

117TH CONGRESS
1ST SESSION

H. R. 4741

To provide for the regulation of digital assets, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 2021

Mr. BEYER introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committees on Agriculture, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide for the regulation of digital assets, 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.**

4 This Act may be cited as the “Digital Asset Market
5 Structure and Investor Protection Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—DIGITAL ASSET SECURITIES UNDER THE FEDERAL
SECURITIES LAWS

Subtitle A—Securities Exchange Act of 1934

- Sec. 101. Definition of digital asset security.
- Sec. 102. Delayed registration for digital asset securities.
- Sec. 103. Deseuritization of digital asset securities.
- Sec. 104. Joint SEC and CFTC rulemaking on major digital asset classification.
- Sec. 105. Conforming amendments.

Subtitle B—Other Securities Laws

- Sec. 111. Securities Act of 1933.
- Sec. 112. Investment Advisers Act of 1940.
- Sec. 113. Investment Company Act of 1940.
- Sec. 114. Securities Investor Protection Act of 1970.

TITLE II—TREATMENT OF DIGITAL ASSETS UNDER THE
COMMODITY EXCHANGE ACT

- Sec. 201. Definitions.
- Sec. 202. Actual delivery of digital assets.
- Sec. 203. Optional Federal charter for digital asset trading and clearing.
- Sec. 204. Reporting requirements.
- Sec. 205. CTA and CPOs: Commodity Interests.
- Sec. 206. Swap data repositories and digital asset trade repositories.

TITLE III—DIGITAL FEDERAL RESERVE NOTES, LEGAL TENDER
STATUS, THE REGULATION OF DIGITAL ASSET FIAT-BASED
STABLECOINS, AND FEDERAL DEPOSIT AND SHARE INSUR-
ANCE FOR DIGITAL ASSETS

Subtitle A—Digital Federal Reserve Notes

- Sec. 301. In general.
- Sec. 302. Digital asset legal tender status.

Subtitle B—Regulation of Digital Asset Fiat-Based Stablecoins

- Sec. 311. Department of Treasury regulation of digital asset fiat-based stablecoins.
- Sec. 312. Conforming amendment.

Subtitle C—Federal Deposit and Share Insurance for Digital Assets

- Sec. 321. Digital asset not deposits for Federal deposit and share insurance.
- Sec. 322. Directed rulemaking FDIC and NCUA website disclosure on digital assets and insurance noncoverage.

TITLE IV—BANK SECRECY ACT

- Sec. 401. Bank Secrecy Act.
- Sec. 402. Anonymizing services, money mule, and anonymity-enhanced convertible virtual currencies.
- Sec. 403. Digital asset transaction actual delivery reporting.
- Sec. 404. Virtual digital asset service providers.

TITLE V—VARIOUS DIGITAL ASSET REPORTS

- Sec. 501. IRS report on digital asset ownership/taxes.

- Sec. 502. Report on ransomware and digital assets.
Sec. 503. Report on decentralized finance.
Sec. 504. Report on custody of digital assets and digital asset securities.
Sec. 505. Report on digital asset trading platforms.
Sec. 506. Report on false trade reporting, wash trading, and off-chain transaction on digital asset trading platforms.
Sec. 507. Relevant committees defined.

1 **TITLE I—DIGITAL ASSET SECURITIES UNDER THE FEDERAL SECURITIES LAWS**
2 **Subtitle A—Securities Exchange Act of 1934**

6 **SEC. 101. DEFINITION OF DIGITAL ASSET SECURITY.**

7 (a) DEFINITION OF SECURITY.—Section 3(a)(10) of
8 the Securities Exchange Act of 1934 (15 U.S.C.
9 78c(a)(10)) is amended—

10 (1) by inserting “digital asset security,” after
11 “investment contract,”; and

12 (2) by striking “; but shall not include cur-
13 rency” and inserting “; but shall not include any fiat
14 currency, commodity, digital asset,”.

15 (b) OTHER DEFINITIONS.—Section 3(a) of the Secu-
16 rities Exchange Act of 1934 (15 U.S.C. 78c(a)) is amend-
17 ed—

18 (1) by transferring paragraph (79) so as to ap-
19 pear after paragraph (78);

20 (2) by redesignating the second paragraph (80)
21 as paragraph (81); and

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

1 “(82) DIGITAL ASSET SECURITY.—

2 “(A) IN GENERAL.—The term ‘digital
3 asset security’ means a digital asset that:

4 “(i) Provides the holder of the digital
5 asset with any of the following rights:

6 “(I) Equity or debt interest in
7 the issuer.

8 “(II) Right to profits, interest, or
9 dividend payments from the issuer.

10 “(III) Voting rights in the major
11 corporate actions (which shall not in-
12 clude new block creations, hardforks,
13 or protocol changes related to the dig-
14 ital asset) of the issuer.

15 “(IV) Liquidation rights in the
16 event of the issuer’s liquidation.

17 “(ii) In the case of an issuer with a
18 service, goods, or platform that is not
19 wholly operational at the time of issuing
20 such digital asset, with respect to any
21 fundraising or capital formation activity
22 (including initial coin offerings) which is
23 accomplished through the issuance of such
24 a digital asset, issues such digital asset to
25 a holder in return for money (including

1 other digital assets) to fund the develop-
2 ment of the proposed service, goods, or
3 platform of the issuer.

4 “(B) RULE RELATING TO DIGITAL AS-
5 SETS.—The term ‘digital asset security’ does
6 not include any digital asset other than the dig-
7 ital assets described in subparagraph (A). Any
8 digital asset not described in subparagraph (A)
9 shall be considered to be, and regulated as, a
10 commodity under the Commodity Exchange Act
11 (7 U.S.C. 1a et seq.).”.

12 **SEC. 102. DELAYED REGISTRATION FOR DIGITAL ASSET SE-**
13 **CURITIES.**

14 Section 12(g)(1) of the Securities Exchange Act of
15 1934 (15 U.S.C. 78l(g)(1)) is amended—

16 (1) in subparagraph (A)(ii), by striking “and”
17 at the end;

18 (2) in subparagraph (B), by inserting “and”
19 after “persons,”; and

20 (3) by inserting after subparagraph (B) the fol-
21 lowing:

22 “(C) in the case of an issuer of a digital asset
23 security, not later than 120 days after the last day
24 of the third fiscal year on which the issuer first has
25 total assets exceeding \$10,000,000 and a class of eq-

1 uity security (other than an exempted security) held
2 of record by 2,000 or more persons,”.

3 **SEC. 103. DESECURITIZATION OF DIGITAL ASSET SECURI-**
4 **TIES.**

5 Section 12(g) of the Securities Exchange Act of 1934
6 (15 U.S.C. 78l(g)) is amended by adding at the end the
7 following:

8 “(7) DESECURITIZATION OF DIGITAL
9 ASSET SECURITIES.—Registration of any class
10 of digital asset security pursuant to this sub-
11 section or status as a security (or both) shall be
12 terminated ninety days, or such shorter period
13 as the Commission may determine, after the
14 issuer files a desecuritization certification with
15 the Commission. The desecuritization certifi-
16 cation shall demonstrate that the issuer’s serv-
17 ice, goods, or platform are fully operational and
18 that the digital asset does not provide holders
19 of such digital assets with any of the rights
20 specified in subclauses (I) through (IV) of sec-
21 tion 3(a)(82)(A). The Commission shall after
22 notice and opportunity for hearing deny termi-
23 nation of registration or change in status as a
24 security (or both) if it finds that the
25 desecuritization certification is untrue. Termi-

1 nation of registration or change in status (or
2 both) shall be deferred pending final determina-
3 tion on the question of denial. A digital asset
4 security so desecuritized shall be considered to
5 be, and regulated as, a commodity under the
6 Commodity Exchange Act (7 U.S.C. 1a et
7 seq.).”.

