



(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To specify the treatment of covered non-fungible tokens under the securities laws, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. TIMMONS introduced the following bill; which was referred to the Committee on _____

A BILL

To specify the treatment of covered non-fungible tokens under the securities laws, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “New Frontiers in
5 Technology Act”.

6 **SEC. 2. TREATMENT OF COVERED NON-FUNGIBLE TOKENS**

7 **UNDER THE SECURITIES LAWS.**

8 (a) IN GENERAL.—For purposes of the securities
9 laws—

1 (1) a covered non-fungible token is not an in-
2 vestment contract; and

3 (2) an offer or sale of a covered non-fungible
4 token is not a transaction in a security.

5 (b) DEFINITIONS.—In this section and section 3:

6 (1) COVERED NON-FUNGIBLE TOKEN.—

7 (A) IN GENERAL.—The term “covered
8 non-fungible token” means any non-fungible
9 token which was developed primarily for per-
10 sonal, family, or household consumption, includ-
11 ing—

12 (i) a work of art, musical composition,
13 literary work, or other intellectual prop-
14 erty;

15 (ii) a collectible, merchandise, virtual
16 land, or video game asset;

17 (iii) a digital identifier or other certifi-
18 cate or credential;

19 (iv) an affinity, reward, or loyalty
20 point; or

21 (v) a right, license, membership, or
22 ticket.

23 (B) EXCLUSION.— The term “covered
24 non-fungible token” does not include a non-fun-

1 gible token that is marketed by an issuer or
2 promoter—

3 (i) primarily as an investment oppor-
4 tunity; or

5 (ii) that promises future actions or a
6 series of actions designed explicitly and for
7 the purpose of increasing the value of the
8 covered non-fungible token.

9 (2) NON-FUNGIBLE TOKEN.—

10 (A) IN GENERAL.—The term “non-fungible
11 token” means any asset—

12 (i) which is of such uniqueness or lim-
13 ited production that it can be independ-
14 ently assessed or identified;

15 (ii) which is represented by a unique
16 digital identifier;

17 (iii) the record of ownership of which
18 is recorded on a cryptographically secured
19 public distributed ledger;

20 (iv) which—

21 (I) is a digital equivalent of a
22 tangible or intangible good; or

23 (II) has some other inherent
24 function beyond the fact that the
25 record of ownership of the asset is re-

1 corded on a cryptographically secure
2 public distributed ledger; and

3 (v) the record of which can be exclu-
4 sively possessed and transferred, person to
5 person, without necessary reliance on an
6 intermediary.

7 (B) EXCLUSIONS.—The term “non-fun-
8 gible token” does not include—

9 (i) any note, stock, treasury stock, se-
10 curity future, security-based swap, bond,
11 debenture, evidence of indebtedness, cer-
12 tificate of interest or participation in any
13 profit-sharing agreement, collateral-trust
14 certificate, preorganization certificate or
15 subscription, transferable share, put, call,
16 straddle, option, privilege on any security,
17 certificate of deposit, or group or index of
18 securities (including any interest therein or
19 based on the value thereof); or

20 (ii) any asset which, based on its
21 terms and other characteristics, is, rep-
22 resents, or is functionally equivalent to an
23 agreement, contract, or transaction that
24 is—

1 (I) a contract of sale of a com-
2 modity (as defined under section 1a of
3 the Commodity Exchange Act) for fu-
4 ture delivery or an option thereon;

5 (II) a security futures product;

6 (III) a swap;

7 (IV) an agreement, contract, or
8 transaction described in section
9 2(c)(2)(C)(i) or 2(c)(2)(D)(i) of the
10 Commodity Exchange Act;

11 (V) a commodity option author-
12 ized under section 4c of the Com-
13 modity Exchange Act; or

14 (VI) a leverage transaction au-
15 thorized under section 19 of the Com-
16 modity Exchange Act.

17 (C) RULE OF CONSTRUCTION.—Nothing in
18 this subsection may be construed to create a
19 presumption that a non-fungible token is a rep-
20 resentation of any type of security not excluded
21 from the definition under subparagraph (B).

22 (3) SECURITIES LAWS.—The term “securities
23 laws” has the meaning given that term in section
24 3(a) of the Securities Exchange Act of 1934.

1 **SEC. 3. STUDY ON NON-FUNGIBLE TOKENS.**

2 (a) IN GENERAL.—The Comptroller General of the
3 United States shall carry out a study of non-fungible to-
4 kens that analyzes—

5 (1) the nature, size, role, purpose, and use of
6 non-fungible tokens;

7 (2) the similarities and differences between non-
8 fungible tokens and other digital assets, including
9 payment stablecoins, and how the markets for those
10 digital assets intersect with each other;

11 (3) how non-fungible tokens are minted by
12 issuers and subsequently administered to purchasers;

13 (4) how non-fungible tokens are stored after
14 being purchased by a consumer;

15 (5) the interoperability of non-fungible tokens
16 between different blockchain systems;

17 (6) the scalability of different non-fungible
18 token marketplaces;

19 (7) the benefits of non-fungible tokens, includ-
20 ing verifiable digital ownership;

21 (8) the risks of non-fungible tokens, including—

22 (A) intellectual property rights;

23 (B) cybersecurity risks; and

24 (C) market risks;

25 (9) whether and how non-fungible tokens have
26 integrated with traditional marketplaces, including

1 those for music, real estate, gaming, events, and
2 travel;

3 (10) whether non-fungible tokens can be used
4 to facilitate commerce or other activities through the
5 representation of documents, identification, con-
6 tracts, licenses, and other commercial, government,
7 or personal records;

8 (11) any potential risks to traditional markets
9 from such integration; and

10 (12) the levels and types of illicit activity in
11 non-fungible token markets.

12 (b) REPORT.—Not later than 1 year after the date
13 of the enactment of this Act, the Comptroller General shall
14 make publicly available a report that includes the results
15 of the study required by subsection (a).