UNITED STATES HOUSE COMMITTEE ON
FINANCIAL SERVICES
CHAIRMAN FRENCH HILL

HOUSE COMMITTEE ON
AGRICULTURE
CHAIRMAN GT THOMPSON

Section-by-Section: Digital Asset Market Clarity (CLARITY) Act of 2025

H.R. 3633, the CLARTY Act, was introduced on May 29, 2025, by Chairman French Hill (R-AR). H.R. 3633 would establish a comprehensive market structure framework for digital assets.

TITLE I – DEFINITIONS; RULEMAKING; EXPEDITED REGISTRATION

Sec. 101. Definitions under the Securities Act of 1933
Section 101 provides for definitions under the Securities Act of 1933.

Sec. 102. Definitions under the Securities Exchange Act of 1934
Section 102 provides for definitions under the Securities Exchange Act of 1934.

Sec. 103. Definitions under the Commodity Exchange Act
Section 103 provides for definitions under the Commodity Exchange Act.

Sec. 104. Definitions under this Act
Section 104 provides for definitions under the Act.

Sec. 105. Rulemakings
Section 105 provides for several rulemakings by the Commodity Futures Trading Commission (CFTC) and the Securities and Exchange Commission (SEC), including joint rulemakings related to defining key terms in the Act; the process to delist an asset for trading under section 106; mixed digital asset transactions; the process for considering relief for portfolio margining activities; and establishing certain limitations on the activities of a person registered with one or both Commissions who is also a permitted payment stablecoin issuer or an affiliate thereof. It also requires the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, and the Federal Deposit Insurance Corporation to develop capital requirements for financial institutions that address netting agreements. Section 105 also affirms the right for U.S. individuals to lawfully custody and transact with their own digital assets.

Sec. 106. Expedited registration for digital commodity exchanges, brokers, and dealers; provisional status
Section 106 requires the CFTC to provide an expedited registration process for digital commodity brokers, digital commodity dealers, and digital commodity exchanges within 180 days of enactment. The section further requires that a person must register with the CFTC as a digital

commodity broker, digital commodity dealer, or digital commodity exchange no later than 90 days after the date the expedited registration process is finalized, unless the person is exempted from registration.

The section also provides that a person registered with the CFTC shall be in provisional status until all of the relevant rules for the person's registration category are complete. While in provisional status, the section clarifies that the statutory requirements and any applicable regulations apply to the person and that the person is required to pay all fees and penalties imposed by the CFTC pursuant to the authorities in Section 410.

Finally, Section 106 permits a person in provisional status to continue to list the digital assets it listed prior to registration, until such time as the definition of digital commodity is finalized through the joint rulemaking. Prior to the effective date of the joint rulemaking on definitions, the CFTC and SEC can jointly require the delisting of a digital asset through the joint delisting process established under Section 105(d).

Sec. 107. Commodity Exchange Act and securities laws savings provisions
Section 107 states that nothing in this Act shall apply to any agreement, contract, or transaction that is subject to regulation under the Commodity Exchange Act (including a futures contract, an option on a futures contract, a swap, a securities futures product, and certain leveraged transactions) or the securities laws as a security-based swap, a security futures product, or an option on a security. It also clarifies that registration as a digital commodity exchange, digital commodity broker, or digital commodity dealer does not authorize a person to engage in the aforementioned activities.

Sec. 108. Administrative requirements
Section 108 expands the provisions in the Commodity Exchange Act regarding the improper use of nonpublic information by government employees to include the trading of digital commodities.

Sec. 109. Treatment of certain non-controlling blockchain developers
Section 109 exempts non-controlling blockchain developers and blockchain service providers from being treated as money transmitters or made subject to obligations substantially similar to those applicable to money transmitters solely on the basis of providing certain infrastructure or services.