8 **SEC. 104. JOINT SEC AND CFTC RULEMAKING ON MAJOR**
9 **DIGITAL ASSET CLASSIFICATION.**

10 The Securities Exchange Act of 1934 is amended by
11 adding at the end the following:

12 **“SEC. 105. JOINT SEC AND CFTC RULEMAKING ON MAJOR**
13 **DIGITAL ASSET CLASSIFICATION.**

14 “(a) IN GENERAL.—Not later than 150 days after
15 the date of the enactment of this section, the Commission
16 and the Commodity Futures Trading Commission shall
17 jointly publish, for purposes of a 60-day public comment
18 period, a proposed rulemaking that classifies each of the
19 major digital assets by (i) highest market capitalization
20 and (ii) highest daily trading volume as either—

21 “(1) a digital asset; or

22 “(2) a digital asset security.

23 “(b) FINAL RULE.—Not later than 270 days after
24 the date of the enactment of this Act, the Commission and
25 the Commodity Futures Trading Commission shall jointly

1 publish a final rule that classifies each of the major digital
2 assets by (i) highest market capitalization and (ii) highest
3 daily average trading volume as—

4 “(1) a digital asset; or

5 “(2) a digital asset security.

6 “(c) MAJOR DIGITAL ASSETS DEFINED.—In this
7 subsection, the term ‘major digital assets’ means the top
8 25 digital assets (including digital asset securities) by (i)
9 the highest market capitalization and (ii) the highest daily
10 trading volume as of the date of the enactment of the Dig-
11 ital Asset Market Structure and Investor Protection Act
12 as reported on an appropriate publicly available website
13 (as jointly determined by the Commission and the Com-
14 modity Futures Trading Commission) that publishes such
15 information, such as CoinMarketCap.”.

16 **SEC. 105. CONFORMING AMENDMENTS.**

17 (a) DEFINITION OF BROKER.—Section 3(a)(4)(A) of
18 the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)
19 is amended by inserting “including a digital asset security,
20 but not digital assets,” after “security”.

21 (b) SECURITIES EXCHANGE ACT DEFINITIONS.—
22 Section 3(a) of the Securities Exchange Act of 1934 (15
23 U.S.C. 78c(a)), as amended by section 101, is further
24 amended by adding at the end the following:

1 “(83) COMMODITY EXCHANGE ACT TERMS.—
2 The terms, ‘commodity’, ‘digital asset’, ‘digital asset
3 trade repository’, and ‘virtual currency’ have the
4 meanings given such terms, respectively, in section
5 1a of the Commodity Exchange Act (7 U.S.C. 1a).”.

6 **Subtitle B—Other Securities Laws**

7 **SEC. 111. SECURITIES ACT OF 1933.**

8 (a) DEFINITION OF SECURITY.—Section 2(a)(1) of
9 the Securities Act of 1933 (15 U.S.C. 77b(a)(1)) is
10 amended—

11 (1) by inserting “digital asset security,” after
12 “investment contract,”; and

13 (2) by striking the period at the end and insert-
14 ing “; but does not include any fiat currency, com-
15 modity, digital asset, or any note, draft, bill of ex-
16 change, or banker’s acceptance which has a maturity
17 at the time of issuance of not exceeding nine months
18 exclusive of days of grace or any renewal thereof the
19 maturity of which is likewise limited.”.

20 (b) OTHER DEFINITIONS.—Section 2(a) of the Secu-
21 rities Act of 1933 (15 U.S.C. 77b(a)) is amended by add-
22 ing the following:

23 “(20) The terms ‘commodity’, ‘digital asset’,
24 ‘digital asset trade repository’, and ‘virtual currency’
25 have the meanings given such terms, respectively, in

1 section 1a of the Commodity Exchange Act (7
2 U.S.C. 1a).

3 “(21) The term ‘digital asset security’ has the
4 meaning given such term in section 3(a) of the Secu-
5 rities Exchange Act of 1934 (15 U.S.C. 78c(a)).”.

6 **SEC. 112. INVESTMENT ADVISERS ACT OF 1940.**

7 (a) DEFINITION OF SECURITY.—Section 202(a)(18)
8 of the Investment Advisers Act of 1940 (15 U.S.C. 80b–
9 2(a)(18)) is amended—

10 (1) by inserting “digital asset security,” after
11 “investment contract,”; and

12 (2) by striking the period at the end and insert-
13 ing “; but does not include any fiat currency, com-
14 modity, digital asset, or any note, draft, bill of ex-
15 change, or banker’s acceptance which has a maturity
16 at the time of issuance of not exceeding nine months
17 exclusive of days of grace or any renewal thereof the
18 maturity of which is likewise limited.”.

19 (b) DEFINITION OF DIGITAL ASSET SECURITY.—
20 Section 202(a) of the Investment Advisers Act of (15
21 U.S.C. 80b–2(a)) is amended by adding at the end the
22 following:

23 “(31) The term ‘digital asset security’ has the
24 meaning given such term section 3(a) of the Securi-
25 ties Exchange Act of 1934 (15 U.S.C. 78c(a)).”.

1 (c) OTHER DEFINITIONS.—The second paragraph
2 (29) of section 202(a) of the Investment Advisers Act of
3 1940 (15 U.S.C. 80b–2(a)(29)) is amended by inserting
4 “‘commodity’, ‘digital asset’, ‘digital asset trade reposi-
5 tory’, ‘virtual currency’”, after “‘commodity trading advi-
6 sor’,”.

7 **SEC. 113. INVESTMENT COMPANY ACT OF 1940.**

8 (a) DEFINITION OF SECURITY.—Section 2(a)(36) of
9 the Investment Company Act of 1940 (15 U.S.C. 80b–
10 2(a)(36) is amended—

11 (1) by inserting “digital asset security,” after
12 “investment contract,”; and

13 (2) by striking the period at the end and insert-
14 ing “; but does not include any fiat currency, com-
15 modity, digital asset, or any note, draft, bill of ex-
16 change, or banker’s acceptance which has a maturity
17 at the time of issuance of not exceeding nine months
18 exclusive of days of grace or any renewal thereof the
19 maturity of which is likewise limited.”.

20 (b) COMMODITY EXCHANGE ACT TERMS.—Section
21 2(a)(54) of the Investment Company Act of 1940 (15
22 U.S.C. 80a–2(a)) is amended by striking “and ‘swap exe-
23 cution facility’” and inserting “‘swap execution facility’,
24 ‘commodity’, ‘digital asset’, ‘digital asset trade repository’,
25 and ‘virtual currency’”.

1 (c) DEFINITION OF DIGITAL ASSET SECURITY.—Sec-
2 tion 2(a) of the Investment Company Act of 1940 (15
3 U.S.C. 80a–2(a)) is amended by adding at the end the
4 following:

5 “(55) The term ‘digital asset security’ has the
6 meaning given such term in section 3(a) of the Secu-
7 rities Exchange Act of 1934 (15 U.S.C. 78c(a)).”.

8 **SEC. 114. SECURITIES INVESTOR PROTECTION ACT OF 1970.**

9 (a) IN GENERAL.—

10 (1) DEFINITION OF SECURITY.—Section 16(14)
11 of the Securities Investor Protection Act of 1970 (15
12 U.S.C. 78lll(14)) is amended—

13 (A) by inserting “, digital asset security,”
14 after “investment contract”;

15 (B) by inserting “, digital asset security,”
16 after “if such investment contract”; and

17 (C) in the last sentence, by inserting “dig-
18 ital asset,” after “commodity”.

19 (2) OTHER DEFINITIONS.—Section 16 of the
20 Securities Investor Protection Act of 1970 (15
21 U.S.C. 78lll) is amended by adding the following:

22 “(15) COMMODITY EXCHANGE ACT TERMS.—
23 The terms ‘commodity’, ‘digital asset’, ‘digital asset
24 trade repository’, and ‘virtual currency’ have the

1 meanings given such terms, respectively, in section
2 1a of the Commodity Exchange Act (7 U.S.C. 1a).

3 “(16) DIGITAL ASSET SECURITY.—The term
4 ‘digital asset security’ has the meaning given such
5 term in section 3(a) of the Securities Exchange Act
6 of 1934 (15 U.S.C. 78e(a)).”.

