AMENDMENT TO THE RULES COMMITTEE PRINT

117–13

OFFERED BY MR. MCHENRY OF NORTH CAROLINA

In title LI, add at the end the following:

SEC. 5106. WORKING GROUP TO SUPPORT INNOVATION WITH RESPECT TO DIGITAL ASSETS.

(a) Establishment.—Not later than 90 days after the date of the enactment of this section, the Securities and Exchange Commission and the Commodity Futures Trading Commission shall jointly establish a working group (to be known as the “SEC and CFTC Working Group on Digital Assets”) to carry out the report required under subsection (c)(1).

(b) Membership.—

(1) In general.—The Working Group shall be composed of members appointed in accordance with paragraph (2).

(2) Appointment of members.—

(A) Representatives of commissions.—The Securities and Exchange Commission and the Commodity Futures Trading Commission shall each appoint an equal number of
employees of each such Commission to serve as members of the Working Group.

(B) REPRESENTATIVES OF NONGOVERNMENTAL STAKEHOLDERS.—

(i) APPOINTMENT.—The Securities and Exchange Commission and the Commodity Futures Trading Commission shall each appoint an equal number of nongovernmental representatives to serve as members of the Working Group, except that such number of members may not be greater than or equal to the number of members appointed under subparagraph (A).

(ii) REQUIRED MEMBERS.—The members of the Working Group appointed under clause (i) shall include at least one representative from each of the following:

(I) Financial technology companies that provide products or services involving digital assets.

(II) Financial firms under the jurisdiction of the Securities and Exchange Commission or the Commodity Futures Trading Commission.
(III) Institutions or organizations engaged in academic research or advocacy relating to digital asset use.

(IV) Small businesses engaged in financial technology.

(V) Investor protection organizations.

(VI) Institutions and organizations that support investment in historically-underserved businesses.

(C) No compensation for members of the Working Group.—

(i) Federal employee members.—

All members of the Working Group appointed under subparagraph (A) shall serve without compensation in addition to that received for their services as officers or employees of the United States.

(ii) Non-federal members.—All members of the Working Group appointed under subparagraph (B) shall serve without compensation.

(e) Report.—

(1) In general.—Not later than 1 year after the date of the enactment of this section, the Work-
ing Group shall submit to the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the relevant committees a report that contains—

(A) an analysis of—

(i) the legal and regulatory framework and related developments in the United States relating to digital assets, including—

(I) the impact that lack of clarity in such framework has on primary and secondary markets in digital assets; and

(II) how the domestic legal and regulatory regimes relating to digital assets impact the competitive position of the United States; and

(ii) developments in other countries related to digital assets and identification of how these developments impact the competitive position of the United States; and

(B) recommendations—

(i) for the creation, maintenance, and improvement of primary and secondary markets in digital assets, including for im-
proving the fairness, orderliness, integrity,
efficiency, transparency, availability, and
efficacy of such markets;

(ii) for standards concerning custody,
private key management, cybersecurity,
and business continuity relating to digital
asset intermediaries; and

(iii) for best practices to—

(I) reduce fraud and manipulation
digital assets in cash, lever-
aged, and derivatives markets;

(II) improve investor protections
for participants in such markets; and

(III) assist in compliance with
anti-money laundering and countering
the financing of terrorism obligations
under the Bank Secrecy Act.

(2) Report limited to SEC and CFTC au-
thorities.—The analysis and recommendations
provided under subparagraphs (A) and (B) of para-
graph (1) may only relate to the laws, regulations,
and related matters that are under the primary ju-
risdiction of the Securities and Exchange Commis-
sion or the Commodity Futures Trading Commis-

sion.
(d) NONAPPLICABILITY OF FACA.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Working Group.

(e) TERMINATION.—

(1) IN GENERAL.—The Working Group shall terminate on the date that is 1 year after the date of the enactment of this section, except that the Chairman of the Securities and Exchange Commission and the Chairman of the Commodity Futures Trading Commission may, jointly, extend the Working Group for a longer period, not to exceed 1 year.

(2) SECOND REPORT IN THE CASE OF EXTENSION.—In the case of an extension of the Working Group under paragraph (1), the Working Group shall, not later than the last day of such extension, submit to the Securities and Exchange Commission, the Commodity Futures Trading Commission, and the relevant committees a report that contains an update to the analysis and recommendations required under subparagraphs (A) and (B) of subsection (c)(1).

(f) DEFINITIONS.—In this section:

(1) BANK SECRECY ACT.—The term “Bank Secrecy Act” means—
(A) section 21 of the Federal Deposit Insurance Act (12 U.S.C. 1829b);

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

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

(2) HISTORICALLY-UNDERSERVED BUSINESSES.—The term “historically-underserved businesses” means women-owned businesses, minority-owned businesses, and rural businesses.

(3) RELEVANT COMMITTEES.—The term “relevant committees” means—

(A) the Committee on Financial Services of the House of Representatives;

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

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(4) WORKING GROUP.—The term “Working Group” means the working group established under subsection (a).