Sec. 110. Application of the Bank Secrecy Act
Section 110 treats digital commodity brokers and dealers, as well as exchanges that permit direct customer access as "financial institutions" under the Bank Secrecy Act. The section requires the Secretary of the Treasury, acting through the Director of the Financial Crimes Enforcement Network and in consultation with the SEC and CFTC, to issue Bank Secrecy Act requirements for digital commodity brokers, dealers, and exchanges that are consistent with the requirements for futures commission merchants, including requiring each entity to establish and maintain an anti-money laundering and countering the financing of terrorism program, retain appropriate records of transactions, monitor and report suspicious activity, and maintain an effective customer identification

program. Digital commodity exchanges, brokers, and dealers are required to comply with all laws and regulations related to U.S. sanctions.

Sec. 111. Rule of construction
Section 111 clarifies that nothing in this Act shall be construed to limit or prevent the continued application of applicable ethics statutes and regulations. This section also provides clarification that any member of Congress or senior executive branch official is prohibited from issuing a digital commodity during their time in public service.

Sec. 112. Implementation
Section 112 requires the CFTC and the SEC to promulgate all rules required by the Act no later than 360 days after enactment of the Act, unless another timeframe is specified.

TITLE II – OFFERS AND SALES OF DIGITAL COMMODITIES

Sec. 201. Treatment of investment contract assets
Section 201 excludes digital commodities sold pursuant to an investment contract from being considered investment contracts themselves.

Sec. 202. Exempted primary transactions in digital commodities
Section 202 provides an exemption from traditional securities registration for a digital commodity issuer's offer or sale of an investment contract involving digital commodities if the issuer meets certain requirements. Issuers are required to file certain disclosures until a defined period after the blockchain system is certified as mature, as well as other disclosures where the issuer is engaged in certain material activities after the blockchain system is certified as mature. Section 202 requires the SEC to issue rules applying comparable disclosures to digital commodity issuers that relied on an existing exemption, whether the issuer relied on that exemption before or after the Act is enacted.

Sec. 203. Treatment of secondary transactions in digital commodities that originally involved investment contracts
Section 203 provides that secondary market transactions in digital commodities originally issued as part of an investment contract shall not be considered part of the original investment contract transactions under securities laws. Section 203 also clarifies that end user distributions, which include staking rewards, do not involve the offer or sale of a security.

Sec. 204. Requirements for offers and sales of digital commodities by digital commodity related persons and digital commodity affiliated persons
Section 204 establishes requirements for project insiders to sell their digital commodities. Those requirements are reduced after the blockchain system to which the digital commodity relates is certified as mature. The requirements include lockup periods and sales volume limitations. The SEC is provided with rulemaking authority related to reporting obligations of insiders with respect to transactions in digital commodities. Section 204 also clarifies the treatment of secondary market sales by insiders who acquired digital commodities prior to the enactment of the Act.

Sec. 205. Mature blockchain system requirements

Section 205 provides a process to certify to the SEC that the blockchain system relating to a digital commodity is mature. Section 205 sets out statutory conditions a blockchain system can meet to be deemed mature. The SEC may also issue rules identifying other sets of conditions a blockchain system can meet to be considered mature.

Sec. 206. Effective date

Section 206 provides that the provisions under this Title will take effect 360 days after enactment or, in the case of rulemakings under the Title, the later of 360 days after enactment or 60 days after publication of the final rule in the Federal Register.

TITLE III – REGISTRATION FOR INTERMEDIARIES AT THE SEC

Sec. 301. Treatment of digital commodities and permitted payment stablecoins

Section 301 excludes digital commodities and permitted payment stablecoins from the definition of a security under the securities laws.

Sec. 302. Anti-fraud authority over permitted payment stablecoins and certain digital commodity transactions

Section 302 provides the SEC with anti-fraud and anti-manipulation authority over transactions with or involving permitted payment stablecoins and digital commodities that occur on or with an SEC registered entity. It also provides the SEC with limited authority over transactions in permitted payment stablecoins when transacted by or through an entity registered with the SEC.

Sec. 303. Eligibility of alternative trading systems

Section 303 prevents the SEC from blocking a trading platform from operating under an exemption to exchange registration solely because it trades digital commodities or permitted payment stablecoins and securities. The section also provides that neither a digital commodity exchange, nor an alternative trading system (ATS) predominantly facilitating the trading of digital commodities, permitted payment stablecoins, or both is to be considered a facility of a national securities exchange.

