

# DIGITAL ASSET MARKET STRUCTURE DISCUSSION DRAFT



May 7, 2025

*Review of Title I - Definitions; Rulemaking; Notice of Intent to Register*

*(review of Titles II to V to come in subsequent days)*

# | BACKGROUND

- The [Digital Asset Market Structure Discussion Draft](#) was published on May 5, 2025, by:
  - House Committee on Financial Services Chairman [French Hill \(AR-02\)](#)
  - House Committee on Agriculture Chairman [G.T. Thompson \(PA-15\)](#)
  - House Committee on Financial Services Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence Chair [Bryan Steil \(WI-01\)](#)
  - House Committee on Agriculture Subcommittee on Commodity Markets, Digital Assets Rural Development Chair [Dusty Johnson \(SD-AL\)](#)
- The draft is *a bill to establish a regulatory framework for digital assets in the United States*
- The draft bill is structured in five titles
- The draft follows, in some respects, the FIT21 bill released in 2024
- This deck provides the highlights of Title I of the draft
- Our summaries of Titles II to V will follow in subsequent days

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## ***Key '33 Act Definitions***

Affiliated person  
Blockchain  
Blockchain application  
Blockchain system  
Decentralized governance system  
Digital asset  
Digital asset custodian  
Digital commodity  
Digital commodity issuer  
End user distribution  
Mature blockchain system  
Permitted payment stablecoin  
Related person  
Securities laws  
Source code

## ***Key Commodity Exchange Act Definitions***

Adds “digital commodity” into commodity pool, commodity pool operator, and commodity trading advisor definitions

Excludes from CPO definition a decentralized governance system and “excluded activity” under CEA 4v

Adds “digital commodity exchange registered under [CEA] section 5i” to registered entity definition

Adds “Associated person” of a digital commodity broker and a digital commodity dealer

Bank Secrecy Act

## ***Key CEA Definitions (continued)***

Digital commodity  
Digital commodity broker  
Digital commodity custodian  
Digital commodity dealer  
Digital commodity exchange  
Incorporates the new '33 Act definitions  
Decentralized finance trading protocol  
Decentralized finance trading system  
Mixed digital asset transaction

## ***Key '34 Act Definitions***

Bank Secrecy Act  
Incorporates by reference the new '33 Act definitions  
Incorporates by reference the new Commodity Exchange Act definitions

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Further Review of Selected Key Definitions*

- **Digital commodity** includes a commodity the value of which is, or is reasonably expected to be, derived from the relationship of the commodity with the blockchain system to which the commodity relates. (The text includes further detail on the concept of relationship to a blockchain system.)
- **End user distributions** (which appears designed to include activities such as airdrops, incentive rewards, and rewards for mining, staking, validating, etc.) do NOT involve the offer or sale of a digital commodity or a security.
- **Digital commodity exchange** means a trading facility that offers or seeks to offer a cash or spot market in at least one digital commodity.

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Further Review of Selected Key Definitions*

- **Digital commodity broker** includes any person who, as a regular business:
  - (i) is soliciting or accepting an order from a customer for the purchase or sale of a digital commodity or a CEA section 2(c)(2)(D)(ii) transaction AND, in connection with that activity, accepts or maintains control of customer funds, or exercises discretion over the execution or fulfillment of the order; or
  - (ii) is engaged in soliciting or accepting orders from a customer for the purchase or sale of a unit of a digital commodity on or subject to the rules of a registered entity.

Exclusions - banks; persons accepting category (i) transactions only from ECPs; persons entering the transaction for payments; and persons validating a blockchain (or other similar services to a blockchain system).

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Further Review of Selected Key Definitions*

- **Digital commodity dealer** includes any person who, as a regular business, is or offers to be a counterparty for the purchase or sale of a digital commodity or a CEA section 2(c)(2)(D)(ii) transaction AND, in connection with that activity, accepts or maintains control of funds of the customer, or exercises discretion over the execution or fulfillment of the order.
  - Exceptions –
    - a person who is or offers to be a counterparty to an ECP;
    - a person who enters into a digital commodity transaction with an ECP or on or through a registered digital commodity exchange, or for their own account (but not as part of a regular business);
    - a person entering into a digital commodity transaction for payments;
    - persons validating a blockchain (or other similar services to a blockchain system); or
    - banks.

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Further Review of Selected Key Definitions*

- **Decentralized finance trading protocol** means a blockchain system that enables users to engage in a financial transaction in a self-directed manner so that no other person is necessary to execute the financial transaction or take custody of the digital assets of the user during any part of the financial transactions.
- **Decentralized finance messaging system** means a software application that provides a user with the ability to create or submit an instruction, communication, or message to a decentralized finance trading protocol for the purpose of executing a transaction by the user (does NOT include a system that provides any person other than the user with custody or execution services).
- **Mixed digital asset transaction** means an agreement, contract, or transaction involving a digital commodity and a security.

