

119TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To provide for a system of regulation of the offer and sale of digital commodities by the Commodity Futures Trading Commission, and for other purposes.

---

IN THE SENATE OF THE UNITED STATES

---

Mr. BOOZMAN (for himself and Mr. BOOKER) introduced the following bill;  
which was read twice and referred to the Committee on

---

**A BILL**

To provide for a system of regulation of the offer and sale of digital commodities by the Commodity Futures Trading Commission, and for other purposes.

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

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

4 (a) SHORT TITLE.—This Act may be cited as the  
5 **["\_\_\_\_\_ Act of \_\_\_\_\_".]**

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

Sec. 1. Short title; table of contents.

TITLE I—DEFINITIONS; RULEMAKING

## 2

- Sec. 101. Definitions under the Commodity Exchange Act.
- Sec. 102. Definitions under this Act.
- Sec. 103. Rulemakings.
- Sec. 104. Commodity Exchange Act savings provisions.
- Sec. 105. Administrative requirements.
- Sec. 106. International cooperation.
- 【Sec. 107. Treatment of certain noncontrolling 【blockchain】 developers.】
- Sec. 108. Implementation.
- Sec. 109. Effective date.
- Sec. 110. Sense of Congress.

TITLE II—REGISTRATION FOR DIGITAL COMMODITY INTER-  
MEDIARIES AT THE COMMODITY FUTURES TRADING COMMISS-  
SION

- Sec. 201. Commission jurisdiction over digital commodity transactions.
- Sec. 202. Requiring Futures Commission merchants to use qualified digital commodity custodians.
- Sec. 203. Trading certification and approval for digital commodities.
- Sec. 204. Registration of digital commodity exchanges.
- Sec. 205. Registration and regulation of digital commodity brokers and dealers.
- Sec. 206. Registration of associated persons.
- 【Sec. 207. Registration of commodity pool operators and commodity trading advisors.】
- 【Sec. 208. Decentralized finance.】
- Sec. 209. Clarification on customer property.
- Sec. 210. Resources for implementation.
- Sec. 211. Spot or cash market digital commodity retail advocate.
- Sec. 212. Report.
- 【Sec. 213. Anti-money laundering.】

1                   **TITLE I—DEFINITIONS;**  
2                   **RULEMAKING**

3   **SEC. 101. DEFINITIONS UNDER THE COMMODITY EX-**  
4                   **CHANGE ACT.**

5           (a) IN GENERAL.—Section 1a of the Commodity Ex-  
6 change Act (7 U.S.C. 1a) is amended—

- 7                   (1) by redesignating paragraphs (3), (4), (5)
- 8                   through (14), (15), (16) through (34), (35) through
- 9                   (38), and (39) through (51) as paragraphs (5), (6),
- 10                  (12) through (21), (25), (32) through (50), (52)
- 11                  through (55), and (57) through (69), respectively;

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

3           “(3) ASSOCIATED PERSON OF A DIGITAL COM-  
4       MODITY BROKER.—

5           “(A) IN GENERAL.—Except as provided in  
6       subparagraph (B), the term ‘associated person  
7       of a digital commodity broker’ means a person  
8       who is associated with a digital commodity  
9       broker as a partner, officer, employee, or agent  
10      (or any person occupying a similar status or  
11      performing similar functions) in any capacity  
12      that involves—

13           “(i) the solicitation or acceptance of  
14      an order for the purchase or sale of a dig-  
15      ital commodity; or

16           “(ii) the supervision of any person en-  
17      gaged in the solicitation or acceptance of  
18      an order for the purchase or sale of a dig-  
19      ital commodity.

20           “(B) EXCLUSION.—The term ‘associated  
21      person of a digital commodity broker’ does not  
22      include any person associated with a digital  
23      commodity broker the functions of which are  
24      solely clerical or ministerial.

1           “(4) ASSOCIATED PERSON OF A DIGITAL COM-  
2       MODITY DEALER.—

3           “(A) IN GENERAL.—Except as provided in  
4       subparagraph (B), the term ‘associated person  
5       of a digital commodity dealer’ means a person  
6       who is associated with a digital commodity deal-  
7       er as a partner, officer, employee, or agent (or  
8       any person occupying a similar status or per-  
9       forming similar functions) in any capacity that  
10      involves—

11           “(i) the solicitation or acceptance of a  
12      contract for the purchase or sale of a dig-  
13      ital commodity; or

14           “(ii) the supervision of any person en-  
15      gaged in the solicitation or acceptance of a  
16      contract for the purchase or sale of a dig-  
17      ital commodity.

18           “(B) EXCLUSION.—The term ‘associated  
19      person of a digital commodity dealer’ does not  
20      include any person associated with a digital  
21      commodity dealer the functions of which are  
22      solely clerical or ministerial.”;

23           (3) by inserting after paragraph (6) (as so re-  
24      designated) the following:



1           “(7) BANK SECRECY ACT.—The term ‘Bank Se-  
2       crecy Act’ means—

3           “(A) section 21 of the Federal Deposit In-  
4       surance Act (12 U.S.C. 1829b);

5           “(B) chapter 2 of title I of Public Law 91–  
6       508 (12 U.S.C. 1951 et seq.); and

7           “(C) subchapter II of chapter 53 of title  
8       31, United States Code.

9       **【“(8) BLOCKCHAIN.—The term ‘blockchain’**  
10      **means—】**

11           **【“(A) any technology—】**

12           **【“(i) where data is—】**

13                   **【“(I) shared across a network to**  
14                   create a distributed ledger of inde-  
15                   pendently verifiable transactions or in-  
16                   formation among network partici-  
17                   pants;】

18                   **【“(II) linked using cryptography**  
19                   to maintain the integrity of the dis-  
20                   tributed ledger and to execute other  
21                   functions; and】

22                   **【“(III) propagated among net-**  
23                   work participants to reach consensus  
24                   on the state of the distributed ledger  
25                   and any other functions; and】

1                   【“(ii) composed of source code that is  
2                   publicly available; and】

3                   【“(B) any similar technology to a tech-  
4                   nology described in subparagraph (A).】

5                   【“(9) BLOCKCHAIN APPLICATION.—The term  
6                   ‘blockchain application’ means any executable soft-  
7                   ware that is deployed to a 【blockchain】 and com-  
8                   posed of source code that is publicly available and  
9                   open-source, including a smart contract or any net-  
10                  work of smart contracts, or other similar tech-  
11                  nology.】

12                  【“(10) BLOCKCHAIN PROTOCOL.—The term  
13                  ‘blockchain protocol’ means publicly available source  
14                  code of a 【blockchain】 that is executed by the net-  
15                  work participants of a 【blockchain】 to facilitate its  
16                  functioning, or other similar technology.】

17                  【“(11) BLOCKCHAIN SYSTEM.—The term  
18                  ‘blockchain system’ means any 【blockchain】, to-  
19                  gether with its 【blockchain protocol】 or any  
20                  【blockchain application】 or network of 【blockchain  
21                  applications】.”;】

22                  (4) in paragraph (17) (as so redesignated)—

23                  (A) in subparagraph (A)—

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

4 (ii) by inserting after clause (ii) the  
5 following:

6 “(iii) digital commodity;”;

7 (B) by redesignating subparagraph (B) as  
8 subparagraph (C); and

9 (C) by inserting after subparagraph (A)  
10 the following:

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

15 “(i) acting as a digital commodity  
16 custodian;

17 “(ii) establishing, maintaining, or  
18 managing inventory or payment instru-  
19 ments for commercial purposes; or

20 “(iii) maintaining or supporting the  
21 operation of, or validating transactions on,  
22 a **blockchain**.”;

23 (5) in paragraph (18) (as so redesignated)—

24 (A) in subparagraph (A)(i)—

1 (i) by redesignating subclauses (III)  
2 and (IV) as subclauses (IV) and (V), re-  
3 spectively; and

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

6 “(III) digital commodity;”;

7 (B) by redesignating subparagraph (B) as  
8 subparagraph (C); and

9 (C) by inserting after subparagraph (A)  
10 the following:

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

15 “(i) acting as a digital commodity  
16 custodian;

17 “(ii) establishing, maintaining, or  
18 managing inventory or payment instru-  
19 ments for commercial purposes; or

20 “(iii) maintaining or supporting the  
21 operation of, or validating transactions on,  
22 a **blockchain**.”;

23 (6) in paragraph (19)(A)(i) (as so redesign-  
24 nated)—

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

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

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

8 “(III) a digital commodity;”;

9 [(7) by inserting after paragraph (21) (as so  
10 redesignated) the following:]

11 [“(22) DECENTRALIZED FINANCE MESSAGING  
12 SYSTEM.—]

13 [“(A) IN GENERAL.—The term ‘decentral-  
14 ized finance messaging system’ means a soft-  
15 ware application that provides a user with the  
16 ability to create or submit an instruction, com-  
17 munication, or message to a [decentralized fi-  
18 nance trading protocol] for the purpose of exe-  
19 cuting a transaction by the user.]

20 [“(B) ADDITIONAL REQUIREMENTS.—The  
21 term ‘decentralized finance messaging system’  
22 does not include any system that provides any  
23 person other than the user with control over—  
24 ]

25 [“(i) the funds of the user; or]

1                   【“(ii) the execution of the transaction  
2                   of the user.】

3                   【“(23) DECENTRALIZED FINANCE TRADING  
4                   PROTOCOL.—】

5                   【“(A) IN GENERAL.—The term ‘decentral-  
6                   ized finance trading protocol’ means a  
7                   【blockchain application】 through which mul-  
8                   tiple participants can execute a financial trans-  
9                   action—】

10                  【“(i) in accordance with an auto-  
11                  mated rule or algorithm that is predeter-  
12                  mined and nondiscretionary; and】

13                  【“(ii) without reliance on any other  
14                  person to maintain control of the digital  
15                  assets of the user during any part of the  
16                  financial transaction.】

17                  【“(B) EXCLUSIONS.—】

18                  【“(i) IN GENERAL.—The term ‘decen-  
19                  tralized finance trading protocol’ does not  
20                  include a 【blockchain application】 if—】

21                  【“(I) a person or group of per-  
22                  sons under common control or acting  
23                  pursuant to an agreement to act in  
24                  concert has the authority, directly or  
25                  indirectly, through any contract, ar-

1 rangement, understanding, relation-  
2 ship, or otherwise, to control or mate-  
3 rially alter the functionality, oper-  
4 ation, or rules of consensus or agree-  
5 ment of the **【blockchain application】**;  
6 or**】**

7 **【“(II) the 【blockchain】 does not**  
8 operate, execute, and enforce its oper-  
9 ations and transactions based solely  
10 on pre-established, transparent rules  
11 encoded directly within the source  
12 code of the **【blockchain application】.****】**

13 **【“(ii) SPECIAL RULE.—For purposes**  
14 of clause (i), a **【decentralized governance**  
15 system**】** shall not be considered to be a  
16 person or a group of persons under com-  
17 mon control or acting pursuant to an  
18 agreement to act in concert.**】**

19 **【“(24) DECENTRALIZED GOVERNANCE SYS-**  
20 **TEM.—】**

21 **【“(A) IN GENERAL.—The term ‘decentral-**  
22 ized governance system’ means, with respect to  
23 a **【blockchain system】**, any transparent, rules-  
24 based system permitting persons to form con-  
25 sensus or reach agreement in the development,

1 provision, publication, maintenance, or adminis-  
2 tration of such [blockchain system], where par-  
3 ticipation is not limited to, or under the effec-  
4 tive control of, any person or group of persons  
5 under common control.]

6 [“(B) RELATIONSHIP OF PERSONS TO  
7 [DECENTRALIZED GOVERNANCE SYSTEMS].—  
8 With respect to a [decentralized governance  
9 system], the [decentralized governance system]  
10 and any persons participating in the [decentral-  
11 ized governance system] shall be treated as  
12 separate persons unless such persons are under  
13 common control or acting pursuant to an agree-  
14 ment to act in concert.]

15 [“(C) LEGAL ENTITIES FOR [DECENTRAL-  
16 IZED GOVERNANCE SYSTEMS].—]

17 [“(i) IN GENERAL.—The term ‘decen-  
18 tralized governance system’ includes a legal  
19 entity used to implement the rules-based  
20 system described in subparagraph (A), pro-  
21 vided that the legal entity does not operate  
22 pursuant to centralized management.]

23 [“(ii) EFFECT OF CERTAIN DELEGA-  
24 TIONS.—For the purposes of this subpara-  
25 graph, the delegation of ministerial or ad-



1           ministrative authority at the direction of  
2           the participants in a **【decentralized gov-**  
3           **ernance system】** shall not be construed to  
4           be centralized management.”;**】**

5           (8) by inserting after paragraph (25) (as so re-  
6           designated) the following:

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

11          “(27) DIGITAL COMMODITY.—

12               “(A) IN GENERAL.—The term ‘digital com-  
13               modity’ means any fungible digital asset that  
14               can be exclusively possessed and transferred,  
15               person to person, without necessary reliance on  
16               an intermediary, and is recorded on a cryp-  
17               tographically secured public distributed ledger.

18               “(B) EXCLUSIONS.—The term ‘digital  
19               commodity’ does not include any of the fol-  
20               lowing:

21                       **【“(i) SECURITY.—Security】**

22                       “(ii) SECURITY DERIVATIVE.—A dig-  
23               ital asset that, based on its terms and  
24               other characteristics, is, represents, or is

functionally equivalent to an agreement,  
contract, or transaction that is—

“(I) a security future (as defined  
in section 2(a) of the Securities Act of  
1933 (15 U.S.C. 77b(a)));

“(II) a security-based swap; or

“(III) a put, call, straddle, op-  
tion, or privilege on any security, cer-  
tificate of deposit, or group or index  
of securities (including any interest  
therein or based on the value thereof)  
(within the meaning of section 2(a)(1)  
of the Securities Act of 1933 (15  
U.S.C. 77b(a)(1))).

“(iii) PERMITTED PAYMENT  
STABLECOIN.—A payment stablecoin (as  
defined in section 2 of the GENIUS Act  
(Public Law 119–27; 139 Stat. 419)) that  
is issued by a permitted payment  
stablecoin issuer (as defined in that sec-  
tion).

“(iv) BANKING DEPOSIT.—

“(I) A deposit (as defined in sec-  
tion 3 of the Federal Deposit Insur-  
ance Act (12 U.S.C. 1813)), regard-

1 less of the technology used to record  
2 the deposit.

3 “(II) An account (as defined in  
4 section 101 of the Federal Credit  
5 Union Act (12 U.S.C. 1752)), regard-  
6 less of the technology used to record  
7 the account.

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

11 “(I) an agricultural commodity;

12 “(II) an excluded commodity,  
13 other than a security; or

14 “(III) an exempt commodity,  
15 other than the digital commodity  
16 itself, as shall be further defined by  
17 the Commission.

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

23 “(I) a contract of sale of a com-  
24 modity for future delivery or an op-  
25 tion thereon;

16

1 “(II) a security futures product;

2 “(III) a swap;

3 “(IV) an agreement, contract, or  
4 transaction described in subparagraph  
5 (C)(i) or (D)(i) of section 2(c)(2);

6 “(V) a commodity option author-  
7 ized under section 4c; or

8 “(VI) a leverage transaction au-  
9 thorized under section 19.

10 “(vii) POOLED INVESTMENT VEHI-  
11 CLE.—

12 “(I) IN GENERAL.—A digital  
13 asset not described in clause (i) that,  
14 based on its terms and other charac-  
15 teristics, is, represents, or is function-  
16 ally equivalent to an interest in—

17 “(aa) a commodity pool; or

18 “(bb) a pooled investment  
19 vehicle.

20 “(II) POOLED INVESTMENT VE-  
21 HICLE DEFINED.—In this clause, the  
22 term ‘pooled investment vehicle’  
23 means—

24 “(aa) any investment com-  
25 pany (as defined in section 3(a)

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

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

16           【“(cc) any entity or person  
17 that is not an investment com-  
18 pany but holds or will hold assets  
19 other than securities.】

20           “(viii) GOOD, COLLECTIBLE, AND  
21 OTHER NONCOMMODITY ASSET.—

22           “(I) IN GENERAL.—A digital  
23 asset that has value, utility, or signifi-  
24 cance beyond its mere existence as a  
25 digital asset, including the digital

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

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

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

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

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

16 “(II) COLLECTIBLES.—

17 “(aa) IN GENERAL.—For  
18 purposes of subclause (I), an  
19 asset is not a collectible if the  
20 issuance, replication, or pro-  
21 grammatic distribution of the  
22 asset permits market-scale trad-  
23 ing among unaffiliated persons.

24 “(bb) DETERMINATION.—  
25 The Commission shall define the

1 term ‘market-scale trading  
2 among affiliated persons’ for pur-  
3 poses of item (aa) through rule-  
4 making.

5 “(C) RULES OF CONSTRUCTION.—

6 “(i) No presumption shall exist that a  
7 digital asset is a security, nor shall a dig-  
8 ital asset be excluded from being a digital  
9 commodity pursuant to subparagraph  
10 **[(B)(i)]**, solely due to—

11 “(I) the digital asset providing  
12 voting or economic rights with respect  
13 to the **[blockchain]** to which the dig-  
14 ital asset relates or the **[decentralized  
15 governance system]** of the  
16 **[blockchain]** to which the digital  
17 asset relates;

18 “(II) the value of the digital  
19 asset having the potential to appre-  
20 ciate or depreciate in response to the  
21 efforts, operations, or financial per-  
22 formance of the **[blockchain]** to  
23 which the digital asset relates or the  
24 **[decentralized governance system]** of

1 the **【blockchain】** to which the digital  
2 asset relates; or

3 “(III) the value of the digital  
4 asset appreciating or depreciating due  
5 to the use of the **【blockchain】** to  
6 which the digital asset relates or the  
7 **【decentralized governance system】** of  
8 the **【blockchain】** to which the digital  
9 asset relates.

10 “(ii) The term ‘digital commodity’ in-  
11 cludes any fungible digital asset that can  
12 be exclusively possessed and transferred,  
13 person to person, without necessary reli-  
14 ance on an intermediary and is recorded  
15 on a cryptographically secured public dis-  
16 tributed ledger, of which the primary  
17 branding, narrative, or price discovery is  
18 substantially derived from a meme, joke,  
19 trend, or the name or likeness of a public  
20 figure (with or without license).

21 “(28) DIGITAL COMMODITY BROKER.—

22 “(A) IN GENERAL.—The term ‘digital com-  
23 modity broker’ means any person who—

24 “(i) as a regular business, in a digital  
25 commodity cash or spot market—



1 “(I)(aa) solicits or accepts an  
2 order from a person [who is not an  
3 eligible contract participant] for the  
4 purchase or sale of a unit of a digital  
5 commodity; and

6 “(bb) in conjunction with the ac-  
7 tivity described in item (aa), accepts  
8 or maintains control over the funds or  
9 other property or assets of the person  
10 or the execution of the transaction;

11 “(II) solicits or accepts an order  
12 from a person [who is not an eligible  
13 contract participant] on behalf of a  
14 digital commodity dealer for the pur-  
15 chase or sale of a unit of a digital  
16 commodity; or

17 “(III) solicits or accepts an order  
18 from a person [who is not an eligible  
19 contract participant] for the purchase  
20 or sale of a unit of a digital com-  
21 modity on or subject to the rules of a  
22 registered digital commodity ex-  
23 change; or

24 “(ii) is registered with the Commis-  
25 sion as a digital commodity broker.