Sec. 304. Rulemaking for dual-registered entities

Section 304 requires SEC registrants that are dual-registered with the CFTC as digital commodity exchanges, digital commodity brokers, or digital commodity dealers to adopt policies to mitigate conflict-of-interest, including with respect to relationships with affiliates that are also SEC registrants. The section also directs the SEC to issue rules to exempt dual registrants under the Act from duplicative, conflicting, or unduly burdensome regulatory requirements, requires relevant self-regulatory organization to update rules consistent with this section, and requires the SEC to enter into a memorandum of understanding with the CFTC to ensure non-duplicative oversight and appropriate information sharing.

Sec. 305. Modernization of recordkeeping requirements
Section 305 clarifies that brokers, dealers, transfer agents, investment advisers, investment companies, and national securities exchanges under the Securities Exchange Act of 1934 may utilize records from a blockchain system consistent with an SEC rulemaking required within 180 days of enactment implementing this section.

Sec. 306. Exemptive authority
Section 306 amends the Securities Act of 1933 allowing flexibility for the SEC to utilize its existing exemptive authorities.

Sec. 307. Additional registrations with the Commodity Futures Trading Commission
Section 307 permits a SEC registered broker or dealer to maintain a registration with the CFTC as a digital commodity broker or dealer. It also permits a national securities exchange and an ATS to maintain a registration with the CFTC as a digital commodity exchange.

Sec. 308. Exempting digital commodities from State securities laws
Section 308 adds digital commodities to "covered securities," which are exempt from state blue sky law registration requirements. It also clarifies that nothing in this section limits the existing authority of state securities regulators to enforce against fraud with respect to any securities.

Sec. 309. Exclusion for decentralized finance activities
Section 309 exempts certain decentralized finance activities related to the operation and maintenance of blockchain networks from SEC regulation, although not from the SEC's anti-fraud or anti-manipulation enforcement authorities. Exempted activities include validating or providing incidental services, publishing and updating software, developing wallets for blockchain networks, providing user-interfaces for blockchain networks, and developing and publishing a blockchain system.

Sec. 310. Treatment of custody activities by banking institutions
Section 310 prevents federal regulators from requiring financial institutions to include customers' assets as liabilities on their balance sheets or hold additional capital against these assets, except as necessary to mitigate operational risks as determined by the appropriate federal or state regulator.

Sec. 311. Broker and dealer disclosures regarding the treatment of assets
Section 311 requires the SEC to adopt rules for mandating clear, written disclosures about the treatment of digital commodities, permitted payment stablecoins, or investment contracts involving digital commodities in the event of an insolvency, resolution, or liquidation of a broker or dealer.

Sec. 312. Digital commodity activities that are financial in nature
Section 312 narrowly amends the Bank Holding Company Act to allow non-bank subsidiaries of holding companies (e.g., digital commodity brokers or dealers) to engage in digital commodity activities by adding such activities to the list of those that are financial in nature. It also allows national banks to use digital assets or blockchain systems to conduct activities that they are already legally authorized to perform and clarifies that using such technology does not exempt national banks from regulatory

requirements that apply regardless of the technology used. For purposes of the Federal Deposit Insurance Act, digital asset and blockchain system activities authorized for national banks that are principal activities are permissible for insured state banks and their subsidiaries.

Sec. 313. Effective date; Administration
Section 313 provides that the provisions under Title III will take effect 360 days after enactment or, in the case of rulemakings under the Title, the later of 360 days after enactment or 60 days after publication of the final rule in the Federal Register.

Sec. 314. Educational material requirements
Section 314 requires the SEC, in consultation with the CFTC, to require any registered entity that facilitates the trading of digital commodities or investment contracts involving units of a digital commodity to provide clear and accessible educational materials to the public relating to blockchain technology, digital commodities, and reporting requirements, and guidance on recognizing and reporting fraudulent schemes.

Sec. 315. Discretionary surplus fund
Section 315 reduces the cap on the Federal Reserve's Surplus Fund by $15 million, effective September 30, 2035.

