTITUTIONS.

18 1841 et seq.) is amended—

paragraph (2) and insert the following:

include a covered depositary institution subject to

tailored holding company supervision under section

and 15.,”

(2) by adding at the end the following:



1 **“SEC. 15. TAILORED HOLDING COMPANY SUPERVISION FOR**

2 **COVERED DEPOSITORY INSTITUTIONS.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) APPROPRIATE BANKING SUPERVISOR.—

5 The term ‘appropriate banking supervisor’ means

6 the Comptroller of the Currency, a State bank su-

7 pervisor, in the case of a State member bank, the

8 Board, or in the case of an insured bank, the Fed-

9 eral Deposit Insurance Corporation, as applicable.

10 “(2) CONTROLLING INTEREST.—The term ‘con-

11 trolling interest’ means a circumstance when a per-

12 son, directly or indirectly, or acting through or in

13 concert with 1 or more persons-

14 “(A) owns, controls, or has the power to

15 vote 25 percent or more of any class of voting

16 securities of a covered depository institution;

17 “(B) controls in any manner the election of

18 a majority of the directors of the covered depos-

19 itory institution; or

20 “(C) has the power to exercise a control-

21 ling influence over the management or policies

22 of the covered depository institution.

23 “(3) COVERED DEPOSITORY INSTITUTION.—

24 The term ‘covered depository institution’ means a

25 depository institution operating under subsection (c)

26 of section 5169 of the Revised Statutes (12 U.S.C.

1 27), or a substantially similar State law, other than  
2 a depository institution, as defined in section 3 of  
3 the Bank Holding Company Act of 1956 (12 U.S.C.  
4 1842), or an insured depository institution, as de-  
5 fined in section 3 of the Federal Deposit Insurance  
6 Act (12 U.S.C. 1813), which is exclusively engaged  
7 in issuing payment stablecoins, providing safe-  
8 keeping, trust or custodial services, or activities inci-  
9 dental to the foregoing.

10 “(b) CONTROLLING INTEREST.—A person with a  
11 controlling interest in a covered depository institution  
12 shall—

13 “(1) submit annual audited financial statements  
14 and other information as otherwise reasonably re-  
15 quired by the appropriate banking supervisor; and  
16 “(2) provide a description of all affiliated or  
17 parent entities and their relationships with the insti-  
18 tution, including annual updates.

19 “(c) TAX ALLOCATION AGREEMENT.—The appro-  
20 priate banking supervisor may require a legal entity with  
21 a controlling interest in a covered depository institution  
22 to execute a tax allocation agreement with the institution  
23 that—

24 “(1) expressly states that an agency relation-  
25 ship exists between the person and the institution

1 with respect to tax assets generated by the institu-  
2 tion, and that the assets are held in trust by the  
3 person for the benefit of the institution and will be  
4 promptly remitted to the institution; and

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

9 “(d) PROHIBITION ON CONTROLLING INTERESTS.—  
10 A person that is a commercial firm, as defined in section  
11 602 of the Bank and Savings Association Holding Com-  
12 pany and Depository Institution Regulatory Improvements  
13 Act of 2010 (12 U.S.C. 1815 note), may not obtain a con-  
14 trolling interest in a covered depository institution.

15 “(e) PUBLIC INTEREST.—If the appropriate banking  
16 supervisor finds that it is in the public interest and has  
17 reasonable cause to believe it is necessary to protect the  
18 customers of a covered depository institution, the super-  
19 visor may—

20 “(1) conduct an examination of a legal entity  
21 with a controlling interest in a covered depository in-  
22 stitution or otherwise require information from the  
23 person; and

24 “(2) require a person with a controlling interest  
25 in a covered depository institution to divest or sever

1 their relationship with the institution, if necessary to  
2 maintain safety and soundness.”.

3 **SEC. 606. IMPLEMENTATION RULES TO PRESERVE ADE-**  
4 **QUATE COMPETITION IN PAYMENT**  
5 **STABLECOINS.**

6 (a) IN GENERAL.—The application of a non-deposi-  
7 tory trust company or the holder of a State license that  
8 only persons engaged in digital asset activities may obtain,  
9 which was chartered or issued under the laws of a State  
10 or the National Bank Act before the date of enactment  
11 of this Act, to receive a charter as a depository institution  
12 and to operate under subsection (c) of section 5169 of the  
13 Revised Statutes (12 U.S.C. 27), as added by section 604  
14 of this Act, shall be decided upon by the Comptroller of  
15 the Currency before an application for a charter to operate  
16 under that section from another entity that is filed on or  
17 after the date of enactment of this Act.

18 (b) APPLICATION.—The application of a covered de-  
19 pository institution, as defined in section 15(a) of the  
20 Bank Holding Company Act of 1956 (12 U.S.C. 1853(a)),  
21 chartered before the date of enactment of this Act to be-  
22 come a State member bank in the Federal Reserve System  
23 or for access to Federal Reserve services under section  
24 11A of the Federal Reserve Act (12 U.S.C. 248a) shall  
25 be decided upon by the Board of Governors of the Federal

1 Reserve System, or a Federal Reserve bank, as applicable,  
2 before any application to become a State member bank  
3 or for Federal Reserve services from any other entity  
4 which seeks to operate as a covered depository institution  
5 and which is filed on or after the date of enactment of  
6 this Act.

7 (c) DECISION.—The applications described in sub-  
8 sections (a) and (b) of this section shall be decided upon  
9 by the appropriate Federal banking agency (as defined in  
10 section 3 of the Federal Deposit Insurance Act (12 U.S.C.  
11 1813) or Federal Reserve bank, as applicable, before an  
12 insured depository institution in operation before the en-  
13 actment date of this Act may issue a payment stablecoin  
14 in accordance with section 722A of the Gramm-Leach Bli-  
15 ley Act, as added by section 601 of this Act.

16 **SEC. 607. FINANCIAL CRIMES ENFORCEMENT NETWORK IN-**  
17 **NOVATION LABORATORY.**

18 Section 310 of title 31, United States Code, is  
19 amended by adding at the end the following:  
20 “(m) INNOVATION LABORATORY.—

21 “(1) IN GENERAL.—There is established within  
22 the Financial Crimes Enforcement Network an In-  
23 novation Laboratory to promote regulatory dialogue,  
24 data sharing between the Financial Crimes Enforce-  
25 ment Network and financial companies, and an as-

1 assessment of potential changes in law, rules, or poli-  
2 cies to facilitate the appropriate supervision of finan-  
3 cial technology and the laws under the jurisdiction  
4 of the agency.

