

**AMENDMENT TO RULES COMMITTEE PRINT**

**117-31**

**OFFERED BY MR. FOSTER OF ILLINOIS**

At the end of division G, add the following:

1           **TITLE XI—CENTRAL BANK**  
2           **DIGITAL CURRENCY STUDY ACT**

3           **SEC. 61101. FINDINGS.**

4           Congress finds the following:

5                   (1) As of January 2022, the Atlantic Council  
6           CBDC tracker indicates that 87 countries, rep-  
7           resenting over 90 percent of global GDP, are explor-  
8           ing a CBDC, up from just 35 countries in May  
9           2020. Currently, nine countries have fully oper-  
10          ational CBDCs.

11                   (2) Since December 2016, the European Cen-  
12          tral Bank and the Bank of Japan have conducted a  
13          joint research project named “Project Stella”, which  
14          aims to conduct experimental work and conceptual  
15          studies exploring the opportunities of digital ledger  
16          technologies and challenges for the future of finan-  
17          cial market infrastructures, including CBDCs.

18                   (3) Since 2014, the People’s Bank of China has  
19          conducted research and development activities for a

1 CBDC, and in October 2020, launched a digital  
2 yuan pilot program in Shenzhen.

3 (4) In August 2020, the Federal Reserve Bank  
4 of Boston announced a collaboration with the Digital  
5 Currency Initiative at the Massachusetts Institute of  
6 Technology to perform technical research related to  
7 a central bank digital currency.

8 (5) In January 2022, the Board of Governors  
9 of the Federal Reserve published a discussion paper  
10 exploring the benefits, risks, and policy consider-  
11 ations of a U.S. CBDC. The discussion draft solicits  
12 public comment for further evaluation.

13 (6) According to data from the International  
14 Monetary Fund, as of the third quarter of 2021, the  
15 United States dollar share of global currency re-  
16 serves totaled \$7,081,390,000,000, or 55.2 percent  
17 of all allocated reserves, and the standing of the  
18 United States dollar as the world's predominant re-  
19 serve currency enables the United States to use eco-  
20 nomic sanctions as a foreign policy tool.

21 (7) Although recent payments data from the  
22 Federal Reserve shows a sharp decline in the use of  
23 cash, this is largely attributable to the COVID-19  
24 pandemic and is likely not a permanent trend. The  
25 Federal Reserve's January 2022 CBDC discussion

1 paper also indicates that a CBDC would not operate  
2 to replace physical money.

3 (8) The Federal Reserve System is responsible  
4 for, among other things, conducting United States  
5 monetary policy, promoting the stability of the fi-  
6 nancial system, supervising financial institutions to  
7 ensure safety and soundness, ensuring the safety  
8 and efficiency of payment systems, and issuing and  
9 circulating Federal Reserve notes.

10 **SEC. 61102. SENSE OF CONGRESS.**

11 It is the sense of Congress that—

12 (1) the Board of Governors should continue to  
13 conduct research on, design, and develop, a CBDC  
14 that takes into account its impact on consumers,  
15 businesses, the United States financial system, and  
16 the United States economy, including the potential  
17 impact of a U.S. CBDC on monetary policy; and

18 (2) the United States should strive to maintain  
19 its leadership in financial technology and ensure that  
20 the U.S. dollar remains the predominant reserve cur-  
21 rency in the world economy.

22 **SEC. 61103. STUDY AND REPORT.**

23 (a) STUDY.—The Board of Governors of the Federal  
24 Reserve System, in consultation with the Comptroller of  
25 the Currency, the Federal Deposit Insurance Corporation,

1 the Department of the Treasury, the Securities and Ex-  
2 change Commission, the Commodity Futures Trading  
3 Commission, diverse financial experts and asset managers,  
4 community development financial institutions, minority  
5 depository institutions, consumer rights groups, and civil  
6 rights groups, shall conduct a study on the impact of the  
7 introduction of a United States' CBDC on—

8           (1) consumers and small businesses, including  
9           with respect to financial inclusion, accessibility, safe-  
10          ty, privacy, convenience, speed, and price consider-  
11          ations;

