

[DISCUSSION DRAFT]

118TH CONGRESS  
2D 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.