

Dear Ranking Member Toomey, Banking Committee counsel and professional staff:

The Association for Digital Asset Markets (ADAM) thanks you for your February 2, 2021 [request for legislative proposals](#) to foster economic growth and capital formation.

ADAM was founded to develop, and promote the development and adoption of, professional standards in digital asset markets. ADAM's members believe that in order for digital asset markets to flourish, market participants must hold themselves to high professional standards. ADAM's members include Paxos, Galaxy Digital, Genesis Global Trading, Cumberland, WisdomTree, BTIG, Hudson River Trading, Anchorage, BlockFi, and many other firms operating in digital asset markets.

In connection with your request, we respectfully request that you consider the attached legislative proposal, which is intended to provide guidance to the CFTC in determining whether conduct involving Digital Commodities (as defined in the legislation) constitutes fraud or manipulation under Section 6(c) of the Commodities Exchange Act, thereby giving rise to the existing authority of the CFTC to bring an enforcement action. The legislation does not expand the supervisory or examination powers of the CFTC, but authorizes the CFTC to delegate authority to a CFTC-approved self-governing organization to develop and promulgate appropriate digital asset market standards.

ADAM's [Code of Conduct](#) specifically prohibits "Disruptive Trading Practices," which are defined to include:

practices that are designed or intended to disrupt market functioning or undermine market integrity, including manipulative trading practices such as wash trades, spoofing, layering, "pump-and-dump" schemes, and other practices that cause undue latency or artificial price movements, or result in a false impression of trading volumes or market price, depth or liquidity.

Absent incorporation of standards such as those proposed in this legislation, certain practices considered manipulative or disruptive, and that have the potential to undermine confidence in digital asset markets, are not clearly defined; however, the CFTC has enforcement authority under Section 6(c) of the Commodities Exchange Act as it related to cash or spot markets in digital assets. A self-governing organization approved by the CFTC would be best positioned to set these standards, and will better assist the CFTC with clear rules and guidelines leading to more robust digital asset markets.

The proposed bill would allow the industry to provide necessary input on setting market conduct standards, improve digital asset market integrity, and promote enhanced institutional adoption and investor protection.

We would greatly appreciate the opportunity to meet with you to discuss this legislative initiative. Additionally, we would like to have the opportunity to discuss H.R. 1602 - Eliminate Barriers to Innovation Act of 2021 with you, and provide important feedback on the bill prior to any potential introduction in the Senate.

Thank you for proactively seeking legislative proposals and for consideration of our bill. We look forward to speaking with you!

All my best,
Michelle Bond

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Michelle Bond

Chief Executive Officer

[Association for Digital Asset Markets \(ADAM\)](#)

<ADAM Draft Digital Commodity Market Integrity Legislation.docx>

ADAM Digital Commodity Market Integrity Act of 2021

A BILL

To provide for orderly digital commodity markets, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Digital Commodity Market Integrity Act of 2021”.

SEC. 2. AMENDMENTS TO THE COMMODITY EXCHANGE ACT.

(a) Definitions.—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended by adding at the end the following:

“(52) DIGITAL COMMODITY.—The term ‘digital commodity’ means any form of fungible intangible personal property that can be exclusively possessed and transferred person to person without necessary reliance on an intermediary, and which does not represent a financial interest in a company, partnership, or investment vehicle.

(b) Market Integrity Standards.—Section 6(c)(4)(A) of the Commodity Exchange Act (7 U.S.C. 9(4)(A)) is amended by adding at the end the following:

“In determining whether any person (other than a registered entity) is violating or has violated this section, or any other provision of this chapter (including any rule, regulation, or order of the Commission promulgated in accordance with this section or any other provision of this chapter), in connection with any swap or contract for sale, including for future delivery, involving any Digital Commodity, the Commission shall take into consideration standards and codes of conduct regarding fraud and manipulation in the markets for Digital Commodities adopted by a self-governing organization approved by the Commission that does not operate any markets for Digital Commodities.”