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

4           “(i) enters into 1 or more digital com-  
5 modity transactions that are attributable  
6 or solely incidental to making, sending, re-  
7 ceiving, or facilitating payments, whether  
8 involving a payment service provider or on  
9 a peer-to-peer basis; or

10           “(ii) is a bank (as defined in section  
11 3(a) of the Securities Exchange Act of  
12 1934 (15 U.S.C. 78c(a)) engaging in cer-  
13 tain banking activities with respect to a  
14 digital commodity in the same or a similar  
15 manner as a bank is excluded from the  
16 definition of a broker under section 3(a)(4)  
17 of that Act (15 U.S.C. 78c(a)(4)), as de-  
18 termined by the Commission.

19           **【“(C) FURTHER DEFINITION 【Option**  
20 **1】.—**The Commission, by rule or regulation,  
21 may exclude from the term ‘digital commodity  
22 broker’ any person or class of persons if the  
23 Commission determines that the rule or regula-  
24 tion will effectuate the purposes of this Act.】

1                   **“(C) FURTHER DEFINITION** **【Option**  
2                   **2】.**—The Commission, by rule or regulation,  
3                   shall identify any eligible contract participant  
4                   activities that may qualify for a limited exemp-  
5                   tion from the term ‘digital commodity broker’ if  
6                   the Commission determines that the rule or reg-  
7                   ulation will effectuate the protection of cus-  
8                   tomer assets and the purposes of this Act.]

9                   “(29) DIGITAL COMMODITY CUSTODIAN.—The  
10           term ‘digital commodity custodian’ means a person  
11           who, as a regular business, holds, maintains, or safe-  
12           guards digital commodities for others.

13 “(30) DIGITAL COMMODITY DEALER.—

14                   “(A) IN GENERAL.—The term ‘digital com-  
15                   modity dealer’ means any person who—

16 “(i) as a regular business, in a spot or  
17 cash digital commodity market, enters into,  
18 or offers to enter into, a purchase or sale  
19 of a unit of a digital commodity—

20 “(I) with a counterparty **【that is**  
21 not an eligible contract participant**】**;  
22 and

23 “(II) not on or through a reg-  
24 istered digital commodity exchange or

1                   【decentralized finance trading pro-  
2                   tocol】; or

3                   “(ii) is registered with the Commis-  
4                   sion as a digital commodity dealer.

5                   “(B) EXCEPTION.—The term ‘digital com-  
6                   modity dealer’ does not include a person solely  
7                   because the person—

8                   “(i) enters into 1 or more digital com-  
9                   modity transactions that are attributable  
10                  or solely incidental to making, sending, re-  
11                  ceiving, or facilitating payments, whether  
12                  involving a payment service provider or on  
13                  a peer-to-peer basis; or

14                  “(ii) is a bank (as defined in section  
15                  3(a) of the Securities Exchange Act of  
16                  1934 (15 U.S.C. 78c(a)) engaging in cer-  
17                  tain banking activities with respect to a  
18                  digital commodity in the same or a similar  
19                  manner as a bank is excluded from the  
20                  definition of a dealer under section 3(a)(5)  
21                  of that Act (15 U.S.C. 78c(a)(5)), as de-  
22                  termined by the Commission.

23                  【“(C) FURTHER DEFINITION 【*Option*  
24                  1】.—The Commission, by rule or regulation,  
25                  may exclude from the term ‘digital commodity

1 dealer’ any person or class of persons if the  
2 Commission determines that the rule or regula-  
3 tion will effectuate the purposes of this Act.】

4 【“(C) FURTHER DEFINITION 【*Option*  
5 2】.—The Commission, by rule or regulation,  
6 shall identify any eligible contract participant  
7 activities that may qualify for a limited exemp-  
8 tion from the term ‘digital commodity dealer’ if  
9 the Commission determines that the rule or reg-  
10 ulation will effectuate the protection of cus-  
11 tomer assets and the purposes of this Act.】

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

16 (9) by inserting after paragraph (50) (as so re-  
17 designated) the following:

18 “(51) MIXED DIGITAL ASSET TRANSACTION.—  
19 The term ‘mixed digital asset transaction’ means a  
20 transaction in which a digital commodity is traded  
21 for a security.”;

22 (10) by inserting after paragraph (55) (as so  
23 redesignated) the following:

24 “(56) QUALIFIED DIGITAL COMMODITY CUSTO-  
25 DIAN.—

1           “(A) IN GENERAL.—The term ‘qualified  
2           digital commodity custodian’ means a digital  
3           commodity custodian that—

4           “(i) holds digital commodities on be-  
5           half of a person registered under this Act  
6           or a customer of a person registered under  
7           this Act; and

8           “(ii) is in compliance with subpara-  
9           graphs (B) through (D).

10          “(B) SUPERVISION REQUIREMENT.—A dig-  
11          ital commodity custodian is in compliance with  
12          this subparagraph if the digital commodity cus-  
13          todian is subject to—

14          “(i) supervision and examination for  
15          custody and safekeeping of digital assets  
16          by an appropriate Federal banking agency,  
17          the National Credit Union Administration,  
18          the Commission, or the Securities and Ex-  
19          change Commission; or

20          “(ii) adequate supervision and appro-  
21          priate regulation for custody and safe-  
22          keeping of digital assets by—

23          “(I) a State bank supervisor (as  
24          defined in section 3 of the Federal

1 Deposit Insurance Act (12 U.S.C.  
2 1813));

3 “(II) a State officer, agency, or  
4 other entity that has primary regu-  
5 latory authority over nondepository  
6 State trust companies;

7 “(III) a State credit union super-  
8 visor (as defined in section 6003 of  
9 the Anti-Money Laundering Act of  
10 2020 (31 U.S.C. 5311 note; division  
11 F of Public Law 116–283)); or

12 “(IV) an appropriate foreign gov-  
13 ernmental authority in the home  
14 country of the digital commodity cus-  
15 todian that is subject to a com-  
16 parability determination approved by  
17 the Commission.

18 “(C) OTHER REQUIREMENTS.—A digital  
19 commodity custodian shall be in compliance  
20 with this subparagraph if the following require-  
21 ments are met:

22 “(i) NOT OTHERWISE PROHIBITED.—  
23 The digital commodity custodian has not  
24 been prohibited by the applicable super-  
25 visor described in subparagraph (B) from

engaging in an activity with respect to the custody and safekeeping of digital assets.

“(ii) INFORMATION SHARING.—

“(I) IN GENERAL.—The digital commodity custodian shares information with the Commission on request and complies with such requirements for periodic sharing of information regarding customer accounts that the digital commodity custodian holds on behalf of an entity registered with the Commission as the Commission determines by rule are reasonably necessary to effectuate any of the provisions, or to accomplish any of the purposes, of this Act.

“(II) PROVISION OF INFORMATION.—If the digital commodity custodian is subject to regulation and examination by an appropriate Federal banking agency, the digital commodity custodian may satisfy any information request described in subclause (I) by providing the Commission with a detailed listing, in writing, of the digital



1 assets of a customer in the custody of,  
2 or use by, the digital commodity cus-  
3 todian.

4 “(D) RULEMAKING.—

5 “(i) IN GENERAL.—The Commission  
6 shall prescribe rules to permit a digital  
7 commodity custodian registered with the  
8 Commission to be a qualified digital com-  
9 modity custodian.

10 “(ii) CONTENT.—In prescribing the  
11 rules under clause (i), to be a qualified dig-  
12 ital commodity custodian, the Commission  
13 shall require a digital commodity custodian  
14 registered with the Commission—

15 “(I) to implement requirements  
16 consistent with the requirements de-  
17 scribed in subparagraph (E)(i);

18 “(II) to establish sufficient sys-  
19 tem safeguards;

20 “(III) to prevent or mitigate con-  
21 flicts of interest, as appropriate; and

22 “(IV) to establish separate gov-  
23 ernance arrangements for the custo-  
24 dial function of the entity.

1 “(E) ADEQUATE SUPERVISION AND APPRO-  
2 PRIATE REGULATION.—

3 “(i) IN GENERAL.—For purposes of  
4 subparagraph (B), the terms ‘adequate su-  
5 pervision’ and ‘appropriate regulation’  
6 mean such minimum standards for super-  
7 vision and regulation as are reasonably  
8 necessary to protect the digital assets held  
9 by a person registered under this Act, in-  
10 cluding standards relating to the licensing,  
11 examination, and supervisory processes  
12 that require the person to, at a min-  
13 imum—

14 “(I) receive a review and evalua-  
15 tion of ownership, character and fit-  
16 ness, conflicts of interest, business  
17 model, financial statements, funding  
18 resources, and policies and procedures  
19 of the digital commodity custodian;

20 “(II) hold capital sufficient to  
21 conduct an orderly winddown and res-  
22 olution of the digital commodity cus-  
23 todian;

24 “(III) protect customer assets;

1 “(IV) establish and maintain  
2 books and records regarding the busi-  
3 ness of the digital commodity custo-  
4 dian;

5 “(V) submit financial statements  
6 and audited financial statements to  
7 the applicable supervisor described in  
8 subparagraph (B);

9 “(VI) provide disclosures to the  
10 applicable supervisor described in sub-  
11 paragraph (B) regarding actions, pro-  
12 ceedings, and other items as deter-  
13 mined by the supervisor;

14 “(VII) maintain and enforce poli-  
15 cies and procedures for compliance  
16 with applicable State and Federal  
17 laws, including those related to anti-  
18 money laundering and cybersecurity;

19 “(VIII) establish a business con-  
20 tinuity plan to ensure functionality in  
21 cases of disruption; and

22 “(IX) establish policies and pro-  
23 cedures to resolve complaints.

24 “(ii) RULEMAKING WITH RESPECT TO

25 DEFINITIONS.—

1 “(I) IN GENERAL.—For purposes  
2 of this paragraph, the Commission  
3 shall, by rule, further define the terms  
4 ‘adequate supervision’ and ‘appro-  
5 priate regulation’ as necessary and  
6 appropriate for the protection of cus-  
7 tomers, and consistent with the pur-  
8 poses of this Act.

9 “(II) EXISTING DIGITAL ASSET  
10 CUSTODIANS.—A State depository in-  
11 stitution or a trust company operating  
12 as a digital commodity custodian be-  
13 fore the effective date of a rulemaking  
14 under subclause (I) is deemed subject  
15 to adequate supervision and appro-  
16 priate regulation if—

17 “(aa) the State depository  
18 institution or trust company is  
19 expressly permitted by a State  
20 bank supervisor to engage in the  
21 custody and safekeeping of dig-  
22 ital assets;

23 “(bb) the State bank super-  
24 visor has established licensing,  
25 examination, and supervisory

1 processes that require the State  
2 depository institution or trust  
3 company to, at a minimum, meet  
4 the conditions described in sub-  
5 clauses (I) through (IX) of clause  
6 (i); and

7 “(cc) the State depository  
8 institution or trust company is in  
9 good standing with its State  
10 bank supervisor.

11 “(III) TRANSITION PERIOD FOR  
12 CERTAIN CUSTODIANS.—In imple-  
13 menting the rulemaking under sub-  
14 clause (I), the Commission shall pro-  
15 vide a transition period of not less  
16 than 2 years for any State depository  
17 institution or trust company that is  
18 deemed subject to adequate super-  
19 vision and appropriate regulation  
20 under subclause (II) on the effective  
21 date of the rulemaking.”; and

22 (11) in paragraph (58) (as so redesignated)—  
23 (A) in subparagraph (E), by striking  
24 “and” at the end;

1 (B) in subparagraph (F), by striking the  
2 period at the end and inserting “; and”; and

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

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

6 (b) CONFORMING AMENDMENTS.—

7 (1) Section 1a of the Commodity Exchange Act  
8 (7 U.S.C. 1a) is amended—

9 (A) in paragraph (33)(A) (as redesignated  
10 by subsection (a)(1)), in the matter preceding  
11 clause (i), by striking “(18)(A)” and inserting  
12 “(34)(A)”; and

13 (B) in paragraph (34)(A)(vii)(III)(aa) (as  
14 redesignated by subsection (a)(1)), by striking  
15 “(17)(A)” and inserting “(33)(A)”.

16 (2) Section 4(c)(1)(A)(i)(I) of the Commodity  
17 Exchange Act (7 U.S.C. 6(c)(1)(A)(i)(I)) is amended  
18 by striking “paragraphs (2), (3), (4), (5), and (7),  
19 paragraph (18)(A)(vii)(III), paragraphs (23), (24),  
20 (31), (32), (38), (39), (41), (42), (46), (47), (48),  
21 and (49) of section 1a” and inserting “paragraphs  
22 (2), (5), (6), (12), (14), (34)(A)(vii)(III), (39), (40),  
23 (47), (48), (55), (57), (59), (60), (64), (65), (66),  
24 and (67) of section 1a”.

1           (3) Section 4q(a)(1) of the Commodity Ex-  
2           change Act (7 U.S.C. 6q(a)(1)) is amended by strik-  
3           ing “1a(9)” and inserting “1a(16)”.

4           (4) Section 4s of the Commodity Exchange Act  
5           (7 U.S.C. 6s) is amended—

6                 (A) in subsection (f)(1)(D), by striking  
7                 “1a(47)(A)(v)” and inserting “1a(65)(A)(v)”;  
8                 and

9                 (B) in subsection (h)(5)(A)(i), in the mat-  
10            ter preceding subclause (I), by striking “1a(18)  
11            of this Act” and inserting “1a(34)”.

12           (5) Section 4t(b)(1)(C) of the Commodity Ex-  
13           change Act (7 U.S.C. 6t(b)(1)(C)) is amended by  
14           striking “1a(47)(A)(v),” and inserting  
15           “1a(65)(A)(v),”.

16           (6) Section 5 of the Commodity Exchange Act  
17           (7 U.S.C. 7) is amended—

18                 (A) in subsection (d)(23), by striking  
19                 “1a(47)(A)(v)” and inserting “1a(65)(A)(v)”;  
20                 and

21                 (B) in subsection (e)(1), by striking  
22                 “1a(9)” and inserting “1a(16)”.

23           (7) Section 5b(k)(3)(A) of the Commodity Ex-  
24           change Act (7 U.S.C. 7a–1(k)(3)(A)) is amended by

1 striking “1a(47)(A)(v))” and inserting  
2 “1a(52)(A)(v))”.

3 (8) Section 5h(f)(10)(A)(iii) of the Commodity  
4 Exchange Act (7 U.S.C. 7b–3(f)(10)(A)(iii)) is  
5 amended by striking “1a(47)(A)(v))” and inserting  
6 “1a(65)(A)(v))”.

7 (9) Section 21(f)(4)(C) of the Commodity Ex-  
8 change Act (7 U.S.C. 24a(f)(4)(C)) is amended by  
9 striking “1a(48))” and inserting “1a(66))”.

10 (10) Section 5(e) of the Securities Act of 1933  
11 (15 U.S.C. 77e(e)) is amended by striking “section  
12 1a(18) of the Commodity Exchange Act (7 U.S.C.  
13 1a(18))” and inserting “section 1a of the Com-  
14 modity Exchange Act (7 U.S.C. 1a))”.

15 (11) Section 3C(g)(3)(A)(v) of the Securities  
16 Exchange Act of 1934 (15 U.S.C. 78c–  
17 3(g)(3)(A)(v)) is amended by striking “section  
18 1a(10) of the Commodity Exchange Act;” and in-  
19 serting “section 1a of the Commodity Exchange Act  
20 (7 U.S.C. 1a);”.

21 (12) Section 6(g)(5)(B)(i) of the Securities Ex-  
22 change Act of 1934 (15 U.S.C. 78f(g)(5)(B)(i)) is  
23 amended—

24 (A) in subclause (I), by striking “section  
25 1a(18)(B)(ii) of the Commodity Exchange Act”



1 and inserting “subparagraph (B)(ii) of section  
2 1a(34) of the Commodity Exchange Act (7  
3 U.S.C. 1a(34))”; and

4 (B) in subclause (II), by striking “such  
5 section 1a(18))” and inserting “that section”).

6 (13) Section 15F(h)(5)(A)(i) of the Securities  
7 Exchange Act of 1934 (15 U.S.C. 78o–  
8 10(h)(5)(A)(i)) is amended, in the matter preceding  
9 subclause (I), by striking “1a(18)” and inserting  
10 “1a(34)”.

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

14 (A) in subsection (a)(8), by striking  
15 “1a(47)(D)” each place it appears and insert-  
16 ing “1a(65)(D)”; and

17 (B) in subsection (d)(1), by striking  
18 “1a(47)(A)(v)” each place it appears and in-  
19 serting “1a(65)(A)(v)”.

20 (15) Section 752(a) of the Dodd-Frank Wall  
21 Street Reform and Consumer Protection Act (15  
22 U.S.C. 8325(a)) is amended by striking “section  
23 1a(39) of the Commodity Exchange Act),” and in-  
24 serting “section 1a of the Commodity Exchange Act  
25 (7 U.S.C. 1a)),”.

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

4           (A) in subsection (a)(2), by striking  
5       “1a(47)(A)(v)” and inserting “1a(65)(A)(v)”;  
6       and

7           (B) in each of subsections (b)(1) and  
8       (c)(2), by striking “1a(47)” and inserting  
9       “1a(65)”.

10 **SEC. 102. DEFINITIONS UNDER THIS ACT.**

11       In this Act, the terms “Bank Secrecy Act”,  
12    ~~“blockchain”~~, ~~“decentralized finance messaging sys-~~  
13    ~~tem”~~, ~~“decentralized finance trading protocol”~~, ~~“decen-~~  
14    ~~tralized governance system”~~,] “digital asset”, “digital  
15    commodity”, “digital commodity broker”, “digital com-  
16    modity dealer”, “digital commodity exchange”, and  
17    “mixed digital asset transaction” have the meaning given  
18    those terms, respectively, in section 1a of the Commodity  
19    Exchange Act (7 U.S.C. 1a).

20 **SEC. 103. RULEMAKINGS.**

21       (a) DEFINITIONS.—The Commodity Futures Trading  
22    Commission shall issue rules to further define the terms  
23    “associated person of a digital commodity broker”, “asso-  
24    ciated person of a digital commodity dealer”,  
25    ~~“blockchain”~~, ~~“blockchain application”~~, ~~“blockchain pro-~~

1 tocol”, “blockchain system”], [“decentralized finance  
2 messaging system”, “decentralized finance trading pro-  
3 tocol”, “decentralized governance system”], and “digital  
4 commodity” (as defined in section 1a of the Commodity  
5 Exchange Act (7 U.S.C. 1a)).

