

119TH CONGRESS
2D SESSION

S. _____

To prohibit bailouts of digital asset market participants, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. DURBIN introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To prohibit bailouts of digital asset market participants, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Bailout for Crypto
5 Act”.

6 **SEC. 2. PROHIBITION ON BAILOUTS OF DIGITAL ASSET**

7 **MARKET PARTICIPANTS.**

8 (a) DEFINITIONS.—In this section:

9 (1) BLOCKCHAIN.—The term “blockchain”
10 means technology—

1 (A) through which data is shared across a
2 network that creates a public blockchain of
3 verified transactions or information among net-
4 work participants; and

5 (B) in which cryptography is used to link
6 the data described in subparagraph (A)—

7 (i) to maintain the integrity of the
8 blockchain described in that subparagraph;
9 and

10 (ii) to execute other functions

11 (2) DECENTRALIZED FINANCE TRADING PRO-
12 TOCOL.—The term “decentralized finance trading
13 protocol” means a blockchain system through which
14 multiple participants can execute a financial trans-
15 action—

16 (A) in accordance with an automated rule
17 or algorithm that is predetermined and non-dis-
18 cretionary; and

19 (B) without reliance on any other person
20 to maintain control of the digital assets of the
21 user during any part of the financial trans-
22 action.

23 (3) DIGITAL ASSET INTERMEDIARY.—The term
24 “digital asset intermediary” means any person that
25 provides services that are financial in nature, as de-

1 fined in section 4(k)(4) of the Bank Holding Com-
2 pany Act (12 U.S.C. 1843(k)(4)), with respect to
3 any digital asset.

4 (4) FINANCIAL SERVICE PROVIDER.—The term
5 “financial service provider” means a financial service
6 provider that is regulated by a Federal banking
7 agency, as defined in section 3 of the Federal De-
8 posit Insurance Act (12 U.S.C. 1813).

9 (5) GENIUS ACT TERMS.—The terms “digital
10 asset”, “digital asset service provider”, and “distrib-
11 uted ledger protocol” have the meanings given those
12 terms, respectively, in section 2 of the GENIUS Act
13 (12 U.S.C. 5901).

14 (b) PROHIBITION ON FINANCIAL ASSISTANCE.—A
15 Federal agency may not provide financial assistance to a
16 digital asset intermediary, digital asset service provider,
17 distributed ledger protocol, decentralized finance trading
18 protocol, or financial service provider with respect to dig-
19 ital asset activities, to prevent the failure or bankruptcy
20 of the digital asset commodity intermediary.

21 (c) EMERGENCY LIQUIDITY FACILITIES.—A digital
22 asset intermediary, digital asset service provider, distrib-
23 uted ledger protocol, decentralized finance trading pro-
24 tocol, or financial service provider with respect to digital
25 asset activities may not have access to any emergency li-

1 liquidity facility established under section 13(3) of the Fed-
2 eral Reserve Act (12 U.S.C. 343).

3 (d) EXCHANGE STABILIZATION FUND.—The Sec-
4 retary of the Treasury may not use any amounts in the
5 Exchange Stabilization Fund established under section
6 5302 of title 31, United States Code, for the benefit of
7 any digital asset intermediary, digital asset service pro-
8 vider, distributed ledger protocol, decentralized finance
9 trading protocol or financial service provider with respect
10 to digital asset activities.

11 (e) RULE OF CONSTRUCTION.—The prohibition
12 under subsection (b) shall not alter the Federal Reserve’s
13 authority to lend to depository institutions under section
14 10B of the Federal Reserve Act (12 U.S.C. 347b).