

[DISCUSSION DRAFT]

118TH CONGRESS
2^D SESSION

H. R. _____

To require the Secretary of the Treasury to report on privacy-preserving technologies.

IN THE HOUSE OF REPRESENTATIVES

M____, _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To require the Secretary of the Treasury to report on
privacy-preserving technologies.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the [“_____ Act
5 of 2024”].

6 **SEC. 2. REPORT ON PRIVACY-PRESERVING TECHNOLOGIES.**

7 (a) IN GENERAL.—Not later than 1 year after the
8 date of enactment of this Act, the Secretary of the Treas-

1 ury shall submit to the relevant congressional committees
2 a report that contains the following:

3 (1) An analysis of the following:

4 (A) Privacy-preserving technologies used in
5 connection with digital asset transactions, in-
6 cluding the potential benefits and risks of such
7 use.

8 (B) The number of digital asset trans-
9 actions conducted using privacy-preserving tech-
10 nologies, including, with respect to the 5-year
11 period preceding the report, the total number of
12 such transactions as a subset of the total num-
13 ber of digital asset transactions.

14 (C) The nature, operation, and characteris-
15 tics of privacy-preserving technologies used in
16 connection with digital asset transactions, in-
17 cluding software-only systems that are not
18 owned and operated by a person versus systems
19 involving software that are owned or operated
20 by a person.

21 (D) The types of privacy-preserving tech-
22 nologies and the purposes of each.

23 (E) The ability or inability to trace, track,
24 or otherwise detect potential illicit finance activ-
25 ity involving the use of privacy-preserving tech-

1 nologies in connection with digital asset trans-
2 actions.

3 (F) The ability to determine the location of
4 users of privacy-preserving technologies in con-
5 nection with digital asset transactions, includ-
6 ing if it can be determined whether the location
7 is within or involves a jurisdiction outside of the
8 United States.

9 (G) Whether and how preventing the use
10 of privacy-preserving technologies in connection
11 with digital asset transactions will help or
12 hinder the national security and economic inter-
13 ests of the United States.

14 (H) The threats and vulnerabilities posed
15 to individuals who use privacy-preserving tech-
16 nologies through public blockchain networks
17 and what risk mitigation techniques are avail-
18 able to such individuals.

19 (2) An estimate of the number of illicit digital
20 asset transactions conducted through privacy-pre-
21 serving technologies.

22 (3) A comparative analysis between the accessi-
23 bility of transactional data described in paragraph
24 (2) and the accessibility of transactional data from
25 traditional financial institutions.

1 (4) A description of any limitations applicable
2 to the data used in the estimate under paragraph
3 (2).

4 (5) A description of legislative and regulatory
5 approaches employed by other jurisdictions to miti-
6 gate illicit finance risk relating to privacy-preserving
7 technologies used in connection with digital asset
8 transactions.

9 (b) RELEVANT CONGRESSIONAL COMMITTEES DE-
10 FINED.—In this section, the term “relevant congressional
11 committees” means—

12 (1) the Committees Financial Services and Ag-
13 riculture of the House of Representatives; and

14 (2) the Committees on Banking, Housing, and
15 Urban Affairs and Agriculture, Nutrition, and For-
16 estry of the Senate.