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Key Rulemakings Contemplated in the Draft*

- *CFTC and SEC to issue joint definitions rules to further define:* affiliated person, blockchain, blockchain system, blockchain protocol, decentralized governance system, digital commodity issuer, end user distribution, mature blockchain system, related person, source code (as used in the '33 Act definitions); unilateral authority and programmatic functions (as used in '33 Act section 2(a)(25)); digital commodity, decentralized finance messaging system, and decentralized finance trading protocol (as used in the CEA definitions).
- SEC is permitted to issue a rulemaking for mixed digital asset transactions, including further defining that term.
- Treasury and FinCEN are prohibited from making any rule or order to prohibit U.S. individuals from maintaining wallets/facilitating self-custody of digital assets or conducting transactions with self-custodied assets “for any lawful purpose.”
- CFTC and SEC joint rulemaking (within 30 days of enactment; may also be guidance or interpretation) regarding the delisting of an asset for trading (by digital commodity exchange, brokers, and dealers).



# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Key Registration Provisions Contemplated in the Draft – Commodity Exchanges, Brokers, and Dealers*

### *Commodity Exchanges, Brokers, and Dealers - Notice of Intent to Register*

Any person may file this notice with CFTC if:

- They are an NFA member (or of some other registered futures association - today no others exist) and comply with NFA rules on customer disclosures and protection of customer assets
- They submit and materially update to the CFTC (1) a statement regarding the nature of the registrations they intend to pursue, and (2) a series of disclosures of company information, and (3) the specifics of each digital asset listed or offered and the listing determination (both of which shall also be public)
- They are not subject to statutory disqualification, they keep books and records, they make a range of customer disclosures, and they comply with a series of customer asset protection and segregation measures.

Other key provisions:

- The ability to file a notice of intent to register expires once CFTC finalizes its own registration rules.
- Gives NFA 180 days (from enactment) to make a membership rulemaking to support the notice filing process.
- Permits a national securities association to also make rules for persons filing notice of intent to register.

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## ***CEA Savings Provision***

- *Title I, Section 107 clarifies that the digital commodity exchange, broker, and dealer registrations do not confer on these registrants the ability to conduct business in traditional CFTC-regulated derivatives markets and clarifies that the Act does not apply to or effect such markets*

## ***Administrative Requirements***

- Expands the scope of prohibition on government officials trading directly or indirectly with nonpublic government information (referring to existing CEA sections 4c(a)(3) and (4)) to include “a contract of sale of a digital commodity.”

## ***International Cooperation***

- Directs CFTC and SEC to, as appropriate, consult and coordinate with global regulators and enter into information-sharing agreements for the purpose of protecting investors, customers, and users of digital commodities, as well as to promote consistency in effective global regulation of digital commodities.

# TITLE I - DEFINITIONS; RULEMAKING; NOTICE OF INTENT TO REGISTER

## *Implementation*

- Unless otherwise addressed, CFTC and SEC rulemakings must be made within 360 days of enactment of the Act
- CFTC and SEC may issue rules, regulations, or orders; conduct studies/reports; register persons; and exempt persons, agreements, contracts, or transactions, all as relevant to the Act, prior to the effective date of the Act (but such actions shall not become effective prior to the effective date)

## *Application of the Bank Secrecy Act*

- The Act adds digital commodity broker, digital commodity dealer, and digital commodity exchange to the Bank Secrecy Act
- Directs a GAO study to assess the risks posed by central intermediaries that are primarily located in foreign jurisdictions that provide services to U.S. persons without regulatory requirements substantially similar to the Bank Secrecy Act (and to provide regulatory or legislative recommendations)
- A report is due to Congress within one year after enactment

**PLEASE FEEL FREE TO REACH OUT WITH ANY  
QUESTIONS, COMPLIMENTS, OR CONCERNS.**



- Ethan L. Silver  
[esilver@lowenstein.com](mailto:esilver@lowenstein.com)
- Ryne Miller  
[rmiller@lowenstein.com](mailto:rmiller@lowenstein.com)
- William Brannan  
[wbrannan@lowenstein.com](mailto:wbrannan@lowenstein.com)
- Trevor A. Levine  
[tlevine@lowenstein.com](mailto:tlevine@lowenstein.com)
- Leo B .Choi  
[lchoi@lowenstein.com](mailto:lchoi@lowenstein.com)