

.....
(Original Signature of Member)

116TH CONGRESS
1ST SESSION

H. R.

To authorize additional appropriations to the Federal Trade Commission to prevent unfair or deceptive acts or practices relating to digital tokens and transactions relating to digital tokens, and to require a report to Congress on the Commission’s actions related to digital tokens.

IN THE HOUSE OF REPRESENTATIVES

Mr. SOTO introduced the following bill; which was referred to the Committee on _____

A BILL

To authorize additional appropriations to the Federal Trade Commission to prevent unfair or deceptive acts or practices relating to digital tokens and transactions relating to digital tokens, and to require a report to Congress on the Commission’s actions related to digital tokens.

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 “Digital Taxonomy Act
5 of 2019”.

1 **SEC. 2. AUTHORIZATION OF APPROPRIATIONS TO PREVENT**
2 **UNFAIR OR DECEPTIVE ACTS OR PRACTICES**
3 **RELATING TO DIGITAL TOKENS.**

4 There is authorized to be appropriated to the Federal
5 Trade Commission \$25,000,000 for each of fiscal years
6 2020 through 2024 to prevent unfair or deceptive acts or
7 practices in transactions relating to digital tokens pursu-
8 ant to section 5 of the Federal Trade Commission Act (15
9 U.S.C. 45).

10 **SEC. 3. DEFINITION OF DIGITAL TOKENS.**

11 As used in this Act—

12 (1) the term “digital token” means a digital
13 unit—

14 (A) that is programmed with rules that
15 govern its creation, supply, ownership, use, and
16 transfer, where such rules are designed to resist
17 modification or tampering by any single person
18 or persons under common control;

19 (B) that has a transaction history that—

20 (i) is recorded in a distributed, digital
21 ledger or digital data structure in which
22 consensus is achieved through a mathe-
23 matically verifiable process; and

24 (ii) after consensus is reached, is de-
25 signed to resist modification or tampering

1 by any single person or persons under
2 common control;

3 (C) that is capable of being transferred be-
4 tween persons in a decentralized fashion with-
5 out an intermediate custodian; and

6 (D) that is not a representation of a finan-
7 cial interest in a company or partnership, in-
8 cluding an ownership or debt interest or rev-
9 enue share; and

10 (2) the term “digital unit”—

11 (A) means a representation of economic,
12 proprietary, or access rights that is stored in a
13 computer-readable format; and

14 (B) does not include a store of value.

15 **SEC. 4. REPORT TO CONGRESS.**

16 Beginning one year after the date of enactment of
17 this Act and each year thereafter, the Federal Trade Com-
18 mission shall transmit a report to the Committee on En-
19 ergy and Commerce of the House of Representatives and
20 the Committee on Commerce, Science, and Transportation
21 of the Senate of—

22 (1) any actions taken by the Commission relat-
23 ing to unfair or deceptive acts or practices in trans-
24 actions relating to digital tokens;

1 (2) the Commission’s plan to prevent unfair or
2 deceptive acts or practices relating to digital tokens;
3 and

4 (3) any recommendations by the Commission
5 for legislation that would to improve the ability of
6 the Commission and other relevant Federal agen-
7 cies—

8 (A) to further protect consumers from un-
9 fair or deceptive acts or practices in the digital
10 token marketplace; and

11 (B) to promote the competitiveness of the
12 United States and promote innovation of busi-
13 nesses in the global digital token sector.

14 **SEC. 5. PRESERVATION OF AUTHORITY.**

15 Nothing in this Act shall supersede the authority of
16 the Commodity Futures Trading Commission nor prevent
17 the treatment of digital tokens as commodities subject to
18 the Commodity Exchange Act (7 U.S.C. 1a et seq.).