5 “(2) CHIEF INNOVATION OFFICER.—The inno-  
6 vation officer appointed under section 6208 of the  
7 Anti-Money Laundering Act of 2020 (31 U.S.C.  
8 5311 note) by the Director of the Financial Crimes  
9 Enforcement Network shall manage the Innovation  
10 Laboratory.

11 “(3) DUTIES.—The Innovation Laboratory, as  
12 appropriate, shall study changes in financial tech-  
13 nology and make recommendations to Congress, the  
14 Secretary, and the Director for appropriate changes  
15 in laws, rules, or policies that can more effectively  
16 facilitate the supervision of financial technology with  
17 respect to the laws under the jurisdiction of the Fi-  
18 nancial Crimes Enforcement Network, including digi-  
19 tal assets, distributed ledger technology and decen-  
20 tralized finance.

21 “(4) PILOT PROJECTS.—The Innovation Lab-  
22 oratory, as appropriate, shall conduct pilot projects  
23 with financial companies to more effectively facilitate  
24 the supervision of financial technology, consistent  
25 with applicable law.”.

1	<b>TITLE VII—RESPONSIBLE</b>
2	<b>BANKING INNOVATION</b>
3	<b>SEC. 701. STUDY ON USE OF DISTRIBUTED LEDGER TECH-</b>
4	<b>NOLOGY FOR REDUCTION OF RISK IN DEPOS-</b>
5	<b>ITORY INSTITUTIONS.</b>
6	Not later than 180 days after the date of enactment
7	of this Act, the Board of Governors of the Federal Reserve
8	System shall complete a study and submit to the Com-
9	mittee on Housing, Banking, and Urban Affairs of the
10	Senate and the Committee on Financial Services of the
11	House of Representatives a report regarding the manner
12	in which distributed ledger technology may reduce risk for
13	depository institutions, as defined in section 19(b)(1) of
14	the Federal Reserve Act (12 U.S.C. 461(b)(1)), including
15	settlement risk, operational risk and capital requirements.
16	<b>SEC. 702. ELIGIBILITY FOR FEDERAL RESERVE SERVICES</b>
17	<b>TO DEPOSITORY INSTITUTIONS.</b>
18	(a) FINDINGS.—Congress finds the following:
19	(1) Final settlement of transactions in central
20	bank money reduces risk in the financial system, in-
21	cluding through the reduction of counterparty expo-
22	sure.
23	(2) Digital assets settle with finality in seconds
24	or minutes, whereas traditional financial trans-
25	actions may take days to settle.

1 (3) This mismatch in the settlement window of  
2 digital assets and traditional financial assets creates  
3 risk in the economy that may be reduced through  
4 the ability of depository institutions to simulta-  
5 neously conduct digital asset transactions and settle,  
6 with finality, the United States dollar component of  
7 these transactions.  
8 (4) The Federal Reserve Act specifies that a  
9 depository institution, as defined in section 19(b)(1)  
10 of that Act (12 U.S.C. 461(b)(1)), upon receiving a  
11 charter from the Office of the Comptroller of the  
12 Currency, National Credit Union Administration or  
13 State bank supervisor, is required to be made avail-  
14 able services from Federal Reserve banks under sec-  
15 tion 11A of the Federal Reserve Act (12 U.S.C.  
16 248a), including currency and coin services, wire  
17 transfer services, automated clearinghouse services  
18 and settlement services.  
19 (5) Numerous Federal courts have found that  
20 the provision of services to depository institutions  
21 under section 11A of the Federal Reserve Act (12  
22 U.S.C. 248a) is a ministerial duty imposed by Con-  
23 gress with respect to all depository institutions.  
24 (6) The Board of Governors of the Federal Re-  
25 serve System has long interpreted the Federal Re-



1 serve Act to mean that the Federal Reserve banks  
2 must provide services to all depository institutions,  
3 noting that it has a duty “to ensure the provision  
4 of payment services to all depository institutions on  
5 an equitable basis, and to do so in an atmosphere  
6 of competitive fairness”.  
7 (7) The Federal Reserve banks have, on occa-  
8 sion, provided services to non-depository, non-in-  
9 sured institutions without appropriate statutory au-  
10 thority.  
11 (8) Certain novel legal positions that conflict  
12 with or frustrate these precedents are not in the best  
13 traditions of the Federal Reserve Act, our dual  
14 banking system, and the imperatives of Congress.  
15 (9) The statutory independence of the Board of  
16 Governors and the Federal Reserve banks under the  
17 Constitution of the United States is properly rooted  
18 in absolute fidelity to the laws enacted by Congress.  
19 (10) It is appropriate for Congress to reaffirm  
20 its existing statutory intent to ensure that all deposi-  
21 tory institutions may access services under the Fed-  
22 eral Reserve Act “on an equitable basis, and to do  
23 so in an atmosphere of competitive fairness”.

1 (b) PRICING OF SERVICES.—Section 11A of the Fed-

2 eral Reserve Act (12 U.S.C. 248a) is amended by adding

3 at the end the following:

4 “(f) A Federal Reserve bank shall provide a seg-

5 regated balance account to a depository institution upon

6 the request of any institution that receives services under

7 this section.”.

8 (g) DEPOSITS; EXCHANGE AND COLLECTION; MEM-

9 BER AND NONMEMBER BANKS OR OTHER DEPOSITORY

10 INSTITUTIONS; CHARGES.—Section 13 of the Federal Re-

11 serve Act (12 U.S.C. 342) is amended to read as follows:

12 “(1) “Any Federal Reserve bank shall receive

13 from any of its member banks or other depository

14 institutions, and from the United States, deposits of

15 current funds in lawful money, national-bank notes,

16 Federal reserve notes, or checks, and drafts, payable

17 upon presentation or other items, and also, for col-

18 lection, maturing notes and bills; or, solely for pur-

19 poses of exchange or of collection, shall receive from

20 other Federal Reserve banks deposits of current

21 funds in lawful money, national-bank notes, or

22 checks upon other Federal Reserve banks, and

23 checks and drafts, payable upon presentation within

24 its district or other items, and maturing notes and

25 bills payable within its district; or, solely for the pur-

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

1 **SEC. 703. ROUTING TRANSIT NUMBER ISSUANCE.**

2 Not later than 2 years after the date of enactment  
3 of this Act, the Board of Governors of the Federal Reserve  
4 System shall assume responsibility for issuing routing  
5 transit numbers to depository institutions for all purposes  
6 relating to the clearing of transactions and the services  
7 required to be made available to all depository institutions  
8 under section 11A of the Federal Reserve Act (12 U.S.C.  
9 248a).

