AMENDMENT TO
RULES COMMITTEE PRINT 118–10
OFFERED BY MR. SHERMAN OF CALIFORNIA

In subtitle C of title XVIII of division A, add at the end the following:

SEC. 1859. RUSSIAN DIGITAL ASSET SANCTIONS COMPLIANCE.

(a) DEFINITIONS.—In this section:

(1) APPROPRIATE CONGRESSIONAL COMMITTEES AND LEADERSHIP.—The term “appropriate congressional committees and leadership” means—

(A) the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the majority and minority leaders of the Senate; and

(B) the Committee on Financial Services, the Committee on Foreign Affairs, and the speaker, the majority leader, and the minority leader of the House of Representatives.

(2) DIGITAL ASSETS.—The term “digital assets” means any digital representation of value, financial assets and instruments, or claims that are used to make payments or investments, or to trans-
mit or exchange funds or the equivalent thereof, that
are issued or represented in digital form through the
use of distributed ledger technology.

(3) DIGITAL ASSET TRADING PLATFORM.—The
term “digital asset trading platform” means a per-
son, or group of persons, that operates as an ex-
change or other trading facility for the purchase,
sale, lending, or borrowing of digital assets.

(4) DIGITAL ASSET TRANSACTION
FACILITATOR.—The term “digital asset transaction
facilitator” means—

(A) any person, or group of persons, that
significantly and materially facilitates the pur-
chase, sale, lending, borrowing, exchange, cus-
tody, holding, validation, or creation of digital
assets on the account of others, including any
communication protocol, decentralized finance
technology, smart contract, or other software,
including open-source computer code—

(i) deployed through the use of dis-
tributed ledger or any similar technology;
and

(ii) that provides a mechanism for
multiple users to purchase, sell, lend, bor-
row, or trade digital assets; and
(B) any person, or group of persons, that
the Secretary of the Treasury otherwise deter-
mines to be significantly and materially facilit-
ting digital assets transactions in violation of
sanctions.

(5) FOREIGN PERSON.—The term “foreign per-
son” means an individual or entity that is not a
United States person.

(6) UNITED STATES PERSON.—The term
“United States person” means—

(A) an individual who is a United States
citizen or an alien lawfully admitted for perma-
nent residence to the United States; or

(B) an entity organized under the laws of
the United States or any jurisdiction within the
United States, including a foreign branch of
such an entity.

(b) IMPPOSITION OF SANCTIONS WITH RESPECT TO
THE USE OF DIGITAL ASSETS TO FACILITATE TRANS-
ACTIONS BY RUSSIAN PERSONS SUBJECT TO SANC-
TIONS.—

(1) REPORT REQUIRED.—Not later than 90
days after the date of the enactment of this Act, and
periodically thereafter as necessary, the President
shall submit to Congress a report identifying any foreign person that—

(A) operates a digital asset trading platform or is a digital asset transaction facilitator; and

(B)(i) has significantly and materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of any person with respect to which sanctions have been imposed by the United States relating to the Russian Federation, including by facilitating transactions that evade such sanctions; or

(ii) is owned or controlled by, or acting or purporting to act for or on behalf of any person with respect to which sanctions have been imposed by the United States relating to the Russian Federation.

(2) IMPOSITION OF SANCTIONS.—The President may exercise all of the powers granted to the President under the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.) to the extent necessary to block and prohibit all transactions in property and interests in property of a foreign person identified in a report submitted under paragraph
(1) if such property and interests in property are in the United States, come within the United States, or are or come within the possession or control of a United States person.

(3) IMPLEMENTATION; PENALTIES.—

(A) IMPLEMENTATION.—The President may exercise all authorities provided under sections 203 and 205 of the International Emergency Economic Powers Act (50 U.S.C. 1702 and 1704) to carry out this section.

(B) PENALTIES.—A person that violates, attempts to violate, conspires to violate, or causes a violation of this section or any regulation, license, or order issued to carry out this section shall be subject to the penalties set forth in subsections (b) and (c) of section 206 of the International Emergency Economic Powers Act (50 U.S.C. 1705) to the same extent as a person that commits an unlawful act described in subsection (a) of that section.

(4) NATIONAL SECURITY WAIVER.—The President may waive the imposition of sanctions under this section with respect to a person if the President—
(A) determines that such a waiver is in the national security interests of the United States; and

(B) submits to Congress a notification of the waiver and the reasons for the waiver.

(5) EXCEPTIONS.—

(A) EXCEPTION FOR INTELLIGENCE ACTIVITIES.—This section shall not apply with respect to activities subject to the reporting requirements under title V of the National Security Act of 1947 (50 U.S.C. 3091 et seq.) or any authorized intelligence activities of the United States.

(B) EXCEPTION RELATING TO IMPORTATION OF GOODS.—

(i) IN GENERAL.—The authority to block and prohibit all transactions in all property and interests in property under paragraph (2) shall not include the authority or a requirement to impose sanctions on the importation of goods.

(ii) GOOD.—In this paragraph, the term “good” means any article, natural or manmade substance, material, supply or manufactured product, including inspection
and test equipment, and excluding technical data.

(c) DISCRETIONARY PROHIBITION OF TRANSACTIONS.—The Secretary of the Treasury may require that no digital asset trading platform or digital asset transaction facilitator that does business in the United States transact with, or fulfill transactions of, digital asset addresses that are known to be, or could reasonably be known to be, affiliated with persons headquartered or domiciled in the Russian Federation if the Secretary—

(1) determines that exercising such authority is important to the national interest of the United States; and

(2) not later than 90 days after exercising the authority described in paragraph (1), submits to the appropriate congressional committees and leadership a report on the basis for any determination under that paragraph.

(d) TRANSACTION REPORTING.—Not later than 120 days after the date of enactment of this Act, the Financial Crimes Enforcement Network shall require United States persons engaged in a transaction with a value greater than $10,000 in digital assets through 1 or more accounts outside of the United States to file a report described in section 1010.350 of title 31, Code of Federal Regulations,
using the form described in that section, in accordance
with section 5314 of title 31, United States Code.

(c) Reports.—

(1) In general.—Not later than 120 days
after the date of enactment of this Act, the Sec-
retary of the Treasury shall submit to the appro-
priate congressional committees and leadership a re-
port on the progress of the Department of the
Treasury in carrying out this section, including any
resources needed by the Department to improve im-
plementation and progress in coordinating with gov-
ernments of countries that are allies or partners of
the United States.

(2) Other reports.—Not later than 120 days
after the date of enactment of this Act, and every
year thereafter, the Secretary of the Treasury shall
submit to the appropriate congressional committees
and leadership and make publicly available a report
identifying the digital asset trading platforms that
the Office of Foreign Assets Control of the Depart-
ment of the Treasury determines to be high risk for
sanctions evasion, money laundering, or other illicit
activities. Any exchange included in the report may
petition the Office of Foreign Assets Control for re-
moval, which shall be granted upon demonstrating
that the exchange is taking steps sufficient to comply with applicable United States law.