

Amend CSHB 1666 (house committee report) as follows:

(1) On page 2, strike line 25 and substitute "(a) Except as provided by this chapter, a digital asset service provider may not:".

(2) On page 3, strike lines 14 through 16 and substitute the following:

digital asset service provider shall maintain customer funds not subject to the requirements of Chapter 151:

(3) On page 3, line 18, after the underlined semicolon, add "or".

(4) On page 3, strike lines 22 through 26 and substitute "other.".

(5) On page 4, line 7, strike "reserve" and substitute "custody".

(6) On page 4, line 8, between "time" and "the", insert "a pseudonymized version of".

(7) On page 4, line 13, between "include" and the underlined semicolon, insert "the following information, as of the end of the digital asset service provider's fiscal year".

(8) On page 4, between lines 26 and 27, insert the following:

(f) A digital asset service provider may meet the requirements of Subsections (c)(2), (d)(1), (d)(2), and (d)(4) by filing with the department a copy of an audit performed in accordance with the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.), the Sarbanes-Oxley Act of 2002 (15 U.S.C. Section 7201 et seq.), or regulations adopted under those Acts.

(g) A digital asset service provider may include an amount of funds, assets, or property belonging to the digital asset service provider with customer funds for the purpose of facilitating trade and operational needs to provide digital asset services. That amount of funds, assets, or other property belonging to the digital asset service provider is considered and shall be treated as customer funds. A digital asset service provider may only withdraw or assert a claim on that amount to the extent that amount exceeds the amount deposited with the digital asset service provider by or for digital asset customers.

(9) On page 5, line 4, following the underlined period, add the following:

A digital asset service provider applying for a new money transmission license under Subchapter D, Chapter 151, must submit to the department the report required by Section 160.004(d).

(10) On page 5, between lines 8 and 9, insert the following:

(c) The department may impose any penalty under Subchapter H, Chapter 151, that may be imposed on a person who violates that chapter on a digital asset service provider who violates this chapter.

(11) On page 5, line 9, between the underlined period and "The", insert "(a)".

(12) On page 5, between lines 11 and 12, insert the following:

(b) Rules adopted under this section may allow the banking commissioner to temporarily waive the requirements of Section 160.004(c), (d), or (e) for a digital asset service provider if the commissioner finds that complying with those requirements is not technically or commercially feasible for the digital asset service provider.