10 **SEC. 704. CLARIFYING APPLICATION REVIEW TIMES WITH**

11 **RESPECT TO THE FEDERAL BANKING AGEN-**

12 **CIES.**

13 Section 343 of the Riegle Community Development  
14 and Regulatory Improvement Act of 1994 (12 U.S.C.  
15 4807) is amended by striking subsection (a) and inserting  
16 the following:

17 “(a) FINAL ACTION.—

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

20 “(A) means the information requested by  
21 the Federal banking agency at the outset of an  
22 application through application forms or similar  
23 means; and

24 “(B) does not include supplemental infor-  
25 mation requested by the agency after filing of  
26 an application.

1 “(2) ACTION.—Each Federal banking agency,

2 including Federal Reserve banks, shall take final ac-

3 tion on any application to the agency before the end

4 of the 1-year period beginning on the date on which

5 a completed application is received by the agency.

6 “(b) REPORT.—Each Federal banking agency, in-

7 cluding the Federal Reserve banks, shall annually report

8 to Congress a list of the applications that have been pend-

9 ing for 9 months or longer since the date of the initial

10 application filed by an applicant. Such list—

11 “(1) shall disclose the reason why the applica-

12 tion has not yet been approved or denied by the

13 Federal banking agency; and

14 “(2) shall not contain confidential supervisory

15 information.”.

16 **SEC. 705. EXAMINATION STANDARDS FOR DIGITAL ASSET**

17 **ACTIVITIES.**

18 (a) IN GENERAL.—Not later than 18 months after

19 the date of enactment of this Act, the Federal Financial

20 Institutions Examination Council, in consultation with the

21 Financial Crimes Enforcement Network, shall publish

22 final guidance and examiner handbooks for depository in-

23 stitutions, as defined in section 19(b)(1) of the Federal

24 Reserve Act (12 U.S.C. 461(b)(1)), on the following topics

25 related to digital assets:

1	(1) Anti-money laundering, customer identifica-
2	tion, beneficial ownership, and sanctions compliance,
3	including with respect to payment stablecoin activi-
4	ties and subsidiary value (as defined in section
5	9802(c) of title 31, United States Code).
6	(2) Custody.
7	(3) Fiduciary and capital markets activities.
8	(4) Information technology standards.
9	(5) Payment system risk.
10	(6) Consumer protection.
11	(b) FINAL GUIDANCE.—Not later than 18 months
12	after the date of enactment of this Act, Securities and Ex-
13	change Commission and Commodity Futures Trading
14	Commission, in consultation with the Financial Crimes
15	Enforcement Network, shall publish final guidance and ex-
16	aminer handbooks relating to digital asset intermediaries
17	regarding the topics described in paragraphs (1) and (4)
18	of subsection (a).
19	<b>SEC. 706. ASSET CUSTODY FOR DEPOSITORY INSTITUTIONS</b>
20	<b>AND CERTAIN OTHER ENTITIES.</b>
21	(a) FINDINGS.—Congress finds the following:
22	(1) The laws surrounding custody of financial
23	assets is largely customary, uncodified, and poorly
24	understood.

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

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

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

(c) CUSTODY.—

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

1 (2) EXCEPTION.—A custodian and customer  
2 may establish a legal relationship other than a bail-  
3 ment pursuant to a written customer agreement.

4 (d) PROPER DOCUMENTATION.—A custodial account  
5 shall be properly documented in a customer agreement,  
6 with a clearly defined legal relationship between the custo-  
7 dian and customer. Custodial assets shall be properly iden-  
8 tified and segregated from the assets of the custodian,  
9 with proper documentation of asset segregation.

10 (e) NOT ASSETS OR LIABILITIES.—Assets properly  
11 held in a custodial account under this section are not as-  
12 sets or liabilities of the custodian and shall be maintained  
13 on an off-balance sheet basis, including for the purpose  
14 of accounting treatment for the custodian and the cus-  
15 tomers of the custodian, notwithstanding the form in  
16 which the assets are maintained.

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



1 SEC. 707. REPUTATION RISK; REQUIREMENTS FOR AC-

2 COUNT TERMINATION REQUESTS AND OR-

3 DERS.

4 (a) REPUTATION RISK.—An appropriate Federal

5 banking agency may not formally or informally request or

6 order a depository institution to terminate a specific cus-

7 tomer account or group of customer accounts unless the

8 agency has a valid reason for such request or order, con-

9 sistent with subsections (b) and (c).

10 (b) NO RESTRICTION.—An appropriate Federal

11 banking agency shall not restrict or discourage a deposi-

12 tory institution from entering into or maintaining a bank-

13 ing relationship with a specific customer or group of cus-

14 tomers based on reputation risk, including through the ex-

15 aminations and ratings of the depository institution.

16 (c) TREATMENT OF NATIONAL SECURITY

17 THREATS.—If an appropriate Federal banking agency be-

18 lieves a specific customer or group of customers is, or act-

19 ing as a conduit for, an entity which—

20 (1) poses a threat to national security;

21 (2) is involved in terrorist financing;

22 (3) is an agency of the Government of Iran,

23 North Korea, Syria, or any country listed from time

24 to time on the State Sponsors of Terrorism list;

25 (4) is located in, or is subject to the jurisdiction

26 of, any country specified in paragraph (3); or

1 (5) does business with any entity described in  
2 paragraph (3) or (4), unless the appropriate Federal  
3 banking agency determines that the customer or  
4 group of customers has used due diligence to avoid  
5 doing business with that entity, such belief shall sat-  
6 isfy the requirement under subsection (a).  
7 (d) NOTICE REQUIREMENT.—  
8 (1) IN GENERAL.—If an appropriate Federal  
9 banking agency formally requests or orders a deposi-  
10 tory institution to terminate a specific customer ac-  
11 count or a group of customer accounts, the agency  
12 shall—  
13 (A) provide such request or order to the  
14 institution in writing; and  
15 (B) accompany such request or order with  
16 a written justification for why such termination  
17 is needed, including any specific laws or rules  
18 the agency believes are being violated by the  
19 customer or group of customers.  
20 (2) JUSTIFICATION REQUIREMENT.—Consistent  
21 with subsection (b), the justification described in  
22 paragraph (1)(B) may not be based on reputation  
23 risk to the depository institution.  
24 (e) CUSTOMER NOTICE.—

1 (1) NOTICE REQUIRED.—Except as provided

2 under paragraph (2) or as otherwise prohibited from

3 being disclosed by law, if an appropriate Federal

4 banking agency orders a depository institution to

5 terminate a specific customer account or a group of

6 customer accounts, the depository institution shall

7 inform the specific customer or group of customers

8 of the justification for the customer's account termi-

9 nation described under subsection (b).