7 (b) SIPC NOTICE.—Not later than 90 days after the
8 date of the enactment of this Act, the Securities Investor
9 Protection Corporation shall make publicly available on
10 the website of the Corporation a notice—

11 (1) regarding the status of digital assets and
12 digital asset securities and how such status impacts
13 Securities Investor Protector Corporation insurance
14 coverage; and

15 (2) that digital assets are not deposits and dig-
16 ital asset securities are in almost all cases not secu-
17 rities and neither would be covered by Securities In-
18 vestor Protection Corporation insurance, regardless
19 of whether—

20 (A) an insured bank, savings association,
21 or credit union holds the digital assets or digital
22 asset securities; or

23 (B) a broker or dealer (as defined in sec-
24 tion 3(a) of the Securities Exchange Act of

1 1934 (15 U.S.C. 78c(a))) holds the digital as-
2 sets or digital asset securities.

3 **TITLE II—TREATMENT OF DIG-**
4 **ITAL ASSETS UNDER THE**
5 **COMMODITY EXCHANGE ACT**

6 **SEC. 201. DEFINITIONS.**

7 (a) DEFINITION OF COMMODITY.—Section 1a(9) of
8 the Commodity Exchange Act (7 U.S.C. 1a(9)) is amend-
9 ed by adding “digital asset (including Bitcoin, Ether, and
10 their hardforks),” after “livestock products,”.

11 (b) OTHER DEFINITIONS RELATING TO DIGITAL AS-
12 SETS.—Section 1a of the Commodity Exchange Act (7
13 U.S.C 1a) is amended by adding at the end the following:

14 “(52) DIGITAL ASSET.—The term ‘digital
15 asset’—

16 “(A) means an asset—

17 “(i) that is created electronically or
18 digitally through software code;

19 “(ii) that is programmed with rules
20 that—

21 “(I) govern the creation, supply,
22 ownership, use, and transfer of such
23 digital asset; and

24 “(II) are designed to resist modi-
25 fication or tampering by any single

1 person or persons under common con-
2 trol;

3 “(iii) that has a transaction history
4 that—

5 “(I) is recorded on a—

6 “(aa) distributed digital
7 ledger; or

8 “(bb) digital data structure
9 in which consensus is achieved
10 through a mathematically
11 verifiable process;

12 “(II) is updated as soon as pos-
13 sible in accordance with the digital
14 asset programming rules related to
15 transactions and ownership; and

16 “(III) after consensus is reached,
17 is designed to prevent modification or
18 tampering with the ownership or
19 transaction history by any single per-
20 son or persons under common control;

21 “(iv) that is capable of being trans-
22 ferred between persons through a decen-
23 tralized method without an intermediate
24 custodian; and

1 “(B) is a broad term which includes sev-
2 eral other terms used to describe digital assets
3 by market participants and regulators such as
4 ‘virtual asset’, ‘virtual currency’, and ‘convert-
5 ible virtual currency’ among others.

6 “(53) DIGITAL ASSET SECURITY.—The term
7 ‘digital asset security’ has the meaning given the
8 term in section 3(a) of the Securities Exchange Act
9 of 1934 (15 U.S.C. 78e(a)).

10 “(54) DIGITAL ASSET TRADE REPOSITORY.—
11 The term ‘digital asset trade repository’ means any
12 person that collects and maintains information or
13 records with respect to transactions or positions in,
14 or the terms and conditions of, contracts of sale of
15 digital assets in interstate commerce entered into by
16 third parties (both on chain public distributed ledger
17 transactions as well as off chain transactions) for
18 the purpose of providing a centralized recordkeeping
19 facility for any digital asset, but does not include a
20 private or public distributed ledger or the operator
21 of either such ledger unless such private or public
22 distributed ledger or operator seeks to aggregate/in-
23 clude ‘off chain’ transactions as well.

24 “(55) DISTRIBUTED LEDGER TECHNOLOGY.—
25 The term ‘distributed ledger technology,’ means a

1 decentralized peer-to-peer network of computers that
2 operate on open-source software which validate and
3 irrevocably log digital asset ownership and trans-
4 actions on a permanent public distributed ledger
5 which is visible to the entire network.

6 “(56) VIRTUAL CURRENCY.—The term ‘virtual
7 currency’ means a digital asset which is a digital
8 representation of value that does not have legal ten-
9 der status and that functions as a medium of ex-
10 change, a unit of account, or a store of value.”.

11 (c) DEFINITION OF COMMODITY TRADING ADVI-
12 SOR.—Section 1(a)(12)(A)(i) of the Commodity Exchange
13 Act (7 U.S.C. 1(a)(12)(A)(i) is amended by adding “com-
14 modity interests, including any—” after “advisability of
15 trading in”.

16 (d) DEFINITION OF FUTURES COMMISSION MER-
17 CHANT.—Section 1a(28)(A)(i)(I)(aa) Commodity Ex-
18 change Act (7 U.S.C. 1a(9)) is amended—

19 (1) in subitem (EE), by striking “or” at the
20 end; and

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

22 “(GG) any contract of
23 sale of a digital asset in
24 interstate commerce, but not
25 a digital asset security; or”.

1 (e) DEFINITION OF INTRODUCING BROKER.—Section
2 1a(31)(A)(i)(I) of the Commodity Exchange Act (7 U.S.C.
3 1a(31)) is amended—

4 (1) in item (cc) by striking “or” at the end;

5 (2) in item (dd), by striking “and” at the end
6 and inserting “or”; and

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

8 “(ee) any contract of sale of
9 a digital asset in interstate com-
10 merce, but not a digital asset se-
11 curity; and”.

12 **SEC. 202. ACTUAL DELIVERY OF DIGITAL ASSETS.**

13 Section 2(c)(2)(D)(ii)(III) of the Commodity Ex-
14 change Act (7 U.S.C. 2(c)(2)(D)(ii)(III)) is amended—

15 (1) in item (aa)—

16 (A) by striking “other longer” and insert-
17 ing “shorter”; and

18 (B) by striking “; or” and inserting a
19 semicolon; and

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

21 “(cc) with respect to digital
22 assets, results in actual delivery
23 (including transfer of control
24 over private keys) not later than
25 24 hours after the transaction is

1 entered into and such delivery is
2 accomplished by either—

3 “(AA) recording the
4 transaction on the public
5 distributed ledger for the
6 digital asset; or

7 “(BB) with respect to
8 digital asset transactions
9 which are not recorded on a
10 public distributed ledger for
11 the digital asset, reporting
12 the transaction to a CFTC
13 registered digital asset trade
14 repository; or”.

15 **SEC. 203. OPTIONAL FEDERAL CHARTER FOR DIGITAL**
16 **ASSET TRADING AND CLEARING.**

17 Section 2(a)(1) of the Commodity Exchange Act (7
18 U.S.C. 2(a)(1)) is amended by adding at the end the fol-
19 lowing:

20 “(J) OPTIONAL FEDERAL CHARTER FOR
21 DIGITAL ASSET TRADING AND CLEARING.—Not-
22 withstanding any other provision of law, a reg-
23 istered entity may list, trade, or clear a contract
24 of sale of a commodity in interstate commerce
25 (including digital assets). The registered entity

1 shall apply all the core principles and related
2 regulations, including Bank Secrecy Act, anti-
3 money laundering and know your customer re-
4 quirements, to such contracts. The Commission
5 shall have exclusive jurisdiction under this para-
6 graph over any agreement, contract, or trans-
7 action involving a contract of sale of a com-
8 modity in interstate commerce (including any
9 digital asset) which is listed, traded, or cleared
10 on or through a registered entity and, provided
11 further, such contracts shall be treated for reg-
12 ulatory and enforcement purposes as if they
13 were contracts of sale of a commodity for future
14 delivery.”.