6       **[(b) JOINT RULEMAKING FOR EXCHANGES AND**  
7 **INTERMEDIARIES.—**The Commodity Futures Trading  
8 Commission and the Securities and Exchange Commission  
9 shall jointly issue rules to exempt persons dually registered  
10 with the Commodity Futures Trading Commission and the  
11 Securities and Exchange Commission from duplicative,  
12 conflicting, or unduly burdensome provisions of this Act,  
13 the securities laws (as defined in section 3(a) of the Secu-  
14 rities Exchange Act of 1934 (15 U.S.C. 78c(a))), and the  
15 Commodity Exchange Act (7 U.S.C. 1 et seq.), and the  
16 rules under those Acts, to the extent that the exemption  
17 would—**]**

18               **[(1) foster the development of fair and orderly**  
19               **markets in digital assets;]**

20               **[(2) be necessary or appropriate for the protec-**  
21               **tion of customers; and]**

22               **[(3) be consistent with the protection of inves-**  
23               **tors.]**

24       **[(c) JOINT RULEMAKING FOR MIXED DIGITAL**  
25 **ASSET TRANSACTIONS.—**The Securities and Exchange

1 Commission and the Commodity Futures Trading Com-  
2 mission shall jointly issue rules applicable to mixed digital  
3 asset transactions under this Act and the amendments  
4 made by this Act, including by further defining such  
5 term.】

6 (d) PROTECTION OF SELF-CUSTODY.—

7 (1) IN GENERAL.—A person shall retain the  
8 right—

9 (A) to maintain a hardware wallet or soft-  
10 ware wallet for the purpose of facilitating the  
11 person’s own lawful custody of digital assets;  
12 and

13 (B) to engage in direct, peer-to-peer, law-  
14 ful transactions in digital assets with another  
15 person for the person’s own lawful purposes  
16 using a hardware wallet or software wallet, if—

17 (i) such other person is not a financial  
18 institution (as defined in section 5312 of  
19 title 31, United States Code); and

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

24 (2) APPLICATION.—This subsection—

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

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

5 **[(3) RULE OF CONSTRUCTION.—**Nothing in  
6 this subsection shall be construed to limit the au-  
7 thority of the Secretary of the Treasury, the Securi-  
8 ties and Exchange Commission, the Commodity Fu-  
9 tures Trading Commission, the Board of Governors  
10 of the Federal Reserve System, the Comptroller of  
11 the Currency, the Federal Deposit Insurance Cor-  
12 poration, or the National Credit Union Administra-  
13 tion to carry out any enforcement action or special  
14 measure authorized under applicable law, includ-  
15 ing—**]**

16 **[(A) the Bank Secrecy Act;]**

17 **[(B) section 9714 of the Combating Rus-**  
18 **sian Money Laundering Act (31 U.S.C. 5318A**  
19 **note; Public Law 116–283);]**

20 **[(C) section 7213A of the Fentanyl Sanc-**  
21 **tions Act (21 U.S.C. 2313a); and]**

22 **[(D) any other law relating to illicit fi-**  
23 **nance, money laundering, terrorism financing,**  
24 **or United States sanctions.]**

1       **[(e) JOINT RULES FOR PORTFOLIO MARGINING DE-**  
2 **TERMINATIONS.—]**

3           **[(1) IN GENERAL.—**Not later than 360 days  
4 after the date of enactment of this Act, the Com-  
5 modity Futures Trading Commission and the Securi-  
6 ties and Exchange Commission shall jointly issue  
7 rules with respect to margin, customer protection,  
8 segregation, or other requirements as necessary to  
9 facilitate portfolio margining of securities (including  
10 related extensions of credit), security-based swaps,  
11 contracts for future delivery, options on a contract  
12 for future delivery, swaps, and digital commodities,  
13 or any subset thereof, in—**]**

14           **[(A)** a securities account carried by a reg-  
15 istered broker or dealer or a security-based  
16 swap account carried by a registered security-  
17 based swap dealer;**]**

18           **[(B)** a futures or cleared swap account  
19 carried by a registered futures commission mer-  
20 chant (as defined in section 1a of the Com-  
21 modity Exchange Act (7 U.S.C. 1a));**]**

22           **[(C)** a swap account carried by a swap  
23 dealer; or**]**

24           **[(D)** a digital commodity account carried  
25 by a registered digital commodity broker or dig-

1           ital commodity dealer that is also registered in  
2           such other capacity as is necessary to also carry  
3           the other customer or counterparty positions  
4           being held in the account.】

5           【(2) REQUIREMENTS.—With respect to a joint  
6           rulemaking described in paragraph (1)—】

7                   【(A) the joint rule shall be in the public  
8           interest and provide for the appropriate protec-  
9           tion of customers;】

10                   【(B) the Securities and Exchange Com-  
11           mission and the Commodity Futures Trading  
12           Commission shall consider the public interest of  
13           the joint rule through the solicitation of public  
14           comments; and】

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

23           【(f) CONFLICTS OF INTEREST RULEMAKING.—】

24                   【(1) RULEMAKING.—Not later than 18 months  
25           after the date of enactment of this Act, the Com-

1       modity Futures Trading Commission shall issue  
2       rules establishing requirements for the identification,  
3       mitigation, and resolution of conflicts of interest  
4       among and across registered entities (as defined in  
5       section 1a of the Commodity Exchange Act (7  
6       U.S.C. 1a)) and persons required to be registered  
7       with the Commodity Futures Trading Commission,  
8       including conflicts of interest related to market regu-  
9       lation functions and vertically integrated market  
10      structures and their varying responsibilities.】

11           【(2) MINIMUM STANDARDS.—The rules issued  
12      under paragraph (1) shall, at a minimum—】

13           【(A) establish governance, personnel, and  
14      financial resource separation among affiliated  
15      entities that perform distinct regulated func-  
16      tions;】

17           【(B) prohibit trading facilities or inter-  
18      mediaries from acting as counterparties to cus-  
19      tomer transactions or otherwise engaging in  
20      self-dealing;】

21           【(C) require appropriate safeguards for  
22      custody and use of customer assets to prevent  
23      conflicts arising from commingling or misuse;】



1           【(D) mandate disclosure and management  
2           of material conflicts, including those involving  
3           affiliated entities or proprietary trading;】

4           【(E) ensure independent oversight and de-  
5           cision-making in market operations and compli-  
6           ance; and】

7           【(F) provide for graduated penalties, in-  
8           cluding disgorgement and registration condi-  
9           tions, suspensions, or revocations for repeated  
10          violations.】

11 **SEC. 104. COMMODITY EXCHANGE ACT SAVINGS PROVI-**  
12 **SIONS.**

13       (a) IN GENERAL.—Nothing in this Act or any  
14 amendment made by this Act shall affect or apply to, or  
15 be interpreted to affect or apply to—

16           (1) any agreement, contract, or transaction that  
17       is subject to the Commodity Exchange Act (7 U.S.C.  
18       1a et seq.) as—

19           (A) a contract of sale of a commodity for  
20       future delivery or an option on such a contract  
21       (as those terms are defined in section 1a of the  
22       Commodity Exchange Act (7 U.S.C. 1a));

23           (B) a swap (as defined in that section);

24           (C) a security futures product (as defined  
25       in that section);

1 (D) an option authorized under section 4c  
2 of that Act (7 U.S.C. 6c);

3 (E) an agreement, contract, or transaction  
4 described in section 2(c)(2)(C)(i) of that Act (7  
5 U.S.C. 2(c)(2)(C)(i)); or

6 (F) a leverage transaction authorized  
7 under section 19 of that Act (7 U.S.C. 23); or

8 (2) the activities of any person with respect to  
9 any agreement, contract, or transaction described in  
10 paragraph (1).

11 (b) PROHIBITIONS ON SPOT DIGITAL COMMODITY  
12 ENTITIES.—Nothing in this Act authorizes, or shall be in-  
13 terpreted to authorize, a digital commodity exchange, dig-  
14 ital commodity broker, or digital commodity dealer to en-  
15 gage in any activities involving any transaction, contract,  
16 or agreement described in subsection (a)(1), solely by vir-  
17 tue of being registered as a digital commodity exchange,  
18 digital commodity broker, or digital commodity dealer.

19 (c) EFFECT.—An instrument shall not cease to be an  
20 agreement, contract, or transaction described in sub-  
21 section (a)(1) solely due to the fact that the instrument  
22 is issued, recorded, represented, or transferred on a dis-  
23 tributed ledger or other similar technology.

1 **SEC. 105. ADMINISTRATIVE REQUIREMENTS.**

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

4 (1) in paragraph (3)—

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

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

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

10 “(D) a contract of sale of a digital com-  
11 modity.”; and

12 (2) in paragraph (4)—

13 (A) in subparagraph (A)—

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

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

18 (iii) by adding at the end the fol-  
19 lowing:

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

22 (B) in subparagraph (B)—

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

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

1 (iii) by adding at the end the fol-  
2 lowing:

3 “(iv) a contract of sale of a digital  
4 commodity.”; and  
5 (C) in subparagraph (C)—

6 (i) by redesignating clauses (i)  
7 through (iii) as subclauses (I) through  
8 (III), respectively, and indenting appro-  
9 priately;

10 (ii) in the matter preceding subclause  
11 (I) (as so redesignated), by striking “It  
12 shall” and inserting the following:

13 “(i) IN GENERAL.—It shall”;

14 (iii) in clause (i) (as so designated)—

15 (I) in subclause (II), by striking  
16 “or” at the end; and

17 (II) in subclause (III), by strik-  
18 ing “a swap, provided, however, that  
19 nothing” and inserting the following:

20 “a swap; or

21 “(IV) a contract of sale of a dig-  
22 ital commodity.

23 “(ii) EFFECT.—Nothing”; and

24 (iv) in clause (ii) (as so designated),  
25 by striking “clauses (i), (ii), or (iii)” and

1 inserting “any of subclauses (I) through  
2 (IV) of clause (i)”.

3 **SEC. 106. INTERNATIONAL COOPERATION.**

4 In order to promote greater consistency in effective  
5 and consistent global regulation of digital commodities,  
6 the Commodity Futures Trading Commission, as appro-  
7 priate—

8 (1) shall consult and coordinate with foreign  
9 regulatory authorities on the application of con-  
10 sistent international standards with respect to the  
11 regulation of digital commodities; and

12 (2) may enter into such information-sharing ar-  
13 rangements as are determined necessary or appro-  
14 priate for the protection of investors, customers, and  
15 users of digital commodities.

16 **[SEC. 107. TREATMENT OF CERTAIN NONCONTROLLING**  
17 **[BLOCKCHAIN] DEVELOPERS.**

18 **[(a) DEFINITIONS.—In this section:]**

19 **[(1) [BLOCKCHAIN] DEVELOPER.—The term**  
20 **[“blockchain developer”] means any person that**  
21 **creates or publishes software to facilitate the cre-**  
22 **ation of, or provide maintenance to, a [blockchain]**  
23 **or a [blockchain service].]**

24 **[(2) [BLOCKCHAIN] SERVICE.—The term**  
25 **[“blockchain service”] means any information,**

1 transaction, or computing service or system that  
2 provides or enables access to a **【blockchain】** network  
3 by multiple users, including a service or system that  
4 enables users to send, receive, exchange, or store  
5 digital assets described by **【blockchain】** networks.】

6 **【(3) NONCONTROLLING **【BLOCKCHAIN】** DEVELOPER OR PROVIDER OF A **【BLOCKCHAIN】** SERVICE.—**

7 **“The term **【“noncontrolling blockchain developer or provider of a blockchain service”】** means a**

8 **【blockchain】** developer or provider of a

9 **【blockchain】** service that, in the regular course of

10 **operations, does not have the legal right or the uni-**

11 **lateral and independent ability to control, initiate**

12 **upon demand, or effectuate transactions involving**

13 **digital assets that users are entitled to without the**

14 **approval, consent, or direction of any third party.】**

15 **【(b) TREATMENT.—Notwithstanding any other pro-**

16 **vision of law, a noncontrolling **【blockchain】** developer or**

17 **provider of a **【blockchain】** service shall not be treated as**

18 **a money transmitter or as engaged in “money transmit-**

19 **ting” or, following the date of enactment of this Act, be**

20 **otherwise subject to any new registration requirement that**

21 **is substantially similar to the requirement that currently**

22 **applies to money transmitters, solely on the basis of—】**

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

4           [(2) providing hardware or software to facili-  
5           tate a customer’s own custody or safekeeping of the  
6           customer’s digital assets; or]

7           [(3) providing infrastructure support to main-  
8           tain a [blockchain] service.]

9           [(c) RULE OF CONSTRUCTION.—Nothing in this sec-  
10          tion shall be construed to affect whether a [blockchain]  
11          developer or provider of a [blockchain] service is other-  
12          wise subject to classification or treatment as—]

13           [(1) a money transmitter, or as engaged in  
14           “money transmitting”, under applicable State or  
15           Federal law, including laws relating to anti-money  
16           laundering or countering the financing of terrorism,  
17           based on conduct outside the scope of subsection (b);  
18           or]

19           [(2) a financial institution under the Bank Se-  
20           crecy Act, this Act, the amendments made by this  
21           Act, or any Act enacted after the date of enactment  
22           of this Act.]

23           [(d) EFFECT ON OTHER LAWS.—]

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

4           【(2) STATE LAW.—

5                 【(A) ENFORCEMENT.—Nothing in this  
6                 section shall be construed to prevent any State  
7                 from enforcing any State law that is consistent  
8                 with this section.】

9                 【(B) PREEMPTION.—No cause of action  
10                may be brought and no liability may be imposed  
11                under any State or local law that is inconsistent  
12                with this section.】

          【MINORITY VIEW: As currently drafted, Minori-  
ty's view is that section 107 does not fall within the juris-  
diction of the Senate Committee on Agriculture, Nutri-  
tion, and Forestry. Minority is interested in working with  
the Chairman and the Senate Committee on Banking,  
Housing, and Urban Affairs to address issues related to  
noncontrolling blockchain developers and providers of  
blockchain services.】

13   **SEC. 108. IMPLEMENTATION.**

14           (a) GLOBAL RULEMAKING TIMEFRAME.—Unless oth-  
15           erwise provided in this Act or an amendment made by this  
16           Act, the Commodity Futures Trading Commission and the  
17           Securities and Exchange Commission, or both, shall indi-



1 vidually, and jointly where required, promulgate rules and  
2 regulations required of each Commission under this Act  
3 or an amendment made by this Act not later than 18  
4 months after the date of enactment of this Act.

5 (b) RULES AND REGISTRATION BEFORE FINAL EF-  
6 FECTIVE DATES.—

7 (1) IN GENERAL.—In order to prepare for the  
8 implementation of this Act and the amendments  
9 made by this Act, the Commodity Futures Trading  
10 Commission and the Securities and Exchange Com-  
11 mission may, before any effective date provided in  
12 this Act or an amendment made by this Act—

13 (A) promulgate rules, regulations, or or-  
14 ders permitted or required by this Act or the  
15 amendments made by this Act;

16 (B) conduct studies and prepare reports  
17 and recommendations required by this Act or  
18 the amendments made by this Act; and

19 (C) register persons under this Act or the  
20 amendments made by this Act.

21 (2) LIMITATION ON EFFECTIVENESS.—An ac-  
22 tion by the Commodity Futures Trading Commission  
23 or the Securities and Exchange Commission under  
24 paragraph (1) shall not become effective before the

1 effective date otherwise applicable to the action  
2 under this Act or the amendments made by this Act.

3 **[(c) SENSE OF CONGRESS.—It is the sense of the**  
4 **Senate that prior to implementation of this Act the Com-**  
5 **modity Futures Trading Commission—]**

6 **[(1) be fully constituted as described in section**  
7 **2(a)(2) of the Commodity Exchange Act (7 U.S.C.**  
8 **2(a)(2)) to carry out all existing responsibilities and**  
9 **those directed by this Act, with not fewer than two**  
10 **of the Commissioners nominated, prior to such ap-**  
11 **pointments, following consultation and coordination**  
12 **with the ranking minority member of the Committee**  
13 **on Agriculture, Nutrition, and Forestry of the Sen-**  
14 **ate; and]**

15 **[(2) be appropriately staffed to ensure suffi-**  
16 **cient regulatory capacity, expertise, and enforcement**  
17 **readiness necessary to implement this Act and the**  
18 **amendments made by this Act.]**

19 **SEC. 109. EFFECTIVE DATE.**

20 (a) IN GENERAL.—Except as provided in subsection  
21 (b) and as otherwise provided in this Act or an amendment  
22 made by this Act, this Act and the amendments made by  
23 this Act shall take effect on the date that is 18 months  
24 after the date of enactment of this Act.

1 (b) RULEMAKING PROVISIONS.—To the extent that  
2 a provision of this Act or an amendment made by this  
3 Act requires a rulemaking, the provision shall take effect  
4 on the later of—

5 (1) 18 months after the date of enactment of  
6 this Act; and

7 (2) 120 days after the publication in the Fed-  
8 eral Register of the final rule implementing the pro-  
9 vision.

10 **SEC. 110. SENSE OF CONGRESS.**

11 It is the sense of Congress that nothing in this Act  
12 or any amendment made by this Act should be interpreted  
13 to authorize any entity to regulate any commodity, other  
14 than a digital commodity, on any spot market.

15 **TITLE II—REGISTRATION FOR**  
16 **DIGITAL COMMODITY INTER-**  
17 **MEDIARIES AT THE COM-**  
18 **MODITY FUTURES TRADING**  
19 **COMMISSION**

20 **SEC. 201. COMMISSION JURISDICTION OVER DIGITAL COM-**  
21 **MODITY TRANSACTIONS.**

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

1           “(J)(i) Except as expressly provided in this  
2           Act, nothing in the [\_\_\_\_\_ Act of  
3           \_\_\_\_\_] or any amendment made by that  
4           Act shall affect or apply to, or be interpreted to  
5           affect or apply to—

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

8                   “(aa) a contract of sale of a com-  
9                   modity for future delivery or an op-  
10                  tion on such a contract;

11                   “(bb) a swap;

12                   “(cc) a security futures product;

13                   “(dd) an option authorized under  
14                  section 4e;

15                   “(ee) an agreement, contract, or  
16                  transaction described in subparagraph  
17                  (C)(i) or (D)(i) of subsection (c)(2);

18                  or

19                   “(ff) a leverage transaction au-  
20                  thorized under section 19; or

21           “(II) the activities of any person with  
22           respect to any such agreement, contract, or  
23           transaction.

24           “(ii) An instrument shall not cease to be  
25           an agreement, contract, or transaction de-

1           scribed in clause (i)(I) solely due to the fact  
2           that the instrument is issued, recorded, rep-  
3           resented, or transferred on a distributed ledger  
4           or other similar technology.”.