10 (2) NOTICE PROHIBITED.—

11 (A) NOTICE PROHIBITED IN CASES OF NA-

12 TIONAL SECURITY.—If an appropriate Federal

13 banking agency requests or orders a depository

14 institution to terminate a specific customer ac-

15 count or a group of customer accounts based on

16 a belief that the customer or customers pose a

17 threat to national security, or are otherwise de-

18 scribed under subsection (a)(2), neither the de-

19 pository institution nor the appropriate Federal

20 banking agency may inform the customer or

21 customers of the justification for the customer's

22 account termination.

23 (B) NOTICE PROHIBITED IN OTHER

24 CASES.—If an appropriate Federal banking

25 agency determines that the notice required

1 under paragraph (1) may interfere with an au-  
2 thorized criminal investigation, neither the de-  
3 pository institution nor the appropriate Federal  
4 banking agency may inform the specific cus-  
5 tomer or group of customers of the justification  
6 for the customer's account termination.  
7 (f) REPORTING REQUIREMENT.—Each appropriate  
8 Federal banking agency shall issue an annual report to  
9 Congress stating—  
10 (1) the aggregate number of specific customer  
11 accounts that the agency requested or ordered a de-  
12 pository institution to terminate during the previous  
13 year; and  
14 (2) the legal authority on which the agency re-  
15 lied in making such requests and orders and the fre-  
16 quency on which the agency relied on each such au-  
17 thority.  
18 (g) DEFINITIONS.—In this section:  
19 (1) APPROPRIATE FEDERAL BANKING AGEN-  
20 cy.—The term “appropriate Federal banking agen-  
21 cy” means—  
22 (A) the appropriate Federal banking agen-  
23 cy, as defined in section 3 of the Federal De-  
24 posit Insurance Act (12 U.S.C. 1813); and

1 (B) the National Credit Union Administra-  
2 tion, in the case of an insured credit union.

3 (2) DEPOSITORY INSTITUTION.—The term “de-  
4 pository institution” has the meaning given the term  
5 in section 19(b)(1) of the Federal Reserve Act (12  
6 U.S.C. 461(b)(1)(A)).

7 **SEC. 708. CONFORMING AMENDMENTS.**

8 (a) FEDERAL DEPOSIT INSURANCE ACT.—Section  
9 12 of the Federal Deposit Insurance Act (12 U.S.C. 1822)  
10 is amended by adding at the end the following:

11 “(g) APPOINTMENT OF RECEIVER.—

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

16 “(2) APPOINTMENT.—The Corporation may be  
17 appointed as receiver of a covered depository institu-  
18 tion, as defined in section 15(a) of the Bank Hold-  
19 ing Company Act of 1956.

20 “(3) PREMIUMS.—A covered depository institu-  
21 tion may not be charged deposit insurance premiums  
22 for the purpose of this subsection, but the Corpora-  
23 tion may use the capital of the covered depository  
24 institution to fund the costs of the receivership.

1       “(4) RULES.—The Corporation may promul-  
2       gate rules to carry out this subsection, which shall—  
3       “(A) be substantially consistent with the  
4       rules for receivership of an insured depository  
5       institution; and  
6       “(B) account for the limited activities, cap-  
7       ital, and the required tailored recovery and res-  
8       olution plan of the covered depository institu-  
9       tion.”.  
10      (b) FEDERAL RESERVE ACT.—The Federal Reserve  
11      Act (12 U.S.C. 221 et seq.) is amended—  
12      (1) in section 19(b)(1)(A) (12 U.S.C.  
13      461(b)(1)(A))—  
14      (A) in clause (vi), by striking “and” at the  
15      end;  
16      (B) in clause (vi), by striking the period  
17      at the end and inserting “; and”; and  
18      (C) by adding at the end the following:  
19      “(viii) a covered depository institution,  
20      as defined in section 15(a) of the Bank  
21      Holding Company Act of 1956.”; and  
22      (2) in the first undesignated paragraph of sec-  
23      tion 9 (12 U.S.C. 321), in the first sentence, by in-  
24      serting “, covered depository institutions, as defined

1 in section 15(a) of the Bank Holding Company Act  
2 of 1956 (12 U.S.C. 1853(a)),” after “Plan banks”.

3 **TITLE VIII—RESPONSIBLE**

4 **INTERAGENCY COORDINATION**

5 **SEC. 801. TIMELINE FOR INTERPRETIVE GUIDANCE ISSUED**

6 **BY FEDERAL FINANCIAL AGENCIES.**

7 (a) IN GENERAL.—Title 31, United States Code, is  
8 amended by adding after chapter 98, as added by section  
9 101(a) of this Act, the following:

10 **“CHAPTER 99—RESPONSIBLE**

11 **INTERAGENCY COORDINATION**

“Sec.  
“9901. Timeline for interpretive guidance issues by Federal financial agencies.  
“9902. Interstate sandbox activities.

12 **“§ 9901. Timeline for interpretive guidance issues by**

13 **Federal financial agencies**

14 **“(a) IN GENERAL.—**In this section:

15 **“(1) FEDERAL FINANCIAL REGULATOR.—**The

16 term ‘Federal financial regulator’ means—

17 **“(A) Board of Governors of the Federal**

18 Reserve System and the Federal Reserve banks;

19 **“(B) Commodity Futures Trading Com-**

20 mission;

21 **“(C) Department of the Treasury;**

22 **“(D) Federal Deposit Insurance Corpora-**

23 tion;

24 **“(E) Federal Housing Finance Agency;**

1 “(F) National Credit Union Administra-

2 tion;

3 “(G) Office of the Comptroller of the Cur-

4 rency;

5 “(H) Consumer Financial Protection Bu-

6 reau; and

7 “(I) Securities and Exchange Commission.

8 “(2) REQUESTING PERSON.—The term ‘re-

9 questing person’—

10 “(A) means any entity that is required to

11 be chartered, licensed, supervised or registered

12 by that agency; and

13 “(B) includes State agencies and self-regu-

14 latory organizations.

15 “(b) RESPONSE.—Not later than 180 days after fil-

16 ing a written request for individualized interpretive guid-

17 ance with respect to the application of a statute, rule or

18 policy under the jurisdiction of a Federal financial regu-

19 lator, the agency shall provide a final, complete and writ-

20 ten response to the requesting person. This subsection

21 shall not apply to requests for guidance that the Federal

22 financial regulator determine lack substance.

23 “(c) OTHER MATTERS.—With respect to matters del-

24 egated or otherwise under the jurisdiction of self-regu-

25 latory organizations, including national securities ex-



1 changes, boards of trade, and similar entities, the self-reg-  
2 ulatory organization shall be subject to the same require-  
3 ments as a Federal financial regulator under this sec-  
4 tion.”.