15 **SEC. 204. REPORTING REQUIREMENTS.**

16 Section 2(a)(13) of the Commodity Exchange Act is
17 amended—

18 (1) by amending the paragraph heading to read
19 as follows: “REPORTING AND PUBLIC AVAILABILITY
20 OF SWAP AND DIGITAL ASSET TRANSACTION DATA”;
21 and

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

23 “(H) REPORTING OF DIGITAL ASSET
24 TRANSACTIONS.—With respect to contracts of
25 sale of a digital asset in interstate commerce

1 transactions, actual delivery (including transfer
2 of control over private keys) shall occur not
3 later than 24 hours after the transaction has
4 been entered into and such delivery shall be ac-
5 complished by either—

6 “(i) recording the transaction on the
7 public distributed ledger for the digital
8 asset; or

9 “(ii) with respect to digital asset
10 transactions which are not recorded on the
11 public distributed ledger for the digital
12 asset, reporting the transaction to a CFTC
13 registered digital asset trade repository.”.

14 **SEC. 205. CTA AND CPOS: COMMODITY INTERESTS.**

15 Section 4m (3)(C) of the Commodity Exchange Act
16 (7 U.S.C. 6m(3)(C)) is amended by replacing the word
17 “paragraph” with “Act” and striking the word “physical”.

18 **SEC. 206. SWAP DATA REPOSITORIES AND DIGITAL ASSET**

19 **TRADE REPOSITORIES.**

20 Section 21 of the Commodity Exchange Act (7 U.S.C.
21 24a) is amended to read as follows:

22 **“SEC. 21 SWAP DATA REPOSITORIES AND DIGITAL ASSET**

23 **TRADE REPOSITORIES.**

24 “(a) REGISTRATION REQUIREMENT.—

1 “(1) REQUIREMENT; AUTHORITY OF DERIVA-
2 TIVES CLEARING ORGANIZATION.—

3 “(A) IN GENERAL.—It shall be unlawful
4 for any person, unless registered with the Com-
5 mission, directly or indirectly to make use of
6 the mails or any means or instrumentality of
7 interstate commerce to perform the functions of
8 a swap data repository or a digital asset trade
9 repository.

10 “(B) REGISTRATION OF DERIVATIVES
11 CLEARING ORGANIZATIONS.—A derivatives
12 clearing organization may register as a swap
13 data repository.

14 “(2) INSPECTION AND EXAMINATION.—Each
15 registered swap data repository and digital asset
16 trade repository shall be subject to inspection and
17 examination by any representative of the Commis-
18 sion.

19 “(3) COMPLIANCE WITH CORE PRINCIPLES.—

20 “(A) IN GENERAL.—To be registered, and
21 maintain registration, as a swap data repository
22 or a digital asset trade repository, the swap
23 data repository or digital asset trade repository
24 shall comply with—

1 “(i) the requirements and core prin-
2 ciples described in this section; and

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

6 “(B) REASONABLE DISCRETION OF REPOS-
7 ITORY.—Unless otherwise determined by the
8 Commission by rule or regulation, a swap data
9 repository or a digital asset trade repository de-
10 scribed in subparagraph (A) shall have reason-
11 able discretion in establishing the manner in
12 which the swap data repository or the digital
13 asset trade repository complies with the core
14 principles described in this section.

15 “(b) STANDARD SETTING.—

16 “(1) DATA IDENTIFICATION.—

17 “(A) IN GENERAL.—In accordance with
18 subparagraph (B), the Commission shall pre-
19 scribe standards that specify the data elements
20 for each swap or digital asset that shall be col-
21 lected and maintained by each registered swap
22 data repository or digital asset trade repository,
23 respectively.

24 “(B) REQUIREMENT.—In carrying out
25 subparagraph (A), the Commission shall pre-

1 scribe consistent data element standards appli-
2 cable to registered entities and reporting
3 counterparties.

4 “(2) DATA COLLECTION AND MAINTENANCE.—
5 The Commission shall prescribe data collection and
6 data maintenance standards for swap data reposi-
7 tories and digital asset trade repositories.

8 “(3) COMPARABILITY.—The standards pre-
9 scribed by the Commission under this subsection
10 shall be comparable to the data standards imposed
11 by the Commission on derivatives clearing organiza-
12 tions in connection with the clearing of swaps or dig-
13 ital assets, as appropriate.

14 “(c) DUTIES.—A swap data repository or a digital
15 asset trade repository shall—

16 “(1) accept data prescribed by the Commission
17 for each swap or digital asset transaction under sub-
18 section (b), respectively;

19 “(2) confirm with both counterparties to the
20 swap or the digital asset transaction the accuracy of
21 the data that was submitted;

22 “(3) maintain the data described in paragraph
23 (1) in such form, in such manner, and for such pe-
24 riod as may be required by the Commission;

1 “(4)(A) provide direct electronic access to the
2 Commission (or any designee of the Commission, in-
3 cluding another registered entity); and

4 “(B) provide the information described in para-
5 graph (1) in such form and at such frequency as the
6 Commission may require to comply with the public
7 reporting requirements contained in section
8 2(a)(13);

9 “(5) at the direction of the Commission, estab-
10 lish automated systems for monitoring, screening,
11 and analyzing swap or digital asset data, including
12 compliance and frequency of end user clearing ex-
13 emption claims by individual and affiliated entities;

14 “(6) maintain the privacy of any and all swap
15 or digital asset transaction information that the
16 swap data repository or digital asset trade reposi-
17 tory, respectively, receives from a swap dealer,
18 counterparty, or any other registered entity;

19 “(7) on a confidential basis pursuant to section
20 8, upon request, and after notifying the Commission
21 of the request, make available swap or digital asset
22 data obtained by the swap data repository or digital
23 asset trade repository, respectively, including indi-
24 vidual counterparty trade and position data, to—

25 “(A) each appropriate prudential regulator;

1 “(B) the Financial Stability Oversight
2 Council;

3 “(C) the Securities and Exchange Commis-
4 sion;

5 “(D) the Department of Justice; and

6 “(E) any other person that the Commis-
7 sion determines to be appropriate, including—

8 “(i) foreign financial supervisors (in-
9 cluding foreign futures authorities);

10 “(ii) foreign central banks;

11 “(iii) foreign ministries; and

12 “(iv) other foreign authorities; and

13 “(8) establish and maintain emergency proce-
14 dures, backup facilities, and a plan for disaster re-
15 covery that allows timely recovery and resumption of
16 operations and the fulfillment of the responsibilities
17 and obligations of the organization.

18 “(d) CONFIDENTIALITY AGREEMENT.—Before the
19 swap data repository or digital asset trade repository may
20 share information with any entity described in subsection
21 (c)(7), the swap data repository or digital asset trade re-
22 pository shall receive a written agreement from each entity
23 stating that the entity shall abide by the confidentiality
24 requirements described in section 12 of this title relating

1 to information on swap or digital asset transactions, re-
2 spectively, that is provided.

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

5 “(1) IN GENERAL.—Each swap data repository
6 or digital asset trade repository shall designate an
7 individual to serve as a chief compliance officer.

8 “(2) DUTIES.—The chief compliance officer
9 shall—

10 “(A) report directly to the board or to the
11 senior officer of the swap data repository or
12 digital asset trade repository;

13 “(B) review the compliance of the swap
14 data repository or digital asset trade repository
15 with respect to requirements and core principles
16 described in this section;

17 “(C) in consultation with the board of the
18 swap data repository or digital asset trade re-
19 pository, a body performing a function similar
20 to the board of the swap data repository or digi-
21 tal asset trade repository, or senior officer of
22 the swap data repository or digital asset trade
23 repository resolve any conflicts of interest that
24 may arise;

1 “(D) be responsible for administering each
2 policy and procedure that is required to be es-
3 tablished pursuant to this section;

4 “(E) ensure compliance with this Act (in-
5 cluding regulations) relating to agreements,
6 contracts, or transactions, including each rule
7 prescribed by the Commission under this sec-
8 tion;

9 “(F) establish procedures for the remedi-
10 ation of noncompliance issues identified by the
11 chief compliance officer through any—

12 “(i) compliance office review;

13 “(ii) look-back;

14 “(iii) internal or external audit find-
15 ing;

16 “(iv) self-reported error; or

17 “(v) validated complaint; and

18 “(G) establish and follow appropriate pro-
19 cedures for handling, management response, re-
20 mediation, retesting, and closing of noncompli-
21 ance issues.

