

AMENDMENT NO. _____ Calendar No. _____

Purpose: To prohibit bailouts of digital asset market participants.

IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.

S. 1383

To establish the Veterans Advisory Committee on Equal Access, and for other purposes.

Referred to the Committee on _____ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. DURBIN

Viz:

1 At the appropriate place, insert the following:

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

3 **MARKET PARTICIPANTS.**

4 (a) DEFINITIONS.—In this section:

5 (1) BLOCKCHAIN.—The term “blockchain”
6 means technology—

7 (A) through which data is shared across a
8 network that creates a public blockchain of
9 verified transactions or information among net-
10 work participants; and

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

1 (i) to maintain the integrity of the
2 blockchain described in that subparagraph;
3 and

4 (ii) to execute other functions

5 (2) DECENTRALIZED FINANCE TRADING PRO-
6 TOCOL.—The term “decentralized finance trading
7 protocol” means a blockchain system through which
8 multiple participants can execute a financial trans-
9 action—

10 (A) in accordance with an automated rule
11 or algorithm that is predetermined and non-dis-
12 cretionary; and

13 (B) without reliance on any other person
14 to maintain control of the digital assets of the
15 user during any part of the financial trans-
16 action.

17 (3) DIGITAL ASSET INTERMEDIARY.—The term
18 “digital asset intermediary” means any person that
19 provides services that are financial in nature, as de-
20 fined in section 4(k)(4) of the Bank Holding Com-
21 pany Act (12 U.S.C. 1843(k)(4)), with respect to
22 any digital asset.

23 (4) FINANCIAL SERVICE PROVIDER.—The term
24 “financial service provider” means a financial service
25 provider that is regulated by a Federal banking

1 agency, as defined in section 3 of the Federal De-
2 posit Insurance Act (12 U.S.C. 1813).

3 (5) GENIUS ACT TERMS.—The terms “digital
4 asset”, “digital asset service provider”, and “distrib-
5 uted ledger protocol” have the meanings given those
6 terms, respectively, in section 2 of the GENIUS Act
7 (12 U.S.C. 5901).

8 (b) PROHIBITION ON FINANCIAL ASSISTANCE.—A
9 Federal agency may not provide financial assistance to a
10 digital asset intermediary, digital asset service provider,
11 distributed ledger protocol, decentralized finance trading
12 protocol, or financial service provider with respect to dig-
13 ital asset activities, to prevent the failure or bankruptcy
14 of the digital asset commodity intermediary.

15 (c) EMERGENCY LIQUIDITY FACILITIES.—A digital
16 asset intermediary, digital asset service provider, distrib-
17 uted ledger protocol, decentralized finance trading pro-
18 tocol, or financial service provider with respect to digital
19 asset activities may not have access to any emergency li-
20 quidity facility established under section 13(3) of the Fed-
21 eral Reserve Act (12 U.S.C. 343).

22 (d) EXCHANGE STABILIZATION FUND.—The Sec-
23 retary of the Treasury may not use any amounts in the
24 Exchange Stabilization Fund established under section
25 5302 of title 31, United States Code, for the benefit of

1 any digital asset intermediary, digital asset service pro-
2 vider, distributed ledger protocol, decentralized finance
3 trading protocol or financial service provider with respect
4 to digital asset activities.

5 (e) RULE OF CONSTRUCTION.—The prohibition
6 under subsection (b) shall not alter the Federal Reserve’s
7 authority to lend to depository institutions under section
8 10B of the Federal Reserve Act (12 U.S.C. 347b).