5 **SEC. 802. INTERSTATE SANDBOX ACTIVITIES.**

6 (a) IN GENERAL.—Chapter 99 of title 31, United  
7 States Code, as added by section 701 of this Act, is  
8 amended by adding at the end the following:

9 **“§ 9902. Interstate sandbox activities**

10 **“(a) DEFINITIONS.—In this section:**

11 **“(1) FEDERAL FINANCIAL REGULATOR.—The**  
12 **term ‘Federal financial regulator’ means the Federal**  
13 **agency described in section 9901(a)(1) that would**  
14 **typically exercise jurisdiction over the product or**  
15 **service made available in the State financial regu-**  
16 **latory sandbox, or the Department of the Treasury,**  
17 **in the case of a matter only within the jurisdiction**  
18 **of a State.**

19 **“(2) FINANCIAL COMPANY.—The term ‘finan-**  
20 **cial company’ means a business entity primarily en-**  
21 **gaged in activities that are financial in nature, as**  
22 **described in section 4(k)(4) of the Bank Holding**  
23 **Company Act of 1956 (12 U.S.C. 1843(k)(4)).**

24 **“(3) HOST STATE.—The term ‘host State’**  
25 **means a State in which a financial company is not**

1 operating in the State financial regulatory sandbox  
2 of that State.

3 “(4) INNOVATIVE.—The term ‘innovative’  
4 means new or emerging technology, or new uses of  
5 existing technology, that—

6 “(A) provides a financial product, service,  
7 business model, or delivery mechanism to the  
8 public; and

9 “(B) has no substantially comparable,  
10 widely available analogue in common use in the  
11 United States.

12 “(5) STATE FINANCIAL REGULATOR.—The term  
13 ‘State financial regulator’ includes State agencies  
14 that regulate, supervise, or license banks, trust com-  
15 panies, credit unions, consumer credit, consumer  
16 protection, money transmission, securities, commod-  
17 ities, and similar areas.

18 “(6) STATE FINANCIAL REGULATORY SAND-  
19 BOX.—The term ‘State financial regulator sandbox’  
20 means a program created under State law that al-  
21 lows a financial company to make an innovative fi-  
22 nancial product or service available to customers  
23 within that State during a defined period in order to  
24 permit regulatory dialogue, data sharing amongst  
25 regulators and financial companies, and to promote

1 an assessment of potential changes in law, rule, or  
2 policy to facilitate the appropriate supervision of fi-  
3 nancial technology.

4 “(b) BUSINESS CONDUCTED.—Upon joint approval

5 under subsection (d), a financial company in good stand-

6 ing in a State financial regulatory sandbox and operating

7 for not less than 6 months in that sandbox program, may

8 do business across State lines under the standards of this

9 section. If approved, the state financial regulator and the

10 Federal financial regulator may agree upon reasonable ad-

11 justments to the number of customers that may be served,

12 increased bonding or collateral requirements, and similar

13 conditions which may be appropriate for conducting busi-

14 ness nationally.

15 “(c) STATE SANDBOX REQUIREMENTS.—A State fi-

16 nancial regulatory sandbox shall contain the following

17 components for financial companies to be eligible to do

18 business across State lines under this section:

19 “(1) A limited sandbox period of not more than

20 24 months.

21 “(2) Consumer protection requirements, which

22 may include disclosures, bonding, insurance require-

23 ments, and financial literacy programs for specified

24 consumers.

1 “(3) Authority to conduct examinations of the  
2 financial company.

3 “(4) A background investigation of the financial  
4 company and its officers, directors, members, man-  
5 agers and key employees, prior to commencing busi-  
6 ness.

7 “(d) DECISION.—Upon submission of an application  
8 by a financial company to conduct business across State  
9 lines under subsection (b), the State financial regulator  
10 and Federal financial regulator shall jointly issue a deci-  
11 sion within 120 days with respect to that application, irre-  
12 spective of any supplemental information with respect to  
13 the application that may be requested after initial filing.  
14 The Federal financial regulator shall have the authority  
15 to conduct a joint examination of any financial company  
16 doing business under this section.

17 “(e) FACTORS.—The State financial regulator and  
18 Federal financial regulator shall consider the following  
19 factors in rendering a decision on the application:

20 “(1) Whether the product or service offered  
21 may be offered in a safe and sound manner across  
22 State lines.  
23 “(2) Whether the management and capital of  
24 the financial company is commensurate with the  
25 scale of the company.

1 “(3) Risk management plans of the financial

2 company.

3 “(4) Conduct of the financial company to date

4 in the State regulatory sandbox, and any past regu-

5 latory actions, including actions against officers, di-

6 rectors, members, managers and key employees.

7 “(5) Plans for consumer education and finan-

8 cial literacy, including partnerships with local edu-

9 cational institutions and community colleges to pro-

10 vide financial literacy classes or resources.

11 “(6) Other factors determined by the State and

12 Federal financial regulators to be material.

13 “(f) ELLECTION.—A host State may elect not to per-

14 mit financial companies operating under this section to do

15 business in their State through issuance of an executive

16 order by the Governor of that State.

17 “(g) INNOVATIVE.—A product or service made avail-

18 able under this section through a State financial regu-

19 latory sandbox shall be innovative.

20 “(h) RULES OF CONSTRUCTION.—This section shall

21 not be construed to extend to permit—

22 “(1) a financial company to engage in any ac-

23 tivities for which a charter, license, registration or

24 for which permission would be required under Fed-

25 eral or State law but for the innovative financial

1 product or service being offered by the company, ex-  
2 cept to the extent the financial company would be  
3 required to obtain a charter, license or other author-  
4 ization required in a host State;

5 “(2) failure to comply with any applicable por-  
6 tion of State law required by the State financial reg-  
7 ulatory sandbox, or failure to comply with any appli-  
8 cable portion of Federal law, unless authorized on a  
9 limited basis by the Federal financial regulator to  
10 achieve the purposes of this section and the State fi-  
11 nancial regulatory sandbox; or

12 “(3) lending activities in excess of the max-  
13 imum statutory rate of interest permissible in a  
14 State.”.

15 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
16 The table of contents for subtitle VI of title 31, United  
17 States Code, as amended by section 101(b) of this Act,  
18 is amended by adding at the end the following:

“99. Responsible interagency coordination ..... 9901”.

19 SEC. 803. STATE MONEY TRANSMISSION COORDINATION  
20 RELATING TO DIGITAL ASSETS.

21 (a) IN GENERAL.—In order to increase uniformity,  
22 reduce regulatory burden, and enhance consumer protec-  
23 tion, the States, through the Conference of State Bank  
24 Supervisors and the Money Transmission Regulators As-  
25 sociation, shall, not later than 2 years after the date of

1 enactment of this Act, ensure uniform treatment of digital  
2 assets for the purposes of state money transmission laws  
3 on the following matters:

4 (1) Whether digital assets are subject to money  
5 transmission licensing requirements, as appropriate,  
6 which shall include the exchange of digital assets for  
7 legal tender.