22 “(3) ANNUAL REPORTS.—

23 “(A) IN GENERAL.—In accordance with
24 rules prescribed by the Commission, the chief

1 compliance officer shall annually prepare and
2 sign a report that contains a description of—

3 “(i) the compliance of the swap data
4 repository or the digital asset trade reposi-
5 tory, as appropriate, of the chief compli-
6 ance office with respect to this Act (includ-
7 ing regulations); and

8 “(ii) each policy and procedure of the
9 swap data repository or the digital asset
10 trade repository, as appropriate, of the
11 chief compliance officer (including the code
12 of ethics and conflict of interest policies of
13 the swap data repository or the digital
14 asset trade repository, as appropriate).

15 “(B) REQUIREMENTS.—A compliance re-
16 port under subparagraph (A) shall—

17 “(i) accompany each appropriate fi-
18 nancial report of the swap data repository
19 or digital asset trade repository that is re-
20 quired to be furnished to the Commission
21 pursuant to this section; and

22 “(ii) include a certification that, under
23 penalty of law, the compliance report is ac-
24 curate and complete.

1 “(f) CORE PRINCIPLES APPLICABLE TO SWAP DATA
2 REPOSITORIES AND DIGITAL ASSET TRADE REPOSI-
3 TORIES.—

4 “(1) ANTITRUST CONSIDERATIONS.—Unless
5 necessary or appropriate to achieve the purposes of
6 this Act, a swap data repository or digital asset
7 trade repository shall not—

8 “(A) adopt any rule or take any actions
9 that result in any unreasonable restraint of
10 trade; or

11 “(B) impose any material anticompetitive
12 burden on the trading, clearing, or reporting of
13 transactions.

14 “(2) GOVERNANCE ARRANGEMENTS.—Each
15 swap data repository or digital asset trade repository
16 shall establish governance arrangements that are
17 transparent—

18 “(A) to fulfill public interest requirements;
19 and

20 “(B) to support the objectives of the Fed-
21 eral Government, owners, and participants.

22 “(3) CONFLICTS OF INTEREST.—Each swap
23 data repository or digital asset trade repository
24 shall—

1 “(A) establish and enforce rules to mini-
2 mize conflicts of interest in the decision making
3 process of the swap data repository or the dig-
4 ital asset trade repository; and

5 “(B) establish a process for resolving con-
6 flicts of interest described in subparagraph (A).

7 “(4) ADDITIONAL DUTIES DEVELOPED BY THE
8 COMMISSION.—

9 “(A) IN GENERAL.—The Commission may
10 develop 1 or more additional duties applicable
11 to swap data repositories or digital asset trade
12 repositories.

13 “(B) CONSIDERATION OF EVOLVING
14 STANDARDS.—In developing additional duties
15 under subparagraph (A), the Commission may
16 take into consideration any evolving standard of
17 the United States or the international commu-
18 nity.

19 “(C) ADDITIONAL DUTIES FOR COMMIS-
20 SION DESIGNEES.—The Commission shall es-
21 tablish additional duties for any registered swap
22 data repository or digital asset trade repository
23 in order to minimize conflicts of interest, pro-
24 tect data, ensure compliance, and guarantee

1 safety and security of the swap data repository
2 or digital asset trade repository.

3 “(g) REQUIRED REGISTRATION OF SWAP DATA RE-
4 POSITORIES AND DIGITAL ASSET TRADE REPOSI-
5 TORIES.—Any person that is required to be registered as
6 a swap data repository or a digital asset trade repository
7 under this section shall register with the Commission re-
8 gardless of whether that person is also licensed as a bank,
9 trust company, money services business, or registered with
10 the Securities and Exchange Commission as a security-
11 based swap data repository, broker-dealer, qualified custo-
12 dian, or transfer agent.

13 “(h) RULES.—The Commission shall adopt rules gov-
14 erning persons that are registered under this section.”.

1 **TITLE III—DIGITAL FEDERAL**
2 **RESERVE NOTES, LEGAL TEN-**
3 **DER STATUS, THE REGULA-**
4 **TION OF DIGITAL ASSET FIAT-**
5 **BASED STABLECOINS, AND**
6 **FEDERAL DEPOSIT AND**
7 **SHARE INSURANCE FOR DIG-**
8 **ITAL ASSETS**

9 **Subtitle A—Digital Federal Reserve**
10 **Notes**

11 **SEC. 301. IN GENERAL.**

12 (a) SUPERVISING AND REGULATING ISSUE AND RE-
13 TIREMENT OF FEDERAL RESERVE NOTES.—Section
14 11(d) of the Federal Reserve Act (12 U.S.C. 248(d)) is
15 amended to read as follows:

16 “(d) To supervise and regulate through the Secretary
17 of the Treasury the issue and retirement of Federal Re-
18 serve notes (both physical and digital), except for the can-
19 cellation and destruction, and accounting with respect to
20 such cancellation and destruction, of notes unfit for cir-
21 culation, and to prescribe rules and regulations (including
22 appropriate technology) under which such notes may be
23 delivered by the Secretary of the Treasury to the Federal
24 Reserve agents applying therefor.”.

1 (b) ISSUANCE TO RESERVE BANKS; NATURE OF OB-
2 LIGATION; REDEMPTION.—Section 16 of the Federal Re-
3 serve Act (12 U.S.C. 411) is amended by striking the first
4 two sentences and inserting: “Federal reserve notes, to be
5 issued at the discretion of the Board of Governors of the
6 Federal Reserve System for the purpose of making ad-
7 vances to Federal reserve banks through the Federal re-
8 serve agents as hereinafter set forth and for no other pur-
9 pose, are authorized. Notwithstanding any other provision
10 of law, the Board of Governors of the Federal Reserve
11 System is authorized to issue digital versions of Federal
12 reserve notes in addition to current physical Federal re-
13 serve notes. Further, the Board of Governors of the Fed-
14 eral Reserve System, after consultation with the Secretary
15 of the Treasury, is authorized to use distributed ledger
16 technology for the creation, distribution and recordation
17 of all transactions involving digital Federal reserve notes.
18 The said notes shall be obligations of the United States
19 and shall be considered legal tender and shall be receivable
20 by all national and member banks and Federal reserve
21 banks and for all taxes, customs, and other public dues.
22 They shall be redeemed in lawful money on demand at
23 the Treasury Department of the United States, in the city
24 of Washington, District of Columbia, or at any Federal
25 Reserve bank.”.

1 **SEC. 302. DIGITAL ASSET LEGAL TENDER STATUS.**

2 Section 5103 of title 31, United States Code, is
3 amended to read as follows:

4 **“§ 5103. Legal tender.**

5 “United States coins and currency (including Federal
6 reserve notes and circulating notes of Federal reserve
7 banks and national banks) are legal tender for all debts,
8 public charges, taxes, and dues. Foreign fiat currencies,
9 digital assets, digital asset securities and foreign gold and
10 silver coins are not legal tender.”.

11 **Subtitle B—Regulation of Digital**
12 **Asset Fiat-Based Stablecoins**

13 **SEC. 311. DEPARTMENT OF TREASURY REGULATION OF**
14 **DIGITAL ASSET FIAT-BASED STABLECOINS.**

15 Subchapter I of chapter 51 of subtitle IV of title 31,
16 United States Code is amended by adding at the end the
17 following:

18 **“§ 5104. Department of Treasury regulation of digital**
19 **asset fiat-based stablecoins**

20 “(a) IN GENERAL.—Beginning on the date of the en-
21 actment of this section, no person may issue, use, or per-
22 mit to be used a digital asset fiat-based stablecoin that
23 is not approved by the Secretary of the Treasury under
24 subsection (b).

25 “(b) APPLICATIONS.—

1 “(1) IN GENERAL.—Not later than 90 days
2 after the date of the enactment of this section, the
3 Secretary of the Treasury shall establish an applica-
4 tion process under which the Secretary may approve
5 or disapprove a person wishing to issue a digital
6 asset fiat-based stablecoin, under such terms and
7 conditions as the Secretary determines necessary
8 and appropriate.

