

*Am Van Hollen*  
S.C.

AMENDMENT NO. 32

Calendar No. \_\_\_\_\_

Purpose: To improve the bill.

**IN THE SENATE OF THE UNITED STATES—119th Cong., 2d Sess.**

**H. R. 3633**

To provide for a system of regulation of the offer and sale of digital commodities by the Securities and Exchange Commission and the Commodity Futures Trading Commission, to amend the Federal Reserve Act to prohibit the Federal reserve banks from offering certain products or services directly to an individual, to prohibit the use of central bank digital currency for monetary policy, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. VAN HOLLEN to the amendment (No. \_\_\_\_\_) proposed by Mr. SCOTT of South Carolina

Viz:

1 At the appropriate place in title VI, insert the fol-  
2 lowing:

3 **SEC. 6 . ILLICIT FINANCE CONTROLS FOR DECENTRAL-**  
4 **IZED FINANCE TRADING PROTOCOLS.**

5 (a) DEFINITIONS.—In this section—

6 (1) the term “administering” means, with re-  
7 spect to a decentralized finance trading protocol,  
8 that a person—

1 (A) derives significant revenue, to be deter-  
2 mined by the Secretary of the Treasury, but not  
3 less than \$1,000,000 in a 12-month period, in  
4 relation to the decentralized finance trading  
5 protocol;

6 (B) has a purpose that includes increasing  
7 the volume of transactions through, the number  
8 of users of, or the revenue generated by the de-  
9 centralized finance trading protocol; and

10 (C) has—

11 (i) the ability to propose updates or  
12 modifications to the decentralized finance  
13 trading protocol, where feasible; or

14 (ii) otherwise has a significant role in  
15 continuing to develop the decentralized fi-  
16 nance trading protocol, as the Secretary of  
17 the Treasury shall determine by rule;

18 (2) the term “covered activity” means pub-  
19 lishing, distributing, deploying, administering, or  
20 constituting a decentralized finance trading protocol,  
21 as the Secretary of the Treasury shall determine by  
22 rule; and

23 (3) the term “decentralized finance trading pro-  
24 tocol” has the meaning given the term in section

1 15H(a)(2) of the Securities Exchange Act of 1934,  
2 as added by section 601.

3 (b) PROHIBITION.—

4 (1) IN GENERAL.—It shall be unlawful for any  
5 person to engage in any covered activity in or affect-  
6 ing interstate commerce—

7 (A) for the purpose of facilitating any vio-  
8 lation of law described in paragraph (2); or

9 (B) with reckless disregard for a substan-  
10 tial risk of the use of the decentralized finance  
11 trading protocol in connection with a violation  
12 of law described in paragraph (2).

13 (2) VIOLATIONS OF LAW.—The violations of law  
14 described in this paragraph are—

15 (A) a violation of section 1956, 1957,  
16 1960, or 2339C of title 18, United States Code;  
17 and

18 (B) a transaction in violation of any li-  
19 cense, order, regulation, prohibition, or other  
20 sanction imposed pursuant to the International  
21 Emergency Economic Powers Act (50 U.S.C.  
22 1701 et seq.) or other statute authorizing the  
23 imposition of sanctions.

24 (c) PENALTIES.—

1           (1) PURPOSIVENESS.—Any person that violates  
2 subsection (b)(1)(A) shall be imprisoned for not  
3 more than 10 years, fined not more than the greater  
4 of \$5,000,000 or twice the amount of the annual  
5 revenue received by such person in relation to the  
6 decentralized finance trading protocol at the time of  
7 the violation, or both.

8           (2) RECKLESS DISREGARD.—Any person that  
9 violates subsection (b)(1)(B) shall be imprisoned for  
10 not more than 1 year, fined not more than the  
11 greater of \$1,000,000 or the amount of the annual  
12 revenue received by such person in relation to the  
13 decentralized finance trading protocol at the time of  
14 the violation, or both.

15 (d) SAFE HARBOR.—

16           (1) RULES.—The Secretary of the Treasury  
17 may, by rule or regulation, prescribe rules regarding  
18 any covered activity designed to—

19                   (A) prevent the use of decentralized fi-  
20 nance trading protocols in money laundering,  
21 the financing of terrorism, sanctions evasion, or  
22 other illicit financial activity; and

23                   (B) ensure the consistent treatment of  
24 comparable illicit finance risks across decentral-

1            ized finance trading protocols and other finan-  
2            cial intermediaries.

3            (2) SAFE HARBOR.—A person in substantial  
4            compliance with the rules prescribed pursuant to  
5            paragraph (1) shall not be liable under subsection  
6            (b)(1)(B).

7            (c) ENFORCEMENT.—The Secretary of the Treasury  
8            shall have the authorities to enforce this section author-  
9            ized under the Bank Secrecy Act.

