

BILL ANALYSIS

H.B. 4233
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

According to the comptroller of public accounts, the digital asset industry, which encompasses cryptocurrencies and related services, has experienced significant growth in recent years. However, the bill author has informed the committee that this expansion has outpaced the development of comprehensive regulatory frameworks, leading to concerns over consumer protection, financial stability, and the potential for illicit activities, and that stakeholders within the financial and accounting industries have highlighted the necessity for clear regulations to foster innovation while ensuring market integrity and the provision of responsible client services. H.B. 4233 seeks to fill this regulatory gap and streamline the regulation of digital asset service providers by modifying customer reporting requirements for these providers and repealing ambiguous and redundant reporting requirements applicable to digital asset service providers and auditors.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 4233 amends the Finance Code to remove the requirement for a plan created by a digital asset service provider to allow an auditor to access and view at any time a pseudonymized version of the information made available to each digital asset customer under the plan regarding an accounting of any outstanding liabilities owed to the customer and the customer's digital assets held in custody by the provider. The bill repeals a provision requiring a digital asset service provider, not later than the 90th day after the end of each fiscal year, to file a report with the Texas Department of Banking that contains the following information:

- an attestation by the digital asset service provider of outstanding liability to digital asset customers;
- evidence of customer assets held by the provider;
- a copy of the provider's plan; and
- an attestation by an auditor that the information in the report is true and accurate.

H.B. 4233 repeals the following Finance Code provisions:

- Section 160.004(d);
- Section 160.004(e); and
- Section 160.004(f).

EFFECTIVE DATE

September 1, 2025.