

DIGITAL ASSETS AND CONSUMER PROTECTION ACT ("DACPA")

SB 1797 / HB 0742



IDFPR

Illinois Department of
Financial and Professional Regulation

Bill Summary

Protects Illinois residents by establishing regulatory oversight of cryptocurrencies and other digital assets. The full bill text can be found [here](#). It is based on HB 3479 (Walker), which passed the House with bipartisan approval in 2023.

Bill Highlights

- Grants IDFPR authority to regulate and supervise digital asset exchanges and other digital asset businesses under the new Digital Assets and Consumer Protection Act and existing Corporate Fiduciary Act ([205 ILCS 620](#)).
- Establishes **robust customer protections** in line with those that currently apply to traditional financial services, such as investment disclosures, customer asset safeguards, and customer service standards.
- Requires companies to **hold adequate financial resources** to operate effectively and have plans and procedures for addressing critical risks, including cybersecurity, fraud, and money laundering, consistent with regulations for traditional financial services.
- Allows IDFPR-supervised **trust companies to act as fiduciaries** for customers' digital assets.



Need for New Regulation

- The wave of bankruptcies filed by unregulated digital asset exchanges, brokers, and lenders in 2022 show the **critical need for greater customer protections**.¹
- In 2023 Illinois residents lost more than \$160 million to crypto related crime.²
- Bankrupt digital asset businesses have left many **retirees and families without access to their life savings**.³



Other States Protecting Their Residents

- Since June 2015, [New York](#) has comprehensively regulated digital assets. Consequently, cryptocurrency companies that collapsed in 2022 were not authorized to do business there, protecting New Yorkers from the bankruptcies and scams that have hurt residents in Illinois and other states.
- More states are enacting digital asset regulation: In 2020, [Louisiana](#) became the second state to do so. In 2023, [California](#) enacted comprehensive digital asset regulation as well.

Growth of Cryptocurrencies and Related Complaints⁴



ADDITIONAL INFORMATION

What are digital assets?

Digital assets are digital representations of value that are sometimes used like fiat currency and often used as vehicles for speculative investments. Examples include cryptocurrency, stablecoins, or central bank digital currency.

How big is the digital asset market?

One of the main characteristics of digital assets is the volatility of their value. The size of the digital asset market has fluctuated over time and reached a peak of \$3.26 trillion in February of 2025. As of March 2025, the total market capitalization is approximately \$2.6 trillion.

How do consumers buy and sell digital assets?

The majority of digital asset transactions take place on online exchanges accessed via website or through a phone application. These exchanges often look similar to traditional financial services applications. Some consumers will also buy and sell digital assets from digital asset kiosks or "crypto ATMs."

Are there any federal regulations for digital assets?

The Commodities Futures Trading Commission has limited oversight of Bitcoin derivatives but currently there is no comprehensive federal regulatory framework for digital assets or digital asset businesses. Congress is currently considering legislation that would regulate the digital asset industry but it is unclear if the measure will ultimately pass.

Do any states regulate digital assets?

Currently, California, New York, and Louisiana have specific regulations for digital asset businesses and require these businesses to have a specific digital asset license or registration to operate in their states. A number of other states regulate digital asset transactions as money transmission. California, Connecticut, Minnesota, and Vermont have also enacted specific regulations for digital asset kiosk businesses to protect consumers from fraud and scams.

How would the Digital Assets and Consumer Protection Act regulate digital assets in Illinois?

The Digital Assets and Consumer Protection Act would comprehensively regulate digital assets in Illinois by requiring digital asset businesses to register with IDFPR if they would seek to issue a digital asset or exchange, transfer, or store a digital asset on behalf of an Illinois resident. Digital asset businesses would be subject to the same common-sense regulations that traditional financial institutions comply with, such as registration, annual renewals, examinations, and safety and soundness standards.

Will digital asset businesses have to comply right away?

No. The Digital Assets Regulation Act provides transition periods so that companies already operating in Illinois and new businesses will be given appropriate time to comply.



¹ Report on Digital Asset Financial Stability Risks and Regulation, Financial Stability Oversight Council (Oct. 2022), <https://home.treasury.gov/system/files/261/FSOC-Digital-Assets-Report-2022.pdf>.

² "2023 Cryptocurrency Fraud Report," Federal Bureau of Investigation, Internet Crime Complaint Center, 2023. https://www.ic3.gov/AnnualReport/Reports/2023_IC3CryptocurrencyReport.pdf.

³ "Excerpts from letters to the judge in the Celsius Network bankruptcy case," Jul. 22, 2022, <https://blog.mollywhite.net/celsius-letters/>.

⁴ Crypto Market Overview, CoinMarketCap, <https://coinmarketcap.com/charts/>; "Complaint Bulletin: An analysis of consumer complaints related to crypto-assets," Consumer Financial Protection Bureau (Nov. 22), https://files.consumerfinance.gov/f/documents/cfpb_complaint-bulletin_crypto-assets_2022-11.pdf.

