



UNITED STATES SENATE COMMITTEE *on*
BANKING, HOUSING, & URBAN AFFAIRS

★ CHAIRMAN TIM SCOTT ★

FACT SHEET: The CLARITY Act Protects Software Developers While Promoting Responsible DeFi Innovation

The Banking Committee's Market Structure Bill protects the rights of software developers while promoting responsible DeFi innovation, strengthening safeguards for investors and markets, and setting clear guardrails for DeFi.

Key DeFi and Developer Protection Provisions Include:

- **The Blockchain Regulatory Certainty Act**, which protects software developers and infrastructure providers who do not control customer funds from being treated as money transmitters.
- **Strong self-custody protections**, which preserve Americans' right to hold and control their own digital assets in a self-hosted wallet, while allowing Treasury to issue targeted, risk-based guidance on how centralized institutions interact with self-hosted wallets.
- **Protecting Software Developers** from onerous securities laws if they are compiling network transactions or providing computational work for distributed ledgers and directs the SEC to conduct a rulemaking to clarify when the securities laws apply to decentralized finance trading protocols if they are engaged in activities involving securities.
- **Differentiating between true DeFi and "DeFi in name only,"** by directing the SEC to focus on control of the protocol.
- **Voluntary cybersecurity standards for DeFi trading protocols**, developed through NIST, to promote best practices and resilience against hacks.
- **Risk management standards** for centralized digital asset intermediaries that interact with DeFi protocols, addressing fraud, sanctions evasion, and operational risk.

Bottom line: The bill protects software developers and peer-to-peer activity while regulating centralized intermediaries that interact with DeFi protocols.