

AMENDMENT TO RULES COMM. PRINT 119-33
OFFERED BY MR. NUNN OF IOWA

In title XVIII, subtitle A, add at the end the following new section:

1 **SEC. 18 __ . PROHIBITIONS RELATING TO COVERED DIS-**
2 **TRIBUTED LEDGER TECHNOLOGY AND**
3 **BLOCKCHAIN EQUIPMENT OR SERVICES.**

4 (a) PROHIBITION ON ACQUISITION.—The Secretary
5 of Defense may not acquire, or enter into, extend, or
6 renew a contract or other agreement for, any equipment,
7 system, or service that uses covered distributed ledger
8 technology and blockchain equipment or services as—

9 (1) a substantial or essential component of such
10 equipment, system, or service; or

11 (2) critical technology as part of such equip-
12 ment, system, or service.

13 (b) PROHIBITION ON LOAN AND GRANT FUNDS.—

14 (1) PROHIBITION.—The Secretary of Defense
15 may not obligate or expend loan or grant funds to
16 acquire, or to enter into, extend, or renew a contract
17 or other agreement for, any equipment, system, or
18 service described in subsection (a).

1 (2) PRIORITIZATION.—In implementing the pro-
2 hibition under paragraph (1), the Secretary of De-
3 fense, in administering a loan, grant, or subsidy pro-
4 gram, shall prioritize available funding and technical
5 support to assist affected entities as is reasonably
6 necessary for those affected entities to cease use of
7 covered distributed ledger technology and blockchain
8 equipment or services, to acquire replacement equip-
9 ment and services, and to ensure that communica-
10 tions service to users and customers is sustained.

11 (c) RULE OF CONSTRUCTION.—Nothing in sub-
12 section (a) or (b) shall be construed to—

13 (1) prohibit the Secretary of Defense from ac-
14 quiring from an entity, or entering into, extending,
15 or renewing a contract or other agreement with an
16 entity for, a service that connects to the facilities of
17 a third party, such as blockchain protocols or inter-
18 connection arrangements; or

19 (2) apply to wireless telecommunications equip-
20 ment or third-party validators that cannot route or
21 redirect user data traffic or permit visibility into any
22 user data or packets that such equipment transmits
23 or otherwise handles.

1 (d) EFFECTIVE DATE.—The prohibitions under sub-
2 sections (a) and (b) shall take effect on the date that is
3 two years after the date of the enactment of this section.

4 (e) WAIVER AUTHORITY.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), beginning on the effective date under sub-
7 section (d), the Secretary of Defense may, upon re-
8 quest of an entity, issue a waiver of the require-
9 ments under subsection (a) with respect to such en-
10 tity for a period of not more than two years.

11 (2) REQUIREMENTS.—The Secretary of Defense
12 may only provide a waiver under this subsection if
13 the entity seeking the waiver—

14 (A) provides a compelling justification for
15 the additional time to implement the require-
16 ments of this section; and

17 (B) submits to the Secretary of Defense,
18 who shall not later than 30 days thereafter sub-
19 mit to the Committees on Armed Services of
20 the Senate and the House of Representatives, a
21 full and complete description of the presence of
22 covered distributed ledger technology and
23 blockchain equipment or services in the entity's
24 supply chain and a phase-out plan to eliminate

1 such covered distributed ledger technology and
2 blockchain equipment or services.

3 (3) ELEMENTS OF THE INTELLIGENCE COMMU-
4 NITY.—Beginning on the effective date under sub-
5 section (d), a head of an element of the intelligence
6 community may waive the requirements under sub-
7 section (a) if such head determines the waiver is in
8 the national security interests of the United States.
9 (f) DEFINITIONS.—In this Act:

10 (1) The term “covered distributed ledger tech-
11 nology and blockchain equipment or services” means
12 distributed ledger technology and blockchain equip-
13 ment or services of or originating from a foreign ad-
14 versary, including any of the following companies or
15 subsidiaries thereof:

16 (A) The Blockchain-based Services Net-
17 work.

18 (B) The Spartan Network.

19 (C) The Conflux Network.

20 (D) iFinex, Inc.

21 (E) Red Date Technology Co., Ltd.

22 (2) The term “executive agency” has the mean-
23 ing given the term in section 133 of title 41, United
24 States Code.

1 (3) The term “foreign adversary” has the
2 meaning given such term in section 7.2 of title 15,
3 Code of Federal Regulations.

4 (4) The term “intelligence community” has the
5 meaning given the term in section 3 of the National
6 Security Act of 1947 (50 U.S.C. 3003).

