

116TH CONGRESS  
1ST SESSION

# H. R. 4535

To modernize the authority of the Commodity Futures Trading Commission to conduct research, development, demonstration, and information programs.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 26, 2019

Mr. AUSTIN SCOTT of Georgia (for himself, Mr. MARSHALL, Mr. JOHNSON of South Dakota, Mr. CRAWFORD, and Mr. BOST) introduced the following bill; which was referred to the Committee on Agriculture

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## A BILL

To modernize the authority of the Commodity Futures Trading Commission to conduct research, development, demonstration, and information programs.

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 “Commodity Futures  
5 Trading Commission Research and Development Mod-  
6 ernization Act”.

1 **SEC. 2. MODERNIZATION OF AUTHORITY OF THE COM-**  
2 **MODITY FUTURES TRADING COMMISSION TO**  
3 **CONDUCT RESEARCH, DEVELOPMENT, DEM-**  
4 **ONSTRATION, AND INFORMATION PRO-**  
5 **GRAMS.**

6 Section 18 of the Commodity Exchange Act (7 U.S.C.  
7 22) is amended to read as follows:

8 **“SEC. 18. RESEARCH, DEVELOPMENT, AND DEMONSTRA-**  
9 **TION OF FINANCIAL TECHNOLOGY.**

10 “(a) **AUTHORITY.**—The Commission shall establish  
11 and maintain, as part of its ongoing operations, research,  
12 development, demonstration, and information programs  
13 that further the purposes and objectives of this Act, in-  
14 cluding programs that—

15 “(1) facilitate the understanding by the Com-  
16 mission of emerging financial, regulatory, and com-  
17 pliance technologies, the potential applications of the  
18 technologies to the transactions and markets regu-  
19 lated by the Commission, and associated implications  
20 for cybersecurity, data security, and systemic risk;

21 “(2) inform the Commission of important tech-  
22 nological advances and innovations affecting markets  
23 regulated by the Commission;

24 “(3) provide an environment where techno-  
25 logical advances and innovations may be explored by  
26 developers, potential users, and the Commission to

1 evaluate potential benefits to the Commission and  
2 the markets regulated by the Commission;

3 “(4) identify areas where the Commission  
4 should adapt its administration of this Act to facili-  
5 tate technological advances and innovations that  
6 would benefit the markets regulated by the Commis-  
7 sion;

8 “(5) improve the administration of this Act by  
9 the Commission by identifying technological ad-  
10 vances and innovations, and developing novel tools  
11 that are not generally available from traditional ven-  
12 dors for use by the Commission, or any division or  
13 office of the Commission; and

14 “(6) develop educational and other informa-  
15 tional materials regarding derivatives trading, tech-  
16 nological advances and innovations in markets regu-  
17 lated by the Commission, and applicable require-  
18 ments of this Act and the regulations prescribed  
19 under this Act.

20 “(b) AUTHORIZED MEANS.—Notwithstanding any  
21 other provision of law, the Commission may use the fol-  
22 lowing authorities for the purpose of aiding or facilitating  
23 the programs and activities under subsection (a):

24 “(1) OTHER TRANSACTION AUTHORITY.—

1           “(A) IN GENERAL.—The Commission may  
2 enter into and perform a transaction (other  
3 than a standard contract) on such terms and  
4 conditions as the Chairman of the Commission  
5 deems appropriate.

6           “(B) DETERMINATION.—The Commission  
7 may only enter into a transaction under this  
8 paragraph if the Chairman makes a written de-  
9 termination that—

10           “(i) the transaction is only used in  
11 furtherance of a research and development  
12 plan established under subsection (c)(1);

13           “(ii) the transaction is executed in  
14 compliance with the guidance promulgated  
15 under subsection (c)(2);

16           “(iii) the Commission endeavored to  
17 use a competitive process, where appro-  
18 priate, when determining the parties to the  
19 transaction; and

20           “(iv) using a standard contract to do  
21 so is either not feasible or not appropriate.