9 “(2) CONSULTATION.—In carrying out para-
10 graph (1), the Secretary of the Treasury shall, in
11 considering applications for digital asset fiat-based
12 stablecoins, consult with—

13 “(A) the Board of Governors of the Fed-
14 eral Reserve System;

15 “(B) the Securities and Exchange Commis-
16 sion;

17 “(C) the Commodity Futures Trading
18 Commission; and

19 “(D) such other foreign central banks or
20 foreign treasury departments or agencies as the
21 Secretary of the Treasury determines appro-
22 priate.

23 “(3) APPROVAL OR DISAPPROVAL; TERMS AND
24 CONDITIONS CHANGES; TERMINATION.—

1 “(A) IN GENERAL.—Subject to subpara-
2 graph (B), the Secretary of the Treasury may
3 approve or disapprove an application by an
4 issuer of a digital asset fiat-based stablecoin or
5 may withdraw an approval or modify the terms
6 and conditions of an approval previously issued
7 under paragraph (1).

8 “(B) TIMING.—With respect to a with-
9 drawal or modification of an approval under
10 subparagraph (A), the Secretary of the Treas-
11 ury shall notify the issuer at least 60 days be-
12 fore such approval is so withdrawn or modified.

13 “(4) NO GRANDFATHERING OF EXISTING DIG-
14 ITAL ASSET FIAT-BASED STABLECOINS.—The Sec-
15 retary of the Treasury shall not grandfather the use
16 of any digital asset fiat-based stablecoin. All digital
17 asset fiat-based stablecoins, including digital asset
18 fiat-based stablecoins existing on the date of the en-
19 actment of this section, shall apply to the Secretary
20 of the Treasury under this section.

21 “(c) DIGITAL ASSET FIAT-BASED STABLECOIN DE-
22 FINED.—In this section, the term ‘digital asset fiat-based
23 stablecoin’ means a digital asset (as defined in section 1a
24 of the Commodity Exchange Act (7 U.S.C. 1a)) that is,

1 as determined by the Secretary of the Treasury, tied,
 2 pegged to, or collateralized substantially by—

3 “(1) the United States dollar or;

4 “(2) one or more fiat currencies.”.

5 **SEC. 312. CONFORMING AMENDMENT.**

6 The table of contents for subchapter I of chapter 51
 7 of subtitle IV of title 31, United States Code is amended
 8 by adding at the end the following:

“5104. Department of Treasury regulation of digital asset fiat-based
 stablecoins.”.

9 **Subtitle C—Federal Deposit and**
 10 **Share Insurance for Digital Assets**

11 **SEC. 321. DIGITAL ASSET NOT DEPOSITS FOR FEDERAL DE-**
 12 **POSIT AND SHARE INSURANCE.**

13 (a) FEDERAL DEPOSIT INSURANCE ACT.—Section
 14 3(l)(5) of the Federal Deposit Insurance Act (12 U.S.C.
 15 1813(l)(5)) is amended—

16 (1) in subparagraph (B), by striking “; and”
 17 and inserting a semicolon;

18 (2) in subparagraph (C), by striking the period
 19 at the end and inserting “; and”; and

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

21 “(D) any—

22 “(i) digital asset (as defined in section
 23 1a of the Commodity Exchange Act (7
 24 U.S.C 1a)); or

1 “(ii) digital asset security (as defined
2 in section 3(a) of the Securities Exchange
3 Act of 1934 (15 U.S.C. 78c(a)).”.

4 (b) FEDERAL CREDIT UNION ACT.—Section 101(5)
5 of the Federal Credit Union Act (12 U.S.C. 1752(5)) is
6 amended by striking “State law” and inserting “State law:
7 *Provided further:* That in no case may such terms include
8 a digital asset (as defined in section 1a of the Commodity
9 Exchange Act (7 U.S.C. 1a)) or digital asset security (as
10 defined in section 3(a) of the Securities Exchange Act of
11 1934 (15 U.S.C. 78c(a))”.

12 **SEC. 322. DIRECTED RULEMAKING FDIC AND NCUA**
13 **WEBSITE DISCLOSURE ON DIGITAL ASSETS**
14 **AND INSURANCE NONCOVERAGE.**

15 (a) FDIC AND NCUA NOTICES.—Not later than 90
16 days after the date of the enactment of this Act, the Fed-
17 eral Deposit Insurance Corporation and the National
18 Credit Union Administration shall each make publicly
19 available on the website of such entity a notice—

20 (1) regarding the treatment of digital assets
21 and digital asset securities;

22 (2) that digital assets and digital asset securi-
23 ties are not “deposits” or “shares” and are not cov-
24 ered by Federal deposit insurance (FDIC or
25 NCUA), regardless of whether an insured bank, sav-

1 ings association, or credit union holds the digital as-
2 sets or digital assets securities; and

3 (3) such notice shall specifically address wheth-
4 er the FDIC Nondeposit Investment Product
5 (NDIP) Policy Statement and related disclosure ob-
6 ligations or similar NCUA requirements apply to
7 digital assets and digital asset securities.

8 (b) DIGITAL ASSET.—In this section, the term “dig-
9 ital asset” has the meaning given the term in section 1a
10 of the Commodity Exchange Act (7 U.S.C. 1a).

11 (c) DIGITAL ASSET SECURITY.—In this section, the
12 term “digital asset security” has the meaning given the
13 term in section 3(a) of the Securities Exchange Act of
14 1934 (15 U.S.C. Sec. 78c(a)).

15 **TITLE IV—BANK SECRECY ACT**

16 **SEC. 401. BANK SECRECY ACT.**

17 (a) DEFINITION OF MONETARY INSTRUMENTS.—
18 Section 5312(a)(3)(B) of title 31, United States Code, is
19 amended—

20 (1) by inserting “digital assets,” after “coins
21 and currency of a foreign country,”; and

22 (2) by inserting after “passed on delivery”, the
23 following: “, digital asset security as such term is
24 defined in section 3(a) of the Securities Exchange
25 Act of 1934”.

1 (b) DEFINITION OF DIGITAL ASSET AND VIRTUAL
2 ASSET.—Section 5312(a) of title 31, United States Code,
3 is amended by adding after paragraph (6) the following:

4 “(7) DIGITAL ASSET.—The term ‘digital asset’
5 has the meaning given the term in section 1a of the
6 Commodity Exchange Act (7 U.S.C. 1a).

7 “(8) VIRTUAL ASSET.—The term ‘virtual asset’
8 means—

9 “(A) a digital representation of value that
10 can be digitally traded, or transferred, and can
11 be used for payment or investment purposes;
12 and

13 “(B) a digital asset.”.

14 (c) DEFINITION OF VIRTUAL ASSET SERVICE PRO-
15 VIDER.—Section 5312(a) of title 31, United States Code,
16 is further amended by adding at the end the following:

17 “(9) VIRTUAL ASSET SERVICE PROVIDER.—The
18 term ‘virtual asset service provider’—

19 “(A) means a person who—

20 “(i) exchanges between digital asset
21 and fiat currencies;

22 “(ii) exchanges between digital assets;

23 “(iii) transfers of digital assets;

24 “(iv) is responsible for the custody,
25 safekeeping of a digital asset or an instru-

1 ment that enables control over a digital
2 asset;

3 “ (v) issues or has the authority to re-
4 deem a digital asset; and

5 “ (vi) provides financial services re-
6 lated to the offer or sale of a digital asset
7 by a person who issues such digital asset;
8 and

9 “ (B) does not include any person who—

10 “ (i) obtains a digital asset to purchase
11 goods or services for themselves;

12 “ (ii) provides communication service
13 or network access services used by a money
14 transmitter; or

15 “ (iii) develops, creates, or dissemi-
16 nates software designed to be used to issue
17 a digital asset or facilitate financial activi-
18 ties associated with a digital asset.”.

19 (d) ADDITIONAL DEFINITIONS.—Section 5312(e)(1)
20 of title 31, United States Code, is amended—

21 (1) in subparagraph (A), by striking the period
22 at the end and inserting a semicolon; and

23 (2) by adding after subparagraph (A), the fol-
24 lowing:

1 “(B) any virtual asset service provider
2 that—

3 “(i) exchanges between digital assets
4 and fiat currencies;

5 “(ii) exchanges between digital assets;

6 “(iii) transfers digital assets;

7 “(iv) is responsible for the custody,
8 safekeeping or administration of digital as-
9 sets or instruments enabling control over
10 digital assets; or

11 “(v) provides financial services related
12 to the offer or sale of a digital asset by an
13 issuer.”.