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

8           (1) in the matter preceding subparagraph (A),  
9           by striking “section, 5b, or” and inserting “section  
10          5b or”;

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

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

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

16                【“(H) a payment stablecoin (as defined in  
17                section 2 of the GENIUS Act (Public Law  
18                119–27; 139 Stat. 419)) that is issued by a  
19                permitted payment stablecoin issuer (as defined  
20                in that section) (referred to in this subsection  
21                as a ‘permitted payment stablecoin’).”】

22          (c) COMMISSION JURISDICTION OVER DIGITAL COM-  
23 MODITY TRANSACTIONS.—Section 2(c)(2) of the Com-  
24 modity Exchange Act (7 U.S.C. 2(c)(2)) is amended—

25          (1) in subparagraph (D)—

1 (A) in clause (ii)—

2 (i) in subclause (I), by inserting after  
3 “paragraph (1)” the following: “(other  
4 than an agreement, contract, or trans-  
5 action in a permitted payment  
6 stablecoin)”;

7 (ii) by striking subclause (IV); and

8 (iii) by redesignating subclause (V) as  
9 subclause (IV);

10 (B) by redesignating clause (iv) as clause  
11 (v); and

12 (C) by inserting after clause (iii) the fol-  
13 lowing:

14 “(iv) DIGITAL COMMODITIES; PER-  
15 MITTED PAYMENT STABLECOINS.—This  
16 subparagraph shall not apply to a contract  
17 of sale of a digital commodity or a per-  
18 mitted payment stablecoin that results in  
19 actual delivery within 2 days or such other  
20 period as the Commission may determine  
21 by rule or regulation based upon the typ-  
22 ical commercial practice in cash or spot  
23 markets for the digital commodity or per-  
24 mitted payment stablecoin involved.”; and

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

1                   “(F) COMMISSION JURISDICTION WITH RE-  
2                   SPECT TO DIGITAL COMMODITY TRANS-  
3                   ACTIONS.—

4                   “(i) IN GENERAL.—Subject to sec-  
5                   tions 6d and 12(e), the Commission shall  
6                   have exclusive jurisdiction with respect to  
7                   any account, agreement, contract, or trans-  
8                   action involving a contract of sale of a dig-  
9                   ital commodity in interstate commerce, in-  
10                  cluding in a digital commodity cash or spot  
11                  market, that is offered, solicited, traded,  
12                  facilitated, executed, cleared, reported, or  
13                  otherwise dealt in—

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

18                  “(II) by any other entity reg-  
19                  istered, or required to be registered,  
20                  with the Commission.

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

23                  “(I) custodial or depository ac-  
24                  tivities for a digital commodity of an  
25                  entity regulated by—

1 “(aa) an appropriate Fed-  
2 eral banking agency; or

3 “(bb) a State bank super-  
4 visor (as defined in section 3 of  
5 the Federal Deposit Insurance  
6 Act (12 U.S.C. 1813));

7 “(II) an offer or sale of an in-  
8 vestment contract involving a digital  
9 commodity or a securities offer or sale  
10 involving a digital commodity; or

11 “(III) a mixed digital asset  
12 transaction.

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

15 “(i) TREATMENT OF PERMITTED PAY-  
16 MENT STABLECOINS ON COMMISSION-REG-  
17 ISTERED ENTITIES.—Subject to clauses (ii)  
18 and (iii), the Commission shall have juris-  
19 diction over a cash or spot agreement, con-  
20 tract, or transaction in a permitted pay-  
21 ment stablecoin that is offered, offered to  
22 enter into, entered into, executed, solicited,  
23 or accepted, or for which the execution of  
24 is confirmed—



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

3 “(II) by any other entity reg-  
4 istered with the Commission.

5 “(ii) PERMITTED PAYMENT  
6 STABLECOIN TRANSACTION RULES.—This  
7 Act shall apply to a transaction described  
8 in clause (i) only for the purpose of regu-  
9 lating the offer, execution, solicitation, or  
10 acceptance of a cash or spot permitted  
11 payment stablecoin transaction on a reg-  
12 istered entity or by any other entity reg-  
13 istered with the Commission, as if the per-  
14 mitted payment stablecoin were a digital  
15 commodity.

16 “(iii) NO AUTHORITY OVER PER-  
17 MITTED PAYMENT STABLECOINS.—Not-  
18 withstanding clauses (i) and (ii), the Com-  
19 mission shall not make a rule or regula-  
20 tion, impose a requirement or obligation on  
21 a registered entity or other entity reg-  
22 istered with the Commission, or impose a  
23 requirement or obligation on a permitted  
24 payment stablecoin issuer regarding the  
25 operation of a permitted payment

1                   stablecoin issuer or a permitted payment  
2                   stablecoin.”.

3       **[(d) CONFORMING AMENDMENTS.—]**

4               **[(1) Paragraph (13) of section 1a of the Com-**  
5       commodity Exchange Act (7 U.S.C. 1a) (as amended by  
6       section 17(f) of the GENIUS Act (Public Law 119–  
7       27; 139 Stat. 419) and as redesignated by section  
8       101(a)(1)) is amended by striking the second sen-  
9       tence.]

10              **[(2) Section 2(a)(1)(A) of the Commodity Ex-**  
11       change Act (7 U.S.C. 2(a)(1)(A)) is amended, in the  
12       first sentence, by striking “section 19 of this Act”  
13       and inserting “subparagraph (F) or (G) of sub-  
14       section (c)(2) or section 19”.]

15   **SEC. 202. REQUIRING FUTURES COMMISSION MERCHANTS**  
16                   **TO USE QUALIFIED DIGITAL COMMODITY**  
17                   **CUSTODIANS.**

18       Section 4d of the Commodity Exchange Act (7 U.S.C.  
19   6d) is amended—

20               (1) in subsection (a)(2)—

21                   (A) in the first proviso, by striking “any  
22                   bank or trust company” and inserting “any  
23                   bank, trust company, or qualified digital com-  
24                   modity custodian, as applicable,”; and

1 (B) by inserting “: *Provided further*, That  
2 any such property that is a digital asset shall  
3 be held in a qualified digital commodity custo-  
4 dian” before the period at the end; and

5 (2) in subsection (f)(3)(A)(i), by striking “any  
6 bank or trust company or with a” and inserting  
7 “any bank, trust company, qualified digital com-  
8 modity custodian, or”.

9 **SEC. 203. TRADING CERTIFICATION AND APPROVAL FOR**  
10 **DIGITAL COMMODITIES.**

11 Section 5c of the Commodity Exchange Act (7 U.S.C.  
12 7a–2) is amended—

13 (1) in subsection (a)(1), by striking “5(d) and  
14 5b(c)(2)” and inserting “5(d), 5b(c)(2), and 5i(c)”;  
15 (2) in subsection (b)—

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

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

22 (3) in subsection (c)—

23 (A) in paragraph (2), by inserting “or par-  
24 ticipants” before “(in”;

1 (B) in paragraph (4)(B), by striking  
2 “1a(10)” and inserting “1a(9)”; and

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

5 “(D) SPECIAL RULES FOR DIGITAL COM-  
6 MODITY CONTRACTS.—In certifying any new  
7 rule or rule amendment, or listing any new con-  
8 tract or instrument, in connection with a con-  
9 tract of sale of a commodity for future delivery,  
10 option, swap, or other agreement, contract, or  
11 transaction, that is based on or references a  
12 digital commodity, a registered entity may  
13 make or rely on a certification under subsection  
14 (d) for the digital commodity.”; and

15 (4) by inserting after subsection (c) the fol-  
16 lowing:

17 “(d) CERTIFICATIONS FOR DIGITAL COMMODITY  
18 TRADING.—

19 “(1) IN GENERAL.—Notwithstanding subsection  
20 (c), for the purposes of listing or offering a digital  
21 commodity for trading in a digital commodity cash  
22 or spot market, an eligible entity shall submit a  
23 written certification to the Commission that the dig-  
24 ital commodity meets the requirements of this Act

1 (including the regulations prescribed under this  
2 Act).

3 “(2) CONTENTS OF THE CERTIFICATION.—In  
4 making a written certification under this subsection,  
5 an eligible entity shall furnish to the Commission an  
6 analysis of how the digital commodity meets the re-  
7 quirements of section 5i(c)(3).

8 “(3) MODIFICATIONS.—

9 “(A) IN GENERAL.—An eligible entity shall  
10 modify a certification made under paragraph  
11 (1) to account for material changes in any in-  
12 formation provided in connection with the re-  
13 quirements of section 5i(c)(3).

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

18 “(4) DISAPPROVAL.—

19 “(A) IN GENERAL.—The written certifi-  
20 cation described in paragraph (1) shall become  
21 effective unless the Commission finds that the  
22 listing of the digital commodity is inconsistent  
23 with the requirements of this Act or the rules  
24 and regulations prescribed under this Act.

1           “(B) ANALYSIS REQUIRED.—The Commis-  
2           sion shall include, with any findings referred to  
3           in subparagraph (A), a detailed analysis of the  
4           factors on which the decision was based.

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

9           “(5) REVIEW.—

10           “(A) IN GENERAL.—Unless the Commis-  
11           sion makes a disapproval decision under para-  
12           graph (4), the written certification described in  
13           paragraph (1) shall become effective, pursuant  
14           to the certification by the eligible entity and no-  
15           tice of the certification to the public (in a man-  
16           ner determined by the Commission) on the date  
17           that is—

18           “(i) **[30]** business days after the date  
19           the Commission receives the certification  
20           (or such shorter period as determined by  
21           the Commission by rule or regulation), in  
22           the case of a digital commodity that has  
23           not been certified under this section or for  
24           which a certification is being modified  
25           under paragraph (3); or

1 “(ii) **[15]** business days after the  
2 date the Commission receives the certifi-  
3 cation (or such shorter period as deter-  
4 mined by the Commission by rule or regu-  
5 lation) for any digital commodity that has  
6 been certified under this section.

7 “(B) EXTENSIONS.—The time for consid-  
8 eration under subparagraph (A) may be ex-  
9 tended—

10 “(i) once, for 30 business days,  
11 through written notice to the eligible entity  
12 by the Commission—

13 “(I) that there are novel or com-  
14 plex issues that require additional  
15 time to analyze;

16 “(II) that the explanation by the  
17 submitting eligible entity is inad-  
18 equate; or

19 “(III) of a potential inconsistency  
20 with this Act; and

21 “(ii) once, for an additional 30 busi-  
22 ness days, through written notice to the el-  
23 igible entity from the Commission that in-  
24 cludes a description of any deficiencies  
25 with the certification, including any—

1 “(I) novel or complex issues that  
2 require additional time to analyze;

3 “(II) missing information or in-  
4 adequate explanations; or

5 “(III) potential inconsistencies  
6 with this Act.

7 “(6) PRIOR APPROVAL BEFORE REGISTRA-  
8 TION.—

9 “(A) IN GENERAL.—A person applying for  
10 registration with the Commission for the pur-  
11 poses of listing or offering a digital commodity  
12 for trading in a digital commodity cash or spot  
13 market may request that the Commission grant  
14 prior approval for the person to list or offer the  
15 digital commodity on being registered with the  
16 Commission.

17 “(B) REQUEST FOR PRIOR APPROVAL.—A  
18 person seeking prior approval under subpara-  
19 graph (A) shall furnish the Commission with a  
20 written certification that the digital commodity  
21 meets the requirements of this Act (including  
22 the regulations prescribed under this Act) and  
23 the information described in paragraph (2).

24 “(C) DEADLINE.—The Commission shall  
25 take final action on a request for prior approval



1 not later than 90 business days after submis-  
2 sion of the request, unless the person submit-  
3 ting the request agrees to an extension of the  
4 time limitation established under this subpara-  
5 graph.

6 “(D) DISAPPROVAL.—

7 “(i) IN GENERAL.—The Commission  
8 shall approve the listing of the digital com-  
9 modity requested under subparagraph (A)  
10 unless the Commission finds that the list-  
11 ing is inconsistent with this Act or the  
12 rules and regulations prescribed under this  
13 Act.

14 “(ii) ANALYSIS REQUIRED.—The  
15 Commission shall include, with any find-  
16 ings made under clause (i), a detailed anal-  
17 ysis of the factors on which the decision is  
18 based.

19 “(iii) PUBLIC FINDINGS.—The Com-  
20 mission shall make public any disapproval  
21 decision, and any related findings and  
22 analysis, made under this subparagraph.

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

1 **SEC. 204. REGISTRATION OF DIGITAL COMMODITY EX-**  
2 **CHANGES.**

3 (a) IN GENERAL.—The Commodity Exchange Act is  
4 amended by inserting after section 5h (7 U.S.C. 7b–3) the  
5 following:

6 **“SEC. 5i. REGISTRATION OF DIGITAL COMMODITY EX-**  
7 **CHANGES.**

8 “(a) IN GENERAL.—

9 “(1) REGISTRATION.—

10 “(A) IN GENERAL.—A trading facility that  
11 offers or seeks to offer a cash or spot market  
12 in at least 1 digital commodity shall register  
13 with the Commission as a digital commodity ex-  
14 change.

15 “(B) APPLICATION.—

16 “(i) IN GENERAL.—A person desiring  
17 to register as a digital commodity exchange  
18 shall submit to the Commission an applica-  
19 tion in such form and containing such in-  
20 formation as the Commission shall require  
21 for the purpose of making the determina-  
22 tions required for approval.

23 “(ii) RULEMAKING REQUIRED.—The  
24 Commission shall, by rule, prescribe the  
25 contents of an application under clause (i),  
26 including governance, resources, systems

1           safeguards, surveillance, and conflict man-  
2           agement.

3           “(C) EXEMPTIONS.—A trading facility  
4           that offers or seeks to offer a cash or spot mar-  
5           ket in at least 1 digital commodity shall not be  
6           required to register under this section if the  
7           trading facility serves only customers in a single  
8           State, territory, or possession of the United  
9           States.

10          “(2) ADDITIONAL REGISTRATIONS.—

11           “(A) WITH THE COMMISSION.—In order to  
12           foster the development of fair and orderly mar-  
13           kets, protect customers, and promote respon-  
14           sible innovation, the Commission shall—

15           “(i) prescribe rules to exempt an enti-  
16           ty registered with the Commission under  
17           more than 1 section of this Act from dupli-  
18           cative, conflicting, or unduly burdensome  
19           provisions of this Act and the rules under  
20           this Act;

21           “(ii) prescribe rules establishing re-  
22           quirements for the identification, mitiga-  
23           tion, and resolution of conflicts of interest  
24           among and across affiliated entities or en-  
25           tities with multiple registrations under this

1 Act, including conflicts of interest related  
2 to vertically integrated market structures  
3 and their varying responsibilities and ac-  
4 tivities; and

5 “(iii) after an analysis of the risks  
6 and benefits, prescribe rules to provide for  
7 portfolio margining [in accordance with  
8 section 103(e) of the [\_\_\_\_\_ Act  
9 of \_\_\_\_\_]].

10 “(B) WITH A REGISTERED FUTURES ASSO-  
11 CIATION.—

12 “(i) IN GENERAL.—A registered dig-  
13 ital commodity exchange shall become and  
14 remain a member of a registered futures  
15 association and comply with rules related  
16 to such activity, if the registered digital  
17 commodity exchange accepts customer  
18 funds required to be segregated under sub-  
19 section (d).

20 “(ii) RULEMAKING REQUIRED.—The  
21 Commission shall require any registered  
22 futures association with a digital com-  
23 modity exchange as a member to provide  
24 such rules as may be necessary to further  
25 compliance with subsection (d), protect

1 customers, including rules related to solici-  
2 iting and accepting an order from a cus-  
3 tomer, and promote the public interest.

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

10 “(b) TRADING.—

11 “(1) PROHIBITION ON CERTAIN TRADING PRAC-  
12 TICES.—

13 “(A) CONTRACTS DESIGNED TO DEFRAUD  
14 OR MISLEAD.—Section 4b shall apply to any  
15 agreement, contract, or transaction in a digital  
16 commodity as if the agreement, contract, or  
17 transaction were a contract of sale of a com-  
18 modity for future delivery.

19 “(B) PROHIBITED TRANSACTIONS.—Sec-  
20 tion 4c shall apply to any agreement, contract,  
21 or transaction in a digital commodity as if the  
22 agreement, contract, or transaction were a  
23 transaction involving the purchase or sale of a  
24 commodity for future delivery.

1           “(C) ENFORCEMENT AUTHORITY.—Section  
2           4b–1 shall apply to any agreement, contract, or  
3           transaction in a digital commodity as if the  
4           agreement, contract, or transaction were a con-  
5           tract of sale of a commodity for future delivery.

6           “(2) PROHIBITION ON ACTING AS A  
7           COUNTERPARTY.—A digital commodity exchange or  
8           any affiliate of such an exchange shall not trade on  
9           or subject to the rules of the digital commodity ex-  
10          change for its own account.

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

13               “(1) COMPLIANCE WITH CORE PRINCIPLES.—

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

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

20                       “(ii) any requirement that the Com-  
21                       mission may impose by rule or regulation  
22                       pursuant to section 8a(5).

23               “(B) REASONABLE DISCRETION OF A DIG-  
24               ITAL COMMODITY EXCHANGE.—

1 “(i) IN GENERAL.—Unless otherwise  
2 determined by the Commission by rule or  
3 regulation, a digital commodity exchange  
4 shall have reasonable discretion in estab-  
5 lishing the manner in which the digital  
6 commodity exchange complies with the core  
7 principles described in this subsection  
8 (other than paragraph (4)).

9 “(ii) EXCEPTION.—A digital com-  
10 modity exchange accepting customer assets  
11 shall—

12 “(I) not have reasonable discre-  
13 tion in establishing the manner in  
14 which the digital commodity exchange  
15 complies with the core principle set  
16 forth in paragraph (4); and

17 “(II) strictly comply with rules to  
18 be prescribed by the Commission, and  
19 a registered futures association of  
20 which it is a member, for the treat-  
21 ment of customer assets by such dig-  
22 ital commodity exchange.

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

1           “(A) establish and enforce compliance with  
2           any rule of the digital commodity exchange, in-  
3           cluding—

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

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

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

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

16          “(ii) to capture information that may  
17          be used in establishing whether rule viola-  
18          tions have occurred; and

19          “(C) establish rules governing the oper-  
20          ation of the exchange, including rules specifying  
21          trading procedures to be used in entering and  
22          executing orders traded or posted on the ex-  
23          change.

24          “(3) LISTING STANDARDS FOR DIGITAL COM-  
25          MODITIES.—



1           “(A) IN GENERAL.—A digital commodity  
2 exchange shall permit trading only in a digital  
3 commodity that is not readily susceptible to ma-  
4 nipulation.

5           “(B) PUBLIC INFORMATION REQUIRE-  
6 MENTS.—

7           “(i) IN GENERAL.—A digital com-  
8 modity exchange shall—

9                   “(I) permit trading in a digital  
10 commodity only if the digital com-  
11 modity exchange reasonably deter-  
12 mines that the information required  
13 by clause (ii) is correct, current, and  
14 available to the public; and

15                   “(II) establish policies and proce-  
16 dures to determine that the informa-  
17 tion provided pursuant to clause (ii) is  
18 correct, current, and available to the  
19 public.

20           “(ii) REQUIRED INFORMATION.—With  
21 respect to a digital commodity and each  
22 **【blockchain system】** to which the digital  
23 commodity relates for which the digital  
24 commodity exchange will make the digital  
25 commodity available to the customers of

1 the digital commodity exchange, the infor-  
2 mation required by this clause is the fol-  
3 lowing:

4 “(I) SOURCE CODE.—The source  
5 code for any **【blockchain system】** to  
6 which the digital commodity relates.

7 “(II) TRANSACTION HISTORY.—A  
8 description of the steps necessary to  
9 independently access, search, and  
10 verify the transaction history of any  
11 **【blockchain system】** to which the dig-  
12 ital commodity relates, to the extent  
13 any such independent access, search,  
14 and verification activities are tech-  
15 nically feasible with respect to such  
16 **【blockchain system】**.

