

**AMENDMENT IN THE NATURE OF A SUBSTITUTE TO
H.R. 5036
OFFERED BY MR. BUDD OF NORTH CAROLINA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Financial Technology
3 Protection Act”.

4 SEC. 2. SENSE OF CONGRESS.

5 It is the sense of Congress that the Federal Govern-
6 ment should prioritize the investigation of terrorist and
7 illicit use of new financial technology, including digital
8 currencies.

**9 SEC. 3. INDEPENDENT FINANCIAL TECHNOLOGY TASK
10 FORCE TO COMBAT TERRORISM AND ILLICIT
11 FINANCING.**

12 (a) ESTABLISHMENT.—There is established the Inde-
13 pendent Financial Technology Task Force to Combat Ter-
14 rorism and Illicit Financing (the “Task Force”), which
15 shall consist of—

16 (1) the Secretary of the Treasury, who shall
17 serve as the head of the Task Force;

18 (2) the Attorney General;

1 (3) the Director of National Intelligence;

2 (4) the Director of the Financial Crimes En-
3 forcement Network;

4 (5) the Director of the Secret Service;

5 (6) the Director of the Federal Bureau of In-
6 vestigation; and

7 (7) 6 individuals appointed by the Secretary of
8 the Treasury, in consultation with the members of
9 the Task Force described under paragraphs (2)
10 through (6), to represent the private sector (includ-
11 ing the banking industry, nonprofit groups, and
12 think tanks), with at least 2 of such individuals hav-
13 ing experience in the Fintech industry.

14 (b) DUTIES.—The Task Force shall—

15 (1) conduct independent research on terrorist
16 and illicit use of new financial technologies, includ-
17 ing digital currencies; and

18 (2) develop legislative and regulatory proposals
19 to improve counter-terrorist and counter-illicit fi-
20 nancing efforts.

21 (c) ANNUAL CONGRESSIONAL REPORT.—Not later
22 than 1 year after the date of the enactment of this Act,
23 and annually thereafter, the Task Force shall issue a re-
24 port to the Congress containing the findings and deter-
25 minations made by the Task Force in the previous year

1 and any legislative and regulatory proposals developed by
2 the Task Force.

3 **SEC. 4. REWARDS FOR INFORMATION RELATED TO TER-**
4 **RORIST USE OF DIGITAL CURRENCIES.**

5 (a) IN GENERAL.—The Secretary of the Treasury, in
6 consultation with the Attorney General, shall establish a
7 fund to pay a reward, not to exceed \$450,000, to any per-
8 son who provides information leading to the conviction of
9 an individual involved with terrorist use of digital cur-
10 rencies.

11 (b) USE OF FINES AND FORFEITURES.—With re-
12 spect to fines and forfeitures related to the conviction of
13 an individual involved with terrorist use of digital cur-
14 rencies, the Secretary of the Treasury shall, without fur-
15 ther appropriation or fiscal year limitation—

16 (1) use such amounts to pay rewards under this
17 section related to such conviction; and

18 (2) with respect to any such amounts remaining
19 after payments are made under paragraphs (1) and
20 (2), deposit such amounts in the FinTech Leader-
21 ship in Innovation and Financial Intelligence Pro-
22 gram.

1 **SEC. 5. FINTECH LEADERSHIP IN INNOVATION AND FINAN-**
2 **CIAL INTELLIGENCE PROGRAM.**

3 (a) ESTABLISHMENT.—There is established a pro-
4 gram to be known as the “Fintech Leadership in Innova-
5 tion and Financial Intelligence Program”, which shall be
6 funded as provided under section 4(b)(2).

7 (b) INNOVATION GRANTS.—

8 (1) IN GENERAL.—The Secretary of the Treas-
9 ury shall make grants for the development of tools
10 and programs to detect terrorist and illicit use of
11 digital currencies.

12 (2) ELIGIBLE RECIPIENTS.—The Secretary may
13 make grants under this subsection to entities located
14 in the United States, including academic institu-
15 tions, companies, nonprofit institutions, individuals,
16 and any other entities locating in the United States
17 that the Secretary determines appropriate.

18 (3) ELIGIBLE PROJECTS.—With respect to tools
19 and programs described under paragraph (1), in ad-
20 dition to grants for the development of such tools
21 and programs, the Secretary may make grants
22 under this subsection to carry out pilot programs
23 using such tools, the development of test cases using
24 such tools, and research related to such tools.

1 (4) PREFERENCES.—In making grants under
2 this subsection, the Secretary shall give preference
3 to—

4 (A) technology that is nonproprietary or
5 that is community commons-based;

6 (B) computer code that is developed and
7 released on an open source basis;

8 (C) tools that are proactive (such as meet-
9 ing regulatory requirements under “know your
10 customer” and anti-money laundering require-
11 ments for any entity that has to comply with
12 U.S. Government regulations) vs. reactive (such
13 as aiding law enforcement organizations in
14 catching illegal activity after the fact); and

15 (D) tools and incentives that are on decen-
16 tralized platforms.

17 (5) OTHER REQUIREMENTS.—

18 (A) USE OF EXISTING GLOBAL STAND-
19 ARDS.—Any new technology developed with a
20 grant made under this subsection shall be based
21 on existing global standards, such as those de-
22 veloped by the Internet Engineering Task Force
23 (IETF) and the World Wide Web Consortium
24 (W3C).

1 (B) SUPPORTING EXISTING LAWS OR REG-
2 ULATIONS.—Tools and programs developed with
3 a grant made under this subsection shall be in
4 support of existing laws or regulations, includ-
5 ing the Bank Secrecy Act, and make efforts to
6 balance privacy and anti-money laundering con-
7 cerns.

