

AMENDMENT TO RULES COMMITTEE PRINT

117-31

OFFERED BY MR. BUDD OF NORTH CAROLINA

Strike title II of division G and insert the following:

1 **TITLE II—FINANCIAL**
2 **TECHNOLOGY PROTECTION**

3 **SEC. 60201. SENSE OF CONGRESS.**

4 It is the sense of Congress that the Federal Govern-
5 ment should prioritize the investigation of terrorist and
6 illicit use of new financial technology, including digital
7 currencies.

8 **SEC. 60202. INDEPENDENT FINANCIAL TECHNOLOGY TASK**
9 **FORCE TO COMBAT TERRORISM AND ILLICIT**
10 **FINANCING.**

11 (a) ESTABLISHMENT.—There is established the Inde-
12 pendent Financial Technology Task Force to Combat Ter-
13 rorism and Illicit Financing (the “Task Force”), which
14 shall consist of—

- 15 (1) the Secretary of the Treasury, who shall
16 serve as the head of the Task Force;
- 17 (2) the Attorney General;
- 18 (3) the Director of National Intelligence;

1 (4) the Director of the Financial Crimes En-
2 forcement Network;

3 (5) the Director of the Secret Service;

4 (6) the Director of the Federal Bureau of In-
5 vestigation; and

6 (7) 6 individuals appointed by the Secretary of
7 the Treasury, in consultation with the members of
8 the Task Force described under paragraphs (2)
9 through (6), to represent the private sector (includ-
10 ing the banking industry, nonprofit groups, and
11 think tanks), with at least two of such individuals
12 having experience in the Fintech industry.

13 (b) DUTIES.—The Task Force shall—

14 (1) conduct independent research on terrorist
15 and illicit use of new financial technologies, includ-
16 ing digital currencies; and

17 (2) develop legislative and regulatory proposals
18 to improve counter-terrorist and counter-illicit fi-
19 nancing efforts.

20 (c) ANNUAL CONGRESSIONAL REPORT.—Not later
21 than 1 year after the date of the enactment of this Act,
22 and annually thereafter, the Task Force shall issue a re-
23 port to the Congress containing the findings and deter-
24 minations made by the Task Force in the previous year

1 and any legislative and regulatory proposals developed by
2 the Task Force.

3 **SEC. 60203. REWARDS FOR INFORMATION RELATED TO**
4 **TERRORIST USE OF DIGITAL CURRENCIES.**

5 (a) IN GENERAL.—The Secretary of the Treasury, in
6 consultation with the Attorney General, shall establish a
7 fund to pay a reward, not to exceed \$450,000, to any per-
8 son who provides information leading to the conviction of
9 an individual involved with terrorist use of digital cur-
10 rencies.

11 (b) USE OF FINES AND FORFEITURES.—With re-
12 spect to fines and forfeitures related to the conviction of
13 an individual involved with terrorist use of digital cur-
14 rencies, the Secretary of the Treasury shall, subject to the
15 availability of appropriations made in advance—

16 (1) use such amounts to pay rewards under this
17 section related to such conviction; and

18 (2) with respect to any such amounts remaining
19 after payments are made under paragraph (1), de-
20 posit such amounts in the Fintech Leadership in In-
21 novation and Financial Intelligence Program.

22 **SEC. 60204. FINTECH LEADERSHIP IN INNOVATION AND FI-**
23 **NANCIAL INTELLIGENCE PROGRAM.**

24 (a) ESTABLISHMENT.—There is established a pro-
25 gram to be known as the “Fintech Leadership in Innova-

1 tion and Financial Intelligence Program”, which shall be
2 funded as provided under section 60203(b)(2).

3 (b) INNOVATION GRANTS.—

4 (1) IN GENERAL.—The Secretary of the Treas-
5 ury shall make grants for the development of tools
6 and programs to detect terrorist and illicit use of
7 digital currencies.

8 (2) ELIGIBLE RECIPIENTS.—The Secretary may
9 make grants under this subsection to entities located
10 in the United States, including academic institu-
11 tions, companies, nonprofit institutions, individuals,
12 and any other entities located in the United States
13 that the Secretary determines appropriate.

14 (3) ELIGIBLE PROJECTS.—With respect to tools
15 and programs described under paragraph (1), in ad-
16 dition to grants for the development of such tools
17 and programs, the Secretary may make grants
18 under this subsection to carry out pilot programs
19 using such tools, the development of test cases using
20 such tools, and research related to such tools.

21 (4) PREFERENCES.—In making grants under
22 this subsection, the Secretary shall give preference
23 to—

24 (A) technology that is nonproprietary or
25 that is community commons-based;

1 (B) computer code that is developed and
2 released on an open source basis;

3 (C) tools that are proactive (such as meet-
4 ing regulatory requirements under “know your
5 customer” and anti-money laundering require-
6 ments for any entity that has to comply with
7 U.S. Government regulations) vs. reactive (such
8 as aiding law enforcement organizations in
9 catching illegal activity after the fact); and

10 (D) tools and incentives that are on decen-
11 tralized platforms.

12 (5) OTHER REQUIREMENTS.—

13 (A) USE OF EXISTING GLOBAL STAND-
14 ARDS.—Any new technology developed with a
15 grant made under this subsection shall be based
16 on existing global standards, such as those de-
17 veloped by the Internet Engineering Task Force
18 (IETF) and the World Wide Web Consortium
19 (W3C).

20 (B) SUPPORTING EXISTING LAWS OR REG-
21 ULATIONS.—Tools and programs developed with
22 a grant made under this subsection shall be in
23 support of existing laws or regulations, includ-
24 ing the Bank Secrecy Act, and make efforts to

1 balance privacy and anti-money laundering con-
2 cerns.