17 “(III) DIGITAL COMMODITY ECO-  
18 NOMICS.—A narrative description of  
19 the purpose of any **【blockchain sys-  
20 tem】** to which the digital commodity  
21 relates and the operation of any such  
22 **【blockchain system】**, including—

23 “(aa) information explaining  
24 the launch and supply process,  
25 including the number of digital

1 assets to be issued in an initial  
2 allocation, the total number of  
3 digital commodities to be created,  
4 the release schedule for the dig-  
5 ital commodities, and the total  
6 number of digital commodities  
7 then outstanding;

8 “(bb) information detailing  
9 any applicable consensus mecha-  
10 nism or process for validating  
11 transactions, method of gener-  
12 ating or mining digital commod-  
13 ities, and any process for burning  
14 or destroying digital commodities  
15 on the **【blockchain system】**;

16 “(cc) an explanation of gov-  
17 ernance mechanisms for imple-  
18 menting changes to the  
19 **【blockchain system】** or forming  
20 consensus among holders of the  
21 digital commodities; and

22 “(dd) sufficient information  
23 for a third party to create a tool  
24 for verifying the transaction his-  
25 tory of the digital commodity.

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

5 “(V) ADDITIONAL INFORMA-  
6 TION.—Such additional information  
7 as the Commission shall determine by  
8 rule to be necessary for a customer to  
9 understand the financial and oper-  
10 ational risks of a digital commodity,  
11 and to be practically feasible to pro-  
12 vide.

13 “(iii) CONSUMER PROTECTION.—The  
14 Commission shall adopt rules or regula-  
15 tions imposing customer protection re-  
16 quirements that—

17 “(I) require disclosure by a dig-  
18 ital commodity exchange to a cus-  
19 tomer (other than another digital  
20 commodity exchange registered under  
21 this section), which shall be updated  
22 in a timely manner to reflect material  
23 changes, and in accordance with  
24 clause (iv), of—

1 “(aa) the underlying tech-  
2 nology of any digital commodity  
3 that is listed on the digital com-  
4 modity exchange;

5 “(bb) the functionality and  
6 utility of any digital commodity  
7 that is listed on the digital com-  
8 modity exchange;

9 “(cc) the governance struc-  
10 ture of any digital commodity  
11 that is listed on the digital com-  
12 modity exchange;

13 “(dd) the trading volume  
14 and volatility of any digital com-  
15 modity that is listed on the dig-  
16 ital commodity exchange;

17 “(ee) information about the  
18 material risks and characteristics  
19 of any applicable digital commod-  
20 ities; and

21 “(ff) any material incentives  
22 or conflicts of interest that the  
23 digital commodity exchange may  
24 have in connection with the list-

1 ing of any applicable digital com-  
2 modities;

3 “(II) establish a duty for a dig-  
4 ital commodity exchange to commu-  
5 nicate in a fair and balanced manner  
6 based on principles of fair dealing and  
7 good faith;

8 “(III) establish standards gov-  
9 erning digital commodity exchange  
10 marketing and advertising, including  
11 testimonials and endorsements; and

12 “(IV) establish such other stand-  
13 ards and requirements as the Com-  
14 mission may determine are—

15 “(aa) appropriate for the  
16 protection of customers; or

17 “(bb) otherwise in further-  
18 ance of the purposes of this Act.

19 “(iv) FORMAT.—The Commission  
20 shall prescribe rules and regulations for  
21 the standardization and simplification of  
22 disclosures under clauses (ii) and (iii), in-  
23 cluding requiring that disclosures—

24 “(I) be conspicuous;

1 “(II) use plain language com-  
2 prehensible to customers; and

3 “(III) succinctly explain the in-  
4 formation that is required to be com-  
5 municated to the customer.

6 “(4) TREATMENT OF CUSTOMER ASSETS.—The  
7 Commission shall prescribe, by rule, policies and  
8 procedures to be established by a digital commodity  
9 exchange that are designed to protect and ensure  
10 the safety of customer money, assets, and property.

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

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

18 “(B) PROTECTION OF MARKETS AND MAR-  
19 KET PARTICIPANTS.—A digital commodity ex-  
20 change shall establish and enforce 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 exchange.

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

5 “(i) establish and enforce rules or  
6 terms and conditions defining, or specifica-  
7 tions detailing—

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

12 “(II) procedures for trade proc-  
13 essing of digital commodities on or  
14 through the facilities of the digital  
15 commodity exchange; and

16 “(ii) monitor trading in digital com-  
17 modities to prevent manipulation, price  
18 distortion, and disruptions, through sur-  
19 veillance, compliance, and disciplinary  
20 practices and procedures, including meth-  
21 ods for conducting real-time monitoring of  
22 trading and comprehensive and accurate  
23 trade reconstructions.

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



1           “(A) establish and enforce rules that will  
2           allow the exchange to obtain any necessary in-  
3           formation to perform any of the functions de-  
4           scribed in this section;

5           “(B) provide the information to the Com-  
6           mission on request; and

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

10          “(7) EMERGENCY AUTHORITY.—A digital com-  
11          modity exchange shall adopt rules to provide for the  
12          exercise of emergency authority, in consultation or  
13          cooperation with the Commission or a registered en-  
14          tity, as is necessary and appropriate, including the  
15          authority to facilitate the liquidation or transfer of  
16          open positions in any digital commodity or to sus-  
17          pend or curtail trading in a digital commodity.

18          “(8) TIMELY PUBLICATION OF TRADING INFOR-  
19          MATION.—

20          “(A) IN GENERAL.—A digital commodity  
21          exchange shall make public on its website time-  
22          ly information on price, trading volume, and  
23          other trading data on digital commodities to the  
24          extent prescribed by the Commission by rule or  
25          regulation.

1 “(B) CAPACITY OF DIGITAL COMMODITY  
2 EXCHANGE.—A digital commodity exchange  
3 shall have the capacity to electronically capture  
4 and transmit trade information with respect to  
5 transactions executed on the exchange.

6 “(9) RECORDKEEPING AND REPORTING.—

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

9 “(i) maintain records relating to the  
10 business of the exchange, including a com-  
11 plete audit trail, in a form and manner ac-  
12 ceptable to the Commission for a period of  
13 5 years;

14 “(ii) report to the Commission, in a  
15 form and manner acceptable to the Com-  
16 mission, such information as the Commis-  
17 sion determines to be necessary or appro-  
18 priate for the Commission to perform the  
19 duties of the Commission under this Act;

20 “(iii) keep any such records of digital  
21 commodities that relate to a security open  
22 to inspection and examination by the Secu-  
23 rities and Exchange Commission; and

1 “(iv) provide to the Commission an  
2 annual financial statement certified by an  
3 independent public accountant.

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

8 “(i) the Board of Governors of the  
9 Federal Reserve System;

10 “(ii) the Securities and Exchange  
11 Commission;

12 “(iii) each appropriate Federal bank-  
13 ing agency;

14 “(iv) each appropriate State bank su-  
15 pervisor (as defined in section 3 of the  
16 Federal Deposit Insurance Act (12 U.S.C.  
17 1813));

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

20 “(vi) the Department of Justice; and

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

24 “(I) foreign financial supervisors  
25 (including foreign futures authorities);

1 “(II) foreign central banks; and

2 “(III) foreign ministries.

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

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

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

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

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

25 “(11) CONFLICTS OF INTEREST.—



1 or prohibit the conditions giving rise to  
2 such conflicts of interest not able to be re-  
3 solved, as the Commission may determine  
4 to be appropriate; and

5 “(v) to address such other issues as  
6 the Commission determines to be appro-  
7 priate.

8 “(B) AFFILIATES.—A digital commodity  
9 exchange may permit an affiliated digital com-  
10 modity broker or digital commodity dealer to  
11 facilitate access to the digital commodity ex-  
12 change, subject to the rules prescribed by the  
13 Commission with respect to conflicts of interest  
14 regarding transactions or arrangements with af-  
15 filiates.

16 “(12) FINANCIAL RESOURCES.—

17 “(A) IN GENERAL.—A digital commodity  
18 exchange shall have adequate financial, oper-  
19 ational, and managerial resources, as shall be  
20 determined by the Commission by rule or regu-  
21 lation, to discharge each responsibility of the  
22 digital commodity exchange.

23 “(B) MINIMUM AMOUNT OF FINANCIAL RE-  
24 SOURCES.—A digital commodity exchange shall

1 possess financial resources that, at a minimum,  
2 exceed the sum of—

3 “(i) the total amount that would en-  
4 able the digital commodity exchange to  
5 cover the operating costs of the digital  
6 commodity exchange for a 1-year period,  
7 as calculated on a rolling basis; and

8 “(ii) the total amount necessary to  
9 meet the financial obligations of the digital  
10 commodity exchange to all customers of  
11 the digital commodity exchange.

12 “(C) PROHIBITION.—The resources used  
13 to meet the requirements under subparagraph  
14 (B) shall not include digital commodities origi-  
15 nated by the digital commodity exchange or af-  
16 filiates of the digital commodity exchange.

17 “(13) DISCIPLINARY PROCEDURES.—A digital  
18 commodity exchange shall establish and enforce dis-  
19 ciplinary procedures that authorize the digital com-  
20 modity exchange to discipline, suspend, or expel  
21 members or market participants that violate the  
22 rules of the digital commodity exchange, or similar  
23 methods for performing the same functions, includ-  
24 ing delegation of the functions to third parties.

25 “(14) GOVERNANCE FITNESS STANDARDS.—

1           “(A) GOVERNANCE ARRANGEMENTS.—A  
2 digital commodity exchange shall establish gov-  
3 ernance arrangements that are transparent to  
4 fulfill public interest requirements.

5           “(B) FITNESS STANDARDS.—A digital  
6 commodity exchange shall establish and enforce  
7 appropriate fitness standards for—

8                 “(i) officers and directors;

9                 “(ii) any individual or entity with di-  
10 rect access to, or control of, customer as-  
11 sets; and

12                “(iii) other persons, as determined by  
13 the Commission by rule or regulation.

14           “(C) BOARD OF DIRECTORS.—Except as  
15 otherwise provided by the Commission by rule,  
16 regulation, or order, a digital commodity ex-  
17 change shall be governed by a board of direc-  
18 tors, subject to the following requirements:

19                “(i) The composition of the board of  
20 directors shall be sufficient to maintain ap-  
21 propriate independence, as determined by  
22 the Commission.

23                “(ii) A digital commodity exchange  
24 shall endeavor to recruit individuals to  
25 serve on the board of directors from



1 among, and to have the composition of the  
2 board reflect, a broad and culturally di-  
3 verse pool of qualified candidates.

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

6 “(A) establish and maintain a program of  
7 risk analysis and oversight to identify and mini-  
8 mize sources of operational and security risks  
9 (including cybersecurity risks), through the de-  
10 velopment of appropriate controls and proce-  
11 dures, and automated systems that—

12 “(i) are reliable and secure; and

13 “(ii) have adequate scalable capacity;

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

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

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

22 “(iii) the appropriate safeguarding  
23 and ability to access the private keys or  
24 other credentials necessary to transmit dig-  
25 ital commodities in the possession, custody,

1 or control of the digital commodity ex-  
2 change; and

3 “(C) periodically conduct tests to verify  
4 that the backup resources of the digital com-  
5 modity exchange are sufficient to ensure contin-  
6 ued—

7 “(i) order processing and trade  
8 matching;

9 “(ii) price reporting;

10 “(iii) market surveillance;

11 “(iv) maintenance of a comprehensive  
12 and accurate audit trail; and

13 “(v) access and ability to transfer dig-  
14 ital commodities in the possession, custody,  
15 or control of the digital commodity ex-  
16 change.

17 “(16) RISK MANAGEMENT PROCEDURES.—A  
18 digital commodity exchange shall establish robust  
19 and professional risk management systems adequate  
20 for managing the day-to-day business of the digital  
21 commodity exchange.

22 “(d) HOLDING OF CUSTOMER ASSETS.—

23 “(1) IN GENERAL.—A digital commodity ex-  
24 change shall hold customer money, assets, and prop-  
25 erty in a manner to minimize the risk of loss to the

1 customer or unreasonable delay in customer access  
2 to the money, assets, and property of the customer.

3 “(2) SEGREGATION OF FUNDS.—

4 “(A) IN GENERAL.—A digital commodity  
5 exchange shall treat and deal with all money,  
6 assets, and property that is received by the dig-  
7 ital commodity exchange, or accrues to a cus-  
8 tomer as the result of trading in digital com-  
9 modities, as belonging to the customer.

10 “(B) COMMINGLING PROHIBITED.—Money,  
11 assets, and property described in subparagraph  
12 (A) shall be separately accounted for and shall  
13 not be commingled with the funds of the digital  
14 commodity exchange or be used to margin, se-  
15 cure, or guarantee any trades or accounts of  
16 any customer or person other than the person  
17 for whom the same are held.

18 “(C) EXCEPTIONS.—

19 “(i) USE OF FUNDS.—

20 “(I) IN GENERAL.—Notwith-  
21 standing subparagraph (A), money,  
22 assets, and property described in sub-  
23 paragraph (A) may, for convenience,  
24 be commingled and deposited in the  
25 same account or accounts with any

1 bank, trust company, derivatives  
2 clearing organization, or qualified dig-  
3 ital commodity custodian.

4 “(II) WITHDRAWAL.—Notwith-  
5 standing subparagraph (A), such  
6 share of the money, assets, and prop-  
7 erty described in subparagraph (A) as  
8 in the normal course of business shall  
9 be necessary to margin, guarantee, se-  
10 cure, transfer, adjust, or settle a con-  
11 tract of sale of a digital commodity  
12 with a registered entity may be with-  
13 drawn and applied to such purposes,  
14 including the payment of commis-  
15 sions, brokerage, interest, taxes, stor-  
16 age, and other charges, lawfully ac-  
17 cruing in connection with the contract  
18 of sale.

19 “(ii) COMMISSION ACTION.—Notwith-  
20 standing subparagraph (A), in accordance  
21 with such terms and conditions as the  
22 Commission may prescribe by rule, regula-  
23 tion, or order, any money, assets, or prop-  
24 erty of the customers of a digital com-  
25 modity exchange may be commingled and

1 deposited in customer accounts with any  
2 other money, assets, or property received  
3 by the digital commodity exchange and re-  
4 quired by the Commission to be separately  
5 accounted for and treated and dealt with  
6 as belonging to the customer of the digital  
7 commodity exchange.

8 “(3) PERMITTED INVESTMENTS.—Money de-  
9 scribed in paragraph (2) may be invested in obliga-  
10 tions of the United States, in general obligations of  
11 any State or of any political subdivision of a State,  
12 and in obligations fully guaranteed as to principal  
13 and interest by the United States, or in any high-  
14 quality liquid asset that the Commission may by rule  
15 or regulation prescribe, and such investments shall  
16 be made in accordance with such rules and regula-  
17 tions and subject to such conditions as the Commis-  
18 sion shall prescribe.

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

21 “(A) CUSTOMER PROPERTY.—All assets  
22 held on behalf of a customer by a digital com-  
23modity exchange, and all money, assets, and  
24 property of any customer received by a digital  
25 commodity exchange for trading or custody, or

1 to facilitate, margin, guarantee, or secure con-  
2 tracts of sale of a digital commodity (including  
3 money, assets, or property accruing to the cus-  
4 tomer as the result of the transactions), shall  
5 be considered customer property for purposes of  
6 section 761 of title 11, United States Code.

7 “(B) TRANSACTIONS.—A transaction in-  
8 volving the sale of a unit of a digital commodity  
9 occurring on or subject to the rules of a digital  
10 commodity exchange shall be considered a con-  
11 tract for the purchase or sale of a commodity  
12 for future delivery, on or subject to the rules of,  
13 a contract market or board of trade for pur-  
14 poses of the definition of ‘commodity contract’  
15 in section 761 of title 11, United States Code.

16 “(C) EXCHANGES.—A digital commodity  
17 exchange shall be considered a futures commis-  
18 sion merchant for purposes of section 761 of  
19 title 11, United States Code.

20 “(D) ASSETS REMOVED FROM SEGREGA-  
21 TION.—Assets removed from segregation due to  
22 a customer election under paragraph (6) shall  
23 not be considered customer property for pur-  
24 poses of section 761 of title 11, United States  
25 Code.

1 “(5) MISUSE OF CUSTOMER PROPERTY.—

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

3 “(i) for any digital commodity ex-  
4 change that has received any customer  
5 money, assets, or property for custody to  
6 dispose of, or use any such money, assets,  
7 or property as belonging to the digital  
8 commodity exchange or any person other  
9 than a customer of the digital commodity  
10 exchange; or

11 “(ii) for any other person, including  
12 any depository, other digital commodity ex-  
13 change, or digital commodity custodian  
14 that has received any customer money, as-  
15 sets, or property for deposit, to hold, dis-  
16 pose of, or use any such money, assets, or  
17 property as belonging to the depositing  
18 digital commodity exchange or any person  
19 other than the customers of the digital  
20 commodity exchange.

21 “(B) USE FURTHER DEFINED.—For pur-  
22 poses of this paragraph, the term ‘use’ with re-  
23 spect to a digital commodity, includes utilizing  
24 any unit of a digital asset to participate in a  
25 **【blockchain】** service (as defined in paragraph

1 (6)(D)) or a **【decentralized governance system】**  
2 associated with the digital commodity or the  
3 **【blockchain system】** to which the digital com-  
4 modity relates in any manner other than that  
5 expressly directed by the customer from whom  
6 the unit of a digital commodity was received.

7 **【“(6) PARTICIPATION IN **【BLOCKCHAIN】** SERV-**  
8 **ICES.—】**

9 **【“(A) USE OF FUNDS.—**A digital com-  
10 modity exchange (or a designee of a digital  
11 commodity exchange) may use a unit of a dig-  
12 ital commodity belonging to a customer to pro-  
13 vide a **【blockchain】** service for a **【blockchain**  
14 **system】** to which the unit of the digital com-  
15 modity relates if—**】**

16 **【“(i) the customer expressly permits**  
17 **the use, in writing, to the digital com-**  
18 **modity exchange; and】**

19 **【“(ii) the digital commodity exchange**  
20 **complies with subparagraph (B).】**

21 **【“(B) LIMITATIONS.—】**

22 **【“(i) IN GENERAL.—**The Commission  
23 shall, by rule, establish notice and written  
24 disclosure requirements and any other limi-  
25 tations and rules related to a permission



provided under subparagraph (A) or the treatment of customer assets in the event of an insolvency, resolution, or liquidation proceeding, including a description of the manner in which any digital commodity would be treated in an insolvency, resolution, or liquidation proceeding, and how the treatment of digital commodities differs from the treatment of any other assets in the event of an insolvency, resolution, or liquidation proceeding, that are reasonably necessary to protect customers, including eligible contract participants, non-eligible contract participants, and any other class of customers.】

【“(ii) CUSTOMER CHOICE.—A digital commodity exchange may not require a customer to provide the permission referred to in subparagraph (A) as a condition of doing business on the exchange.】

【“(C) REQUIREMENTS.—The Commission may, by rule, modify the requirements of paragraph (2) or subsection (h) to facilitate the use of a unit of a digital commodity belonging to a customer to provide a 【blockchain】 service.】

1                   【“(D)   【BLOCKCHAIN】   SERVICE   DE-  
2                   FINED.—In   this   paragraph,   the   term  
3                   【‘blockchain service’】means any activity relat-  
4                   ing to validating transactions on a 【blockchain  
5                   system】, providing security for a 【blockchain  
6                   system】, or other similar activity required for  
7                   the ongoing operation of a 【blockchain sys-  
8                   tem】.】

9                   “(e) MARKET ACCESS REQUIREMENTS.—

10                  “(1) AFFILIATED COMMODITY BROKERS.—A  
11                  registered digital commodity exchange may permit  
12                  an affiliated digital commodity broker to facilitate  
13                  impartial access to the digital commodity exchange.