8 (2) Treatment of payment stablecoins.  
9 (3) Non-applicability to persons or software  
10 that engage in validation of transactions, non-custo-  
11 dial wallet providers, or software or hardware devel-  
12 opment.  
13 (4) Tangible net worth and permissible invest-  
14 ment requirements.

15 (5) Disclosures, reporting, and recordkeeping.  
16 (6) Common examination and examiner training  
17 standards, including common customer identifica-  
18 tion, anti-money laundering, and sanctions best  
19 practices developed in consultation with the Finan-  
20 cial Crimes Enforcement Network and the Office of  
21 Foreign Assets Control.

22 (b) REGULATIONS.—If the Director of the Bureau of  
23 Consumer Financial Protection determines that a State  
24 does not have the requirements of subsection (a) in effect  
25 by law (including regulations) that are substantively con-

1 sisten with the requirements of the several States on the  
2 date that is 2 years after the date of enactment of this  
3 section, the Director shall adopt rules applicable to that  
4 State that achieve the purposes of subsection (a) and that  
5 are consistent with the standards adopted in the States  
6 that have the requirements of subsection (a) in effect. The  
7 Director may extend the deadline under this section for  
8 not more than 1 year if a State has shown a good faith  
9 effort towards implementation. The Director may promul-  
10 gate regulations to monitor State compliance with this  
11 subsection.

12 **SEC. 804. INFORMATION SHARING AMONG FEDERAL AND**  
13 **STATE FINANCIAL REGULATORS.**

14 Subtitle C of title VII of the Gramm-Leach Bliley Act  
15 (Public Law 106-102; 113 Stat. 1470), as amended by  
16 section 601 of this Act, is amended by adding at the end  
17 the following:

18 **“SEC. 722B. INFORMATION SHARING AMONG FEDERAL AND**  
19 **STATE FINANCIAL REGULATORS.**

20 **“(a) CONFIDENTIALITY.—**Notwithstanding any other  
21 provision of law, any requirement under Federal or State  
22 law regarding the privacy or confidentiality of any infor-  
23 mation or materials exchanged among financial regulators  
24 and any privilege arising under Federal or State law (in-  
25 cluding the rules of any Federal or State court) with re-



1 spect to such information or material, shall continue to  
2 apply to such information or material after the informa-  
3 tion or material has been disclosed to any State or Federal  
4 financial regulator.

5 “(b) NON APPLICABILITY OF CERTAIN REQUIRE-  
6 MENTS.—Information or material that is subject to privi-  
7 lege or confidentiality under subsection (a) shall not be  
8 subject to—

9 “(1) disclosure under any Federal or State law  
10 governing the disclosure to the public of information  
11 held by an officer or an agency of the Federal Gov-  
12 ernment or the respective State; or

13 “(2) subpoena or discovery, or admission into  
14 evidence, in any private civil action or administrative  
15 process, unless with respect to any privilege held by  
16 the Nationwide Mortgage Licensing System and  
17 Registry or the Director with respect to such infor-

18 mation or material, the person to whom such infor-  
19 mation or material pertains waives that privilege, in  
20 whole or in part, based on the discretion of such per-

21 son.  
22 “(c) COORDINATION WITH OTHER LAW.—Any State  
23 or Federal law, including any State open records law, re-  
24 lating to the disclosure of confidential supervisory infor-  
25 mation or any information or material described in sub-

1 section (a) that is inconsistent with subsection (a) shall  
2 be superseded by the requirements of such provision to  
3 the extent the State or Federal law provides less confiden-  
4 tiality or a weaker privilege.

5 “(d) CONFERENCE OF STATE BANK SUPERVISORS.—  
6 The Conference of State Bank Supervisors shall be consid-  
7 ered the agent of the State financial regulators for the  
8 purposes of sharing information under this provision.

9 “(e) DEFINITION.—In this section, the term ‘finan-  
10 cial regulator’ means—  
11 “(1) the Board of Governors of the Federal Re-  
12 serve System and the Federal Reserve banks;

13 “(2) the Commodity Futures Trading Commis-  
14 sion;  
15 “(3) the Department of the Treasury, including  
16 the Financial Crimes Enforcement Network and the  
17 Office of Foreign Assets Control;

18 “(4) the Federal Deposit Insurance Corpora-  
19 tion;  
20 “(5) the Federal Housing Finance Agency;

21 “(6) the National Credit Union Administration;  
22 “(7) the Office of the Comptroller of the Cur-  
23 rency;

24 “(8) the Bureau of Consumer Financial Protec-  
25 tion;

1 “(9) the Securities and Exchange Commission;

2 and

3 “(10) State agencies that regulate, supervise, or

4 license banks, trust companies, credit unions, con-

5 sumer credit, consumer protection, money trans-

6 mission, securities, commodities, and similar areas.”.

7 **SEC. 805. ANALYSIS OF DECENTRALIZED FINANCE MAR-**

8 **KETS AND TECHNOLOGIES.**

9 Not later than 1 year after the date of enactment

10 of this Act, the Secretary of the Treasury, in consultation

11 with the Commodity Futures Trading Commission, Secu-

12 rities and Exchange Commission, and private sector devel-

13 ops and participants in decentralized protocols, digital

14 assets, and digital asset exchanges, shall—

15 (1) analyze the market position of decentralized

16 finance technologies with respect to digital assets;

17 and

18 (2) submit to the Committee on Banking,

19 Housing, and Urban Affairs and the Committee on

20 Agriculture, Nutrition, and Forestry of the Senate

21 and the Committee on Financial Services and the

22 Committee on Agriculture of the House of Rep-

23 resentatives a report on—

1	(A) current development and use of decen-
2	tralized finance protocols in the United States
3	and other countries;
4	(B) opportunities, benefits, and challenges
5	relating to decentralized finance protocols and
6	self-custody of digital assets;
7	(C) a comparison of operational friction,
8	fees, liquidity and trading opportunities in de-
9	centralized finance protocols, digital asset mar-
10	kets, and traditional markets;
11	(D) transparency, prevention of manipula-
12	tion, and customer protection;
13	(E) cybersecurity and resiliency; and
14	(F) ensuring the accuracy of information
15	regarding the underlying smart contracts of a
16	decentralized finance protocol and the trans-
17	actions facilitated by such contracts, as the in-
18	formation appears on a website or other similar
19	means relating to the protocol.
20	<b>SEC. 806. ANALYSIS OF ENERGY CONSUMPTION IN DIGITAL</b>
21	<b>ASSET MARKETS.</b>
22	(a) IN GENERAL.—Each year, the Federal Energy
23	Regulatory Commission, in consultation with the Com-
24	modity Futures Trading Commission and Securities and

1 Exchange Commission, shall analyze the following topics  
2 with respect to digital asset markets:

- 3 (1) Energy consumption for mining and staking  
4 of digital asset transactions.  
5 (2) The effect of energy consumption described  
6 in paragraph (1) on national, regional, and local en-  
7 ergy prices.  
8 (3) The effects of mining and staking of digital  
9 asset transactions on baseload power levels.