12          (2) the conduct of monetary policy and inter-  
13          action with existing monetary policy tools;

14          (3) the effectiveness of United States economic  
15          sanctions programs and the status of the United  
16          States dollar as a reserve currency;

17          (4) the United States financial system and  
18          banking sector, including liquidity, lending, and fi-  
19          nancial stability mechanisms;

20          (5) the United States payments and cross-bor-  
21          der payments ecosystems, including the FedNow  
22          Service;

23          (6) the application, enforcement, and compli-  
24          ance with AML/CFT and other financial crime-re-

1       lated laws, regulations, and electronic recordkeeping  
2       requirements;

3           (7) data privacy and security issues related to  
4       CBDC, including transaction record anonymity and  
5       digital identity authentication;

6           (8) the international technical infrastructure  
7       and implementation of such a system, including with  
8       respect to interoperability, cybersecurity, resilience,  
9       offline transaction capability, and programmability;

10          (9) the ability for particular design elements to  
11       expand access to financial products and services for  
12       low-income communities and communities of color;

13          (10) the likely participants in a CBDC system,  
14       their functions, and the benefits and risks of having  
15       third parties perform value-added functions, such as  
16       fraud insurance and blocking suspicious trans-  
17       actions;

18          (11) the operational functioning of a CBDC  
19       system, including—

20           (A) how transactions would be initiated,  
21       validated, and processed;

22           (B) how users would interact with the sys-  
23       tem; and

24           (C) the role of the private sector and pub-  
25       lic-private partnerships; and

1           (12) the environmental impact potential of a  
2           U.S. CBDC, particularly as it may relate to energy  
3           usage.

4           (b) REPORT.—Not later than six months after the  
5           date of the enactment of this Act, the Board of Governors  
6           shall submit to the Committee on Financial Services of  
7           the House of Representatives and the Committee on  
8           Banking, Housing, and Urban Affairs of the Senate a re-  
9           port that provides the following:

10           (1) The results of the study conducted under  
11           subsection (a).

12           (2) Based on such study, one or more rec-  
13           ommended feasible models for the development of a  
14           CBDC that includes a description of the salient de-  
15           sign, policy, and technical considerations therein, in-  
16           cluding a model which takes into account the fol-  
17           lowing:

18           (A) Financial access and inclusion for  
19           unbanked and underbanked consumers, with  
20           the ability to make real-time digital payments  
21           and transactions through digital wallets.

22           (B) Strong cybersecurity controls capable  
23           of mitigating cyber-related risks including  
24           ransomware, malware, and fraud and theft.

1 (C) A strong digital identity verification  
2 system to prevent identity fraud and allow for  
3 compliance with applicable requirements relat-  
4 ing to anti-money laundering, illicit financing,  
5 and security and authentication standards.

6 (D) Mechanisms to account for instances  
7 of mistake, unauthorized transfers, or fraud  
8 which may require transaction modification or  
9 reversibility.

10 (E) The capacity for third-party features  
11 such as custody and recoverability, account and  
12 transaction monitoring, and other services.

13 (F) Third-party transaction anonymity  
14 which protects user privacy and only allows for  
15 traceability when otherwise required by law, in-  
16 cluding through a court order.

17 (G) Interoperability with other U.S. and  
18 international payments systems.

19 (H) Feedback received during the public  
20 comment period following the Federal Reserve's  
21 CBDC discussion paper released January 2022.

22 (3) A timeline for CBDC development and de-  
23 ployment of the recommended models in paragraph  
24 (2), that includes relevant interim milestones.

1           (4) A description of any legal authorities, if  
2           any, the Board of Governors would require to imple-  
3           ment the CBDC model set forth in paragraph (2),  
4           including any authority with respect to—

5                   (A) the issuance of digital currency;

6                   (B) licensing and supervision of digital  
7           currency transmission services and nonbank  
8           technology providers to the extent they provide  
9           CBDC-related services; and

10                  (C) international agreements which would  
11           be necessary to allow foreign nationals to utilize  
12           CBDC's while preserving appropriate privacy  
13           and legal traceability.

14           (e) CBDC DEFINED.—In this title, the term “CBDC”  
15   means central bank digital currency.