14                  “(2) DIRECT ACCESS FOR ELIGIBLE CONTRACT  
15                  PARTICIPANTS.—Nothing in this section shall pro-  
16                  hibit a digital commodity exchange in compliance  
17                  with this section from permitting direct access for  
18                  eligible contract participants.

19                  “(3) ADDITIONAL REQUIREMENTS.—The Com-  
20                  mission shall, by rule, impose any additional require-  
21                  ments related to the operations and activities of the  
22                  digital commodity exchange and an affiliated digital  
23                  commodity broker necessary to protect market par-  
24                  ticipants, promote fair and equitable trading on the  
25                  digital commodity exchange, provide market partici-

1 pants with impartial access to the market, protect  
2 customer funds, and promote responsible innovation.

3 “(f) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
4 CER.—

5 “(1) IN GENERAL.—A digital commodity ex-  
6 change shall designate an individual to serve as a  
7 chief compliance officer, who shall be solely respon-  
8 sible to the digital commodity exchange and not to  
9 any other affiliated entity or other entity regulated  
10 under this Act.

11 “(2) DUTIES.—The chief compliance officer of  
12 a digital commodity exchange shall—

13 “(A) report directly to the board or to the  
14 senior officer of the exchange;

15 “(B) review compliance with the core prin-  
16 ciples in this section;

17 “(C) in consultation with the board of the  
18 exchange, a body performing a function similar  
19 to that of a board, or the senior officer of the  
20 exchange, resolve any conflicts of interest that  
21 may arise;

22 “(D) establish and administer the policies  
23 and procedures required to be established pur-  
24 suant to this section;

1           “(E) ensure compliance with this Act and  
2           the rules and regulations issued under this Act,  
3           including rules prescribed by the Commission  
4           pursuant to this section; and

5           “(F) establish procedures for the remedi-  
6           ation of noncompliance issues found during  
7           compliance office reviews, look backs, internal  
8           or external audit findings, self-reported errors,  
9           or through validated complaints.

10          “(3) REQUIREMENTS FOR PROCEDURES.—In  
11          establishing procedures under paragraph (2)(F), the  
12          chief compliance officer shall design the procedures  
13          to establish the handling, management response, re-  
14          mediation, retesting, and closing of noncompliance  
15          issues.

16          “(4) ANNUAL REPORTS.—

17               “(A) IN GENERAL.—In accordance with  
18               rules that shall be prescribed by the Commis-  
19               sion, the chief compliance officer of a digital  
20               commodity exchange shall annually prepare and  
21               sign a report that contains a description of—

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

24                       “(ii) the policies and procedures, in-  
25                       cluding the code of ethics and conflicts of

1 interest policies, of the digital commodity  
2 exchange.

3 “(B) REQUIREMENTS.—The chief compli-  
4 ance officer shall—

5 “(i) submit each report described in  
6 subparagraph (A) with the appropriate fi-  
7 nancial report of the digital commodity ex-  
8 change that is required to be submitted to  
9 the Commission pursuant to this section;  
10 and

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

14 “(g) APPOINTMENT OF TRUSTEE.—

15 “(1) IN GENERAL.—If a proceeding under sec-  
16 tion 5e results in the suspension or revocation of the  
17 registration of a digital commodity exchange, or if a  
18 digital commodity exchange withdraws from registra-  
19 tion, the Commission, on notice to the digital com-  
20 modity exchange, may apply to the appropriate  
21 United States district court for the judicial district  
22 in which the digital commodity exchange is located  
23 for the appointment of a trustee.

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

4           “(A) the court may take exclusive jurisdic-  
5       tion over the digital commodity exchange and  
6       the records and assets of the digital commodity  
7       exchange, wherever located; and

8           “(B) if the court takes jurisdiction under  
9       subparagraph (A), the court shall appoint the  
10      Commission, or a person designated by the  
11      Commission, as trustee with power to take pos-  
12      session and continue to operate or terminate  
13      the operations of the digital commodity ex-  
14      change in an orderly manner for the protection  
15      of customers, subject to such terms and condi-  
16      tions as the court may prescribe.

17      “(h) QUALIFIED DIGITAL COMMODITY CUSTO-  
18      DIAN.—A digital commodity exchange shall hold in a  
19      qualified digital commodity custodian each unit of a digital  
20      commodity that is—

21           “(1) the property of a customer of the digital  
22      commodity exchange;

23           “(2) required to be held by the digital com-  
24      modity exchange under subsection (e)(12); or

1           “(3) otherwise so required by the Commission  
2           to reasonably protect customers.

3           “(i) FEDERAL PREEMPTION.—

4           “(1) IN GENERAL.—Except as provided in para-  
5           graph (2), the Commission shall have exclusive juris-  
6           diction over any digital commodity exchange reg-  
7           istered under this section with respect to activities  
8           and transactions subject to this Act.

9           “(2) PRESERVATION OF AUTHORITY.—Nothing  
10          in this subsection shall affect the ability of a State  
11          or local agency to investigate and bring enforcement  
12          actions regarding fraud, deceit, or unfair or decep-  
13          tive acts or practices.

14          “(j) INSPECTION.—The Commission may inspect and  
15          monitor digital commodity exchanges, on an ongoing basis,  
16          for the purpose of ensuring compliance with this Act and  
17          the rules and regulations issued under this Act.

18          “(k) SUSPENSION OR REVOCATION OF REGISTRA-  
19          TION.—The failure of a digital commodity exchange to  
20          comply with any provision of this Act, or any rule, regula-  
21          tion, or order of the Commission under this Act, shall be  
22          cause for, in accordance with the procedures and subject  
23          to judicial review under section 6(b)—

1 “(1) the suspension of the digital commodity  
2 exchange for a period of not more than 180 days;  
3 or

4           “(2) revocation of registration as a digital com-  
5       modity exchange.

6       “(1) REGULATIONS.—The Commission shall prescribe  
7 such rules and regulations as are appropriate for the im-  
8 plementation of this section.

9           “(m) CUSTOMER DEFINED.—In this section, the  
10 term ‘customer’ means any person that maintains an ac-  
11 count for the trading of digital commodities directly with  
12 a digital commodity exchange for its own behalf or on be-  
13 half of any other person.”.

14 (b) PRIVATE RIGHTS OF ACTION.—Section 22 of the  
15 Commodity Exchange Act (7 U.S.C. 25) is amended—

16 (1) in subsection (a)(1)—

17 (A) in subparagraph (B)—

(i) by striking “commodity) or any swap;” and inserting “commodity), any swap, or any digital commodity transaction;”; and

(ii) by striking “to make such contract” and all that follows through the semicolon at the end and inserting “to



1 make such contract, any swap, or any dig-  
2 ital commodity transaction;”;

3 (B) in subparagraph (C), by conforming  
4 the margin of clause (iv) to the margin of  
5 clauses (i) through (iii); and

6 (C) in subparagraph (D)—

7 (i) in the matter preceding clause (i),  
8 by striking “subparagraph (B) hereof or  
9 swap” and inserting “subparagraph (B), a  
10 swap, or a digital commodity”; and

11 (ii) in clause (ii), by striking “any  
12 such contract or swap” and inserting “any  
13 such contract, swap, or digital com-  
14 modity”; and

15 (2) in subsection (b)—

16 (A) in paragraph (1)—

17 (i) in subparagraph (A)—

18 (I) by inserting “or digital com-  
19 modity exchange” after “registered  
20 entity”; and

21 (II) by inserting “5i,” after  
22 “5h,”; and

23 (ii) in subparagraph (C), by inserting  
24 “or digital commodity exchange” after  
25 “registered entity” each place it appears;

1 (B) in paragraph (3)—

2 (i) by striking “employee of registered  
3 entity or” and inserting “employee of a  
4 registered entity, a digital commodity ex-  
5 change, or”; and

6 (ii) by striking “such registered enti-  
7 ty” and inserting “such registered entity  
8 or digital commodity exchange”;

9 (C) in paragraph (4), by striking “reg-  
10 istered entity” and inserting “registered entity,  
11 digital commodity exchange,”; and

12 (D) in paragraph (5), by striking “reg-  
13 istered entity” and inserting “registered entity,  
14 digital commodity exchange,”.

15 **SEC. 205. REGISTRATION AND REGULATION OF DIGITAL**  
16 **COMMODITY BROKERS AND DEALERS.**

17 The Commodity Exchange Act is amended by insert-  
18 ing after section 4t (7 U.S.C. 6t) the following:

19 **“SEC. 4u. REGISTRATION AND REGULATION OF DIGITAL**  
20 **COMMODITY BROKERS AND DEALERS.**

21 **“(a) REGISTRATION.—**

22 **“(1) REQUIREMENT.—**It shall be unlawful for  
23 any person to act as a digital commodity broker or  
24 digital commodity dealer unless the person is reg-  
25 istered as such with the Commission.

1           “(2) EXEMPTIONS.—A person acting as a dig-  
2       ital commodity broker or digital commodity dealer  
3       shall not be required to register under this section  
4       if the person—

5           “(A) engages in no more than a de mini-  
6       mis amount of brokering or dealing activity, as  
7       the Commission may determine by rule or regu-  
8       lation, in a digital commodity; or

9           “(B) serves only customers in a single  
10      State or territory.

11       “(3) ADDITIONAL REGISTRATION.—

12       “(A) RULES.—In order to foster the devel-  
13      opment of fair and orderly markets, protect  
14      customers, and promote responsible innovation,  
15      the Commission shall—

16           “(i) prescribe rules to exempt an enti-  
17      ty registered with the Commission under  
18      more than 1 section of this Act from dupli-  
19      cative, conflicting, or unduly burdensome  
20      provisions of this Act and the rules under  
21      this Act;

22           “(ii) prescribe rules establishing re-  
23      quirements for the identification, mitiga-  
24      tion, and resolution of conflicts of interest  
25      among and across affiliated entities or en-

1                   tities with multiple registrations under this  
2                   Act, including conflicts of interest related  
3                   to vertically integrated market structures  
4                   and their varying responsibilities and ac-  
5                   tivities; and

6                   “(iii) after an analysis of the risks  
7                   and benefits, prescribe rules to provide for  
8                   portfolio margining in accordance with sec-  
9                   tion 103(e) of the [\_\_\_\_\_ Act of  
10                  \_\_\_\_\_].

11                  “(B) MEMBERSHIP IN A REGISTERED FU-  
12                  TURES ASSOCIATION.—Any person required to  
13                  be registered as a digital commodity broker or  
14                  digital commodity dealer under this section  
15                  shall become and remain a member of a reg-  
16                  istered futures association.

17                  “(C) HARMONIZATION.—In prescribing  
18                  rules for digital commodity brokers or digital  
19                  commodity dealers, the Commission shall, to the  
20                  greatest extent feasible, seek to avoid duplica-  
21                  tion, inconsistencies, or burdens for a person  
22                  registered in multiple capacities.

23                  “(b) REQUIREMENTS.—

24                  “(1) IN GENERAL.—A person shall register as  
25                  a digital commodity broker or digital commodity

1 dealer by filing a registration application with the  
2 Commission.

3 “(2) CONTENTS.—

4 “(A) IN GENERAL.—The application under  
5 paragraph (1) shall be made in such form and  
6 manner as is prescribed by the Commission,  
7 and shall contain such information as the Com-  
8 mission considers necessary concerning the  
9 business in which the applicant is or will be en-  
10 gaged.

11 “(B) CONTINUAL REPORTING.—A person  
12 that is registered as a digital commodity broker  
13 or digital commodity dealer shall continue to  
14 submit to the Commission reports that contain  
15 such information pertaining to the business of  
16 the person as the Commission may require.

17 “(3) STATUTORY DISQUALIFICATION.—Except  
18 to the extent otherwise specifically provided by rule,  
19 regulation, or order, it shall be unlawful for a digital  
20 commodity broker or digital commodity dealer to  
21 permit any person who is associated with a digital  
22 commodity broker or a digital commodity dealer and  
23 who is subject to a statutory disqualification to ef-  
24 fect or be involved in effecting a contract of sale of  
25 a digital commodity on behalf of the digital com-

1       modity broker or the digital commodity dealer, re-  
2       spectively, if the digital commodity broker or digital  
3       commodity dealer, respectively, knew, or in the exer-  
4       cise of reasonable care should have known, of the  
5       statutory disqualification.

6       “(c) RULEMAKING.—The Commission shall prescribe  
7       such rules applicable to registered digital commodity bro-  
8       kers and registered digital commodity dealers as are ap-  
9       propriate to carry out this section, including rules in the  
10      public interest that limit the activities of digital com-  
11      modity brokers and digital commodity dealers.

12      “(d) CAPITAL REQUIREMENTS.—

13           “(1) IN GENERAL.—Each digital commodity  
14      broker and digital commodity dealer shall meet such  
15      minimum capital requirements as the Commission  
16      may prescribe to address the risks associated with  
17      digital commodity trading and to ensure that the  
18      digital commodity broker or digital commodity deal-  
19      er, respectively, is able, at all times, to meet and  
20      continue to meet the obligations of such a registrant.

21           “(2) FUTURES COMMISSION MERCHANTS AND  
22      OTHER DEALERS.—Each futures commission mer-  
23      chant, introducing broker, digital commodity broker,  
24      digital commodity dealer, broker, and dealer shall  
25      maintain sufficient capital to comply with the strict-

1 er of any applicable capital requirements to which  
2 the futures commission merchant, introducing  
3 broker, digital commodity broker, digital commodity  
4 dealer, broker, or dealer, respectively, is subject  
5 under this Act or the Securities Exchange Act of  
6 1934 (15 U.S.C. 78a et seq.).

7 “(e) DIGITAL COMMODITY TRADING NOT READILY  
8 SUSCEPTIBLE TO MANIPULATION.—A digital commodity  
9 broker or digital commodity dealer may only permit trad-  
10 ing in digital commodities that are not readily susceptible  
11 to manipulation.

12 “(f) EXECUTION.—The Commission shall prescribe  
13 rules and regulations regarding the execution of digital  
14 commodity transactions by a digital commodity broker or  
15 a digital commodity dealer with or on behalf of customers,  
16 which shall address—

17 “(1) fair and objective pricing;

18 “(2) the recording, maintaining, and disclosure  
19 of information;

20 “(3) the protection of the price discovery proc-  
21 ess; and

22 “(4) requirements specific to digital commodity  
23 transactions with or on behalf of a customer who is  
24 not an eligible contract participant.

1       “(g) REPORTING AND RECORDKEEPING.—Each dig-  
2 ital commodity broker and digital commodity dealer  
3 shall—

4           “(1) make such reports as are required by the  
5 Commission by rule or regulation regarding the  
6 transactions, positions, and financial condition of the  
7 digital commodity broker or digital commodity deal-  
8 er, respectively;

9           “(2) keep books and records in such form and  
10 manner and for such period as shall be prescribed  
11 by the Commission by rule or regulation; and

12           “(3) keep the books and records open to inspec-  
13 tion and examination by any representative of the  
14 Commission.

15       “(h) DAILY TRADING RECORDS.—

16           “(1) IN GENERAL.—Each digital commodity  
17 broker and digital commodity dealer shall maintain  
18 daily trading records of the transactions of the dig-  
19 ital commodity broker or digital commodity dealer,  
20 respectively, and all related records (including re-  
21 lated forward or derivatives transactions) and re-  
22 corded communications, including electronic mail, in-  
23 stant messages, and recordings of telephone calls,  
24 for such period as the Commission shall require by  
25 rule or regulation.



1           “(2) INFORMATION REQUIREMENTS.—The daily  
2 trading records described in paragraph (1) shall in-  
3 clude such information as the Commission shall re-  
4 quire by rule or regulation.

5           “(3) COUNTERPARTY RECORDS.—Each digital  
6 commodity broker and digital commodity dealer shall  
7 maintain daily trading records for each customer or  
8 counterparty in a manner and form that is identifi-  
9 able with each digital commodity transaction.

10          “(4) AUDIT TRAIL.—Each digital commodity  
11 broker and digital commodity dealer shall maintain  
12 a complete audit trail for conducting comprehensive  
13 and accurate trade reconstructions.

14          “(i) BUSINESS CONDUCT STANDARDS.—

15           “(1) IN GENERAL.—Each digital commodity  
16 broker and digital commodity dealer shall conform  
17 with such business conduct standards as the Com-  
18 mission, by rule or regulation, shall prescribe related  
19 to—

20           “(A) fraud, manipulation, and other abu-  
21 sive practices involving spot digital commodity  
22 transactions (including transactions that are of-  
23 fered but not entered into);

1 “(B) diligent supervision of the business of  
2 the registered digital commodity broker or dig-  
3 ital commodity dealer, respectively; and

4 “(C) such other matters as the Commis-  
5 sion determines appropriate.

6 “(2) BUSINESS CONDUCT REQUIREMENTS.—  
7 The Commission shall, by rule, prescribe business  
8 conduct requirements that—

9 “(A) require disclosure by a registered dig-  
10 ital commodity broker and registered digital  
11 commodity dealer to any counterparty to the  
12 transaction (other than an eligible contract par-  
13 ticipant) of—

14 “(i) information about the material  
15 risks and characteristics of the digital com-  
16 modity; and

17 “(ii) information about the material  
18 risks and characteristics of the transaction;

19 “(B) establish a duty for such a digital  
20 commodity broker and such a digital commodity  
21 dealer to communicate in a fair and balanced  
22 manner based on principles of fair dealing and  
23 good faith;

24 “(C) establish standards governing digital  
25 commodity broker and digital commodity dealer

1 marketing and advertising, including  
2 testimonials and endorsements;

3 “(D) establish a duty for digital com-  
4 modity brokers and digital commodity dealers  
5 to provide fair, transparent, and objective pric-  
6 ing; and

7 “(E) establish such other standards and  
8 requirements as the Commission may determine  
9 are appropriate for the protection of customers.

10 “(3) PROHIBITION ON FRAUDULENT PRAC-  
11 TICES.—It shall be unlawful for a digital commodity  
12 broker or digital commodity dealer to—

13 “(A) employ any device, scheme, or artifice  
14 to defraud any customer or counterparty;

15 “(B) engage in any transaction, practice,  
16 or course of business that operates as a fraud  
17 or deceit on any customer or counterparty; or

18 “(C) engage in any act, practice, or course  
19 of business that is fraudulent, deceptive, or ma-  
20 nipulative.

