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## U.S. House Bill Seeks to Establish Digital Asset Regulatory Framework

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On May 5, 2025, 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), and House Committee on Agriculture Subcommittee on Commodity Markets, Digital Assets, and Rural Development Chair Dusty Johnson (SD-AL) released a discussion draft of a yet-to-be-named bill addressing market structure for digital asset activity (the “DAMS Draft”). If adopted as proposed, the DAMS Draft would establish a regulatory framework for activity involving what the proposal calls “digital commodities” in the United States. Primary market activity (*i.e.*, fundraising through the sale of digital commodities) would be overseen by the Securities and Exchange Commission (the “SEC”), while secondary transactions in digital commodities would be under the oversight of the Commodity Futures Trading Commission (“CFTC”), with a coordinated role for the SEC.

If implemented as proposed, the DAMS Draft would be a dramatic departure from current market structure law, as the drafters chose to incorporate numerous technology-specific terms and concepts into the relevant statutes. While this approach has the benefit of allowing the DAMS Draft to be prescriptive about implementing their policy objectives, it also creates the potential risk of “regulatory lock-in.” The digital asset sector has been characterized by rapid technological and market structure development. Putting in place detailed provisions provides important regulatory clarity but may inadvertently slow the pace of, or even discourage, further innovation. In some ways, this could result in unintended consequences similar to those now arising from the European Union’s Markets in Crypto Asset Regulation (“MiCA”).

Because the DAMS Draft took the commendable step of releasing this proposed legislative language as a discussion draft, it will be important for interested market participants to provide constructive suggestions on the DAMS Draft as soon as possible. While there will inevitably be many responses with a variety of both high-level and in-line drafting suggestions, we believe that it is important to step back and appreciate everything it took to get to this place, compared where the digital asset sector stood just one year ago.

It is also important to bear in mind that both the House of Representatives and the Senate have sought to work on digital asset legislation on a bipartisan basis. This is particularly relevant for the Senate, where as a practical matter, at least seven Democrat votes will be needed for the legislation to pass. As a result, we can expect further input to the DAMS Draft as this proposal moves through Congress.

In the alert below are five key takeaways from the DAMS Draft.

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