- 10 (4) The use of renewable energy sources, in-  
11 cluding use of nonrenewable sources that would oth-  
12 erwise be wasted, and a comparison of digital asset  
13 market energy consumption with the financial serv-  
14 ices industry and economy as a whole.  
15 (5) The sources and reliability of the data used  
16 under this subsection.

- 17 (6) A process for regulated entities to make in-  
18 formation publicly available regarding energy con-  
19 sumption, including sources of energy and amount,  
20 and, if appropriate, recommendations to Congress to  
21 establish such a process.

22 (b) REPORT.—Not later than December 31 of each  
23 year, the Federal Energy Regulatory Commission shall  
24 submit to the Committee on Energy and Natural Re-  
25 sources and the Committee on Environment and Public

1 Works of the Senate and the Committee on Energy and  
2 Commerce and the Committee on Natural Resources of  
3 the House of Representatives a report containing the anal-  
4 ysis required by subsection (a).

5 **SEC. 807. ANALYSIS OF SELF-REGULATION AND REG-**  
6 **ISTERED DIGITAL ASSET ASSOCIATIONS.**

7 (a) IN GENERAL.—Not later than 180 days after the  
8 date of enactment of this Act, the Commodity Futures  
9 Trading Commission and Securities and Exchange Com-  
10 mission, in consultation with digital asset intermediaries,  
11 as defined in section 9801 of title 31, United States Code,  
12 as added by section 101 of this Act, and standard-setting  
13 associations representing the digital asset industry, shall  
14 conduct a study and submit to the Committee on Banking,  
15 Housing, and Urban Affairs and the Committee on Agri-  
16 culture, Nutrition, and Forestry of the Senate and the  
17 Committee on Financial Services and the Committee on  
18 Agriculture of the House of Representatives a report set-  
19 ting forth principles for self-regulation for digital asset  
20 markets and a proposal for the establishment of registered  
21 digital asset associations for digital asset markets based  
22 on delegated authority from the Commodity Futures  
23 Trading Commission and Securities and Exchange Com-  
24 mission to facilitate innovative, efficient, and orderly mar-

1	kets for digital assets in accordance with this Act, and	
2	the amendments made by this Act, including—	
3	(1) standard setting, corporate transparency re-	3
4	quirements, and rulemaking relating to digital asset	4
5	market conduct;	5
6	(2) regular consultation between the Com-	6
7	modity Futures Trading Commission and Securities	7
8	and Exchange Commission with respect to rules gov-	8
9	erning digital asset market conduct and the govern-	9
10	ance of registered digital asset associations;	10
11	(3) appropriate investigatory and disciplinary	11
12	powers of registered digital asset associations and	12
13	registered digital asset exchanges, respectively;	13
14	(4) the authority of digital asset intermediaries	14
15	to conduct activities relating to traditional assets;	15
16	(5) consumer education and financial literacy;	16
17	(6) professional accreditation and education;	17
18	(7) market surveillance and oversight, including	18
19	use of technology to facilitate shared trade practices	19
20	and market surveillance;	20
21	(8) risk-based examination authority;	21
22	(9) dispute resolution and arbitration;	22
23	(10) membership of registered digital asset as-	23
24	sociation members in other self-regulatory organiza-	24
25	tions and mutual recognition and acceptance of rules	25

1 and examination reports amongst self-regulatory or-  
2 ganizations;  
3 (11) voluntary and compulsory membership  
4 structures;  
5 (12) the initial determination of the legal classi-  
6 fication of a digital asset by a registered digital  
7 asset association, subject to oversight by the Com-  
8 modity Futures Trading Commission and Securities  
9 and Exchange Commission; and  
10 (13) the funding of registered digital asset as-  
11 sociations based on fees.  
12 (b) INTERIM RULE.—Not later than August 1, 2022,  
13 the Commodity Futures Trading Commission and Securi-  
14 ties and Exchange Commission shall jointly adopt an in-  
15 term final rule specifying the scope of the study under  
16 subsection (a), including topics of discussion and questions  
17 for digital asset intermediaries and associations rep-  
18 resenting the digital asset industry, and setting forth not  
19 fewer than 3 public meetings for staff of the Commodity  
20 Futures Trading Commission and the Securities and Ex-  
21 change Commission to receive public comment. The in-  
22 term final rule shall establish a comment period of not  
23 less than 120 days prior to publication of the report under  
24 subsection (a) and contain draft legislative text for the



1 creation of registered digital asset associations by Con-  
2 gress.

3 **SEC. 808. CYBERSECURITY STANDARDS FOR DIGITAL**  
4 **ASSET INTERMEDIARIES.**

5 (a) DEFINITION.—In this section, the term “digital  
6 asset intermediary” has the meaning given the term in  
7 section 9801 of title 31, United States Code, as added by  
8 section 101 of this Act.

9 (b) REQUIREMENT.—Not later than 18 months after  
10 the date of enactment of this Act, the Commodity Futures  
11 Trading Commission and the Securities and Exchange  
12 Commission, in consultation with the Secretary of the  
13 Treasury and the Director of the National Institute of  
14 Standards and Technology, shall develop comprehensive,  
15 principles-based guidance relating to cybersecurity for dig-  
16 ital asset intermediaries that account for, with respect to  
17 such a digital asset intermediary—

- 18 (1) the internal governance, and organizational  
19 culture, of the cybersecurity program of the digital  
20 asset intermediary;  
21 (2) security operations of the digital asset inter-  
22 mediatary, including threat identification, incident re-  
23 sponse, and mitigation;  
24 (3) risk identification and measurement by the  
25 digital asset intermediary;

1 (4) the mitigation of risk by the digital asset

2 intermediary, including policies of the digital asset

3 intermediary, controls implemented by the digital

4 asset intermediary, change management with respect

5 to the digital asset intermediary, and the supply

6 chain integrity of the digital asset intermediary;

7 (5) assurance provided by, and testing con-

8 ducted by, the digital asset intermediary, including

9 penetration testing and independent audits so con-

10 ducted; and

11 (6) the potential for digital asset intermediaries

12 to be used to facilitate illicit activities, including

13 sanctions avoidance.

