

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3633
OFFERED BY MR. FOSTER OF ILLINOIS**

Add at the end of title V the following new section:

1 **SEC. 510. STUDY ON BLOCKCHAIN APPLICATIONS OF DIG-**
2 **ITAL IDENTITY PASSPORTS.**

3 (a) DEFINITIONS.—In this section:

4 (1) APPROPRIATE AGENCIES.—The term “ap-
5 propriate agencies” means the Commodities Futures
6 Trading Commission, the Securities and Exchange
7 Commission, the Financial Crimes Enforcement Net-
8 work, the Office of the Comptroller of the Currency,
9 and such other agencies as the Secretary determines
10 appropriate

11 (2) DIGITAL IDENTITY PASSPORT.—The term
12 “Digital Identity Passport” means a secure digital
13 token, blockchain-associated technology, or other
14 identity credential that can be attached, embedded,
15 applied, or associated with a digital asset wallet by
16 the owner of such wallet—

17 (A) designed to store and verify consumer
18 identity credentials in compliance with Federal
19 bank secrecy laws;

1 (B) for which additional credentials may
2 be attached, embedded, applied, or associated
3 with for purposes of compliance with regulatory
4 requirements issued by an appropriate agency;
5 and

6 (C) that uses appropriate technology, as
7 determined by the Secretary of the Treasury—

8 (i) to preserve the privacy of such dig-
9 ital asset wallet owner; and

10 (ii) to protect against the theft or un-
11 authorized use of a digital asset wallet.

12 (3) FEDERAL BANK SECRECY LAWS.—The term
13 “Federal bank secrecy laws” means—

14 (A) section 21 of the Federal Deposit In-
15 surance Act (12 U.S.C. 1829b);

16 (B) section 123 of Public Law 91–508;
17 and

18 (C) subchapter II of chapter 53 of title 31,
19 United States Code.

20 (b) STUDY.—Not later than one year after date of
21 the enactment of this section, the Secretary of the Treas-
22 ury, in consultation with the Commodities Futures Trad-
23 ing Commission, the Securities and Exchange Commis-
24 sion, and the Director of the Financial Crimes Enforce-
25 ment Network, shall submit to Congress a report on the

1 utility and implementation of a Digital Identity Passport,
2 including an analysis of regulatory compliance, identity
3 verification, and digital asset wallet management.

4 (c) CONTENTS.—The study required under sub-
5 section (b) shall include the following:

6 (1) An evaluation of standards for Digital Identity
7 Passports, including the following technical and
8 operational requirements:

9 (A) Suitability for meeting the purposes
10 and requirements of the Federal bank secrecy
11 laws.

12 (B) Interoperability protocols to facilitate
13 the use of Digital Identity Passports across
14 blockchain networks.

15 (C) Cybersecurity standards, including an
16 evaluation of best practices from the private
17 sector.

18 (D) Privacy and data protection best practices,
19 including the use of privacy-preserving
20 technologies.

21 (2) An assessment of consumer protections associated
22 with the use of Digital Identity Passports,
23 such as—

24 (A) measures to prevent theft of unauthorized
25 use of digital asset wallets;

1 (B) procedures for verifying ownership of a
2 Digital Identity Passport on a periodic basis;
3 and

4 (C) a discussion of the implications of Dig-
5 ital Identity Passports and related technologies
6 on efforts of the appropriate agencies to pro-
7 mote fair and efficient markets in digital assets.

8 (3) An analysis of responsibilities of issuers of
9 Digital Identity Passports and related oversight
10 issues, including—

11 (A) the use of Digital Identity Passports to
12 conduct due diligence and customer identifica-
13 tion, including to facilitate compliance with the
14 Federal bank secrecy laws;

15 (B) obligations of issuers to regularly mon-
16 itor the List of Specially Designated Nationals
17 and Blocked Persons and the Consolidated
18 Sanctions List maintained by the Office of For-
19 eign Assets Control of the Department of the
20 Treasury to ensure an owner of a Digital Iden-
21 tity Passport issued by such issuer does not ap-
22 pear on any such list before or after being
23 issued such Digital Identity Passport;

24 (C) processes to identify beneficial owner-
25 ship of digital asset wallets; and

1 (D) cybersecurity, privacy, and data pro-
2 tections relevant to issuers of Digital Identity
3 Passports.

4 (4) A legal and regulatory analysis, including
5 potential enforcement mechanisms, jurisdictional
6 challenges, and the relationship between digital iden-
7 tity solutions and existing financial regulatory
8 frameworks.

9 (5) Recommendations for—

10 (A) legislative and regulatory actions nec-
11 essary to implement the use of Digital Identity
12 Passports within the existing framework for
13 digital assets;

14 (B) the appropriate role of public-private
15 collaboration in digital identity infrastructure;
16 and

17 (C) potential safeguards to ensure con-
18 sumer privacy, national security, and digital
19 asset market integrity.



