

**AMENDMENT TO THE RULES COMMITTEE PRINT**

**119–6**

**OFFERED BY MS. WATERS OF CALIFORNIA**

Page 75, strike line 22 and all that follows through page 76, line 5.

In title II, add at the end the following:

1 **SEC. 207. CLARIFICATION OF STATE ANTI-FRAUD AUTHOR-**  
2 **ITY.**

3 Section 18(c)(1) of the Securities Act of 1933 (15  
4 U.S.C. 77r(c)(1)) is amended—

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

7 (2) in subparagraph (B)(ii), by striking the pe-  
8 riod at the end and inserting a semicolon; and

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

10 “(C) in connection with an exempted  
11 transaction involving a digital commodity, with  
12 respect to—

13 “(i) fraud or deceit of any person in-  
14 volved, including the issuer, a broker, a  
15 dealer, an alternative trading system, or a  
16 national securities exchange; or

1 “(ii) unlawful conduct by a broker or  
2 dealer; and

3 “(D) in connection with a digital com-  
4 modity, with respect to—

5 “(i) fraud or deceit of any person in-  
6 volved, including the issuer, a broker, a  
7 dealer, an alternative trading system, or a  
8 national securities exchange; or

9 “(ii) unlawful conduct by a broker or  
10 dealer; and”.

Insert after section 301 the following (and redesignate subsequent sections accordingly):

11 **SEC. 302. REGISTRATION REQUIREMENTS FOR BROKERS,**  
12 **DEALERS, INVESTMENT ADVISERS, AND**  
13 **THEIR ASSOCIATED PERSONS.**

14 (a) IN GENERAL.—This Act, and the amendments  
15 made by this Act, shall be interpreted to maintain a State-  
16 Federal system in the United States for the qualification,  
17 registration, licensing, regulation, and examination of, and  
18 enforcement with respect to, brokers, dealers, investment  
19 advisers, and their associated persons.

20 (b) BROKERS OR DEALERS OF SECURITIES.—Section  
21 15 of Securities Exchange Act of 1934 (15 U.S.C. 78o),  
22 as amended by section 307, is further amended by adding  
23 at the end the following:

1       “(q) REGISTRATION REQUIREMENTS FOR BROKERS,  
2 DEALERS, INVESTMENT ADVISERS, AND THEIR ASSOCI-  
3 ATED PERSONS.—

4           “(1) IN GENERAL.—The technology used to  
5 issue or trade a security or provide services to cus-  
6 tomers shall have no effect on whether a broker or  
7 dealer or an associated person of a broker or dealer  
8 is required to register with the Commission or a  
9 State.

10          “(2) REGISTRATION REQUIREMENT FOR BRO-  
11 KERS AND DEALERS.—Unless an exemption under  
12 Federal or State law applies, a person acting as a  
13 broker or dealer for securities, including securities  
14 recorded and traded on a cryptographically-secured  
15 distributed ledger, shall—

16           “(A) register with the Commission and  
17 each State in which the person is conducting  
18 such activities; and

19           “(B) be a member of a national securities  
20 association registered under section 15A.

21          “(3) REGISTRATION REQUIREMENT FOR PER-  
22 SONS ASSOCIATED WITH BROKERS OR DEALERS.—  
23 Unless an exemption under Federal or State law ap-  
24 plies, a person associated with a broker or dealer for  
25 securities, including securities recorded and traded

1 on a cryptographically-secured distributed ledger,  
2 shall—

3 “(A) register in each State in which the  
4 person is conducting such activities; and

5 “(B) be a member of a national securities  
6 association registered under section 15A.

7 “(4) PRESERVATION OF STATE AUTHORITY FOR  
8 ALTERNATIVE TRADING SYSTEMS.—Nothing in this  
9 Act shall be construed to inhibit a State’s authority  
10 to pursue fraud, deceit, or other unlawful conduct  
11 with respect to the operations of an alternative trad-  
12 ing system.”.

13 (c) INVESTMENT ADVISERS FOR SECURITIES.—Sec-  
14 tion 203 of the Investment Advisers Act of 1940 (15  
15 U.S.C. 80b-3) is amended by adding at the end the fol-  
16 lowing:

17 “(o) REGISTRATION OF INVESTMENT ADVISERS AND  
18 ASSOCIATED PERSONS.—

19 “(1) IN GENERAL.—The technology used to  
20 issue or trade a security or provide services to cli-  
21 ents shall have no effect on whether an investment  
22 adviser or an associated person of an investment ad-  
23 viser is required to register with the Commission or  
24 a State.

1           “(2) REGISTRATION REQUIREMENT FOR IN-  
2           VESTMENT ADVISERS.—Unless an exemption under  
3           Federal or State law applies, a person acting as an  
4           investment adviser for securities, including securities  
5           recorded on a cryptographically-secured distributed  
6           ledger, shall register with the Commission and each  
7           State in which the person is conducting such activi-  
8           ties.

9           “(3) REGISTRATION REQUIREMENT FOR PER-  
10          SONS ASSOCIATED WITH INVESTMENT ADVISERS.—  
11          Unless an exemption under Federal or State law ap-  
12          plies, a person associated with an investment adviser  
13          for securities, including securities recorded and trad-  
14          ed on a cryptographically-secured distributed ledger,  
15          shall register with each State in which the person is  
16          conducting such activities.”.

Page 120, line 3, insert “or any State” after “Com-  
mission”.

In title III, add at the end the following:

17 **SEC. 3\_\_\_. ANTI-FRAUD, INVESTIGATION, AND EXAMINA-**  
18 **TION AUTHORITIES UNDER STATE LAW.**

19          (a) RELATIONSHIP TO STATE LAW.—This Act, and  
20 the amendments made by this Act, shall preempt State  
21 securities laws, regulations, or rules only to the extent

1 such State laws, regulations, or rules conflict with this  
2 Act, and the amendments made by this Act.

3 (b) PRESERVATION OF STATE AUTHORITY.—Nothing  
4 in this Act, or the amendments made by this Act, shall  
5 be construed to prohibit the securities commission (or any  
6 agency or office performing like functions) of any State  
7 from investigating and bringing enforcement actions, in  
8 connection with securities, digital commodities, or trans-  
9 actions in either.