14 **SEC. 809. ADVISORY COMMITTEE ON FINANCIAL INNOVA-**

15 **TION.**

16 (a) ESTABLISHMENT.—There is established the Advi-

17 sory Committee on Financial Innovation (in this section

18 referred to as the “Committee”).

19 (b) MEMBERSHIP.—

20 (1) COMPOSITION.—The Committee shall be

21 composed of 10 members, as follows:

22 (A) 2 members appointed by the President

23 from the financial technology industry.

24 (B) 4 members appointed by the President

25 with specializations in consumer protection,

1 consumer education, financial literacy, or finan-  
2 cial inclusion.

3 (C) A commissioner from the Securities  
4 and Exchange Commission, as designated by  
5 the Chair of the Commission.

6 (D) A commissioner from the Commodity  
7 Futures Trading Commission, as designated by  
8 the Chair of the Commission.

9 (E) A member of the Board of Governors  
10 of the Federal Reserve System, as designated  
11 by the Chair of the Board.

12 (F) A State financial regulator, as jointly  
13 designated by the National Association of State  
14 Securities Administrators and the Conference of  
15 State Bank Supervisors.

16 (2) POLITICAL AFFILIATION.—Not more than 4  
17 of the members of the Committee shall be from the  
18 same political party.

19 (3) APPOINTMENT DATE.—The appointments of  
20 the members of the Committee shall be made not  
21 later than 60 days after the date of enactment of  
22 this Act.

23 (4) PERIOD OF APPOINTMENT; VACANCIES.—

24 (A) IN GENERAL.—A member of the Com-  
25 mittee shall be appointed for a term of 4 years.

(B) VACANCIES.—A vacancy in the Com-

mittee—

(i) shall not affect the powers of the

Committee; and

(ii) shall be filled in the same manner

as the original appointment.

(5) MEETINGS.—

(A) INITIAL MEETING.—Not later than 60

days after the date on which all members of the

Committee have been appointed, the Committee

shall hold its first meeting.

(B) FREQUENCY.—The Committee shall

meet at the call of the Chair.

(C) QUORUM.—A majority of the members

of the Committee shall constitute a quorum, but

a lesser number of members may hold hearings.

(6) CHAIRPERSON.—The members described in

subparagraphs (C) and (D) of paragraph (1) shall

alternate, on a yearly basis, as Chairperson of the

Committee, with the member described in such sub-

paragraph (D) serving as the Chair for the 1-year

period following establishment of the Committee.

(c) DUTIES.—

(1) MATTERS STUDIED.—The matters studied

by the Committee shall include—

1	(A) digital assets;
2	(B) consumer education and financial lit-
3	eracy;
4	(C) market structure in the securities and
5	commodities markets;
6	(D) banking, payments and settlement;
7	(E) consumer credit;
8	(F) financial inclusion, including reducing
9	the cost of financial services for all people of
10	the United States and promoting access to
11	those services;
12	(G) efficiency in the financial system;
13	(H) reduction of systemic risk;
14	(I) competition in financial services; and
15	(J) the State-Federal partnership in finan-
16	cial services regulation.
17	(2) REPORT.—On an annual basis, or as other-
18	wise determined necessary by the Chair of the Com-
19	mittee, the Committee shall report to the President
20	and to Congress on, and provide recommendations
21	for legislation, regulation, and supervision relating
22	to innovation in, the matters studied under para-
23	graph (1).
24	(d) POWERS.—

1 (1) HEARINGS.—The Committee shall hold not

2 less than 2 hearings per calendar year to hear from

3 interested parties and to discuss the work of the

4 Committee.

5 (2) INFORMATION FROM FEDERAL AGENCIES.—

6 (A) IN GENERAL.—The Committee may

7 secure directly from a Federal department or

8 agency such information as the Committee con-

9 siders necessary to carry out this section.

10 (B) FURNISHING INFORMATION.—On re-

11 quest of the Chair of the Committee, the head

12 of the department or agency shall furnish the

13 information to the Committee.

14 (3) POSTAL SERVICES.—The Committee may

15 use the United States mails in the same manner and

16 under the same conditions as other departments and

17 agencies of the Federal Government.

18 (e) COMPENSATION.—

19 (1) IN GENERAL.—All members of the Com-

20 mittee shall serve without compensation in addition

21 to that received for their services as officers or em-

22 ployees of the United States, and all other members

23 of the Committee shall serve without compensation.

24 (2) TRAVEL EXPENSES.—Each member of the

25 Committee may be allowed travel expenses, including

1 per diem in lieu of subsistence, in accordance with  
2 sections 5702 and 5703 of title 5, United States  
3 Code, while away from their homes or regular places  
4 of business in performance of services for the Coun-  
5 cil.  
6 (f) STAFF.—  
7 (1) IN GENERAL.—The Chair of the Committee  
8 may, without regard to the civil service laws (includ-  
9 ing regulations), appoint and terminate an executive  
10 director and such other additional personnel as may  
11 be necessary to enable the Committee to perform its  
12 duties, except that the employment of an executive  
13 director shall be subject to confirmation by the Com-  
14 mittee.  
15 (2) COMPENSATION.—The Chair of the Com-  
16 mittee may fix the compensation of the executive di-  
17 rector and other personnel without regard to chapter  
18 51 and subchapter III of chapter 53 of title 5,  
19 United States Code, relating to classification of posi-  
20 tions and General Schedule pay rates, except that  
21 the rate of pay for the executive director and other  
22 personnel may not exceed the rate payable for level  
23 V of the Executive Schedule under section 5316 of  
24 that title.

1 (g) DETAIL OF GOVERNMENT EMPLOYEES.—A Fed-  
2 eral Government employee may be detailed to the Com-  
3 mittee without reimbursement, and such detail shall be  
4 without interruption or loss of civil service status or privi-  
5 lege.  
6 (h) PROCUREMENT OF TEMPORARY AND INTERMIT-  
7 TENT SERVICES.—The Chair of the Committee may pro-  
8 cure temporary and intermittent services under section  
9 3109(b) of title 5, United States Code, at rates for individ-  
10 uals that do not exceed the daily equivalent of the annual  
11 rate of basic pay prescribed for level V of the Executive  
12 Schedule under section 5316 of that title.  
13 (i) TERMINATION.—Section 14 of the Federal Advi-  
14 sory Committee Act (5 U.S.C. App.) shall not apply to  
15 the Committee.  
16 (j) AUTHORIZATION OF APPROPRIATIONS.—There is  
17 authorized to be appropriated to the Committee to carry  
18 out this section \$2,000,000 for fiscal year 2023, to remain  
19 available through fiscal year 2024.