

SENATE THIRD READING
SB 97 (Grayson)
As Amended June 23, 2026
Majority vote

SUMMARY

This bill makes a variety of updates and clarifications to the Digital Financial Assets Law (DFAL).

Major Provisions

- 1) Clarifies exemptions to the definition of "digital financial asset" related to affinity or rewards programs and digital assets used within a game or game platform.
- 2) Exempts from DFAL a person who merely retains the ability to terminate, suspend, or interrupt a digital financial transaction solely to prevent unauthorized or fraudulent activity and who is not compensated for that service.
- 3) Deletes the paragraph related to exchanging a digital representation of value within an online game from the definition of "digital financial asset business activity."
- 4) Makes a correction to the licensure requirement specifying that the submitted application must be complete.
- 5) Updates the licensure date from 2023 to 2025 for the conditional license requirement for New York State license holders.
- 6) Refines licensee annual reporting requirement to include material data security breach or cyber security event.
- 7) Refines licensee reporting requirements for change in the licensee's business if the proposed change might raise material safety and soundness or operational concerns.
- 8) Exempts from the requirement to provide a minimum of 14 days notice to a resident of a change in a covered person's fee schedule or other material information that has a material impact on digital financial asset business activity, changes that are reasonably necessary to address risk of loss to the resident or the covered person, to the extent that the change does not relate to the covered person's fee schedule.
- 9) Provides that a covered exchange shall provide and make available to a resident an up-to-date description of the order execution practices of the covered exchange, which shall include a description of how the covered exchange receives and achieves the order preferences of a resident.
- 10) Clarifies that the Department of Financial Protection and Innovation is not authorized to impose, by rule, specific trade routing rules.
- 11) Clarifies which programs and the exemptions to the disclosure of policy and procedures related to programs with information that is sensitive to potential security risks.

- 12) Adds factors that the commissioner must consider when determining whether to approve a stablecoin pursuant to the discretionary approval process provided by the DFAL as provided.
- 13) *Adds an urgency clause for immediate effect due to July 1, 2026 DFAL implementation date.*
- 14) *Adds exemption language regarding specified digital records of ownership of tangible or intangible goods.*

COMMENTS

In recent years, market volatility has exposed consumer investor risks in the crypto market. In response to this, and increasing consumer frustrations with scams, theft, and fraud in the crypto space, AB 39 (Bryan) of 2023 the Digital Financial Assets Law (DFAL) was passed in 2024. Since then, the author has continued the conversation with industry stakeholders to further refine and adapt DFAL where feasible, while protecting the interests of consumers and retail investors who transact in crypto markets in the form of this bill.

The federal Guiding and Establishing National Innovation for U.S. Stablecoins Act (GENIUS Act) was signed July 18, 2025. This law provides legal compliance guidance for stablecoin, a type of digital token pegged to a 1:1 value with the U.S. dollar. The GENIUS Act introduces a dual-track framework that permits certain smaller issuers, those with less than \$10 billion in consolidated outstanding stablecoin issuance, to opt into a state-level regulatory regime, provided that regime is certified as "substantially similar" to the federal framework. Certification of a state regulatory regime under the GENIUS Act requires a determination by a new Stablecoin Certification Review Committee, composed of the Treasury, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC).

Currently CLARITY Act (Digital Asset Market Clarity Act) is proposed U.S. legislation (H.R. 3633, 119 Congress 2025-2026) designed to establish a comprehensive regulatory framework for cryptocurrencies and digital assets. The bill is currently being considered in the U.S. Senate Banking Committee. If CLARITY does become law, DFAL will continue to remain important for consumer safety in California along the same lines of the author's original intention in SB 39. Thus, conversations with all stakeholders in this constantly evolving landscape will be important to keep up with innovation in the field, and the foreseeably related adaptation of consumer harms. Additionally, given the imminent nature of the pending DFAL registration implementation date, and the lack of federal regulation, SB 97's amended urgency clause is well warranted for licensees to meet clear compliance requirements.

According to the Author

"In 2023 I authored AB 39 which established the Digital Financial Assets Law (DFAL) with the purpose of protecting consumers and retail investors in the crypto industry. DFAL is a licensing law administered by the Department of Financial Protection and Innovation (DFPI), and the department is well underway with implementing the program with the goal of issuing licenses by July 2026. Businesses that will be subject to the licensure requirements of DFAL are poring over the statute and have requested amendments to the law ranging from clarifying changes to substantive and complex policy decisions. I have worked with industry participants, consumer advocates, and DFPI to identify as many areas of mutual agreement in making DFAL an even better law than currently exists in statute."

Arguments in Support (Verified 6/18/2026)

None received

Arguments in Opposition Support (Verified 6/18/2026)

None received

FISCAL COMMENTS

Minor and absorbable costs to DFPI to update program procedures and trainings.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener

ABS, ABST OR NV: Hurtado, Reyes

ASM BANKING AND FINANCE: 9-0-0

YES: Valencia, Chen, Dixon, Fong, Krell, Michelle Rodriguez, Blanca Rubio, Schiavo, Soria

ASM PRIVACY AND CONSUMER PROTECTION: 13-0-2

YES: Dixon, Haney, Bryan, Irwin, Lowenthal, McKinnor, Ortega, Lackey, Pellerin, Petrie-Norris, Ward, Wicks, Wilson

ABS, ABST OR NV: DeMaio, Hoover

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Jeff Gonzalez, Solache, Ta, Tangipa

UPDATED

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