14 **SEC. 402. ANONYMIZING SERVICES, MONEY MULE, AND AN-**
15 **ONYMITY-ENHANCED CONVERTIBLE VIRTUAL**
16 **CURRENCIES.**

17 Subchapter II of chapter 53 of subtitle IV of title
18 31, United States Code is amended by adding at the end
19 the following:

20 **“SEC. 5333. ANONYMIZING SERVICES, MONEY MULE, AND**
21 **ANONYMITY-ENHANCED CONVERTIBLE VIR-**
22 **TUAL CURRENCIES.**

23 “(a) IN GENERAL.—Not later than 180 days of the
24 date of the enactment of the Digital Asset Market Struc-
25 ture and Investor Protection Act, the Secretary of the

1 Treasury, acting through the Financial Crimes Enforce-
2 ment Network, shall issue a rule that governs—

3 “(1) anonymizing services;

4 “(2) money mules; and

5 “(3) anonymity-enhanced convertible virtual
6 currency transactions.

7 “(b) PURPOSE.—The purpose of the rule described
8 in subsection (a) shall be to ensure that anonymizing serv-
9 ices, money mule, and anonymity-enhanced convertible vir-
10 tual currencies are not used to prevent association of an
11 individual customer with the movement of a digital asset,
12 digital asset security, or virtual currency of which the cus-
13 tomer is the direct or beneficial owner.

14 “(c) REQUIREMENTS.—The rule described in sub-
15 section (a) shall—

16 “(1) require any financial institution to prohibit
17 any person from engaging in any transactions that
18 involves digital assets or digital asset securities
19 and—

20 “(A) anonymizing services;

21 “(B) money mules; or

22 “(C) anonymity-enhanced convertible vir-
23 tual currencies;

24 “(2) prohibit any financial institution from in-
25 forming persons about—

1 “(A) the existence of anonymizing services,
2 money mules and anonymity-enhanced convert-
3 ible virtual currencies;

4 “(B) the availability of anonymizing serv-
5 ices, money mules and anonymity-enhanced
6 convertible virtual currencies; or

7 “(C) means for identifying anonymizing
8 services, money mules and anonymity-enhanced
9 convertible virtual currencies; and

10 “(3) require any financial institution to estab-
11 lish written procedures governing the documentation
12 of the persons and amounts associated with any
13 transaction involving—

14 “(A) an anonymizing service;

15 “(B) a money mule; or

16 “(C) anonymity-enhanced convertible vir-
17 tual currencies.

18 “(d) DEFINITIONS.—In this section, the term ‘virtual
19 currency’, ‘anonymizing service’, ‘money mule’, and ‘ano-
20 nymity-enhanced convertible virtual currency’ have the
21 meanings given such terms by the Secretary of the Treas-
22 ury, acting through the Financial Crimes Enforcement
23 Network.”.

1 **SEC. 403. DIGITAL ASSET TRANSACTION ACTUAL DELIVERY**
2 **REPORTING.**

3 Not later than 180 days after the date of the enact-
4 ment of this Act, the Secretary of the Treasury, in con-
5 sultation with the Commodity Futures Trading Commis-
6 sion, shall issue a rule that requires, for any transaction
7 involving a contract of sale of a digital asset (as defined
8 in section 1a of the Commodity Exchange Act (7 U.S.C.
9 1a)) in interstate commerce—

10 (1) the transfer of possession and control (in-
11 cluding transfer of control over any private keys) by
12 the seller to the purchaser not later than 24 hours
13 after the digital asset transaction is entered into and
14 such delivery is accomplished by either—

15 (A) the recording of the transaction on the
16 public distributed ledger for the digital asset; or

17 (B) with respect to digital asset trans-
18 actions which are not recorded on the public
19 distributed ledger for the digital asset, report-
20 ing the transaction to a CFTC registered dig-
21 ital asset trade repository.

22 **SEC. 404. VIRTUAL DIGITAL ASSET SERVICE PROVIDERS.**

23 (a) IN GENERAL.—The Secretary of the Treasury
24 shall, not later than 270 days after the date of the enact-
25 ment of this Act, issue a rule requiring virtual asset serv-
26 ice providers (as defined in section 5312(a) of title 31,

1 United States Code), which are engaged in services which
2 are available in the United States and to United States
3 persons, even if the provider is located outside the United
4 States, related to digital asset securities and digital assets,
5 that such persons shall be required to—

6 (1) register with the Securities and Exchange
7 Commission or with the Commodity Futures Trad-
8 ing Commission, as appropriate and in such capac-
9 ities as are appropriate;

10 (2) with respect to digital asset securities, meet
11 the customer protection and account custody rules
12 which are applicable to Securities Exchange Com-
13 mission registered broker-dealers for customer funds
14 and securities; and

15 (3) with respect to digital assets, meet the cus-
16 tomer account custody and segregated funds rules
17 which are applicable to Commodity Futures Trading
18 Commission registered futures commission mer-
19 chants.

20 (b) CUSTOMER ACCOUNTS.—The customer accounts
21 custody requirements referenced in subsection (a) shall in-
22 clude, but are not limited to, using registered and qualified
23 custodians, proper customer account labeling and identi-
24 fication, minimum of quarterly account statements being
25 issued to customers by the registered and qualified custo-

1 dian, annual surprise audit requirements and annual au-
2 dits by accounting firms which are registered with the
3 Public Company Accounting Oversight Board.

4 **TITLE V—VARIOUS DIGITAL**
5 **ASSET REPORTS**

6 **SEC. 501. IRS REPORT ON DIGITAL ASSET OWNERSHIP/**
7 **TAXES.**

8 (a) IN GENERAL.—Not later than 270 days after the
9 date of the enactment of this Act, the Secretary of the
10 Treasury, acting through the Internal Revenue Service,
11 after consulting with other Federal and State regulators
12 and market participants as appropriate, shall submit a re-
13 port to the specified committees on the utilization of dig-
14 ital assets by United States citizens that—

15 (1) estimates the number and percentage of
16 United States citizens who own digital assets as of
17 the date of the enactment of this Act and who have
18 paid tax on digital assets each year between 2016
19 and 2020;

20 (2) compares the number and percentage of
21 Americans who own stocks and bonds and who have
22 paid taxes on such assets over the same time period
23 referenced above;

1 (3) estimates the number and percentage of
2 Americans who fail to report digital asset holdings
3 and income versus stock and bond holdings;

4 (4) identifies the major digital asset trading
5 platforms in the United States, the number of cus-
6 tomer accounts with each platform, and the annual
7 trading volume of each platform;

8 (5) estimates the number of United States citi-
9 zens who use United States registered digital asset
10 trading platforms compared to foreign digital asset
11 trading platforms;

12 (6) estimates the amount of tax revenue which
13 was not received by the United States Treasury due
14 to under reporting by United States taxpayers each
15 year between 2016 and 2020; and

16 (7) makes legislative and regulatory rec-
17 ommendations regarding changes which would im-
18 prove reporting and collection of taxes on digital as-
19 sets so it would be closer to reporting and collection
20 of taxes on securities holdings.

21 (b) SPECIFIED COMMITTEES.—In this section, the
22 term “specified committees” means—

23 (1) the Ways and Means Committee of the
24 House of Representatives;

25 (2) the Finance Committee of the Senate;

1 (3) the Committee on Financial Services of the
2 House of Representatives;

3 (4) the Committee on Banking, Housing, and
4 Urban Affairs of the Senate;

5 (5) the Committee on Agriculture of the House
6 of Representatives; and

7 (6) the Committee on Agriculture, Nutrition,
8 and Forestry of the Senate.