3 (C) OPEN ACCESS REQUIREMENT.—Tools
4 and programs developed with a grant made
5 under this subsection shall be freely accessible
6 and usable by the public. This requirement may
7 be fulfilled by publicly availing application pro-
8 gramming interfaces or software development
9 kits.

10 **SEC. 60205. PREVENTING ROGUE AND FOREIGN ACTORS**
11 **FROM EVADING SANCTIONS.**

12 (a) REPORT AND STRATEGY WITH RESPECT TO DIG-
13 ITAL CURRENCIES AND OTHER RELATED EMERGING
14 TECHNOLOGIES.—

15 (1) IN GENERAL.—Not later than 180 days
16 after the date of the enactment of this Act, the
17 President, acting through the Secretary of Treasury
18 and in consultation with the Attorney General, the
19 Secretary of State, the Secretary of Homeland Secu-
20 rity, the Director of National Intelligence, the Direc-
21 tor of the Office of Management and Budget, and
22 the appropriate Federal banking agencies and Fed-
23 eral functional regulators, shall—

24 (A) submit to the appropriate congres-
25 sional committees a report that identifies and

1 describes the potential uses of digital currencies
2 and other related emerging technologies by
3 states, non-state actors, and foreign terrorist
4 organizations to evade sanctions, finance ter-
5 rorism, or launder monetary instruments, and
6 threaten United States national security; and

7 (B) develop and submit to the appropriate
8 congressional committees a strategy to mitigate
9 and prevent such illicit use of digital currencies
10 and other related emerging technologies.

11 (2) FORM; PUBLIC AVAILABILITY.—

12 (A) FORM.—The report and strategy re-
13 quired under paragraph (1) shall be submitted
14 in unclassified form, but may contain a classi-
15 fied annex.

16 (B) PUBLIC AVAILABILITY.—The unclassi-
17 fied portion of such report and strategy shall be
18 made available to the public and posted on the
19 internet website of the Department of Treas-
20 ury—

21 (i) in pre-compressed, easily down-
22 loadable versions that are made available
23 in all appropriate formats; and

24 (ii) in machine-readable format, if ap-
25 plicable.

1 (3) SOURCES OF INFORMATION.—In preparing
2 the report and strategy required under paragraph
3 (1), the President may utilize any credible publica-
4 tion, database, web-based resource, and any credible
5 information compiled by any government agency,
6 nongovernmental organization, or other entity that
7 is made available to the President.

8 (b) BRIEFING.—Not later than 2 years after the date
9 of the enactment of this Act, the Secretary of the Treasury
10 shall brief the appropriate congressional committees on
11 the implementation of the strategy required under sub-
12 section (a).

13 **SEC. 60206. DETERMINATION OF BUDGETARY EFFECTS.**

14 The budgetary effects of this title, for the purpose
15 of complying with the Statutory Pay-As-You-Go Act of
16 2010, shall be determined by reference to the latest state-
17 ment titled “Budgetary Effects of PAYGO Legislation”
18 for this title, submitted for printing in the Congressional
19 Record by the Chairman of the House Budget Committee,
20 provided that such statement has been submitted prior to
21 the vote on passage.

22 **SEC. 60207. DEFINITIONS.**

23 For purposes of this title:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means—

4 (A) the Committee on Financial Services,
5 the Committee on the Judiciary, the Permanent
6 Select Committee on Intelligence, and the Com-
7 mittee on Foreign Affairs of the House of Rep-
8 resentatives; and

9 (B) the Committee on Banking, Housing,
10 and Urban Affairs, the Committee on Home-
11 land Security and Governmental Affairs, the
12 Committee on the Judiciary, the Select Com-
13 mittee on Intelligence, and the Committee on
14 Foreign Relations of the Senate.

15 (2) APPROPRIATE FEDERAL BANKING AGEN-
16 CIES.—The term “appropriate Federal banking
17 agencies” has the meaning given the term in section
18 3 of the Federal Deposit Insurance Act (12 U.S.C.
19 1813).

20 (3) BANK SECRECY ACT.—The term “Bank Se-
21 crecy Act” means—

22 (A) section 21 of the Federal Deposit In-
23 surance Act;

24 (B) chapter 2 of title I of Public Law 91–
25 508; and

1 (C) subchapter II of chapter 53 of title 31,
2 United States Code.

3 (4) DIGITAL CURRENCY.—The term “digital
4 currency”—

5 (A) means a digital representation of value
6 that—

7 (i) is used as a medium of exchange,
8 unit of account, or store of value; and

9 (ii) is not established legal tender,
10 whether or not denominated in established
11 legal tender; and

12 (B) does not include—

13 (i) a transaction in which a merchant
14 grants, as part of an affinity or rewards
15 program, value that cannot be taken from
16 or exchanged with the merchant for legal
17 tender, bank credit, or digital currency; or

18 (ii) a digital representation of value
19 issued by or on behalf of a publisher and
20 used solely within an online game, game
21 platform, or family of games sold by the
22 same publisher or offered on the same
23 game platform.

24 (5) FEDERAL FUNCTIONAL REGULATOR.—The
25 term “Federal functional regulator” has the mean-

1 ing given that term in section 509 of the Gramm-
2 Leach-Bliley Act (15 U.S.C. 6809).

3 (6) FOREIGN TERRORIST ORGANIZATION.—The
4 term “foreign terrorist organization” means an or-
5 ganization that is designated as a foreign terrorist
6 organization under section 219 of the Immigration
7 and Nationality Act (8 U.S.C. 1189).

8 (7) TERRORIST.—The term “terrorist” includes
9 a person carrying out domestic terrorism or inter-
10 national terrorism (as such terms are defined, re-
11 spectively, under section 2331 of title 18, United
12 States Code).