22           “(2) GIFT ACCEPTANCE AUTHORITY.—

23           “(A) IN GENERAL.—Subject to this para-  
24 graph, the Commission may accept and use, on  
25 behalf of the United States, any non-monetary

1 gift, including any provision of access, use of  
2 facilities, tangible or intangible personal prop-  
3 erty, or services, that is related to—

4 “(i) sharing of research, data, or  
5 other information;

6 “(ii) public presentations; or

7 “(iii) non-commercially available serv-  
8 ices or systems.

9 “(B) DETERMINATION.—The Commission  
10 may accept a gift only if the Chairman makes  
11 a written determination that—

12 “(i) the acceptance and use of the gift  
13 meets the requirements of this paragraph;

14 “(ii) the gift will be used only in fur-  
15 therance of a research and development  
16 plan established under subsection (c)(1);

17 “(iii) the gift is accepted in compli-  
18 ance with the guidance promulgated under  
19 subsection (c)(2); and

20 “(iv) using a standard contract or  
21 other transaction to acquire the gift is ei-  
22 ther not feasible or not appropriate.

23 “(C) LIMITATIONS.—The Commission may  
24 not accept a gift if—

1 “(i) conditions inconsistent with appli-  
2 cable laws or regulations apply to the gift;  
3 or

4 “(ii) the gift is conditioned on, or will  
5 require, the expenditure of appropriated  
6 funds not available to the Commission.

7 “(D) SUNSET.—The authority provided by  
8 subparagraph (A) may not be exercised on or  
9 after October 1, 2024.

10 “(c) RESEARCH AND DEVELOPMENT PLAN; GUID-  
11 ANCE.—Before using the means authorized in subsection  
12 (b), the Commission shall—

13 “(1) approve a research and development plan  
14 that furthers the goals of this section, by estab-  
15 lishing—

16 “(A) the potential areas of interest to the  
17 Commission;

18 “(B) the potential activities the Commis-  
19 sion may undertake to investigate the potential  
20 areas of interest; and

21 “(C) a general explanation of how the  
22 means will assist the Commission in under-  
23 standing the potential areas of interest; and

24 “(2) promulgate guidance on the appropriate  
25 use of the means in order to—

1           “(A) prohibit the Commission or Commis-  
2           sion staff from accepting or soliciting gifts, or  
3           engaging in other transactions, which would un-  
4           duly restrict or interfere with the work of the  
5           Commission;

6           “(B) prevent the endorsement or the ap-  
7           pearance of the endorsement by the Commis-  
8           sion or Commission staff of the products, serv-  
9           ices, activities, or policies of a donor or con-  
10          tractor; and

11          “(C) preserve the integrity and independ-  
12          ence of the Commission and Commission staff.

13          “(d) ANNUAL REPORT.—Not later than 60 days after  
14          the end of each fiscal year, the Commission shall submit  
15          to the Committee on Agriculture, Nutrition, and Forestry  
16          of the Senate and the Committee on Agriculture of the  
17          House of Representatives a report on all transactions en-  
18          tered into, and all gifts accepted, under subsection (b) in  
19          the fiscal year, which shall include the following:

20                 “(1) A brief description of the subject of each  
21                 transaction or gift, with an explanation of—

22                         “(A) its potential utility to the Commission  
23                         or the markets regulated by the Commission;

1           “(B) how it fulfills the goals and objectives  
2           of the research and development plan estab-  
3           lished under subsection (c)(1); and

4           “(C) the status of all related projects.

5           “(2) The written determination required by  
6           subsection (b) with respect to each such transaction  
7           or gift.

8           “(3) A description of all sums expended by the  
9           Commission in connection with a transaction entered  
10          into under subsection (b)(1), and, if readily ascer-  
11          tainable, the value of any gift accepted under sub-  
12          section (b)(2).”.

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