21 “(j) DUTIES.—

22 “(1) RISK MANAGEMENT PROCEDURES.—Each  
23 digital commodity broker and digital commodity  
24 dealer shall establish robust and professional risk  
25 management systems adequate for managing the

1 day-to-day business of the digital commodity broker  
2 or digital commodity dealer, respectively.

3 “(2) DISCLOSURE OF GENERAL INFORMA-  
4 TION.—Each digital commodity broker and digital  
5 commodity dealer shall disclose to the Commission  
6 information concerning—

7 “(A) the terms and conditions of the trans-  
8 actions of the digital commodity broker or dig-  
9 ital commodity dealer, respectively;

10 “(B) the trading operations, mechanisms,  
11 and practices of the digital commodity broker  
12 or digital commodity dealer, respectively;

13 “(C) financial integrity protections relating  
14 to the activities of the digital commodity broker  
15 or digital commodity dealer, respectively; and

16 “(D) other information relevant to trading  
17 in digital commodities by the digital commodity  
18 broker or digital commodity dealer, respectively.

19 “(3) ABILITY TO OBTAIN INFORMATION.—Each  
20 digital commodity broker and digital commodity  
21 dealer shall—

22 “(A) establish and enforce internal systems  
23 and procedures to obtain any necessary infor-  
24 mation to perform any of the functions de-  
25 scribed in this section; and

1                   “(B) provide the information to the Com-  
2 mission, on request.

3                   “(4) CONFLICTS OF INTEREST.—The Commis-  
4 sion shall require each digital commodity broker and  
5 digital commodity dealer to establish, maintain, and  
6 enforce written policies and procedures reasonably  
7 designed, taking into consideration the nature of the  
8 business of the person—

9                   “(A) to minimize any conflicts of interest  
10 in the decision-making process, including con-  
11 flicts arising—

12                   “(i) out of transactions or arrange-  
13 ments with affiliates (including affiliates  
14 engaging in digital commodity activities);  
15 or

16                   “(ii) as a result of multiple registra-  
17 tions under this Act;

18                   “(B) establish a process for resolving con-  
19 flicts of interest described in subparagraph (A);

20                   “(C) require disclosure by a digital com-  
21 modity broker or digital commodity dealer of  
22 any material incentives or conflicts of interest  
23 that the digital commodity broker or digital  
24 commodity dealer is unable to resolve, or pro-  
25 hibit the conditions giving rise to such conflicts

1 of interest not able to be resolved, as the Com-  
2 mission may determine to be appropriate; and

3 “(D) address such other issues as the  
4 Commission determines to be appropriate.

5 “(5) ANTITRUST CONSIDERATIONS.—Unless  
6 necessary or appropriate to achieve the purposes of  
7 this Act, a digital commodity broker or digital com-  
8 modity dealer shall not—

9 “(A) adopt any process or take any action  
10 that results in any unreasonable restraint of  
11 trade; or

12 “(B) impose any material anticompetitive  
13 burden on trading or clearing.

14 “(k) DESIGNATION OF CHIEF COMPLIANCE OFFI-  
15 CER.—

16 “(1) IN GENERAL.—Each digital commodity  
17 broker and digital commodity dealer shall designate  
18 an individual to serve as a chief compliance officer,  
19 who shall be solely responsible to the digital com-  
20 modity broker or digital commodity dealer and not  
21 to any other affiliated entity or other entity regu-  
22 lated under this Act.

23 “(2) DUTIES.—The chief compliance officer of  
24 a registered digital commodity broker or a registered  
25 digital commodity dealer shall—

1           “(A) report directly to the board or to the  
2           senior officer of the registered digital com-  
3           modity broker or registered digital commodity  
4           dealer;

5           “(B) review the compliance of the reg-  
6           istered digital commodity broker or registered  
7           digital commodity dealer with respect to the  
8           registered digital commodity broker and reg-  
9           istered digital commodity dealer requirements  
10          described in this section;

11          “(C) in consultation with the board of di-  
12          rectors, a body performing a function similar to  
13          the board, or the senior officer of the organiza-  
14          tion, resolve any conflicts of interest that may  
15          arise;

16          “(D) be responsible for administering each  
17          policy and procedure that is required to be es-  
18          tablished pursuant to this section;

19          “(E) ensure compliance with this Act (in-  
20          cluding regulations), including each rule pre-  
21          scribed by the Commission under this section;

22          “(F) establish procedures for the remedi-  
23          ation of noncompliance issues identified by the  
24          chief compliance officer through any—

25                 “(i) compliance office review;

1 “(ii) look-back;

2 “(iii) internal or external audit find-  
3 ing;

4 “(iv) self-reported error; or

5 “(v) validated complaint; and

6 “(G) establish and follow appropriate pro-  
7 cedures for the handling, management response,  
8 remediation, retesting, and closing of non-  
9 compliance issues.

10 “(3) ANNUAL REPORTS.—

11 “(A) IN GENERAL.—In accordance with  
12 rules that shall be prescribed by the Commis-  
13 sion, the chief compliance officer of a registered  
14 digital commodity broker or a registered digital  
15 commodity dealer shall annually prepare and  
16 sign a report that contains a description of—

17 “(i) the compliance of the registered  
18 digital commodity broker or registered dig-  
19 ital commodity dealer with this Act (in-  
20 cluding regulations); and

21 “(ii) each policy and procedure of the  
22 registered digital commodity broker or reg-  
23 istered digital commodity dealer followed  
24 by the chief compliance officer (including



1 the code of ethics and conflict of interest  
2 policies).

3 “(B) REQUIREMENTS.—The chief compli-  
4 ance officer shall ensure that a compliance re-  
5 port under subparagraph (A)—

6 “(i) accompanies each appropriate fi-  
7 nancial report of the registered digital  
8 commodity broker or registered digital  
9 commodity dealer that is required to be  
10 furnished to the Commission pursuant to  
11 this section; and

12 “(ii) includes a certification that,  
13 under penalty of law, the compliance re-  
14 port is accurate and complete.

15 “(I) SEGREGATION OF DIGITAL COMMODITIES.—

16 “(1) HOLDING OF CUSTOMER ASSETS.—

17 “(A) IN GENERAL.—Each digital com-  
18 modity broker and digital commodity dealer  
19 shall hold customer money, assets, and property  
20 in a manner to minimize the risk of loss to the  
21 customer or unreasonable delay in customer ac-  
22 cess to the money, assets, and property of the  
23 customer.

24 “(B) QUALIFIED DIGITAL COMMODITY  
25 CUSTODIAN.—Each digital commodity broker

1 and digital commodity dealer shall hold in a  
2 qualified digital commodity custodian each unit  
3 of a digital asset that is—

4 “(i) the property of a customer or  
5 counterparty of the digital commodity  
6 broker or digital commodity dealer, respec-  
7 tively;

8 “(ii) required to be held by the digital  
9 commodity broker or digital commodity  
10 dealer under subsection (d); or

11 “(iii) otherwise so required by the  
12 Commission to reasonably protect cus-  
13 tomers and customer assets or promote the  
14 public interest.

15 “(2) SEGREGATION OF FUNDS.—

16 “(A) IN GENERAL.—Each digital com-  
17 modity broker and digital commodity dealer  
18 shall treat and deal with all money, assets, and  
19 property that is received by the digital com-  
20 modity broker or digital commodity dealer, or  
21 accrues to a customer as the result of trading  
22 in digital commodities, as belonging to the cus-  
23 tomer.

24 “(B) COMMINGLING PROHIBITED.—

1 “(i) IN GENERAL.—Except as pro-  
2 vided in clause (ii), each digital commodity  
3 broker and digital commodity dealer shall  
4 separately account for money, assets, and  
5 property of a digital commodity customer,  
6 and shall not commingle any such money,  
7 assets, or property with the funds of the  
8 digital commodity broker or digital com-  
9 modity dealer, respectively, or use any such  
10 money, assets, or property to margin, se-  
11 cure, or guarantee any trades or accounts  
12 of any customer or person other than the  
13 person for whom the money, assets, or  
14 property are held.

15 “(ii) EXCEPTIONS.—

16 “(I) USE OF FUNDS.—

17 “(aa) IN GENERAL.—A dig-  
18 ital commodity broker or digital  
19 commodity dealer may, for con-  
20 venience, commingle and deposit  
21 in the same account or accounts  
22 with any bank, trust company,  
23 derivatives clearing organization,  
24 or qualified digital commodity

1                   custodian money, assets, and  
2                   property of customers.

3                   “(bb) WITHDRAWAL.—The  
4                   share of the money, assets, and  
5                   property described in item (aa)  
6                   as in the normal course of busi-  
7                   ness shall be necessary to mar-  
8                   gin, guarantee, secure, transfer,  
9                   adjust, or settle a contract of sale  
10                  of a digital commodity with a  
11                  registered entity may be with-  
12                  drawn and applied to such pur-  
13                  poses, including the payment of  
14                  commissions, brokerage, interest,  
15                  taxes, storage, and other charges,  
16                  lawfully accruing in connection  
17                  with the contract.

18                  “(II) COMMISSION ACTION.—In  
19                  accordance with such terms and con-  
20                  ditions as the Commission may pre-  
21                  scribe by rule, regulation, or order,  
22                  any money, assets, or property of the  
23                  customers of a digital commodity  
24                  broker or digital commodity dealer  
25                  may be commingled and deposited in

1 customer accounts with any other  
2 money, assets, or property received by  
3 the digital commodity broker or dig-  
4 ital commodity dealer, respectively,  
5 and required by the Commission to be  
6 separately accounted for and treated  
7 and dealt with as belonging to the  
8 customer of the digital commodity  
9 broker or digital commodity dealer,  
10 respectively.

11 “(3) PERMITTED INVESTMENTS.—Money de-  
12 scribed in paragraph (2) may be invested in obliga-  
13 tions of the United States, in general obligations of  
14 any State or of any political subdivision of a State,  
15 in obligations fully guaranteed as to principal and  
16 interest by the United States, or in any high-quality  
17 liquid asset that the Commission may by rule or reg-  
18 ulation allow.

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

21 “(A) CUSTOMER PROPERTY.—All assets  
22 held on behalf of a customer by a digital com-  
23 modity broker or digital commodity dealer, and  
24 all money, assets, and property of any customer  
25 received by a digital commodity exchange for

1 trading or custody, or to facilitate, margin,  
2 guarantee, or secure contracts of sale of a dig-  
3 ital commodity (including money, assets, or  
4 property accruing to the customer as the result  
5 of the transactions), shall be considered cus-  
6 tomer property for purposes of section 761 of  
7 title 11, United States Code.

8 “(B) TRANSACTIONS.—A transaction in-  
9 volving a unit of a digital commodity occurring  
10 with a digital commodity broker or digital com-  
11 modity dealer shall be considered a contract for  
12 the purchase or sale of a commodity for future  
13 delivery on, or subject to the rules of, a con-  
14 tract market or board of trade for purposes of  
15 the definition of a ‘commodity contract’ in sec-  
16 tion 761 of title 11, United States Code.

17 “(C) BROKERS AND DEALERS.—A digital  
18 commodity broker and a digital commodity  
19 dealer shall be considered a futures commission  
20 merchant for purposes of section 761 of title  
21 11, United States Code.

22 【“(D) ASSETS REMOVED FROM SEGREGA-  
23 TION.—Assets removed from segregation due to  
24 a customer election under paragraph (6) shall  
25 not be considered customer property for pur-

1 poses of section 761 of title 11, United States  
2 Code.】

3 “(5) MISUSE OF CUSTOMER PROPERTY.—

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

5 “(i) for any digital commodity broker  
6 or digital commodity dealer that has re-  
7 ceived any customer money, assets, or  
8 property for custody to dispose of, or use  
9 any such money, assets, or property as be-  
10 longing to the digital commodity broker or  
11 digital commodity dealer, respectively, or  
12 any person other than a customer of the  
13 digital commodity broker or digital com-  
14 modity dealer, respectively; or

15 “(ii) for any other person, including  
16 any depository, digital commodity ex-  
17 change, other digital commodity broker,  
18 other digital commodity dealer, or digital  
19 commodity custodian that has received any  
20 customer money, assets, or property for  
21 deposit, to hold, dispose of, or use any  
22 such money, assets, or property, as belong-  
23 ing to the depositing digital commodity  
24 broker or digital commodity dealer or any  
25 person other than the customers of the

1 digital commodity broker or digital com-  
2 modity dealer, respectively.

3 “(B) USE FURTHER DEFINED.—For pur-  
4 poses of this section, ‘use’ of a digital com-  
5 modity includes utilizing any unit of a digital  
6 asset to participate in a **【blockchain】** service  
7 defined in paragraph (6) or a **【decentralized**  
8 **governance system】** associated with the digital  
9 commodity or the **【blockchain system】** to which  
10 the digital commodity relates in any manner  
11 other than that expressly directed by the cus-  
12 tomer from whom the unit of a digital com-  
13 modity was received.

14 **【“(6) PARTICIPATION IN 【BLOCKCHAIN】 SERV-**  
15 **ICES.—】**

16 **【“(A) USE OF FUNDS.—A digital com-**  
17 **modity broker or digital commodity dealer (or a**  
18 **designee of a digital commodity broker or dig-**  
19 **ital commodity dealer) may use a unit of a dig-**  
20 **ital commodity belonging to a customer to pro-**  
21 **vide a 【blockchain】 service for a 【blockchain**  
22 **system】 to which the unit of the digital com-**  
23 **modity relates if—】**

24 **【“(i) the customer expressly permits**  
25 **the use, in writing, to the digital com-**



1           modity broker or digital commodity dealer,  
2           as the case may be; and】

3           【“(ii) the digital commodity broker or  
4           digital commodity dealer, as the case may  
5           be, complies with subparagraph (B).】

6           【“(B) LIMITATIONS.—】

7           【“(i) IN GENERAL.—The Commission  
8           shall, by rule, establish notice and written  
9           disclosure requirements and any other limi-  
10          tations and rules related to a permission  
11          provided under subparagraph (A) or the  
12          treatment of customer assets in the event  
13          of an insolvency, resolution, or liquidation  
14          proceeding, including a description of the  
15          manner in which any digital commodity  
16          would be treated in an insolvency, resolu-  
17          tion, or liquidation proceeding, and how  
18          the treatment of digital commodities dif-  
19          fers from the treatment of any other assets  
20          in the event of an insolvency, resolution, or  
21          liquidation proceeding, that are reasonably  
22          necessary to protect customers, including  
23          eligible contract participants, non-eligible  
24          contract participants, and any other class  
25          of customers.】

1           **[(“(ii) CUSTOMER CHOICE.—A digital**  
2           commodity broker or digital commodity  
3           dealer may not require a customer to pro-  
4           vide the permission referred to in subpara-  
5           graph (A) as a condition of doing business  
6           with the digital commodity broker or dig-  
7           ital commodity dealer.]

8           **[(“(C) REQUIREMENTS.—The Commission**  
9           may, by rule, modify the requirements of para-  
10          graph (2) or subsection (h) to facilitate the use  
11          of a unit of a digital commodity belonging to a  
12          customer to provide a **[blockchain]** service.]

13          **[(“(D)   [BLOCKCHAIN]   SERVICE DE-**  
14          FINED.—In this paragraph, the term  
15          **[‘blockchain service’]** means any activity relat-  
16          ing to validating transactions on a **[blockchain**  
17          system], providing security for a **[blockchain**  
18          system], or other similar activity required for  
19          the ongoing operation of a **[blockchain sys-**  
20          tem].]

21          **“(m) FEDERAL PREEMPTION.—**

22               **“(1) IN GENERAL.—Except as provided in para-**  
23          graph (2), the Commission shall have exclusive juris-  
24          diction over any digital commodity broker or digital

1 commodity dealer registered under this section with  
2 respect to activities subject to this Act.

3 “(2) PRESERVATION OF AUTHORITY.—Nothing  
4 in this subsection shall affect the ability of a State  
5 or local agency to investigate and bring enforcement  
6 actions regarding fraud, deceit, or unfair or decep-  
7 tive acts or practices.

8 “(n) INSPECTION.—The Commission may inspect  
9 and monitor digital commodity brokers and digital com-  
10 modity dealers, on an ongoing basis, for the purpose of  
11 ensuring compliance with this Act and the rules and regu-  
12 lations issued under this Act.

13 “(o) SUSPENSION OR REVOCATION OF REGISTRA-  
14 TION.—The failure of a digital commodity broker or dig-  
15 ital commodity dealer to comply with any provision of this  
16 Act, or any rule, regulation, or order of the Commission  
17 under this Act, shall be cause for, in accordance with the  
18 procedures and subject to judicial review under section  
19 6(b)—

20 “(1) the suspension of the digital commodity  
21 broker or digital commodity dealer for a period of  
22 not more than 180 days; or

23 “(2) revocation of registration as a digital com-  
24 modity broker or digital commodity dealer.

1       “(p) REGULATIONS.—The Commission shall pre-  
2 scribe such rules and regulations as are appropriate for  
3 the implementation of this section.”.

4 **SEC. 206. REGISTRATION OF ASSOCIATED PERSONS.**

5       (a) IN GENERAL.—Section 4k of the Commodity Ex-  
6 change Act (7 U.S.C. 6k) is amended by adding at the  
7 end the following:

8               “(7) ASSOCIATED PERSONS OF DIGITAL COM-  
9 MODITY BROKERS AND DIGITAL COMMODITY DEAL-  
10 ERS.—

11               “(A) IN GENERAL.—It shall be unlawful  
12 for any person to act as an associated person  
13 of a digital commodity broker or an associated  
14 person of a digital commodity dealer unless the  
15 person is registered with the Commission under  
16 this Act and such registration shall not have ex-  
17 pired, been suspended (and the period of sus-  
18 pension has not expired), or been revoked.

19               “(B) DUTY OF DIGITAL COMMODITY BRO-  
20 KERS AND DEALERS.—It shall be unlawful for  
21 a digital commodity broker or a digital com-  
22 modity dealer to permit a person described in  
23 subparagraph (A) to become or remain associ-  
24 ated with the digital commodity broker or dig-  
25 ital commodity dealer if the digital commodity

1 broker or digital commodity dealer knew or  
2 should have known that the person was not so  
3 registered or that the registration had expired,  
4 been suspended (and the period of suspension  
5 has not expired), or been revoked.”.

6 (b) APPLICATION.—Section 4k(4) of the Commodity  
7 Exchange Act (7 U.S.C. 6k(4)) is amended, in the first  
8 sentence, by striking “or of a commodity trading advisor”  
9 and inserting “of a commodity trading advisor, of a digital  
10 commodity broker, or of a digital commodity dealer”.

11 **[SEC. 207. REGISTRATION OF COMMODITY POOL OPERA-**  
12 **TORS AND COMMODITY TRADING ADVISORS.**

13 Section 4m of the Commodity Exchange Act (7  
14 U.S.C. 6m) is amended by adding at the end the fol-  
15 lowing:】

16 **【“(4) EXEMPTIVE AUTHORITY.—**The Commis-  
17 sion shall promulgate rules to provide appropriate  
18 exemptions for commodity pool operators and com-  
19modity trading advisors to provide relief from dupli-  
20cative, conflicting, or unduly burdensome require-  
21ments or to promote responsible innovation, to the  
22extent the exemptions foster the development of fair  
23and orderly cash or spot digital commodity markets,  
24are necessary or appropriate in the public interest,

1 and are consistent with the protection of cus-  
2 tomers.”.]