8 (C) OPEN ACCESS REQUIREMENT.—Tools
9 and programs developed with a grant made
10 under this subsection shall be freely accessible
11 and usable by the public. This requirement may
12 be fulfilled by publicly availing application pro-
13 gramming interfaces or software development
14 kits.

15 **SEC. 6. PREVENTING ROGUE AND FOREIGN ACTORS FROM**
16 **EVADING SANCTIONS.**

17 (a) REPORT AND STRATEGY WITH RESPECT TO DIG-
18 ITAL CURRENCIES AND OTHER RELATED EMERGING
19 TECHNOLOGIES.—

20 (1) IN GENERAL.—Not later than 180 days
21 after the date of the enactment of this Act, the
22 President, acting through the Secretary of Treasury
23 and in consultation with the Attorney General, the
24 Secretary of State, the Secretary of Homeland Secu-
25 rity, the Director of National Intelligence, the Direc-

1 tor of the Office of Management and Budget, and
2 the appropriate Federal banking agencies and Fed-
3 eral functional regulators, shall—

4 (A) submit to the appropriate congres-
5 sional committees a report that identifies and
6 describes the potential uses of digital currencies
7 and other related emerging technologies by
8 states, non-state actors, and foreign terrorist
9 organizations to evade sanctions, finance ter-
10 rorism, or launder monetary instruments, and
11 threaten United States national security; and

12 (B) develop and submit to the appropriate
13 congressional committees a strategy to mitigate
14 and prevent such illicit use of digital currencies
15 and other related emerging technologies.

16 (2) FORM; PUBLIC AVAILABILITY.—

17 (A) FORM.—The report and strategy re-
18 quired under paragraph (1) shall be submitted
19 in unclassified form, but may contain a classi-
20 fied annex.

21 (B) PUBLIC AVAILABILITY.—The unclassi-
22 fied portion of such report and strategy shall be
23 made available to the public and posted on the
24 internet website of the Department of Treas-
25 ury—

1 (i) in pre-compressed, easily
2 downloadable versions that are made avail-
3 able in all appropriate formats; and

4 (ii) in machine-readable format, if ap-
5 plicable.

6 (3) SOURCES OF INFORMATION.—In preparing
7 the report and strategy required under paragraph
8 (1), the President may utilize any credible publica-
9 tion, database, web-based resource, and any credible
10 information compiled by any government agency,
11 nongovernmental organization, or other entity that
12 is made available to the President.

13 (b) BRIEFING.—Not later than 2 years after the date
14 of the enactment of this Act, the Secretary of the Treasury
15 shall brief the appropriate congressional committees on
16 the implementation of the strategy required under sub-
17 section (a).

18 **SEC. 7. DEFINITIONS.**

19 For purposes of this Act:

20 (1) APPROPRIATE CONGRESSIONAL COMMIT-
21 TEES.—The term “appropriate congressional com-
22 mittees” means—

23 (A) the Committee on Financial Services,
24 the Committee on the Judiciary, the Permanent
25 Select Committee on Intelligence, and the Com-

1 committee on Foreign Affairs of the House of Rep-
2 resentatives; and

3 (B) the Committee on Banking, Housing,
4 and Urban Affairs, the Committee on Home-
5 land Security and Governmental Affairs, the
6 Committee on the Judiciary, the Select Com-
7 mittee on Intelligence, and the Committee on
8 Foreign Relations of the Senate.

9 (2) APPROPRIATE FEDERAL BANKING AGEN-
10 CIES.—The term “appropriate Federal banking
11 agencies” has the meaning given the term in section
12 3 of the Federal Deposit Insurance Act (12 U.S.C.
13 1813).

14 (3) BANK SECRECY ACT.—The term “Bank Se-
15 crecy Act” means—

16 (A) section 21 of the Federal Deposit In-
17 surance Act;

18 (B) chapter 2 of title I of Public Law 91–
19 508; and

20 (C) subchapter II of chapter 53 of title 31,
21 United States Code.

22 (4) DIGITAL CURRENCY.—The term “digital
23 currency”—

24 (A) means a digital representation of value
25 that—

1 (i) is used as a medium of exchange,
2 unit of account, or store of value; and

3 (ii) is not established legal tender,
4 whether or not denominated in established
5 legal tender; and

6 (B) does not include—

7 (i) a transaction in which a merchant
8 grants, as part of an affinity or rewards
9 program, value that cannot be taken from
10 or exchanged with the merchant for legal
11 tender, bank credit, or digital currency; or

12 (ii) a digital representation of value
13 issued by or on behalf of a publisher and
14 used solely within an online game, game
15 platform, or family of games sold by the
16 same publisher or offered on the same
17 game platform.

18 (5) FEDERAL FUNCTIONAL REGULATOR.—The
19 term “Federal functional regulator” has the mean-
20 ing given that term in section 509 of the Gramm-
21 Leach-Bliley Act (15 U.S.C. 6809).

22 (6) FOREIGN TERRORIST ORGANIZATION.—The
23 term “foreign terrorist organization” means an or-
24 ganization that is designated as a foreign terrorist

1 organization under section 219 of the Immigration
2 and Nationality Act (8 U.S.C. 1189).

3 (7) TERRORIST.—The term “terrorist” includes
4 a person carrying out domestic terrorism or inter-
5 national terrorism (as such terms are defined, re-
6 spectively, under section 2331 of title 18, United
7 States Code).

Amend the title so as to read: “A bill to establish an Independent Financial Technology Task Force to Combat Terrorism and Illicit Financing, to provide rewards for information leading to convictions related to terrorist use of digital currencies, to establish a Fintech Leadership in Innovation and Financial Intelligence Program to encourage the development of tools and programs to combat terrorist and illicit use of digital currencies, and for other purposes.”.

