[DISCUSSION DRAFT]

116TH CONGRESS  
2D SESSION     H. R. ____

To clarify which Federal agencies regulate digital assets, to require those agencies to notify the public of any Federal licences, certifications, or registrations required to create or trade in such assets, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. GOSAR introduced the following bill; which was referred to the Committee on ____________

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A BILL

To clarify which Federal agencies regulate digital assets, to require those agencies to notify the public of any Federal licences, certifications, or registrations required to create or trade in such assets, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
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4 SECTION 1. SHORT TITLE.
5 This Act may be cited as the “Crypto-Currency Act
6 of 2020”.
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8 SEC. 2. DEFINITIONS.
9 In this Act:
(1) CRYPTO-COMMODITY.—The term “crypto-commodity” means economic goods or services, including derivatives, that—

(A) have full or substantial fungibility;

(B) the markets treat with no regard as to who produced the goods or services; and

(C) rest on a blockchain or decentralized cryptographic ledger.

(2) CRYPTO-CURRENCY.—The term “crypto-currency” means representations of United States currency or synthetic derivatives resting on a blockchain or decentralized cryptographic ledger, including—

(A) such representations or synthetic derivatives that are reserve-backed digital assets that are fully collateralized in a correspondent banking account, such as stablecoins; and

(B) synthetic derivatives that are—

(i) determined by decentralized oracles or smart contracts; and

(ii) collateralized by crypto-commodities, other crypto-currencies, or crypto-securities.

(3) CRYPTO-SECURITY.—
(A) IN GENERAL.—The term “crypto-security” means all debt and equity that rest on a blockchain or decentralized cryptographic ledger.

(B) EXCEPTION.—The term “crypto-security” does not include a synthetic derivative that—

(i) is operated as, and is registered with the Department of the Treasury as, a money services business (as defined under section 1010.100 of title 31, Code of Federal Regulations); and

(ii) is operated in compliance with all applicable requirements of subchapter II of chapter 53 of title 31, United States Code (commonly referred to as the “Bank Secrecy Act”) and all other Federal anti-money laundering, anti-terrorism, and screening requirements of the Office of Foreign Assets Control and the Financial Crimes Enforcement Network.

(4) DECENTRALIZED CRYPTOGRAPHIC LEDGER.—The term “decentralized cryptographic ledger” means a ledger that—
(A) runs as a stand-alone blockchain that
is secured through a minting mechanism such
as proof-of-work, proof-of-stake, or otherwise;

(B) runs as a cryptographic asset or
smart-contract on an existing stand-alone
blockchain and is secured through the issuing
blockchain minting mechanism;

(C) is immutable and can not be overwritten
without controlling a majority stake of the
associated network;

(D) requires a cryptographic link between
blocks of transactional data;

(E) is permissionless, requiring no third
party to transact, only a connection to the
internet;

(F) is an irreversible bearer commodity,
with all transactions being final;

(G) is not controllable by any one single
entity (defined as having less than half of all
nodes controlled by one single entity); and

(H) is not directly issued by a nation-state
or private entity.

(5) DECENTRALIZED ORACLE.—The term “de-
centralized oracle” means a service that sends and
verifies real world data from external sources outside
of a blockchain and submits such information to
smart contracts that rest on the blockchain, thus
triggering the execution of predefined functions of
the smart contract.

(6) **DIGITAL ASSET.**—The term “digital asset”
means a crypto-commodity, crypto-currency, or
crypto-security.

(7) **INSURED DEPOSITORY INSTITUTION.**—The
term “insured depository institution” has the mean-
ing given such term under section 3 of the Federal
Deposit Insurance Act.

(8) **PRIMARY FEDERAL DIGITAL ASSET REGU-
LATOR.**—The term “primary Federal digital asset
regulator” means—

(A) the Commodity Futures Trading Com-
mission, with respect to crypto-commodities;

(B) the Secretary of the Treasury, acting
through the Financial Crimes Enforcement
Network, and the Comptroller of the Currency
with respect to crypto-currencies; and

(C) the Securities and Exchange Commiss-
ion, with respect to crypto-securities.

