

AMENDMENT TO RULES COMMITTEE PRINT 119-6
OFFERED BY MR. CASTEN OF ILLINOIS

Page 60, line 20, insert the following:

1 **SEC. 113. SANCTIONS WITH RESPECT TO DECENTRALIZED**
2 **PROTOCOLS AND DECENTRALIZED SMART**
3 **CONTRACTS.**

4 (a) IN GENERAL.—Not later than 30 days after the
5 date of enactment of this Act, the President shall impose
6 the sanctions described in subsection (c) with respect to
7 any decentralized protocol that the President determines
8 is described in subsection (b).

9 (b) SANCTIONABLE DECENTRALIZED PROTOCOLS.—
10 A decentralized protocol is described in this subsection if
11 the protocol employs decentralized smart contract soft-
12 ware on a public blockchain network that the President
13 determines is designed to—

14 (1) support malicious cyber-enabled activities
15 that pose a threat to the national security of the
16 United States, including by—

17 (A) facilitating heists of cryptocurrency ex-
18 changes and financial institutions to generate
19 revenue for the ballistic missile program of the
20 Democratic People’s Republic of Korea; or

1 (B) enabling ransomware schemes, fraud,
2 and other cyber-enabled financial crimes; or

3 (2) obfuscate transactions on a public
4 blockchain network linked to illicit financial activi-
5 ties, including—

6 (A) fraudulent activity;

7 (B) money laundering;

8 (C) sanctions evasion;

9 (D) drug trafficking;

10 (E) human trafficking;

11 (F) the purchase of child sexual abuse ma-
12 terials; or

13 (G) illicit sales on darknet marketplaces.

14 (c) SANCTIONS DESCRIBED.—

15 (1) IN GENERAL.—The sanctions described in
16 this subsection are the following:

17 (A) BLOCKING OF PROPERTY.—The Presi-
18 dent shall exercise all of the powers granted to
19 the President under the International Emer-
20 gency Economic Powers Act (50 U.S.C. 1701 et
21 seq.) to the extent necessary to block and pro-
22 hibit all transactions in property and interests
23 in property utilizing a decentralized protocol if
24 such property and interests in property are in
25 the United States, come within the United

1 States, or are or come within the possession or
2 control of a United States person.

3 (B) IMPORTING OR EXPORTING OF CUR-
4 RENCY OR SECURITIES.—The President shall
5 exercise all of the powers granted to the Presi-
6 dent under the International Emergency Eco-
7 nomic Powers Act (50 U.S.C. 1701 et seq.) to
8 the extent necessary to block the importing or
9 exporting of currency or securities utilizing a
10 decentralized protocol by any person subject to
11 the jurisdiction of the United States.

12 (C) DEFINITIONS.—For purposes of this
13 section and the application of the International
14 Emergency Economic Powers Act to this sec-
15 tion:

16 (i) CURRENCY.—The term “currency”
17 includes a digital representation of value
18 that substitutes for currency.

19 (ii) PROPERTY.—The term “property”
20 includes—

21 (I) a digital representation of
22 value that substitutes for currency;

23 (II) any pool of decentralized
24 smart contracts that underlie a decen-
25 tralized protocol; and

1 (III) a digital asset wallet or ad-
2 dress on a public blockchain network.

3 (2) EXCEPTIONS.—

4 (A) EXCEPTION FOR INTELLIGENCE, LAW
5 ENFORCEMENT, AND NATIONAL SECURITY AC-
6 TIVITIES.—The authorities and requirements to
7 impose sanctions authorized under this section
8 shall not apply to any authorized intelligence,
9 law enforcement, or national security activities
10 of the United States.

11 (B) EXCEPTION RELATING TO THE IMPOR-
12 TATION OF GOODS.—The authorities and re-
13 quirements to impose sanctions authorized
14 under this section shall not include the author-
15 ity or requirement to impose sanctions on the
16 importation of goods. In this subparagraph, the
17 term “good” means any article, natural or man-
18 made substance, material, supply or manufac-
19 tured product, including inspection and test
20 equipment, and excluding technical data.

21 (d) PENALTIES.—The penalties provided for in sub-
22 sections (b) and (c) of section 206 of the International
23 Emergency Economic Powers Act (50 U.S.C. 1705) shall
24 apply to a person or entity that benefits from the oper-
25 ation of a decentralized protocol that violates or causes

1 a violation of regulations promulgated to carry out this
2 section or the sanctions imposed pursuant to this section
3 to the same extent that such penalties apply to a person
4 that commits an unlawful act described in section 206(a)
5 of that Act.

6 (e) IMPLEMENTATION AUTHORITY.—The President
7 may exercise all authorities provided to the President
8 under sections 203 and 205 of the International Emer-
9 gency Economic Powers Act (50 U.S.C. 1702 and 1704)
10 for purposes of carrying out this section.

11 (f) APPLICATION TO UNITED STATES PERSONS AND
12 ENTITIES.—For purposes of this section, the powers, au-
13 thorities, and penalties provided for under the Inter-
14 national Emergency Economic Powers Act shall apply to
15 a United States person or entity to the same extent as
16 such Act applies to a foreign person or entity.

17 (g) REGULATORY AUTHORITY.—The President shall,
18 not later than 30 days after the date of the enactment
19 of this Act, promulgate regulations as necessary for the
20 implementation of this section.

21 (h) WAIVER.—The President may waive the applica-
22 tion of sanctions or restrictions imposed under this section
23 if the President—

24 (1) determines that such a waiver is in the na-
25 tional security interests of the United States; and

1 (2) certifies to the appropriate congressional
2 committees, not later than 15 days before such waiv-
3 er takes effect, that the waiver is vital to the na-
4 tional security interests of the United States.

5 (i) TERMINATION.—The President may terminate
6 any sanctions imposed under subsection (a) in connection
7 with a decentralized protocol not fewer than 15 days after
8 the date on which the President provides a written certifi-
9 cation to the appropriate congressional committees, and
10 concurrently publishes on a publicly available website of
11 the Department of the Treasury, that the Secretary of the
12 Treasury has determined that—

13 (1) the computer code of the pool of decentral-
14 ized smart contracts that underlie the decentralized
15 protocol has been revised such that the decentralized
16 protocol is no longer described in subsection (b); and

17 (2) the decentralized protocol has effective anti-
18 money laundering and sanctions controls.

19 (j) DEFINITIONS.—In this section:

20 (1) APPROPRIATE CONGRESSIONAL COMMIT-
21 TEES.—The term “appropriate congressional com-
22 mittees” means the Committee on Financial Services
23 of the House of Representatives and the Committee
24 on Banking, Housing, and Urban Affairs of the Sen-
25 ate.

1 (2) DECENTRALIZED SMART CONTRACT.—The
2 term “decentralized smart contract” means a digital
3 contract or collections of computer code on a public
4 blockchain network that are automatically executed
5 if specific conditions are met.

6 (3) PUBLIC BLOCKCHAIN NETWORK.—The term
7 “public blockchain network” has the meaning given
8 that term under section 5312(d) of title 31, United
9 States Code.