3 **[SEC. 208. DECENTRALIZED FINANCE.**

4 ***【Seeking further feedback】***

5 **SEC. 209. CLARIFICATION ON CUSTOMER PROPERTY.**

6 Section 20(a) of the Commodity Exchange Act (7  
7 U.S.C. 24(a)) is amended—

8 (1) in paragraph (4), by striking “and” at the  
9 end;

10 (2) in paragraph (5), by striking the period at  
11 the end and inserting “; and”; and

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

13 “(6) that cash, securities, or other property of  
14 the estate of a commodity broker, including the  
15 trading or operating accounts of the commodity  
16 broker and commodities held in inventory by the  
17 commodity broker, shall, subject to any otherwise  
18 unavoidable security interest, or otherwise unavoid-  
19 able contractual offset or netting rights of creditors  
20 (including rights set forth in a rule or bylaw of a de-  
21 rivatives clearing organization or a clearing agency)  
22 in respect of such property, be included in customer  
23 property, but only to the extent that the property  
24 that is otherwise customer property is insufficient to  
25 satisfy the net equity claims of public customers (as

1       such term may be defined by the Commission by  
2       rule or regulation) of the commodity broker.”.

3   **SEC. 210. RESOURCES FOR IMPLEMENTATION.**

4       The Commodity Exchange Act is amended by insert-  
5   ing after section 8d (7 U.S.C. 12d) the following:

6   **“SEC. 8e. RESOURCES FOR IMPLEMENTATION REGARDING**  
7               **DIGITAL COMMODITY EXCHANGES, BROKERS,**  
8               **AND DEALERS.**

9       “(a) COLLECTION OF FEES.—

10           “(1) IN GENERAL.—The Commission shall, in  
11       accordance with this subsection, assess and collect  
12       fees, which shall be used to recover the annual costs  
13       of—

14           “(A) registering digital commodity ex-  
15       changes, digital commodity brokers, and digital  
16       commodity dealers;

17           “(B) conducting oversight of digital com-  
18       modity exchanges, digital commodity brokers,  
19       digital commodity dealers, digital commodity  
20       custodians, and digital commodity transactions;

21           “(C) carrying out education and outreach  
22       under subsection (b); and

23           “(D) carrying out such other activities as  
24       are required by the [\_\_\_\_\_ Act of

1           \_\_\_\_\_】 and the amendments made by that  
2           Act.

3           “(2) DETERMINATION OF FEE RATES.—In de-  
4           termining fee rates under paragraph (1), the Com-  
5           mission shall consider—

6                   “(A) the volume of business of the digital  
7                   commodity exchange, digital commodity broker,  
8                   digital commodity dealer, or digital commodity  
9                   custodian; and

10                   “(B) the registration category of the dig-  
11                   ital commodity exchange, digital commodity  
12                   broker, digital commodity dealer, or digital  
13                   commodity custodian.

14           “(3) PROHIBITION.—The Commission shall not  
15           require a digital commodity exchange, digital com-  
16           modity broker, digital commodity dealer, or digital  
17           commodity custodian to collect directly from cus-  
18           tomers a per-transaction fee for each digital com-  
19           modity transaction.

20           “(4) PUBLICATION.—Not later than 60 days  
21           after the date of enactment of an Act making a reg-  
22           ular appropriation to the Commission for a fiscal  
23           year, the Commission shall publish in the Federal  
24           Register a notice of—



1                   “(A) the fee rates determined pursuant to  
2                   this subsection for that fiscal year; and

3                   “(B) any estimates or projections on which  
4                   those fee rates are based.

5                   “(5) RECORDS AND DISCLOSURE.—In carrying  
6                   out this subsection, the Commission shall not be re-  
7                   quired to comply with section 553 of title 5, United  
8                   States Code.

9                   “(6) NO JUDICIAL REVIEW.—A fee rate pre-  
10                  scribed under this subsection shall not be subject to  
11                  judicial review.

12                  “(7) DEPOSIT OF FEES.—Fees collected pursu-  
13                  ant to this subsection for any fiscal year shall be de-  
14                  posited and credited as offsetting collections to the  
15                  account providing appropriations to the Commission.

16                  “(8) ANNUAL ADJUSTMENT.—For each fiscal  
17                  year, the Commission shall, by order, determine fee  
18                  rates pursuant to this subsection that are reasonably  
19                  likely to produce aggregate fee collections that are  
20                  equal to the annual appropriation to the Commission  
21                  by Congress for the activities described in paragraph  
22                  (1).

23                  “(9) LAPSE OF APPROPRIATION.—If, on the  
24                  first day of a fiscal year, a regular appropriation to  
25                  the Commission has not been enacted, the Commis-

1 sion shall continue to collect (as offsetting collec-  
2 tions) fees pursuant to this subsection at each of the  
3 rates in effect during the preceding fiscal year.

4 “(10) BUDGET REQUESTS.—The Commissions  
5 shall itemize in each budget submitted to the Presi-  
6 dent or the Office of Management and Budget the  
7 estimated annual costs of—

8 “(A) registering digital commodity ex-  
9 changes, digital commodity brokers, and digital  
10 commodity dealers;

11 “(B) conducting oversight of digital com-  
12 modity exchanges, digital commodity brokers,  
13 digital commodity dealers, digital commodity  
14 custodians, and digital commodity transactions;

15 “(C) carrying out education and outreach  
16 under subsection (b); and

17 “(D) carrying out such other activities as  
18 are required by the [\_\_\_\_\_ Act of  
19 \_\_\_\_\_] and the amendments made by that  
20 Act.

21 “(11) LIMITATIONS.—

22 “(A) IN GENERAL.—Fees may only be as-  
23 sessed and imposed pursuant to this subsection  
24 on digital commodity exchanges, digital com-  
25 modity brokers, digital commodity dealers, and

1 digital commodity custodians regulated by the  
2 Commission pursuant to the [\_\_\_\_\_  
3 Act of \_\_\_\_\_] and the amendments made  
4 by that Act.

5 “(B) USE OF FEES.—Fees authorized  
6 under this subsection are prohibited from fund-  
7 ing any Commission activity not directly related  
8 to the activities described in paragraph (1).

9 “(b) CUSTOMER EDUCATION AND OUTREACH.—The  
10 Commission shall provide education and outreach to cus-  
11 tomers participating in digital commodity markets.

12 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
13 is authorized to be appropriated to carry out the  
14 [\_\_\_\_\_ Act of \_\_\_\_\_] and the amendments  
15 made by that Act [\$150,000,000], to remain available  
16 until expended, until the Commission has established and  
17 is collecting registration fees pursuant to subsection (a).

18 “(d) EXPEDITED HIRING AUTHORITY.—

19 “(1) APPOINTMENT AUTHORITY.—The Chair-  
20 man of the Commission may appoint individuals to  
21 a position described in paragraph (2)—

22 “(A) in accordance with the statutes, rules,  
23 and regulations governing appointments to posi-  
24 tions in the excepted service (as defined in sec-  
25 tion 2103 of title 5, United States Code); and

1           “(B) without regard to any statute, rule,  
2           or regulation governing appointments to posi-  
3           tions in the competitive service (as defined in  
4           section 2102 of such title).

5           “(2) POSITION DESCRIBED.—A position re-  
6           ferred to in paragraph (1) is a position at the Com-  
7           mission that—

8           “(A) is in the competitive service (as de-  
9           fined in section 2102 of title 5, United States  
10          Code); and

11          “(B) requires specialized knowledge of dig-  
12          ital commodities markets, financial and capital  
13          market formation or regulation, financial mar-  
14          ket structures or surveillance, data collection or  
15          analysis, or information technology, cybersecu-  
16          rity, or system safeguards.

17          “(3) RULE OF CONSTRUCTION.—The appoint-  
18          ment of a candidate to a position under this sub-  
19          section shall not be considered to cause the position  
20          to be converted from the competitive service (as de-  
21          fined in section 2102 of title 5, United States Code)  
22          to the excepted service (as defined in section 2103  
23          of such title).”.

1 **SEC. 211. SPOT OR CASH MARKET DIGITAL COMMODITY RE-**  
2 **TAIL ADVOCATE.**

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

5 **“SEC. 24. OFFICE OF THE SPOT OR CASH MARKET DIGITAL**  
6 **COMMODITY RETAIL ADVOCATE.**

7 “(a) DEFINITIONS.—In this section:

8 “(1) CHAIRMAN.—The term ‘Chairman’ means  
9 the Chairman of the Commission.

10 “(2) OFFICE.—The term ‘Office’ means the Of-  
11 fice of the Spot or Cash Market Digital Commodity  
12 Retail Advocate established by subsection (b).

13 “(3) RETAIL PARTICIPANT.—The term ‘retail  
14 participant’ means a person that is not an eligible  
15 contract participant and is participating in a spot or  
16 cash digital commodity market.

17 “(b) OFFICE ESTABLISHED.—There is established  
18 within the Commission the Office of the Spot or Cash  
19 Market Digital Commodity Retail Advocate.

20 “(c) DIGITAL COMMODITY RETAIL ADVOCATE.—

21 “(1) IN GENERAL.—The head of the Office  
22 shall be the Digital Commodity Retail Advocate, who  
23 shall—

24 “(A) report directly to the Chairman; and

25 “(B) be appointed by the Chairman from  
26 among individuals having experience in the dig-

1           ital commodity industry and advocating for the  
2           interests of spot or cash digital commodity mar-  
3           ket retail participants.

4           “(2) COMPENSATION.—The annual rate of pay  
5           for the Digital Commodity Retail Advocate shall be  
6           equal to the highest rate of annual pay for other  
7           senior executives who report to the Chairman.

8           “(3) LIMITATION ON SERVICE.—An individual  
9           who serves as the Digital Commodity Retail Advo-  
10          cate may not be employed by the Commission—

11                 “(A) during the 2-year period ending on  
12                 the date of appointment as Digital Commodity  
13                 Retail Advocate; or

14                 “(B) during the 5-year period beginning on  
15                 the date on which the person ceases to serve as  
16                 the Digital Commodity Retail Advocate.

17          “(d) FUNCTIONS OF THE DIGITAL COMMODITY RE-  
18          TAIL ADVOCATE.—The Digital Commodity Retail Advo-  
19          cate shall—

20                 “(1) assist spot or cash digital commodity mar-  
21                 ket retail participants in resolving significant prob-  
22                 lems those retail participants may have with the  
23                 Commission or a registered futures association;

24                 “(2) identify areas in which retail participants  
25                 in spot or cash digital commodity markets would

1 benefit from changes in the regulations of the Com-  
2 mission or the rules of registered futures associa-  
3 tions;

4 “(3) identify problems that retail participants  
5 in spot or cash digital commodity markets have with  
6 financial service providers and products under the  
7 jurisdiction of the Commission of the spot or cash  
8 digital commodity markets;

9 “(4) analyze the potential impact on retail spot  
10 or cash digital commodity market participants of—

11 “(A) proposed regulations of the Commis-  
12 sion; and

13 “(B) proposed rules of registered futures  
14 associations;

15 “(5) to the extent practicable, propose to the  
16 Commission changes in the regulations or orders of  
17 the Commission, and to Congress any legislative, ad-  
18 ministrative, or personnel changes, that may be ap-  
19 propriate—

20 “(A) to mitigate problems identified under  
21 this subsection; and

22 “(B) to promote the interests of retail par-  
23 ticipants in spot or cash digital commodity mar-  
24 kets;

1           “(6) conduct research to identify and under-  
2           stand issues that affect retail participants in spot or  
3           cash digital commodity markets; and

4           “(7) cooperate with and provide assistance to  
5           the Office of Customer Education and Outreach to  
6           conduct initiatives and outreach for retail partici-  
7           pants.

8           “(e) ACCESS TO DOCUMENTS.—

9           “(1) IN GENERAL.—At the discretion of the  
10          Chairman, the Digital Commodity Retail Advocate  
11          shall have full access to the documents of the Com-  
12          mission and registered futures associations as nec-  
13          essary to carry out the functions of the Office.

14          “(2) EFFECT.—Nothing in the subsection au-  
15          thorizes the Digital Commodity Retail Advocate, or  
16          staff of the Office, authority to have access to, or to  
17          release publicly or internally within the Commission,  
18          proprietary or sensitive market data.

19          “(3) POLICIES AND PROCEDURES.—The Office  
20          shall establish and make public on the website of the  
21          Commission policies and procedures in place to safe-  
22          guard the confidentiality of any documents the Dig-  
23          ital Commodity Retail Advocate or staff of the Of-  
24          fice has access to.

25          “(f) ANNUAL REPORTS.—



1 “(1) REPORT ON OBJECTIVES.—

2 “(A) IN GENERAL.—Not later than June  
3 30 of each year, the Digital Commodity Retail  
4 Advocate shall submit to the Committee on Ag-  
5 riculture, Nutrition, and Forestry of the Senate  
6 and the Committee on Agriculture of the House  
7 of Representatives a report describing the ob-  
8 jectives of the Digital Commodity Retail Advo-  
9 cate for the following fiscal year.

10 “(B) CONTENTS.—Each report required  
11 under subparagraph (A) shall contain full and  
12 substantive analysis and explanation.

13 “(2) REPORT ON ACTIVITIES.—

14 “(A) IN GENERAL.—Not later than De-  
15 cember 31 of each year, the Digital Commodity  
16 Retail Advocate shall submit to the Committee  
17 on Agriculture, Nutrition, and Forestry of the  
18 Senate and the Committee on Agriculture of  
19 the House of Representatives a report describ-  
20 ing the activities of the Digital Commodity Re-  
21 tail Advocate during the immediately preceding  
22 fiscal year.

23 “(B) CONTENTS.—Each report required  
24 under subparagraph (A) shall include—

1 “(i) appropriate statistical information  
2 and full and substantive analysis;

3 “(ii) information on steps that the  
4 Digital Commodity Retail Advocate has  
5 taken during the reporting period to im-  
6 prove—

7 “(I) services to and communica-  
8 tion with retail participants in spot or  
9 cash digital commodity markets; and

10 “(II) the responsiveness of the  
11 Commission and registered futures as-  
12 sociations to spot or cash digital com-  
13 modity market retail participant con-  
14 cerns;

15 “(iii) a summary of the most serious  
16 problems reported to the Office or the  
17 Commission by retail participants in spot  
18 or cash digital commodity markets during  
19 the reporting period;

20 “(iv) an inventory of the items de-  
21 scribed in clause (iii) that includes—

22 “(I) identification of any action  
23 taken by the Commission or a reg-  
24 istered futures association and the re-  
25 sult of that action;

1 “(II) the period of time that each  
2 item has remained on the inventory;  
3 and

4 “(III) for items with respect to  
5 which no action has been taken, the  
6 reasons for inaction, and an identi-  
7 fication of any official who is respon-  
8 sible for the action;

9 “(v) recommendations for such admin-  
10 istrative and legislative actions as may be  
11 appropriate to resolve problems encoun-  
12 tered by retail participants in spot or cash  
13 digital commodity markets; and

14 “(vi) any other information, as deter-  
15 mined appropriate by the Digital Com-  
16 modity Retail Advocate.

17 “(C) INDEPENDENCE.—Each report re-  
18 quired under subparagraph (A) shall be pro-  
19 vided directly to the committees described in  
20 that subparagraph without any prior review or  
21 comment from the Commission, any Commis-  
22 sioner, any other officer or employee of the  
23 Commission, or the Office of Management and  
24 Budget.

1                   “(D) CONFIDENTIALITY.—No report re-  
2                   quired under subparagraph (A) may contain  
3                   confidential information.

4                   “(g) OMBUDSMAN.—

5                   “(1) APPOINTMENT.—Not later than 180 days  
6                   after the date on which the first Digital Commodity  
7                   Retail Advocate is appointed under subsection  
8                   (c)(1)(B), the Digital Commodity Retail Advocate  
9                   shall appoint an Ombudsman, who shall report di-  
10                  rectly to the Digital Commodity Retail Advocate.

11                  “(2) DUTIES.—The Ombudsman appointed  
12                  under paragraph (1) shall—

13                         “(A) act as a liaison between the Commis-  
14                         sion and any retail participant in a spot or cash  
15                         digital commodity market in resolving problems  
16                         the retail participant may have with the Com-  
17                         mission or a registered futures association;

18                         “(B) review and make recommendations  
19                         regarding policies and procedures to encourage  
20                         persons to present questions to the Digital  
21                         Commodity Retail Advocate regarding compli-  
22                         ance with this Act; and

23                         “(C) establish safeguards to maintain the  
24                         confidentiality of communications between the

1 persons described in subparagraph (B) and the  
2 Ombudsman.

3 “(3) LIMITATION.—

4 “(A) PERSONNEL.—In carrying out the  
5 duties of the Ombudsman under paragraph (2),  
6 the Ombudsman shall utilize personnel of the  
7 Commission, to the extent practicable.

8 “(B) EFFECT.—Nothing in this paragraph  
9 shall be construed as replacing, altering, or di-  
10 minishing the activities of any ombudsman or  
11 similar office of any other agency.

12 “(4) REPORT.—

13 “(A) REPORT ON ACTIVITIES.—The Om-  
14 budsman shall submit to the Digital Commodity  
15 Retail Advocate an annual report that describes  
16 the activities and evaluates the effectiveness of  
17 the Ombudsman during the preceding 1-year  
18 period.

19 “(B) SUBMISSION.—The Digital Com-  
20 modity Retail Advocate shall include the reports  
21 required under subparagraph (A) in the reports  
22 required to be submitted by the Digital Com-  
23 modity Retail Advocate under subsection (f).”.

1   **SEC. 212. REPORT.**

2           Not later than 180 days after the date of enactment  
3 of this Act, the Commodity Futures Trading Commission  
4 (referred to in this section as the “Commission”) shall—

5           (1) examine the racial, ethnic, and gender de-  
6 mographics of customers participating in digital  
7 commodity markets;

8           (2) submit to the Committee on Agriculture,  
9 Nutrition, and Forestry of the Senate and the Com-  
10 mittee on Agriculture of the House of Representa-  
11 tives a report—

12           (A) describing how those demographics will  
13 inform the rules and regulations of the Com-  
14 mission relating to customer protection;

15           (B) proposing ways in which the Commis-  
16 sion can provide outreach to historically under-  
17 served customers participating in digital com-  
18 modity markets; and

19           (C) containing policy recommendations re-  
20 lating to any other activities the Commission  
21 determines to be necessary to provide appro-  
22 priate protection, outreach, or other similar ac-  
23 tivities relating to historically underserved cus-  
24 tomers participating in digital commodity mar-  
25 kets; and

1           (3) in preparing the report under this sub-  
2       section, seek and consider information and input  
3       from a broad range of stakeholders, including mar-  
4       ket participants, customers, and consumer advo-  
5       cates.

6 **[SEC. 213. ANTI-MONEY LAUNDERING.]**

7       ***[To be supplied]***