(9) **RESERVE-BACKED STABLECOIN.**—The term
“reserve-backed stablecoin” means a digital asset
that—
(A) is a representation of currency issued by the United States or a foreign government; (B) rests on a blockchain or decentralized cryptographic ledger; and (C) is collateralized on a one-to-one basis by such currency, and such currency is deposited in an insured depository institution.

(10) **SMART CONTRACT.**—The term “smart contract” means a computer protocol intended—

(A) to digitally facilitate, verify, or enforce the negotiation or performance of a contract; and

(B) to allow the performance of credible transactions without third parties.

(11) **SYNTHETIC STABLECOIN.**—The term “synthetic stablecoin” means a digital asset, other than a reserve-backed stablecoin, that—

(A) is stabilized against the value of a currency or other asset; and

(B) rests on a blockchain or decentralized cryptographic ledger.

**SEC. 3. ESTABLISHING AREAS OF PRIMARY REGULATORY OVERSIGHT FOR DIGITAL ASSETS.**

(a) **CRYPTO-COMMODITIES.**—The Commodity Futures Trading Commission shall be the primary Govern-
ment agency with the authority to regulate crypto-com-
modities.

(b) CRYPTO-CURRENCIES.—The Secretary of the
Treasury, acting through the Financial Crimes Enforce-
ment Network, and the Comptroller of the Currency shall
be the primary Government agencies with the authority
to regulate crypto-currencies (other than synthetic
stablecoins).

c) CRYPTO-SECURITIES.—The Securities and Ex-
change Commission shall be the primary Government
agency with the authority to regulate crypto-securities and
synthetic stablecoins.

SEC. 4. REGISTRATION AND PUBLIC LISTS OF DIGITAL
ASSET EXCHANGES.

(a) CRYPTO-COMMODITIES.—The Commodity Fu-
tures Trading Commission shall require any exchange
trading in crypto-commodities to register with the Com-
mission, and shall maintain a public list of all such ex-
changes.

(b) CRYPTO-CURRENCIES.—The Secretary of the
Treasury, acting through the Financial Crimes Enforce-
ment Network, shall require any exchange trading in
crypto-currencies (other than synthetic stablecoins) to reg-
ister with the Secretary, and shall maintain a public list
of all such exchanges.
(c) Crypto-securities.—The Securities and Exchange Commission shall maintain a public list of all registered national securities exchanges trading in crypto-securities or synthetic stablecoins.

SEC. 5. AVAILABILITY OF INFORMATION TO THE PUBLIC ON REQUIREMENTS TO CREATE OR TRADE IN DIGITAL ASSETS.

Each primary Federal digital asset regulator shall, with respect to digital assets over which it is the primary Federal digital asset regulator, make available to the public (and keep current) a list of all Federal licenses, certifications, or registrations required to create or trade in digital assets.

SEC. 6. REQUIREMENTS RELATED TO CRYPTO-CURRENCIES.

(a) Tracing of Transactions.—Notwithstanding section 3(c), the Secretary of the Treasury, acting through the Financial Crimes Enforcement Network, shall issue rules to require each crypto-currency (including synthetic stablecoins) to allow for the tracing of transactions in the crypto-currency and persons engaging in such transactions in a manner similar to that required of financial institutions with respect to currency transactions under subchapter II of chapter 53 of title 31, United States Code.
(b) Reserve-Backed Stablecoin Audits.—The Secretary of the Treasury, acting through the Financial Crimes Enforcement Network, shall carry out audits of each reserve-back stablecoin to ensure that such stablecoin is fully backed by currency issued by the United States or a foreign government.

(e) Transition Rule for Stablecoins.—If an event (including a dilution event, technical hack, or concerted choice) causes a reserve-back stablecoin to become a synthetic stable or for a synthetic stable to become a reserve-back stablecoin, the primary Federal digital asset regulator of the stablecoin shall notify the issuer of the stablecoin and the public of such transition.