

CLARITY Bill Introduced in the House to Establish Digital Assets Regulatory Framework

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On May 29, 2025, House Financial Services Chair French Hill introduced the [Digital Asset Market Clarity Act](#) (“CLARITY” or the “Act”) a 236 page, detailed bill meant to establish a regulatory framework for digital assets.

The Act states as its purpose: “To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, and for other purposes.”

In the accompanying press release, Chairman Hill stated, “I am proud to introduce the bipartisan CLARITY Act with my colleagues. Our bill brings long-overdue clarity to the digital asset ecosystem, prioritizes consumer protection and American innovation, and builds off our work in the 118th Congress. I look forward to delivering our bill to President Trump’s desk and securing America’s position as the global leader in digital assets.”

Under the Act, the boundaries of jurisdiction between the U.S. Commodity Futures Trading Commission (“CFTC”) and U.S. Securities and Exchange Commission (“SEC”) would be established, allowing for a registration path with the CFTC for many digital assets.

Under the Act, the CFTC would have exclusive jurisdiction over digital commodity spot markets and would oversee a registration process for digital commodity exchanges, brokers and dealers. Provisional registration would be possible while the final rules are being finalized. Such a process would include filing a provisional registration statement and complying with existing disclosure and consumer protection requirements. Customers’ crypto assets would be required to be held by a qualified custodian.

Firms would be subject to ongoing rules such as the segregation of customer assets, membership with a registered futures association, providing appropriate disclosures to consumers and having a chief compliance officer. Bank Secrecy Act requirements would also be applicable.

Standards for issuers are also set forth in the proposed Act and would exempt certain projects from traditional securities registration as long as they fulfill certain requirements, including by providing adequate disclosures. Digital commodities initially sold as an investment contract would not be treated as securities, nor would any subsequent trading of such assets on secondary markets.

The bill provides that crypto users will retain the right to self-custody their own assets through the use of a software or hardware wallet. It also calls for “innovation and technology improvements.”

Under the bill, the SEC retains a role with respect to digital assets in certain circumstances. The SEC would keep oversight over digital commodity activities that take place on SEC-registered broker-dealers and national securities exchanges. SEC-registered broker-dealers could be registered with both regulators. Select decentralized finance functions would be excluded from SEC oversight.

Joint rulemakings between the CFTC and the SEC for mixed digital asset transactions would also be required. While the bill creates certain definitions, it also directs that others be finalized, including in this area. Digital commodities would be exempt from certain state securities laws by creating a federal preemption.

Earlier efforts to finalize similar bills have stalled. However, stablecoin legislation has been seemingly making progress more recently. The Senate is now set to vote on the GENIUS Act, a stablecoin legislation. A House stablecoin bill, the STABLE Act, passed through committee in April, though it has not progressed further.

While to date no efforts to pass legislation have made it through both Houses of Congress and to the President's desk, these efforts offer hope that we might soon get more legislative clarity for the industry. If nothing else, digital asset legislation is getting continued attention at a national legislative level after being highlighted by the Trump Administration as a priority in his executive order of January 23, 2025, [Strengthening American Leadership in Digital Financial Technology](#).

If you have any questions about this article, please contact **Megan L. Jones** at mljones@vedderprice.com or any other Vedder Price attorney with whom you have worked.

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