

**AMENDMENT TO RULES COMMITTEE PRINT 119–**

**6**

**OFFERED BY MR. LICCARDO OF CALIFORNIA**

Page 219, after line 13, insert the following:

1 **SEC. \_\_\_\_ . DECENTRALIZED FINANCE ADVISORY COM-**  
2 **MITTEE.**

3 Section 2(a) of the Commodity Exchange Act (7  
4 U.S.C. 2(a)) is amended by adding at the end the fol-  
5 lowing:

6 “(16) DECENTRALIZED FINANCE ADVISORY  
7 COMMITTEE.—

8 “(A) ESTABLISHMENT AND PURPOSE.—

9 “(i) ESTABLISHMENT.—There is es-  
10 tablished within the Commission the De-  
11 centralized Finance Advisory Committee  
12 (referred to in this paragraph as the ‘Com-  
13 mittee’).

14 “(ii) PURPOSE.—The Committee  
15 shall—

16 “(I) advise and consult with the  
17 Commission on—

18 “(aa) issues relating to the  
19 regulation of decentralized fi-

1                   nance   blockchain   applications;  
2                   and

3                   “(bb) initiatives to prevent  
4                   fraud and illicit finance in decen-  
5                   tralized finance; and

6                   “(II) issue the voluntary stand-  
7                   ards described in subparagraph (C).

8                   “(B) MEMBERSHIP.—

9                   “(i) IN GENERAL.—The members of  
10                  the Committee shall be—

11                  “(I) the Chairman of the Com-  
12                  mission or her designee;

13                  “(II) the Chairman of the Securi-  
14                  ties and Exchange Commission or her  
15                  designee;

16                  “(III) the Secretary of the Treas-  
17                  ury or her designee; and

18                  “(IV) not fewer than 8, and not  
19                  more than 12, members appointed by  
20                  the Commission, from among individ-  
21                  uals who represent the public and pri-  
22                  vate interests of decentralized finance  
23                  trading protocols.

1 “(ii) TERM.—Each member of the  
2 Committee appointed under clause (i)(IV)  
3 shall serve for a term of 4 years.

4 “(iii) MEMBERS NOT COMMISSION EM-  
5 PLOYEES.—Members appointed under  
6 clause (i)(IV) shall not be considered em-  
7 ployees or agents of the Commission, nor  
8 of the Federal Government, solely by virtue  
9 of membership on the Committee.

10 “(C) VOLUNTARY STANDARDS.—

11 “(i) ISSUANCE.—The Committee shall  
12 issue voluntary standards and best prac-  
13 tices relating to—

14 “(I) identity credentials or simi-  
15 lar technology that allow the true  
16 identity of a user of a decentralized fi-  
17 nance trading protocol to be identified  
18 through the issuance of a valid war-  
19 rant or order by a court of competent  
20 jurisdiction in the United States;

21 “(II) measures to prevent and  
22 measures to reduce the risk of fraud,  
23 illicit finance, money laundering, ter-  
24 rorism, or evasion of United States

1 sanctions on decentralized finance  
2 trading protocols; and

3 “(III) cybersecurity measures.

4 “(ii) ESTABLISHMENT OF DESIGNA-  
5 TION.—The Commission shall establish a  
6 label or designation which indicates that a  
7 decentralized finance trading protocol com-  
8 plies with the standards issued under  
9 clause (i), and which shall be plainly un-  
10 derstandable and identifiable by users and  
11 other members of the public, and indica-  
12 tions of the compliance shall be accom-  
13 panied by reference to the standards.

14 “(iii) LIMITATION ON USE.—No per-  
15 son may affix to a decentralized finance  
16 trading protocol the label or designation  
17 established under clause (ii), or provide  
18 other market information implying, directly  
19 or indirectly, that a decentralized finance  
20 trading protocol meets the standards  
21 issued under clause (i), unless the protocol  
22 meets the standards.

23 “(iv) RULE OF INTERPRETATION.—  
24 Nothing in this subparagraph shall be in-  
25 terpreted to limit or expand any law re-

1                   garding registration with the Commission  
2                   or the Securities and Exchange Commis-  
3                   sion.

4                   “(D) STAFF.—The Commission shall make  
5                   available to the Committee such staff as the  
6                   Chairman of the Commission determines are  
7                   necessary to carry out this paragraph.

8                   “(E) CHAPTER 10 OF TITLE 5, UNITED  
9                   STATES CODE.—The Committee shall not be  
10                  subject to chapter 10 of title 5, United States  
11                  Code.”.

Amend the table of contents accordingly.