TITLE IV—REGISTRATION FOR DIGITAL COMMODITY INTERMEDIARIES AT THE CFTC

Sec. 401. Commission jurisdiction over digital commodity transactions
Section 401 sets out the new authority of the CFTC over certain transactions in digital assets. Specifically, the section provides the CFTC with exclusive regulatory jurisdiction over digital commodity cash or spot markets that occur on or with new entities required to be registered with the CFTC: digital commodity exchanges, digital commodity dealers, and digital commodity brokers. This new authority complements the CFTC's existing anti-fraud and anti-manipulation authority over all cash or spot market commodity transactions, including cash or spot market transactions in digital commodities. This section also permits digital commodity brokers to engage in financing agreements for digital commodities, subject to additional rules from the CFTC.

Lastly, this section provides the CFTC authority over transactions with or involving a permitted payment stablecoin that occurs on or with an entity registered with the CFTC. Section 401 prohibits the CFTC from regulating the operations of any permitted payment stablecoin issuer or any permitted payment stablecoin.

Sec. 402. Requiring futures commission merchants to use qualified digital asset custodians
Section 402 requires futures commission merchants to hold customers' digital assets in a qualified digital asset custodian.

Sec. 403. Trading certification and approval for digital commodities

Section 403 establishes the process by which a registered entity may determine that a digital commodity is eligible to be traded on or through the registered entity. The process requires a registered entity to submit a certification to the CFTC that the digital commodity meets the requirements of the Commodity Exchange Act, including the listing requirements under section 404 of this Act. The CFTC then has up to 80 days to review the certification for its accuracy, completeness, and veracity.

Section 403 also provides that a digital commodity exchange, digital commodity broker, or digital commodity dealer applying for CFTC registration may seek prior approval to list or offer certain digital commodities when registered with the CFTC.

Sec. 404. Registration of digital commodity exchanges

Section 404 provides for the registration and regulation of digital commodity exchanges. Registered digital commodity exchanges must comply with core principles that include listing standards, trade surveillance, financial resources, conflicts of interest, reporting, and system safeguards. Subject to the core principles, digital commodity exchanges are allowed to list only those digital commodities for which public disclosures regarding source code, transaction history, and digital asset economics are made.

Digital commodity exchanges are also subject to comprehensive requirements to segregate customer funds, provide risk-appropriate disclosures to retail customers, designate a chief compliance officer, be members of a registered futures association if they hold customer funds, and comply with any rules the registered futures association imposes. Digital commodity exchanges that accept customer funds are required to hold those funds in a qualified digital asset custodian.

No digital commodity exchange or affiliate of the exchange is permitted to act as a counterparty to any transaction on the exchange, except in limited circumstances. A digital commodity exchange customer may elect, in writing, to participate in any blockchain services facilitated by the exchange, such as staking, subject to the requirements and limitations imposed by the CFTC. A customer's access to the exchange is not permitted to be conditioned on the customer's election to participate in blockchain services.

Sec. 405. Qualified digital asset custodians

Section 405 sets out the requirements for qualified digital asset custodians. A qualified digital asset custodian is required to be regulated by a federal, state, or foreign authority and subject to adequate supervision and appropriate regulation for digital asset custodial activities. Section 405 provides the CFTC authority to further define minimum standards for adequate supervision and appropriate regulation for state and foreign custodians, and to provide rules for CFTC registered entities to custody digital assets.

Sec. 406. Registration and regulation of digital commodity brokers and dealers
Section 406 creates a comprehensive federal regulatory framework under the Commodity Exchange Act for the registration, oversight, and supervision of digital commodity brokers and digital commodity dealers. It requires these firms to register with the CFTC, meet capital and risk management requirements, and comply with recordkeeping, reporting, business conduct, and customer protection standards. Firms engaged in financing agreements must meet additional requirements including capital, disclosure, recordkeeping, and supervision of employees and agents in connection with such financing agreements. In addition, digital commodity brokers and digital commodity dealers are required to be members of a registered futures association and comply with any additional rules they may impose.