9 **SEC. 502. REPORT ON RANSOMWARE AND DIGITAL ASSETS.**

10 (a) REPORT.—Not later than 270 days after the date
11 of enactment of this Act, the Department of Justice, De-
12 partment of Homeland Security, Department of the
13 Treasury, and Board of Governors of the Federal Reserve
14 System shall jointly submit a report to the appropriate
15 committees that—

16 (1) summarizes the number and size of recent
17 ransomware attacks in the United States and the
18 world;

19 (2) discusses the frequency of ransomware
20 hackers requesting payment in digital assets and
21 identifies the most common digital assets which are
22 demanded;

23 (3) discusses the use of mixing and tumbling
24 services and money mules to help obscure audit trail
25 for the digital assets involved;

1 (4) identifies the digital asset trading platforms
2 most frequently used in for transactions involving
3 digital asset ransoms; and

4 (5) makes legislative and regulatory rec-
5 ommendations for addressing the problem of
6 ransomware and digital assets.

7 (b) APPROPRIATE COMMITTEES.—Appropriate com-
8 mittees include the Committee on the Judiciary, Com-
9 mittee on Homeland Security, Committee on Financial
10 Services, and the Committee on Agriculture of the House
11 of Representatives, and the Committee on the Judiciary,
12 Committee on Homeland Security and Governmental Af-
13 fairs, Committee on Banking, Housing, and Urban Af-
14 fairs, Committee on Agriculture, Nutrition, and Forestry
15 of the Senate.

16 **SEC. 503. REPORT ON DECENTRALIZED FINANCE.**

17 Not later than 270 days after the date of the enact-
18 ment of this Act, the Board of Governors of the Federal
19 Reserve System, the Office of the Comptroller of the Cur-
20 rency, the Secretary of the Treasury, the Securities and
21 Exchange Commission, and the Commodity Futures Trad-
22 ing Commission, shall jointly submit a report to the appro-
23 priate committees that—

24 (1) summarizes the use of decentralized finance
25 in the United States;

1 (2) estimates the number and percentage of
2 Americans using decentralized finance products and
3 services versus the global usage and identifies the
4 major decentralized finance products and services by
5 estimated dollar volume usage;

6 (3) provides recommendations with respect to
7 the definition of the term “decentralized finance” to
8 be adopted and codified in United States law;

9 (4) discusses the primary differences between
10 digital asset fiat based stablecoins and central bank
11 digital currencies;

12 (5) discusses whether there are financial sta-
13 bility risks or concerns posed by decentralized fi-
14 nance;

15 (6) provides recommendations regarding appro-
16 priate regulation and investor protection for decen-
17 tralized finance in United States banking, securities,
18 and commodities, including with respect to United
19 States jurisdiction and application of United States
20 law; and

21 (7) discusses the legal obligations of creators,
22 owners, or operators of decentralized finance appli-
23 cations, distributed ledgers, smart contracts, and
24 other applications which are hacked or are used for
25 fraud and manipulation.

1 **SEC. 504. REPORT ON CUSTODY OF DIGITAL ASSETS AND**
2 **DIGITAL ASSET SECURITIES.**

3 Not later than 270 days after the date of the enact-
4 ment of this Act, the Securities and Exchange Commis-
5 sion, the Office of the Comptroller of the Currency, the
6 Secretary of the Treasury, and the Commodity Futures
7 Trading Commission, shall jointly submit a report to the
8 appropriate committees that—

9 (1) provides recommendations on the regula-
10 tion, licensing, and auditing of digital asset
11 custodians and digital asset security custodians; and

12 (2) considers each of the following issues:

13 (A) The custody of digital assets and digi-
14 tal asset securities.

15 (B) Estimates on digital assets and digital
16 asset securities custody at trading platforms, li-
17 censed custodians, self custody in wallets.

18 (C) FINRA Guidance to Broker Dealers
19 on Digital Asset and Digital Asset Security
20 Custody.

21 (D) AICPA position on custody of digital
22 assets and digital asset securities.

23 (E) Custodian markets, banks, trust com-
24 panies, brokers, dealers, and futures commis-
25 sions merchants.

1 (F) The background on major United
2 States and foreign digital asset and digital
3 asset security custodians by size (assets held)
4 and licensing.

5 **SEC. 505. REPORT ON DIGITAL ASSET TRADING PLAT-**
6 **FORMS.**

7 Not later than 270 days after the date of the enact-
8 ment of this section, the Securities and Exchange Com-
9 mission, the Commodity Futures Trading Commission, the
10 Secretary of the Treasury, and the Financial Crimes En-
11 forcement Network, in consultation with such Federal and
12 State regulators and market participants as the Commis-
13 sion determines appropriate, shall jointly submit to the
14 relevant committees a report that—

15 (1) identifies the 10 largest digital asset trading
16 platforms in the United States, their registration
17 status, the number of client accounts each platform
18 has, and the annual trading volume on each trading
19 platform over the last 5 years;

20 (2) summarizes and compares—

21 (A) the statutory and regulatory require-
22 ments applicable to United States digital asset
23 trading platforms (MSBs) which are currently
24 available to United States investors; and

1 (B) the statutory and regulatory require-
2 ments applicable to national securities ex-
3 changes, alternative trading systems, designated
4 contract market, and swap execution facility;

5 (3) identifies and quantifies investor losses re-
6 lated to all known major foreign and domestic unau-
7 thorized electronic access or hacks of digital asset
8 trading platforms in the 5-year period preceding the
9 date of the enactment of this Act; and

10 (4) provides legislative and regulatory rec-
11 ommendations to promote and increase United
12 States investor protection with respect to sale or
13 trading of digital assets and digital asset securities.

14 The report shall discuss the major differences between
15 money services businesses and securities/commodities ex-
16 changes and provide concrete legislative and regulatory
17 recommendations which would help clarify on what entities
18 and under what rules and requirements the trading of dig-
19 ital assets and digital asset securities should take place
20 as distinguished from the entities and the rules which
21 should apply to the transmission of monetary instruments.

1 **SEC. 506. REPORT ON FALSE TRADE REPORTING, WASH**
2 **TRADING, AND OFF-CHAIN TRANSACTION ON**
3 **DIGITAL ASSET TRADING PLATFORMS.**

4 Not later than 270 days after the date of the enact-
5 ment of this section, the Commodity Futures Trading
6 Commission, the Secretary of the Treasury, and the Fi-
7 nancial Crimes Enforcement Network, in consultation
8 with such Federal and State regulators and market par-
9 ticipants as the Commission determines appropriate, shall
10 jointly submit to the relevant committees a report on false
11 trade reporting, wash trading, and off-chain transactions
12 with respect to contracts of sale of digital assets in inter-
13 state commerce that—

14 (1) with respect to the 5-year period preceding
15 the date of the enactment of this section, examines
16 each public report regarding false trade reporting
17 and wash trading of digital assets on digital asset
18 trading platforms;

19 (2) identifies the US and foreign digital asset
20 trading platforms which have engaged in significant
21 false trade reporting and wash trading;

22 (3) quantifies and estimates the amount of false
23 trade reporting and wash trading for each year of
24 the last five years;

25 (4) discusses the use of omnibus accounts by
26 digital asset trading platforms to hold customer as-

1 sets and whether internalization of digital asset
2 transactions by digital asset trading platforms cre-
3 ates transparency issues related to the public distrib-
4 uted ledger having an up to date record of all trans-
5 actions and current ownership of digital assets;

6 (5) quantifies the amount and average daily
7 trading volume of off-chain digital asset transactions
8 occurring on United States digital asset trading
9 platforms which are not reported to the public dis-
10 tributed ledger for the digital asset for each of the
11 last five years;

12 (6) identifies the entities which have facilitated
13 false trade reporting; and

14 (7) provides legislative and regulatory rec-
15 ommendations to promote and increase United
16 States investor protection with respect to digital as-
17 sets.

18 **SEC. 507. RELEVANT COMMITTEES DEFINED.**

19 The term “relevant committees” means—

20 (1) the Committee on Financial Services of the
21 House of Representatives;

22 (2) the Committee on Banking, Housing, and
23 Urban Affairs of the Senate;

24 (3) the Committee on Agriculture of the House
25 of Representatives; and

- 1 (4) the Committee on Agriculture, Nutrition,
- 2 and Forestry of the Senate.

○