

AMENDMENT TO THE RULES COMMITTEE PRINT

119–33

OFFERED BY MR. SHERMAN OF CALIFORNIA

In subtitle B of title XVII, add at the end the following:

1 **SEC. 17___ . CLOSING LOOPHOLES IN RUSSIA SANCTIONS.**

2 (a) **APPLICABILITY.**—This section applies to any per-
3 son engaged in the business of effecting transactions in
4 digital assets for the account of others, including any com-
5 munication protocol systems or other similar systems
6 using decentralized finance technology or other similar
7 technology to provide transactional services, including dig-
8 ital wallets, digital asset trading platforms, digital asset
9 exchanges, and digital asset mining services.

10 (b) **DEFINITIONS.**—In this section:

11 (1) **DIGITAL ASSETS.**—The term “digital as-
12 sets” includes—

13 (A) any digital representation of value
14 which is recorded on a cryptographically se-
15 cured distributed ledger or any similar tech-
16 nology, as specified by the Secretary of the
17 Treasury; and

1 (B) nonfungible tokens and other digital
2 assets using blockchain or other similar tech-
3 nology.

4 (2) DIGITAL ASSET EXCHANGE.—The term
5 “digital asset exchange” or “virtual currency ex-
6 change” includes—

7 (A) an entity such as a State-licensed
8 money services business or money transmitting
9 business, as defined in section 5330 of title 31,
10 United States Code; and

11 (B) a financial institution that exchanges
12 virtual currency or digital assets.

13 (3) DIGITAL ASSET WALLETS.—The term “dig-
14 ital asset wallets” mean interfaces for storing and
15 transferring digital assets.

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

19 (5) HOSTED WALLETS.—The term “hosted wal-
20 let” means a digital account hosted by a third-party
21 financial institution that allows the account holder
22 to store, send, and receive cryptocurrency and digital
23 assets.

24 (6) UNHOSTED WALLETS.—The term
25 “unhosted wallets” means a digital wallet that is not

1 hosted by a third-party financial system, including
2 software hosted on a computer, phone, or other de-
3 vice of a person.

4 (7) UNITED STATES PERSON.—The term
5 “United States person” means—

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

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

13 (c) IMPOSITION OF SANCTIONS WITH RESPECT TO
14 THE USE OF CRYPTOCURRENCY TO FACILITATE TRANS-
15 ACTIONS BY RUSSIAN PERSONS SUBJECT TO SANC-
16 TIONS.—

17 (1) IN GENERAL.—As soon as practicable after
18 the date of the enactment of this Act, the President
19 may exercise all of the powers granted to the Presi-
20 dent under the International Emergency Economic
21 Powers Act (50 U.S.C. 1701 et seq.) to the extent
22 necessary to block and prohibit all transactions in
23 property and interests in property of a foreign per-
24 son described in paragraph (2) if such property and
25 interests in property are in the United States, come

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

3 (2) FOREIGN PERSONS DESCRIBED.—A foreign
4 person described in this paragraph is a foreign per-
5 son—

6 (A) that operates a digital asset exchange
7 or is otherwise a part of the digital asset indus-
8 try; and

9 (B) that facilitates, directly or indirectly,
10 transactions for any person with respect to
11 which sanctions have been imposed by the
12 United States for actions relating to the Rus-
13 sian Federation, including transactions that fa-
14 cilitate the evasion of such sanctions.

15 (3) IMPLEMENTATION; PENALTIES.—

16 (A) IMPLEMENTATION.—The President
17 may exercise all authorities provided under sec-
18 tions 203 and 205 of the International Emer-
19 gency Economic Powers Act (50 U.S.C. 1702
20 and 1704) to carry out this subsection.

21 (B) PENALTIES.—A person that violates,
22 attempts to violate, conspires to violate, or
23 causes a violation of this subsection or any reg-
24 ulation, license, or order issued to carry out this
25 subsection shall be subject to the penalties set

1 forth in subsections (b) and (c) of section 206
2 of the International Emergency Economic Pow-
3 ers Act (50 U.S.C. 1705) to the same extent as
4 a person that commits an unlawful act de-
5 scribed in subsection (a) of that section.

6 (4) EXCEPTION RELATING TO IMPORTATION OF
7 GOODS.—

8 (A) IN GENERAL.—The requirement to
9 block and prohibit all transactions in all prop-
10 erty and interests in property under paragraph
11 (1) shall not include the authority or a require-
12 ment to impose sanctions on the importation of
13 goods.

14 (B) GOOD.—In this paragraph, the term
15 “good” means any article, natural or manmade
16 substance, material, supply or manufactured
17 product, including inspection and test equip-
18 ment, and excluding technical data.

19 (d) VIRTUAL CURRENCY EXCHANGES.—No digital
20 asset exchange that does business in the United States
21 shall transact with, or fulfill transactions of, hosted wallets
22 and unhosted wallets or cryptocurrency addresses that are
23 known to be, or could reasonably be known to be, affiliated
24 with persons headquartered in the Russian Federation.

25 (e) TRANSACTIONS REPORTS.—

1 (1) IN GENERAL.—Not later than 60 days after
2 the date of enactment of this Act, the Financial
3 Crimes Enforcement Network shall require United
4 States taxpayers holding greater than \$10,000 in
5 cryptocurrency in accounts outside of the United
6 States to file a report described in section 1010.350
7 of title 31, Code of Federal Regulations, using the
8 form described in that section, in accordance with
9 section 5314 of title 31, United States Code.

10 (2) RULEMAKING.—Not later than 60 days
11 after the date of enactment of this Act, the Sec-
12 retary of the Treasury shall finalize rulemaking re-
13 quiring banks and money service businesses to sub-
14 mit reports, keep records, and verify the identity of
15 customers in relation to transactions involving con-
16 vertible virtual currency or digital assets held in
17 unhosted wallets.

18 (f) REPORT.—Not later than 60 days after the date
19 of enactment of this Act, the Secretary of the Treasury
20 shall submit to Congress a report on the progress of the
21 Department of the Treasury in carrying out this section,
22 including any resources needed by the Department to im-
23 prove implementation and progress in coordinating with
24 governments of countries that are allies or partners of the
25 United States.

1 (g) SUNSET.—Subsections (c) and (d) shall cease to
2 have effect on the date on which the President certifies
3 to Congress that all sanctions imposed by the United
4 States with respect to the Russian Federation have termi-
5 nated.