Customer funds held by a digital commodity broker or digital commodity dealer are subject to comprehensive segregation and commingling restrictions. Customer digital assets are also required to be held in a qualified digital asset custodian. A customer of a digital commodity broker or digital commodity dealer may elect, in writing, to participate in any blockchain services facilitated by the digital commodity broker or digital commodity broker, such as staking, subject to the requirements and limitations imposed by the CFTC. A digital commodity broker or digital commodity dealer may not condition a customer's access to their services on the customer's election to participate in blockchain services.

Sec. 407. Registration of associated persons
Section 407 requires associated persons of a digital commodity broker or a digital commodity dealer to register with the CFTC under this Act and makes it unlawful for a digital commodity broker or digital commodity dealer to permit a person to become or remain an associated person if the digital commodity broker or digital commodity dealer knew or should have known that the person was not registered with the CFTC or their registration was expired, suspended, or revoked.

Sec. 408. Registration of commodity pool operators and commodity trading advisors
Section 408 codifies the treatment of certain commodity pool operators (CPOs) dually registered with the SEC as investment advisors to match the statutory treatment granted to certain dually registered commodity trading advisors. Section 408 also requires the CFTC to issue rules providing exemptions for CPOs and commodity trading advisors to provide relief from duplicative, conflicting, or unduly burdensome requirements or to promote innovation if those exemptions foster the development of fair and orderly markets, are in the public interest, and are consistent with the protection of customers.

Sec. 409. Exclusion for decentralized finance activities
Section 409 exempts certain decentralized finance activities related to the operations and maintenance of blockchain networks from CFTC regulation, although not from the CFTC's anti-fraud or anti-manipulation enforcement authorities. Exempted activities include validating or providing incidental services, publishing and updating software, developing wallets for blockchain networks, providing user-interfaces for blockchain networks, and developing and publishing a blockchain system.

Sec. 410. Resources for implementation and enforcement
Section 410 authorizes the CFTC to charge and collect initial and annual filing fees from any entity registered with the CFTC as a digital commodity exchange, a digital commodity broker, or a digital commodity dealer under the Act, as provided in advance in the annual appropriations Act. It requires the CFTC to publish a fee schedule, including an analysis of estimated costs to carry out the Act, annually in the Federal Register. This fee schedule must be submitted to Congress prior to publication. Additionally, the CFTC is allowed expedited hiring authority to fill positions related to carrying out this Act. The authorities granted by this section sunset after four fiscal years.

Sec. 411. Requirements related to control persons
Section 411 makes it unlawful for a blockchain control person to sell digital commodities tied to a certified mature blockchain system without first notifying the CFTC and complying with certain disclosure and sales restrictions. A "blockchain control person" is defined as any individual or group with unilateral control over the system's rules or significant voting power.

Sec. 412. Other tradable assets
Section 412 requires the trading of other types of tradable assets on or through a person registered with the CFTC to comply with the requirements of the Commodity Exchange Act as though the asset was a digital commodity. A tradable asset is defined as a digital asset which is not a digital commodity or other blockchain-based regulated financial product. The CFTC is permitted to impose additional requirements to address risks not captured by the existing regulatory regime. The section prohibits the listing of a digital commodity or tradable asset if its primary purpose is to commit fraud or market manipulation, further a scheme found in a final action by a competent court to be in violation of campaign finance or government ethics laws, or engage in any other conduct that would result in abusive practices or be disruptive to market integrity.

Sec. 413. Conflict of interest rulemaking
Section 413 requires the CFTC to issue rules establishing requirements for the identification, mitigation, and resolution of conflicts of interest among entities and persons registered with the CFTC.

Sec. 414. Effective date
Section 414 provides that the provisions under this Title will take effect 270 days after the date of enactment of the Act.

Sec. 415. Sense of Congress
Section 415 articulates the sense of Congress that nothing in this Act or any amendment made by this Act should be interpreted to authorize any entity to regulate any commodity, other than a digital commodity on any spot market.

TITLE V—INNOVATION AND TECHNOLOGY IMPROVEMENTS

Sec. 501. Findings; Sense of Congress

Section 501 expresses support for U.S. leadership in digital assets and reaffirms that Congress should establish a functional framework for the issuance of digital assets.

Sec. 502. Strategic Hub for Innovation and Financial Technology

Section 502 establishes a committee to be known as the Strategic Hub for Innovation and Financial Technology (FinHub), which will serve as a resource to the SEC on emerging financial technologies, engage with market participants developing these innovations, and facilitate communication between the SEC and these businesses by providing information on SEC rules and regulations.

Sec. 503. Codification of LabCFTC

Section 503 establishes LabCFTC in the CFTC, which will serve as an information source for the CFTC on financial technology (FinTech) innovation. It will ensure the CFTC is more accessible to FinTech innovators and bolster the CFTC's understanding of new technologies. LabCFTC will also serve as a forum for innovators seeking a better understanding of the CFTC's regulatory framework. Section 503 further requires LabCFTC to submit an annual report to Congress on its activity.

Sec. 504. Study on decentralized finance

Section 504 requires the CFTC, the SEC, and the Secretary of the Treasury to conduct a joint study on decentralized finance (DeFi), which will include an analysis of the size, scope, role, nature, and use of DeFi protocols; the benefits and risks of DeFi; how DeFi has integrated into traditional financial markets, including the risks of DeFi integration; and the levels and types of illicit activities in DeFi compared to traditional financial markets. The agencies must submit a report to Congress one year after enactment. The Government Accountability Office (GAO) shall also conduct a report on DeFi and submit it to Congress one year after enactment.

DeFi is defined as blockchain applications that allow users to engage in financial transactions in a self-directed manner such that no third-party intermediary effectuates such transactions or takes custody of a user's digital assets during any part of such transaction.

Sec. 505. Study on non-fungible tokens

Section 505 requires GAO to conduct a study on non-fungible digital tokens. GAO must make the report publicly available one year after enactment.

Sec. 506. Study on expanding financial literacy amongst digital commodity holders

Section 506 requires the SEC and CFTC to conduct a joint study on the financial literacy of digital commodity holders and examine ways the agencies can work together and/or in collaboration with other entities to improve financial literacy among digital commodity holders. This study must be submitted to Congress within a year of enactment.

Sec. 507. Study on financial market infrastructure improvements
Section 507 requires the CFTC and the SEC to conduct a joint study on whether additional guidance or rules are necessary to facilitate the development of tokenized securities and derivatives products. The study will also examine if further rules would foster the development of fair and orderly financial markets, be appropriate for the public interest, and provide further investor protections. The agencies must submit the report to Congress one year after enactment.

Sec. 508. Study on blockchain in payments
Section 508 requires the Secretary of the Treasury to conduct a study on how blockchain technology can be used to address fraud, transaction costs, automation, and efficiency in payments. Treasury must submit a report summarizing the findings of the study to Congress one year after enactment.

Sec. 509. Study on illicit use of digital assets
Section 509 requires the Secretary of the Treasury, in consultation with the SEC and CFTC, to conduct a study on how Foreign Terrorist Organizations and Transnational Criminal Syndicates utilize digital assets in connection with illicit activities. Within 180 days after completing the study, the Treasury Secretary must submit a report to Congress that includes recommendations to assist the SEC and CFTC in strengthening compliance and enforcement with respect to digital asset-related entities.

Sec. 510. GAO Study on Certain Centralized Intermediaries that are Primarily Located in Foreign Jurisdictions
Section 510 requires the Comptroller General of the United States, in consultation with the Secretary of the Treasury, to conduct a study and report to Congress within a year of enactment on the risks posed by centralized intermediaries located in foreign jurisdictions that provide services to U.S. persons without regulatory requirements similar to those within the Bank Secrecy Act and provide regulatory or legislative recommendations to address these risks

Sec. 511. Studies on foreign adversary participation
Section 511 requires the Secretary of the Treasury, in consultation with the CFTC and the SEC, to conduct a study and submit a report to the relevant congressional committees within a year of enactment on the involvement of governments of foreign adversaries in digital commodity markets and digital commodity registrants. The Comptroller General is required to conduct the same study and submit the same report to the relevant congressional committees.

Sec. 512. Conforming amendments
Section 512 provides conforming amendments to the GENIUS Act.